

“Annexure B”

BUFFALO CITY METROPOLITAN MUNICIPALITY



**DRAFT 2013/2014 MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK (MTREF) BUDGET**

2 APRIL 2013

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ABBREVIATIONS AND ACRONYMS

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

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

Since the advent of the new dispensation in 1994, our government has emphasised the political and developmental necessity for all spheres of government to work with all sectors of society to address the challenges of under-development we inherited in 1994.

At every opportunity, our leaders have never diverted from the script that we need “all hands on deck!” This remains the mantra of our government to this day.

In 2009, the ANC government led by President Zuma, followed on this tradition by adopting the slogan, **“Together We Can Do More.”**

It is in our interest to make our city competitive and attractive to domestic and foreign investment and most importantly, as a learning organisation.

Extreme poverty causes enormous human suffering and still afflicts over one in every five people on earth, according to World Bank statistics.

The biggest lesson learned from success stories around the world, is that real progress on reducing poverty levels can be achieved in a very cost-effective manner, if programmes pursued are well targeted.

The National Development Plan

The National Development Plan which was adopted at the ANC's 53rd National Conference in Mangaung identifies 5 pillars for the economy to grow to a level to which we can create sustainable jobs, these are;

- *Creating an environment for sustainable employment and economic growth;*
- *Promotion of employment in labour-absorbing industries;*
- *Promoting exports and competitiveness; strengthening the capacity of government to implement its economic policy, and*
- *Demonstrating strategic leadership among the stakeholders to mobilise around the national vision.*

I am sure many of you will agree with my assertion that Cities that invest in infrastructure have a higher propensity to succeed than those that do not.

In the context of the National Development Plan, as Buffalo City Metropolitan Municipality, we see our primary task as developing and maintaining our infrastructure in order to ensure that our private sector partners see the potential to keep increasing their investment in our City, while creating more jobs for our people.

Infrastructure Development

We are busy upgrading our electricity grid by building a new Queenspark Zoo Substation at a cost of R160 million to improve the energy capacity to the CBD and surrounding areas of East London central. In addition to this, we are planning a bulk electricity infrastructure upgrade amounting to R650 million, for the entire BCMM area to improve reliability of supply of the BCMM network for both domestic and commercial consumers. This project will be implemented over a period of 20 years.

Again a massive multi-year upgrading project of the Mzonyana Treatment Works to the value of approximately R100 million is underway to provide capacity to produce treated water for the supply zone that include East London CBD and West Bank which may cover the proposed Rocklyff development. This project will be completed in 2015/16.

Zwelitsha Waste Water Treatment Works Upgrade, estimated to cost us R216 million will provide a centralized regional treatment facility for the Inland Region which will service the domestic and business community from Bisho, Breidbach, Zwelitha, Pakamisa, Schornville, Ginsberg, etc. This project is expected to be completed in 2015/16

This infrastructure investment augurs for the construction of the R2 billion Provincial Government Office precinct in Bisho and will ensure integration King Williams Town and Bisho.

These projects are an important investment in ensuring that our inner city does not degenerate into a slum but remains the vibrant centre of economic activity that it is.

Upgrading of Quenera Waste Water Treatment Works for R49 million will provide more capacity for sewer treatment for future development on the Gonubie area which also include the eastern parts of Beacon Bay and Bufferstrip Bulk Sewer Upgrade for R35 million will provide more sewer conveyance capacity for future growth within and around the Mdantsane area which includes areas such as the Mount Ruth Nodal Development. Both these projects will be completed in 2013/14.

One of the biggest challenges we still face as the city is the ever increasing cost of maintaining our existing infrastructure. This is due to a number of contributing factors, including urban migration which results in people seeking work opportunities in the city. Our road infrastructure is under immense pressure from heavy duty trucks that go through the city en route to either Port Elizabeth, Cape Town, Mthatha or Durban.

The Fleet Street upgrade totalling approximately R100 million will improve the condition of the major by-pass road used by freight and public transport passing through the city. This project will be completed in 2014/15.

In terms of the long-term with regards to our road infrastructure, we have commissioned a feasibility study to look at diverting traffic away to the N2 via R72. We will soon be engaging the provincial government and national department of transport to explore different options we think could assist all of us.

The Quenera Road Construction Phase 2 will provide additional access to Gonubie over the Quenera River and open up the mixed residential investment zone for along the Quenera River.

At the Mayoral Lekgotla held from 28 February to 2 March 2013, it was resolved that development needed to be facilitated and prioritised in the Metro to assist and ensure that the private sector continued investing in the city. We have now resolved to ensure that our turnaround times are shortened for processing and approval of development and building plans.

Local Economic Development

The East London IDZ's key mandate is to ensure that we create jobs by attracting foreign direct investment. As a shareholder, we are doing our part to ensure that we create an enabling environment for the IDZ to operate in conditions that allow them to realize their strategic goals by making available 870 hectares of land in the Berlin area for projects that will create job opportunities for our people

As a metro we are working hard to ensure that we support our auto sector by developing and maintaining our infrastructure in order for this sector to operate efficiently. We are very keen to maintain our niche in the auto sector by leveraging on the opportunities presented by expansion of MBSA. We trust that this opportunity will lead to creation of new SMMEs on the supply side.

As a rural Metro we also have to exploit our agricultural potential and in doing so we have identified pockets of land within our city that is suitable for maize, pineapple and oranges. In the same vein we need to develop the agro-processing infrastructure to ensure that we produce value-added products.

Tourism

As a city we have to ensure that we utilize the potential this city has on tourism. We now have an International Convention Centre which has capacity to host international conferences and sporting events.

The city is also planning to develop the Orient Theatre precinct into a sports complex that will host major indoor events such as Boxing, as well as upgrading the stadium in order to make it possible to host major soccer and rugby games.

We have two universities and two FET colleges in our Metro. The biggest challenge facing these institutions among others is accommodation for students and lecturing staff. The Metro and business need to work together with these institutions to provide the necessary infrastructure to accommodate the universities needs.

Public Safety

Due to the installation & monitoring of CCTV cameras at Mdantsane Highway, which was a major crime spot in the past, criminal behaviour has migrated from Mdantsane to

the CBD. The installation of these cameras have proven to be an effective deterrent for crime related incidents. The City has embarked on a programme of identifying major hot spots for crime and the next phase for the installation of CCTV cameras will be rolled out on the Beachfront and the CBD.

This measure should prove effective for ensuring the continuous safety of residents, visitors and businesses in the City. The City will undertake a needs analysis to formulate a Master Plan for the implementation of CCTV cameras in BCMM.

Clean City Campaign

The problematic waste management issues are currently being attended to. We are working around the clock to ensure that our landfill sites are being rehabilitated to render them effective. We recently acquired ten new refuse trucks lessen the burden on our fleet and to improve refuse collection particularly in areas such as Mdantsane. We are continuously investigating the logistics around refuse removal so that the most effective and efficient service can be rendered.

Sports & Recreation

We are working tirelessly to improve our social infrastructure. Swimming Pools in Mdantsane and Waterworld are being re-designed in order to render them safe for our communities to utilize them. We are also upgrading Victoria Grounds in King William's Town.

Stakeholder Engagement

We know that the success of our municipality depends on the extent to which we involve all our stakeholders in our programmes. We have 50 active ward committees throughout the Metro. The committees work with our Ward Councillors and provide a direct link to our communities.

Our observations are that there is a lack of proper communication between communities and municipalities, which does not directly necessarily mean poor service delivery. This is not to undervalue the importance of delivering services to our people. This, after all, is the main reason for our existence.

International Relations

Development Cooperation and International Relations mainly focuses on donor relations and aid however our partnerships are also aligned to our developmental agenda as the City and are focused at:

- Exploring economic development opportunities with specific interest in attracting tourism, investment and trade to our city
- Cementing cultural development through cultural exchanges
- Social development focusing on sports, education and health.
- Skills and capacity building programmes for improved service delivery

Our city has formed partnerships with seven international cities, the latest being the City of Oldenburg in Germany.

Through our international twinning's we are eager to facilitate business to business partnerships between our Metro and these Cities. Some of the opportunities that exist include the interest from Chinese cities in rural development with interest in cattle, soy bean and corn farming, the City of Oldenburg in Germany has shown keen interest in textile and renewable energy.

The Swedish City of Gävle has shown interest for business to business exchange through application to the International Centre for Local Democracy however there is also interest in sludge management and recycling of sanitation as Gavle has a municipal owned company that deals with this area.

In conclusion, I want to rededicate the combined efforts of the political leadership and management of Buffalo City Metropolitan Municipality to the task of fulfilling the local interests of our people within the national priority of endeavouring to create a better life for all our people.

Z.V. NCITHA

EXECUTIVE MAYOR

1.2 COUNCIL RESOLUTIONS

It is recommended that Council of Buffalo City Metropolitan Municipality, acting in terms of the Section 24 of the Municipal Finance Management Act, (No. 56 of 2003) approves and adopts the following resolutions:-

1. The 2013/14 Draft Medium Term Revenue and Expenditure Framework Budget

R thousands	2013/14 BUDGET YEAR R'000	2014/15 BUDGET YEAR 1 R'000	2015/16 BUDGET YEAR 2 R'000
Total Revenue	4,460,342	5,005,110	5,433,374
Total Operating Expenditure	4,191,665	4,453,488	4,757,016
Surplus / (Deficit)	268,677	551,622	676,358
Operating Projects	330,182	525,442	517,558
Surplus /(Deficit) After Operating Projects	(61,505)	26,180	158,880
Capital Projects	754,958	768,243	825,860
TOTAL BUDGET	5,276,805	5,747,172	6,100,434

2. The 2013/14 Medium Term Revenue and Expenditure Framework budget of the municipality as set out in the following tables:
 - 2.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;
 - 2.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;
 - 2.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 20; and
 - 2.4 Budgeted Capital Expenditure appropriations by municipal vote and standard classification and associated funding by source as contained in Table 21.

3. The Financial Position, Cash Flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 3.1 Budgeted Financial Position as contained in Table 22;
 - 3.2 Budgeted Cash Flows as contained in Table 23;
 - 3.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table 24;
 - 3.4 Asset management as contained in Table 25; and
 - 3.5 Basic service delivery measurement as contained in Table 26.

4.1 The 2013/14 Draft MTREF Tariff Increases:

Description	2012/2013	2013/2014	2014/2015	2015/2016
Rates	12.30%	11.90%	11.50%	11.30%
Refuse	13.30%	12.90%	12.50%	12.30%
Sewerage	11.30%	10.90%	10.50%	10.30%
Electricity	13.50%	10.00%	10.00%	10.00%
Water	15.15%	15.35%	14.95%	14.75%
Fire Levy	10.30%	9.90%	9.50%	9.30%
Sundry Income	10.30%	9.90%	9.50%	9.30%

- 5 The Buffalo City Metropolitan Municipality Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts effect from 1 July 2013:
 - 5.1 the tariffs for property rates – as set out in Annexure E
 - 5.2 the tariffs for electricity – as set out in Annexure E
 - 5.3 the tariffs for the supply of water – as set out in Annexure E
 - 5.4 the tariffs for sanitation services – as set out in Annexure E
 - 5.5 the tariffs for solid waste services – as set out in Annexure E
 - 5.6 miscellaneous tariffs as set out in Annexure E
- 6 The Buffalo City Metropolitan Municipality 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 2013 the tariffs for other services as set out in Annexure F.
- 7 To give proper effect to the municipality’s annual budget, the Council of Buffalo City Metropolitan Municipality approves:
 - 7.1 That an indigent subsidy be granted to registered indigents in terms of Council’s Indigent Policy.
 - 7.2 That an indigent consumer be given a maximum subsidy on his account of R441.73 per month, which includes a maximum of 50kwh for electricity and 6kl for water.
 - 7.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
 - 7.4 That free basic water be granted to a registered indigent of 6Kl per month.
- 8 The Buffalo City Metropolitan Municipality Council, approves and adopts the Draft budgeted related policies as set out in Annexure F
 - 8.1 Asset Management Policy
 - 8.2 Capital Infrastructure Investment Policy
 - 8.3 Policy on Long-term Financial Planning
 - 8.4 Funding and Reserves Policy
 - 8.5 Virement Policy
- 9 That no new capital expenditure be undertaken until a commitment for funding has been received by Buffalo City Metropolitan Municipality and such project has been approved by Council.
- 10 Council notes that the 2013/14 Draft MTREF Budget tabled for adoption is structured in terms of the then Buffalo City Municipality votes and functions.
11. MFMA Circular 66 and 67, Municipal Budget Circular for the 2013/14 MTREF attached as Annexure to be noted by Council.

1.3 EXECUTIVE SUMMARY

The financial economic meltdown still prevails as countries in the euro-zone battle to come to grips with the financial crisis that is looming upon them.

The minister of finance was very moderate in indicating a slight increase in growth from 3% to 3.8% in the 2015/16 financial year. However, it must be emphasised that the inflation rate is still accelerating, and the constant high increases in fuel prices will eventually impact on the food basket of the poor.

BCMM has adopted a very conservative approach in preparation of the 2013/14 MTREF Budget as it is of a strong view that any major shift upwards in its parameters will result in an ever-growing debt book.

The following was taken into consideration in preparation of the MTREF Budget:

- (a) Tariffs have been reduced by 0.2%, except for electricity and water to that which was approved in the 2012/13 MTREF period.
- (b) Electricity is at 10% where 2% will be ring-fenced for bulk infrastructure upgrade
- (c) Water, the most important commodity in bringing clean drinking water to all our citizens, will be the most valuable and expensive commodity of the future. Currently, BCMM is experiencing an average of 47% water losses (9.7% Technical Water Losses; 37.5% Non-Revenue Water Losses), whether through systems, non-billing and theft. The tariff is set at 15.35%
- (d) There has been no increase in general expenses except for fuel and operating leases.
- (e) Repairs and Maintenance has been maintained at a steady growth, where the surpluses have been directed to ensure that we maintain the healthy state of our assets.

In terms of the National Development Plan, the budget will be focused on:

1. Job Creation, whether through the EPWP Programme, major contracts and through skilling identified personnel.
2. Bulk infrastructure directed to housing, new businesses and industries.
3. Water and Sanitation has been prioritized to ensure services to all our citizens.
4. The creation of a sustainable human settlement/built environment. A place of work, stay and play.

The city has embarked on moving away from a funded budget to that of financial resilience in the future, but gradually increasing its surpluses over the medium to long term. The generation of additional surpluses is to move the city away from being grant dependent to that of financial sustainability.

National Treasury's MFMA Circular No. 66 and 67 was used to guide the compilation of the 2013/14 Draft MTREF Budget.

1.3.1 KEY FOCUS AREAS FOR THE 2013/14 BUDGET PROCESS

- Economy projected growth by 2014 – GDP growth from 3% to 3.8% in 2015/16.
- Interventions:
 - Investing in strategic infrastructure programmes
 - Electricity generation
 - Transport capacity
 - Industrial opportunities / Job creation
 - Strengthening municipal finances
 - Investing in residential development and urban infrastructure
- Municipal revenues and cash flows – remain under pressure in 2013/14
- Municipalities must adopt conservative approach when projecting expected revenues
- Municipalities manage revenue effectively and evaluate spending decisions

Key Priorities:

- Water and Sanitation
- Human Settlements
- Local Government Infrastructure
- Job Creation: EPWP – Schedule & Grant

As per Circular 66 and 67 the following areas require particular attention:

- (i) **Revenue Management** - To ensure all households are accurately billed and revenue collected.
- (ii) **Collection Outstanding Debt** - Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts for poor household.

- (iii) **Pricing of Services** – To ensure that the services rendered are recovered in terms of the pricing structure.
- (iv) **Repairs and Maintenance** – Assets should be maintained in a healthy state in order to generate revenue over a longer term.
- (v) **Spending on non-Priorities** – Ensure that funding is allocated to prioritized items.

1.3.2 NATIONAL PRIORITY – EMPLOYMENT OPPORTUNITIES

- a) Service Delivery and Labour Intensive Capital Projects
- b) Service Providers should use Local Labour
- c) Supporting Labour Intensive LED Projects
- d) Participating in the Extended Public Works Programme
- e) Provide young people with on-the-job training

1.3.3 BUDGET PRINCIPLES AND GUIDELINES

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 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 2013/14 Draft MTREF Budget;
- Tariff and property rate increases affordability and the fact that they should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition the fact that tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

1.3.4 FINANCIAL MODELLING AND KEY PLANNING DRIVERS

As part of the compilation of the 2013/14 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:

- IDP priorities and strategic objectives
- Economic climate and trends (i.e. inflation, Eskom increases, Amatola Water increases, indigent policy, etc.)
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Current 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 66 and 67 has been taken into consideration in the planning and prioritisation process.

1.3.5 CHALLENGES

The main challenges experienced during the compilation of the 2013/14 Draft MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy, resulting in the consumers ability to pay for services;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities in providing an effective and efficient service to the community at large;
- The increased cost of bulk water (due to tariff increases from Amatola Water) 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; which will result in an increase in the debt book.
- 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 2013/14 Draft MTREF process.
- Ensuring that the informal settlements obtain basic services as well as rolling out the electrification programme

In view of the aforementioned, the following table is a consolidated overview of the 2013/14 Medium-Term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 Draft MTREF

R thousands	2013/14 BUDGET YEAR R'000	2014/15 BUDGET YEAR 1 R'000	2015/16 BUDGET YEAR 2 R'000
Total Revenue	4,460,342	5,005,110	5,433,374
Total Operating Expenditure	4,191,665	4,453,488	4,757,016
Surplus / (Deficit)	268,677	551,622	676,358
Operating Projects	330,182	525,442	517,558
Surplus /(Deficit) After Operating Projects	(61,505)	26,180	158,880
Capital Projects	754,958	768,243	825,860
TOTAL BUDGET	5,276,805	5,747,172	6,100,434

1.3.6 OPERATING BUDGET

1.3.6.1 REVENUE

Operating revenue increases from R3.958 million in 2012/13 to R4.46 million in 2013/14. This reflects a 13% growth in revenue which is comparable with the same growth in 2012/13 financial year as well as average tariff increase of 12%. This is mainly due to the following factors:

- A decline in growth in the equitable share allocation from 16.9% in the 2012/13 financial year to 0.3% in the 2013/14 financial year due to the revision of the equitable share allocation formula.
- A decline in growth in the fuel levy allocation for 86% in the 2012/12 financial year to 8% in the 2013/14 financial year.
- Increase in the allocation for Human Settlements from R168 million to R216 million in 2013/14 financial year.

Total operating revenue has grown by 12.68 per cent or R502 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 12.22 and 8.55 per cent respectively, equating to a total revenue growth of R1.48 billion over the MTREF when compared to the 2012/13 financial year.

Table 2: Average Tariff increases for 2012/13, 2013/14 and 2014/15

Description	2012/2013	2013/2014	2014/2015	2015/2016
Rates	12.30%	11.90%	11.50%	11.30%
Refuse	13.30%	12.90%	12.50%	12.30%
Sewerage	11.30%	10.90%	10.50%	10.30%
Electricity	13.50%	10.00%	10.00%	10.00%
Water	15.15%	15.35%	14.95%	14.75%
Fire Levy	10.30%	9.90%	9.50%	9.30%
Sundry Income	10.30%	9.90%	9.50%	9.30%

Rates

The proposed average rates tariff increase is 11.9% for all categories of properties whilst the estimated total rates income is increased by a further 11%. This is due to growth in the valuation roll as a result of implementation of valuation roll undertaken. The rates rebate to Pensioners and Disabled Persons is now available to qualifying ratepayers whose gross monthly household income is R5,000 per month. The definitions and listing of categories are reflected in the Draft Tariff Book attached as an annexure E.

Water

The proposed water tariff increase is 15.35% whilst total water revenue has increased by 19%. The Bulk Water purchases tariff has been increased by 10.5%. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the

service. The monthly indigent grant will increase from R44.98 to R51.89 for provision of the 6kl p.m.

Sanitation

The proposed water tariff increase is 10.9% whilst total sanitation revenue has increased by 11%. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service. The monthly indigent grant will increase from R72.41 to R80.34.

Solid Waste

The proposed solid waste tariff increase is 12.9% whilst total solid waste revenue has increased by 12%. The Solid Waste Tariffs are levied to recover amongst others costs of services provided directly to customers and include refuse collection fees, disposal fees, weighbridge fees and other ad hoc services. The monthly indigent grant will increase from R123.24 to R138.65.

Electricity

The proposed electricity tariff increase is 10% and the total electricity revenue has increased at the same rate. Guidelines for the municipal electricity tariff increase issued by NERSA is 8% However, the bulk purchases by the City are expected to rise by 8%. This increase, together with increases in expenditure on Salaries and Wages, Repairs & Maintenance and contributions to the Rates Account require the electricity tariffs to be increased by an additional 2% which is going to be ring-fenced for the electricity infrastructure upgrade. The monthly indigent grant will increase from R42.76 to R47.04 for provision of the 50kwh p.m.

1.3.6.2 EXPENDITURE

Total Operating expenditure budget has increased by 12% from R4.03 million in 2012/13 to R4.5 million in 2013/14 financial year. This increase is 1% below the increase in revenue budget and details per expenditure categories are indicated in the table below.

Total operating expenditure for the 2013/14 financial year has been appropriated at R4,5 billion and translates into a budgeted deficit of R61,5 million. The deficit of R61,5 is due to the operating projects which are being funded from accumulated surpluses. It must be noted that depreciation for the MTREF period is fully funded. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 12.1% in the 2013/14 budget and by 10.1% and 5.9% for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R26.1 million and R158.8 million respectively.

Reasons for expenditure categories where growth is above the average of 12%:

Salaries, Wages and Allowances

Salaries, wages and allowances have been increased by 6.85%. The growth from 2012/13 is 4% due to funding of critical vacant unfunded posts.

Debt Impairment

Provision for Debt Impairment has declined by 14% when compared to the 2011/12 financial year due to an increase in the collection rate which is projected to be 93.5% by end of 2012/13 financial year.

Depreciation & Asset Impairment

The increase of 43% is as a result of prior years infrastructure assets which was disclosed as work in progress and has since been capitalised.

Bulk Purchases

The increase is due to higher-than-inflation bulk purchase cost hikes envisaged for mainly water purchases from Amatola Water.

Repairs and maintenance –

The budget for repairs and maintenance reflects growth of 13% when compared to the 2012/13 financial year due to increase in budget allocated to 10% of service revenue except for refuse which is 8%.

Operating Projects –

This reflects a growth of 69% when compared to the 2012/13 financial year due to an increase in the Human Settlements allocation for housing top structure.

1.3.7 CAPITAL BUDGET

The Capital Budget increases from R749 million in 2012/13 (original budget) to R755 million in 2013/14. This reflects an overall growth of 0.8%, however there is a decrease of 22.8% when compared to the adjusted budget due to roll-over of 2011/12 unspent conditional grants of R267million.

The capital programme is R754,9 million in the 2013/14 financial year and then R768,2 and R825,9 million in the 2014/15 and 2015/16 financial years.

TABLE 3 – List of Key Projects

Project Name	Source of Funding	2013/2014	2014/2015	2015/2016
		Draft Capital Budget	Draft Capital Budget	Draft Capital Budget
Reeston Phase 3: Stage 2 - P1 & P3	HSDG	25 000 000	0	0
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 2% increase from Tariff)	Own Funds	20 000 000	20 000 000	20 000 000
INEP Electrification Programme	INEP	26 329 000	20 000 000	55 000 000
Gonubie Main Road	USDG	40 000 000	35 000 000	15 000 000
Upgrading of Mdantsane Roads	USDG	53 000 000	67 500 000	70 000 000
BCMM Urban Roads Upgrade	USDG	35 000 000	40 000 000	50 000 000
Rehabilitation of Rural Roads	USDG	25 000 000	25 000 000	30 000 000
Waste Water Infrastructure Capacity (KWT Regional Scheme)	USDG	40 000 000	45 000 000	60 000 000
Reeston Phase 3 Bulk Services Sewer	USDG	40 000 000	40 000 000	40 000 000
Diversion of Amalinda and Wilsonia effluent to Reeston	USDG	25 000 000	25 000 000	35 000 000
Sanitation backlog eradication - (Coastal Midland & Inland)	USDG	37 854 000	40 757 892	40 000 000
KWT and Bhisho Infrastructure(Water)	USDG	20 000 000	20 000 000	20 000 000
Bus Rapid Transit	PTIS	70 000 000	0	
Land Acquisition	USDG	20 000 000	5 500 000	
Upgrading of Social Amenities	USDG	20 000 000	0	0

1.4 OPERATING REVENUE FRAMEWORK

For BCMM 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 the City is faced with development backlogs and increasing rate of unemployment. 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 to be collected.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 94% (per cent) annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

The following table is a summary of the 2013/14 Draft MTREF (classified by main revenue source):

Table 4: A4 - Percentage growth in revenue by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source										
Property rates	426 500	452 694	521 931	583 999	583 999	583 999	570 669	647 203	721 631	803 114
Property rates - penalties & collection charges	547	612	584	1 376	1 376	1 376	439	1 539	1 716	1 910
Service charges - electricity revenue	802 485	924 518	1 137 198	1 279 796	1 279 796	1 279 796	863 719	1 411 111	1 552 221	1 707 443
Service charges - water revenue	201 622	200 158	239 552	260 086	260 086	260 086	184 169	309 154	355 373	407 791
Service charges - sanitation revenue	145 648	166 162	183 646	203 478	203 478	203 478	203 497	225 407	249 075	274 730
Service charges - refuse revenue	139 256	157 219	175 341	199 627	199 627	199 627	132 154	223 880	251 865	282 845
Service charges - other	(802)	16 943	20 778	24 968	24 968	24 968	19 201	33 486	37 266	41 403
Rental of facilities and equipment	12 910	14 107	13 388	14 086	14 086	14 086	6 851	15 480	16 951	18 528
Interest earned - external investments	42 105	32 527	58 689	53 986	53 986	53 986	46 412	77 940	80 058	82 240
Interest earned - outstanding debtors	44 818	21 202	23 920	24 328	24 328	24 328	14 729	26 736	29 276	31 999
Dividends received	86	-	-	-	-	-	-	-	-	-
Fines	8 257	7 321	5 456	11 765	11 765	11 765	3 817	12 930	14 158	15 475
Licences and permits	14 117	15 053	15 708	16 992	16 992	16 992	10 506	18 674	20 448	22 350
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	573 985	679 071	724 619	804 866	796 769	796 769	457 851	932 268	1 115 158	1 151 050
Other revenue	118 240	118 595	286 432	487 284	487 284	487 284	409 381	524 530	559 912	592 497
Gains on disposal of PPE	2 523	437	1 658	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 532 297	2 806 620	3 408 899	3 966 637	3 958 541	3 958 541	2 923 395	4 460 342	5 005 110	5 433 374

The following graph gives a breakdown of the main revenue categories for the 2013/14 financial year.

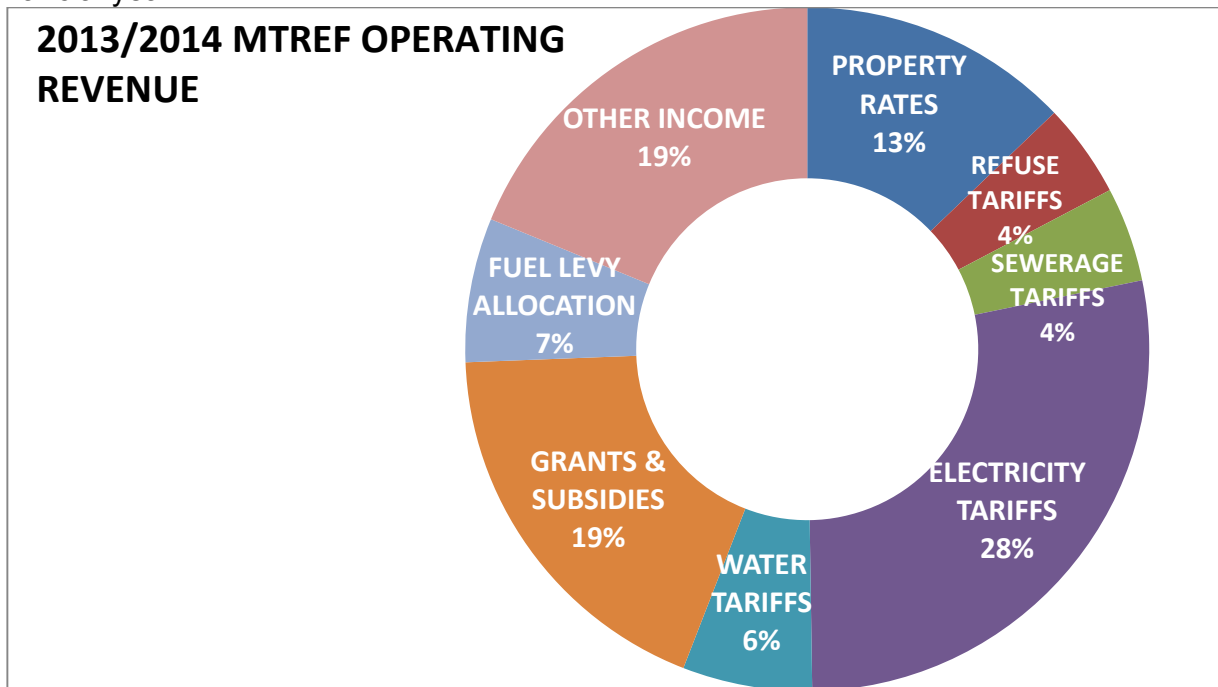


Figure 1: Main Operating Revenue categories for the 2013/14 financial year

In 2012/13 the City's own generated revenue is 65% of the total revenue totalling to R2.6 billion and is declining to 64% which R2.9 billion, R3.2 billion and R3.6 billion in the respective financial years of the 2013/14 MTREF period. This is mainly attributed to the electricity service contribution to the total revenue mix which is 32% in the 2013/14 financial year and declining to 31% in the two outer years. The decline is due to an increase in grant funded operating projects. Electricity revenue is increasing from R1.2 billion in 2012/13 1/12 to R1.4 billion, R1.5 billion and R1.7 billion in 2013/14 MTREF period respectively. Property rates are the second largest revenue source with 15% contribution over the 2013/14 MTREF period.

Operating grants and transfers contribute on average 21% of the total operating revenue. This totals R796 million in the 2012/13 financial year and increases to R932 million (2013/14), R1.1 billion (2014/15) and R1.15 billion (2015/16).

The following table gives a breakdown of the various operating grants and subsidies allocated to the City over the medium term.

Table 5: SA18 - Operating Transfers and Grant Receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	424 797	520 726	581 967	667 160	691 630	691 630	704 220	710 901	709 881
Urban Settlement Development Grant	-	-	-	8 328	33 302	33 302	40 655	44 165	45 448
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Financial Management Grant	898	1 191	1 459	1 500	1 500	1 500	1 500	1 500	1 500
Expanded Public works Programme Incentive	-	-	2 268	1 484	1 484	1 484	2 705	-	-
Department of Water Affairs	4 922	5 524	20 952	1 283	1 374	1 374	-	-	-
INEP	-	2 139	-	-	-	-	-	-	-
Equitable Share	416 706	508 895	557 288	651 565	651 565	651 565	653 660	656 856	654 044
Municipal Infrastructure Grant	1 991	2 212	-	-	-	-	-	-	-
Municipal Infrastructure Grant	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	280	765	-	-	-	-	-	-	-
Infrastructure Skills Development Grant	-	-	-	3 000	2 405	2 405	5 700	8 380	8 889

1.4.1 Property Rates and Service Charges and Impact of Tariff Increases

The proposed revisions to the tariffs have been formulated in accordance with the BCMM's and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

1.4.1.1 Property Rates

Property rates are a major source of revenue income for the City and contribute to cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the BCMM's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the differential rate ratio for public service infrastructure, public benefit organisation and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was effected in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the municipality's Indigent Policy where the value of the indigent property is to a maximum of R150,000 as determined for a RDP house;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40% will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed R5,000 per month. In this regard the following stipulations are relevant:
 - The rateable property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 11,90 per cent increase from 1 July 2013 is contained below:

Table 6: Comparison of proposed rates to levied for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c	C
Residential properties (incl. farms & small holdings used for residential purposes)	0,007350	0,008225
Agricultural (used for Bona-fide farming)	0,001838	0,002056
Public Service Infrastructure	0,001838	0,002056
Business, Commercial & Industrial properties (incl. farms used for Game- / Eco Tourism)	0,018375	0,020562
Educational Institutions	0,005145	0,005757
Municipal Owned properties (Rateable, used for residential purposes)	0,007350	0,008225
Municipal Owned (Rateable, used for non-residential purposes)	0,018375	0,020562
Municipal Owned (Non-rateable)	0,000000	0,000000
Mining / Quarry	0,018375	0,020562
Government properties (incl. Correctional Services Facilities, Office buildings & Hospitals)	0,018375	0,020562
Vacant land	0,022050	0,024674
Religious sites or Places of Worship	0,000000	0,000000
Special properties (e.g. Museums, Libraries)	0,000000	0,000000
Public Benefit Organisations	0,001838	0,002056
Rural Communal properties	0,000000	0,000000

1.4.2 Sale of Water and Impact of Tariff Increases

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

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

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

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Amatola Water has increased its bulk tariffs with 10.50% from 1 July 2013.

A tariff increase of 15.35% cent from 1 July 2013 for water is proposed. This is based on input cost assumptions of 10.50% increase in the cost of bulk water (Amatola Water), and the service progressing to becoming self-sufficient with at least a break-even position. In addition 6 kℓ water per 30-day period will again be granted free of charge to all indigent residents.

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

Table 7: Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kℓ per 30-day period (Indigent)	0,0000	0,0000
(ii) 0 to 6 kℓ per 30-day period (Non-Indigent)	8,5471	9,8591
(iii) 7 to 10 kℓ per 30-day period	8,7147	10,0524
(iv) 11 to 20 kℓ per 30-day period	12,1036	13,9615
(v) 21 to 30 kℓ per 30-day period	15,6898	18,0982
(vi) More than 30 kℓ per 30-day period:	19,6899	22,7123
NON-RESIDENTIAL		
(i) From the 1 st kℓ per 30-day period	11,9837	13,8232

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

Table 8: Comparison between current water charges and increases (Domestic)

Monthly Consumption kℓ	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
10	86,14	99,36	13,22	15,35%
20	207,18	238,98	31,80	15,35%
30	364,08	419,96	55,89	15,35%
50	757,87	874,21	116,33	15,35%
75	1 250,12	1 442,01	191,89	15,35%
100	1 742,37	2 009,82	267,45	15,35%

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 R22.7123 per kilolitre for consumption in excess of 30kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

On 28 February 2013 NERSA approved an average price increase of 8 per cent in Eskom's bulk electricity tariff application. The increase to municipalities will be effective from 1 July 2013.

It should be noted that given the magnitude of the tariff increases in the recent past, it is expected that the depressed growth in electricity consumption, which is having a negative impact on the municipality's revenue from electricity, will continue for the foreseeable future. However, it is proposed that BCMM increases its electricity tariff by 10% which is equivalent to the increase in the purchase price, plus 2% which will be ring-fenced to a specific electricity capital programme should Council approve such increase.

Registered indigents will again be granted the first 50 kWh per 30-day period free of charge, while the discounted Life-Line tariff for the second 50 kWh per 30-day period is available to all registered indigents and pensioners.

The following table shows the impact of the proposed increases in tariffs on the electricity charges for domestic customers:

Table 9: Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	134,43	147,87	13,44	10,00%
250	336,08	369,68	33,60	10,00%
500	672,15	739,35	67,20	10,00%
750	1 008,23	1 109,03	100,80	10,00%
1 000	1 344,30	1 478,70	134,40	10,00%
2 000	2 688,60	2 957,40	268,80	10,00%

For purposes of the MTREF Budget, the electricity tariff structure has been left unchanged. The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2013/14 medium-

term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 10.90 per cent for sanitation from 1 July 2013 is proposed. Currently sanitation charges are calculated according to the relative size of the erf on which the property is located. It is envisaged that future sanitation charges will be based on a percentage of water consumption, but first the large volumes of water losses will have to be brought under control.

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

Table 10: Comparison between current sanitation charges and increases, single dwelling- residence (per annum)

Category	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage Change
Erf : 0 – 300m²	623,00	691,00	68,00	10,9%
Erf : 301 – 400m²	991,00	1 099,00	108,00	10,9%
Flat : Complex	1 570,00	1 741,00	171,00	10,9%
Flat : Ordinary	1 734,00	1 923,00	189,00	10,9%
Flat : Semi	1 734,00	1 923,00	189,00	10,9%
Cluster/Town Houses	2 146,00	2 380,00	234,00	10,9%
Erf : 401 – 800m²	2 579,00	2 860,00	281,00	10,9%
Erf : 801 – 1200m²	2 784,00	3 087,00	303,00	10,9%
Erf : > 1200m²	3 033,00	3 364,00	331,00	10,9%

1.4.5 Waste Removal and Impact of Tariff Increases

It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 12.90 per cent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the overall impact of higher than inflation increases of other services. Any increase higher than 12.90 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 11: Comparison between current waste removal fees and increases

Category	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage Change
Domestic: Weekly 2 x 85ℓ load	140,00	158,00	18,00	12,9%
85ℓ Bins – Twice weekly	317,00	358,00	41,00	12,9%
240ℓ Bins – Once weekly	446,00	504,00	58,00	12,9%
240ℓ Bins – Twice weekly	893,00	1 008,00	115,00	12,9%
420ℓ Bins – Once weekly	780,00	881,00	101,00	12,9%
420ℓ Bins – Twice weekly	1 560,00	1 761,00	201,00	12,9%
1.1m ³ Sprico – Once weekly	535,00	604,00	69,00	12,9%
1.1m ³ Sprico – Twice weekly	1 066,00	1 204,00	138,00	12,9%
1.1m ³ Sprico – Three x a week	1 603,00	1 810,00	207,00	12,9%
1.1m ³ Sprico – Four x a week	2 133,00	2 408,00	275,00	12,9%
1.1m ³ Sprico – Five x a week	2 666,00	3 010,00	344,00	12,9%

1.4.6 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 12% .

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 11,9% increase from 1 July 2013 is contained below:

Table 12 - SA14 – Household bills

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent										
<u>Monthly Account for Household - 'Middle Income Range'</u>										
Rates and services charges:										
Property rates	384.06	422.47	468.10	525.67	525.67	525.67	11.9%	588.22	655.87	729.98
Electricity: Basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: Consumption	707.41	863.04	1 038.93	1 179.19	1 179.19	1 179.19	–	1 297.10	1 426.81	1 569.50
Water: Basic levy	–	–	–	–	–	–	–	–	–	–
Water: Consumption	219.85	244.04	277.35	319.36	319.36	319.36	–	368.39	423.46	485.92
Sanitation	150.00	166.52	182.82	203.51	203.51	203.51	–	225.69	249.39	275.08
Refuse removal	87.72	97.37	108.77	122.81	122.81	122.81	–	138.65	155.98	175.17
Other	20.18	22.81	25.44	28.07	28.07	28.07	–	30.85	33.78	36.92
sub-total	1 569.22	1 816.25	2 101.41	2 378.61	2 378.61	2 378.61	11.4%	2 648.90	2 945.29	3 272.56
VAT on Services	165.92	195.13	228.66	259.41	259.41	259.41	–	288.50	320.52	355.96
Total large household bill:	1 735.15	2 011.37	2 330.07	2 638.02	2 638.02	2 638.02	11.3%	2 937.40	3 265.81	3 628.52
% increase/-decrease		15.9%	15.8%	13.2%	–	–		11.3%	11.2%	11.1%
<u>Monthly Account for Household - 'Affordable Range'</u>										
Rates and services charges:										
Property rates	60.70	66.77	73.98	83.08	83.08	83.08	–	92.97	103.66	115.37
Electricity: Basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: Consumption	352.29	429.79	517.39	587.23	587.23	587.23	–	645.96	710.55	781.61
Water: Basic levy	–	–	–	–	–	–	–	–	–	–
Water: Consumption	172.48	191.45	217.59	250.55	250.55	250.55	–	289.01	332.22	381.22
Sanitation	33.63	59.28	65.06	72.44	72.44	72.44	–	80.34	88.77	97.92
Refuse removal	87.72	97.37	108.77	122.81	122.81	122.81	–	138.65	155.98	175.17
Other	20.18	22.81	25.44	28.07	28.07	28.07	–	30.85	33.78	36.92
sub-total	726.99	867.48	1 008.22	1 144.19	1 144.19	1 144.19	11.7%	1 277.77	1 424.96	1 588.20
VAT on Services	93.28	112.10	130.79	148.55	148.55	148.55	–	165.87	184.98	206.20
Total small household bill:	820.28	979.58	1 139.01	1 292.74	1 292.74	1 292.74	11.7%	1 443.64	1 609.95	1 794.40
% increase/-decrease		19.4%	16.3%	13.5%	–	–		11.7%	11.5%	11.5%
<u>Monthly Account for Household - 'Indigent Household receiving free basic services'</u>										
Rates and services charges:										
Property rates	60.70	66.77	73.98	83.08	83.08	83.08	–	92.97	103.66	115.37
Electricity: Basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: Consumption	27.21	31.30	37.67	42.76	42.76	42.76	–	47.04	51.74	56.91
Water: Basic levy	–	–	–	–	–	–	–	–	–	–
Water: Consumption	30.97	34.37	39.07	44.98	44.98	44.98	–	51.89	59.65	68.45
Sanitation	33.63	59.28	65.06	72.44	72.44	72.44	–	80.34	88.77	97.92
Refuse removal	87.72	97.37	108.77	122.81	122.81	122.81	–	138.65	155.98	175.17
Other	20.18	22.81	25.44	28.07	28.07	28.07	–	30.85	33.78	36.92
sub-total	260.41	311.90	349.99	394.15	394.15	394.15	12.1%	441.73	493.58	550.74
VAT on Services	27.96	34.32	38.64	43.55	43.55	43.55	–	48.83	54.59	60.95
Total small household bill:	288.37	346.22	388.63	437.70	437.70	437.70	12.1%	490.56	548.17	611.69
% increase/-decrease		20.1%	12.2%	12.6%	–	–		12.1%	11.7%	11.6%

1.5 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2013/14 budget and MTREF is informed by Section 18 and 19 of the MFMA. The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 13: A4 - Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type										
Employee related costs	766 288	837 301	952 657	1 053 329	1 079 678	1 079 678	628 926	1 123 573	1 201 530	1 284 926
Remuneration of councillors	19 691	23 278	42 966	45 219	45 754	45 754	28 634	48 519	51 903	55 523
Debt impairment	24 317	210 998	58 207	215 000	215 000	215 000	-	184 345	203 074	223 598
Depreciation & asset impairment	516 523	431 395	514 808	376 528	376 528	376 528	251 019	539 235	520 342	517 147
Finance charges	119 639	86 767	130 762	89 112	66 649	66 649	-	64 162	59 136	54 027
Bulk purchases	593 724	771 253	915 387	1 049 157	1 049 157	1 049 157	700 262	1 135 789	1 230 024	1 331 786
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	8 345	5 908	6 840	9 182	9 182	9 182	3 099	10 009	10 869	11 782
Transfers and grants	22 900	20 872	14 937	30 464	32 147	32 147	18 330	246 488	272 513	301 004
Other expenditure	770 225	818 468	821 107	1 124 230	1 157 571	1 157 571	521 736	1 169 728	1 429 538	1 494 781
Loss on disposal of PPE	1 447	6 046	3 145	-	-	-	-	-	-	-
Total Expenditure	2 843 099	3 212 286	3 460 814	3 992 222	4 031 666	4 031 666	2 152 006	4 521 847	4 978 929	5 274 574
Surplus/(Deficit)	(310 803)	(405 666)	(51 915)	(25 584)	(73 125)	(73 125)	771 389	(61 505)	26 180	158 800
Transfers recognised - capital	239 729	232 734	187 131	629 018	834 068	834 068	-	714 574	700 544	752 610
Contributions recognised - capital	-	-	-	-	2 451	2 451	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410

The budgeted allocation for employee related costs for the 2013/14 financial year totals R1,12 billion, which equals 25% of the total operating expenditure. Based on average CPIX plus 1.5%, salary increases have been factored into this budget at a percentage increase of 6.85% for the 2013/14 financial year.

Remuneration of councillors is determined by the Minister of Cooperative 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 City's budget.

The provision of debt impairment has been determined based on an annual collection rate. For the 2013/14 financial year this amounts to R184 million and escalates to R223 million by 2015/16. 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 is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R539 million for the 2013/14 financial and equates to 12% of the total operating expenditure. 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% (R64 million) of operating expenditure excluding annual redemption for 2013/14.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Amatola Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other expenditure comprises of various line items relating to the daily operations of the municipality. No increase has been made to the general expenses, except for Fuel, which is 7.5% and Operational Leases which are informed by the Agreements

The following figure gives a breakdown of the main expenditure categories for the 2013/14 financial year:

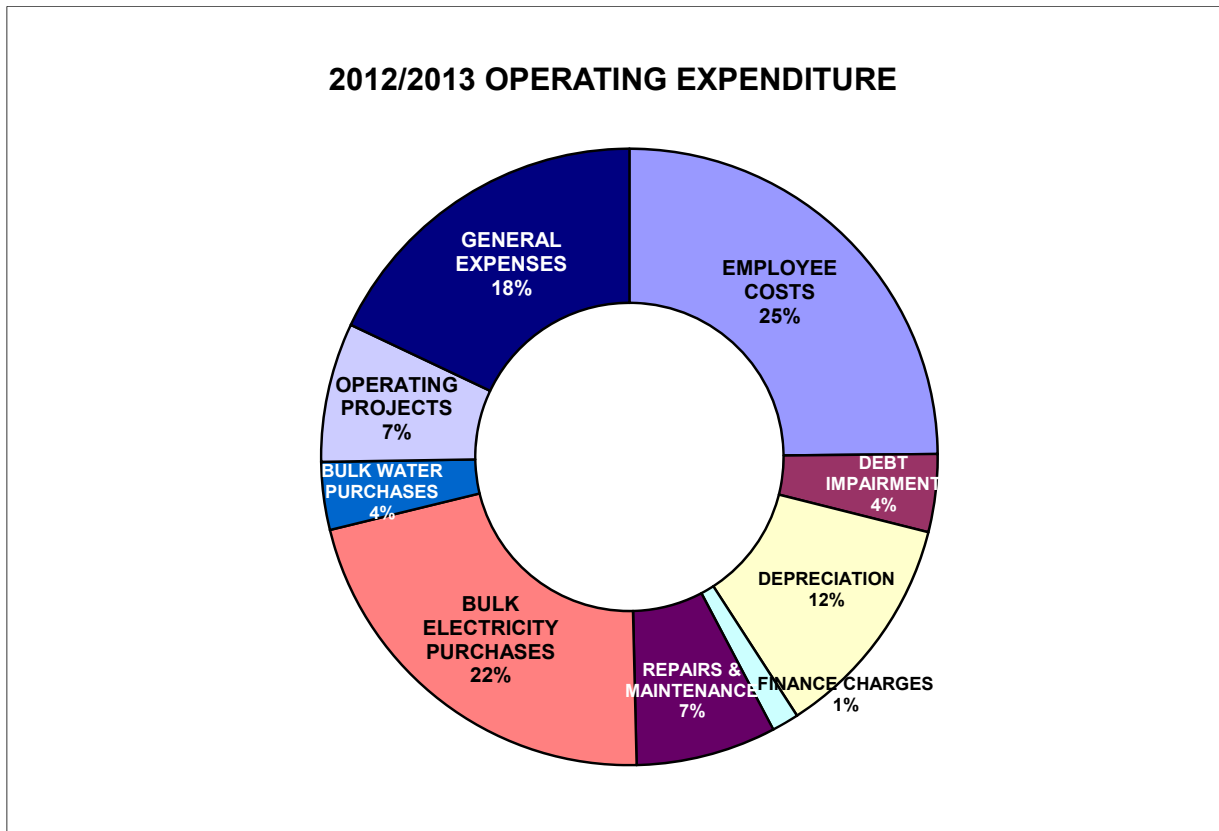


Figure 2: Main operational expenditure categories for the 2013/14 financial year

1.5.1 Repairs and Maintenance

Repairs and maintenance budget is currently 7% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure and historic deferred maintenance.

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

Table 14 - Repairs and maintenance

Provision for Repairs and Maintenance	2012/2013	2013/2014	2014/2015	2015/2016
	Budget	Budget	Budget	Budget
<u>Roads</u>	50 327 489	65 425 736	75 239 597	86 525 536
% Increase on Previous Year	30.00%	15.00%	15.00%	15.00%
	15 098 247	9 813 860	11 285 940	12 978 830
<u>Total</u>	65 425 736	75 239 597	86 525 536	99 504 367
<u>Refuse Service Tariff Income</u>	197 864 852	223 880 217	251 865 244	282 844 669
% of Tariff Income	6.00%	8.00%	8.00%	8.00%
	11 871 891	17 910 417	20 149 220	22 627 574
<u>Sewerage Service Tariff Income</u>	201 650 268	225 407 383	249 075 158	274 729 899
% of Tariff Income	10.00%	10.00%	10.00%	10.00%
<u>Total</u>	20 165 027	22 540 738	24 907 516	27 472 990
<u>Electricity Service Tariff Income</u>	1 251 942 965	1 385 451 858	1 496 288 006	1 615 991 047
% of Tariff Income	10.00%	10.00%	10.00%	10.00%
<u>Total</u>	125 194 297	138 545 186	149 628 801	161 599 105
<u>Water Service Tariff Income</u>	257 827 480	309 154 450	355 373 040	407 790 564
% of Tariff Income	10.00%	10.00%	10.00%	10.00%
<u>Total</u>	25 782 748	30 915 445	35 537 304	40 779 056
Services Repairs & Maintenance	248 439 699	285 151 383	316 748 376	351 983 091
Other Repairs and Maintenance	42 423 208	47 655 926	51 135 296	54 873 459
<u>Total Repairs & Maintenance</u>	290 862 907	332 807 309	367 883 672	406 856 550

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 City's Indigent Policy. The target is to register 55 000 or more indigent households (urban areas) by end of 2013/14 financial year, a process reviewed annually.

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.

Table 15: Basic Social Services Package per household

	Total Per Household 2012/2013	Total Per Household 2013/2014	Total Per Household 2014/2015	Total Per Household 2015/2016
Rates	83.08	92.97	103.66	115.37
Refuse	123.24	138.65	155.98	175.17
Sewerage	72.41	80.34	88.77	97.91
Fire Levy	28.06	30.85	33.78	36.92
<u>Total Monthly Subsidy</u>	306.79	342.80	382.19	425.38
Electricity - 50kwh p.m	42.76	47.04	51.74	56.91
Electricity - 50kwh p.m (Esk)				
Water - 6kl p.m.	44.98	51.89	59.65	68.45
<u>Total Poor Relief</u>	394.53	441.73	493.58	550.74

1.6 CAPITAL EXPENDITURE FRAMEWORK

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

Table 16: A5 - 2013/14 Medium-term capital budget per vote

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard										
<i>Governance and administration</i>	59 680	27 638	23 315	44 700	52 939	52 939	52 939	12 734	16 000	5 350
Executive and council	45 427	228	2 111	4 500	4 854	4 854	4 854	5 000	–	–
Budget and treasury office	9 750	27 410	13 567	7 600	13 752	13 752	13 752	400	50	–
Corporate services	4 503	–	7 638	32 600	34 333	34 333	34 333	7 334	15 950	5 350
<i>Community and public safety</i>	48 632	38 252	121 634	88 117	101 931	101 931	101 931	135 400	120 786	115 300
Community and social services	12 723	16 957	11 625	15 000	29 521	29 521	29 521	13 000	15 000	7 000
Sport and recreation	4 690	1 129	13 585	–	–	–	–	25 000	15 000	20 000
Public safety	4 374	10 757	27 955	10 128	16 036	16 036	16 036	2 750	10 300	8 000
Housing	25 902	7 113	65 436	62 989	56 374	56 374	56 374	94 650	80 486	80 300
Health	943	2 297	3 034	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	136 657	113 544	253 074	317 921	355 816	355 816	355 816	315 641	279 200	261 000
Planning and development	25 673	28 666	145 605	192 921	164 827	164 827	164 827	130 600	51 700	56 000
Road transport	108 615	82 686	103 490	120 000	183 547	183 547	183 547	173 000	207 500	205 000
Environmental protection	2 369	2 192	3 979	5 000	7 443	7 443	7 443	12 041	20 000	–
<i>Trading services</i>	168 366	203 554	310 965	289 259	455 672	455 672	455 672	276 183	319 258	400 210
Electricity	63 244	57 802	41 273	77 851	84 732	84 732	84 732	61 329	58 500	103 500
Water	51 655	68 055	24 009	30 800	59 731	59 731	59 731	55 000	51 000	69 000
Waste water management	3 729	76 972	206 790	177 608	246 330	246 330	246 330	158 854	173 258	199 000
Waste management	49 738	725	38 893	3 000	64 879	64 879	64 879	1 000	36 500	28 710
<i>Other</i>	16 544	16 122	16 658	9 100	11 745	11 745	11 745	15 000	33 000	44 000
Total Capital Expenditure - Standard	429 879	399 110	725 646	749 097	978 103	978 103	978 103	754 958	768 244	825 860
Funded by:										
National Government	173 412	205 794	527 383	609 848	813 407	813 407	813 407	679 079	684 226	752 610
Provincial Government	55 193	19 113	40 366	19 170	20 661	20 661	20 661	35 496	16 318	–
District Municipality	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	8 156	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	236 761	224 907	567 749	629 018	834 068	834 068	834 068	714 574	700 544	752 610
Public contributions & donations	1 374	800	2 790	–	2 451	2 451	2 451	–	–	–
Borrowing	97 230	53 728	17 577	–	–	–	–	–	–	–
Internally generated funds	94 513	119 675	137 530	120 079	141 584	141 584	141 584	40 384	67 700	73 250
Total Capital Funding	429 879	399 110	725 646	749 097	978 103	978 103	978 103	754 958	768 244	825 860

The Draft capital budget for the 2013/14 MTREF period is R2,3 billion. This can be attributed to an increase in the USDG allocation over the 2013/14 MTREF to R1.8 billion for infrastructure and housing development. Infrastructure development received 42% (R995 million) of the capital budget an allocation, Housing 11% (R256 million), Roads 25% (R585 million).

The Capital Budget increases from R749 million in 2012/13 (original budget) to R755 million in 2013/14. This reflects an overall growth of 0.8%, however there is a decrease of 22.8% when compared to the adjusted budget due to roll-over of 2011/12 unspent conditional grants of R267million.

The renewal of existing assets equates to R78 million (10.3%) of the total 2012/13 capital budget, while new assets represents R677 million (89.7%). It is important to note that asset renewal represents the upgrading or replacement of existing City owned assets, while new assets will result in an increase in the asset base of this City.

Some of the major projects/programmes to be implemented over the medium-term are:

TABLE 17 – List of Key Projects

Project Name	Source of Funding	2013/2014	2014/2015	2015/2016
		Draft Capital Budget	Draft Capital Budget	Draft Capital Budget
Reeston Phase 3: Stage 2 - P1 & P3	HSDG	25 000 000	0	0
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 2% increase from Tariff)	Own Funds	20 000 000	20 000 000	20 000 000
INEP Electrification Programme	INEP	26 329 000	20 000 000	55 000 000
Gonubie Main Road	USDG	40 000 000	35 000 000	15 000 000
Upgrading of Mdantsane Roads	USDG	53 000 000	67 500 000	70 000 000
BCMM Urban Roads Upgrade	USDG	35 000 000	40 000 000	50 000 000
Rehabilitation of Rural Roads	USDG	25 000 000	25 000 000	30 000 000
Waste Water Infrastructure Capacity (KWT Regional Scheme)	USDG	40 000 000	45 000 000	60 000 000
Reeston Phase 3 Bulk Services Sewer	USDG	40 000 000	40 000 000	40 000 000
Diversion of Amalinda and Wilsonia effluent to Reeston	USDG	25 000 000	25 000 000	35 000 000
Sanitation backlog eradication - (Coastal Midland & Inland)	USDG	37 854 000	40 757 892	40 000 000
KWT and Bhisho Infrastructure(Water)	USDG	20 000 000	20 000 000	20 000 000
Bus Rapid Transit	PTIS	70 000 000	0	
Land Acquisition	USDG	20 000 000	5 500 000	
Upgrading of Social Amenities	USDG	20 000 000	0	0

1.7 ANNUAL BUDGET TABLES

The following twelve 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.

Table 19 -Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	821 966	883 031	1 176 734	1 453 170	1 477 527	1 477 527	1 576 782	1 657 253	1 729 738
Executive and council	221	7 898	1 299	-	24 974	24 974	33 373	34 915	36 148
Budget and treasury office	770 563	850 388	1 169 402	1 441 627	1 441 627	1 441 627	1 533 078	1 608 979	1 679 347
Corporate services	51 182	24 745	6 033	11 543	10 926	10 926	10 331	13 360	14 243
<i>Community and public safety</i>	236 717	231 245	207 958	218 637	177 863	177 863	322 619	508 575	556 045
Community and social services	18 929	24 674	18 230	14 954	14 954	14 954	16 016	17 147	18 363
Sport and recreation	4 284	2 666	2 664	4 240	4 240	4 240	4 655	5 100	5 579
Public safety	52 199	59 194	65 904	75 096	75 096	75 096	83 497	91 420	99 913
Housing	107 856	109 544	46 016	109 591	68 817	68 817	215 910	392 366	429 648
Health	53 449	35 167	75 144	14 755	14 755	14 755	2 540	2 541	2 542
<i>Economic and environmental services</i>	135 832	137 024	118 898	83 027	84 373	84 373	86 641	90 579	98 238
Planning and development	30 866	25 584	29 839	23 944	25 289	25 289	18 907	19 886	21 156
Road transport	102 642	109 239	88 332	58 765	58 765	58 765	67 396	70 334	76 699
Environmental protection	2 325	2 202	727	318	318	318	338	360	383
<i>Trading services</i>	1 562 076	1 773 494	2 077 263	2 193 604	2 200 579	2 200 579	2 454 328	2 726 861	3 025 508
Electricity	858 341	981 969	1 199 545	1 337 501	1 337 501	1 337 501	1 470 537	1 615 495	1 774 943
Water	283 418	295 140	327 477	317 902	323 393	323 393	371 623	426 911	489 746
Waste water management	229 881	276 827	302 258	260 618	260 618	260 618	294 333	325 169	358 593
Waste management	190 437	219 559	247 983	277 583	279 067	279 067	317 835	359 286	402 226
<i>Other</i>	15 435	14 561	15 178	647 218	854 719	854 719	734 546	722 385	776 455
Total Revenue - Standard	2 772 026	3 039 354	3 596 030	4 595 656	4 795 060	4 795 060	5 174 917	5 705 653	6 185 984
Expenditure - Standard									
<i>Governance and administration</i>	544 695	528 754	627 085	787 630	845 311	846 239	859 354	915 944	956 476
Executive and council	62 626	84 170	97 247	115 860	161 214	161 214	160 716	168 527	175 930
Budget and treasury office	259 446	231 662	308 794	368 805	375 605	375 605	366 829	397 524	411 215
Corporate services	222 623	212 923	221 044	302 965	308 492	309 420	331 810	349 892	369 331
<i>Community and public safety</i>	344 057	391 622	406 342	479 089	442 340	442 340	614 267	818 698	889 756
Community and social services	67 098	70 856	73 864	78 546	80 205	80 205	86 759	92 554	98 906
Sport and recreation	49 383	57 413	58 460	56 447	56 873	56 873	61 963	67 233	71 676
Public safety	108 531	119 911	158 301	180 363	180 840	180 840	192 555	203 842	217 811
Housing	69 633	81 782	52 083	131 655	91 123	91 123	241 288	421 845	466 323
Health	49 413	61 660	63 634	32 078	33 298	33 298	31 703	33 226	35 040
<i>Economic and environmental services</i>	524 578	497 628	509 920	553 912	555 520	554 593	605 158	639 050	641 569
Planning and development	136 658	149 659	162 364	191 786	191 776	191 776	198 684	214 100	187 668
Road transport	323 414	276 017	270 558	283 715	284 281	284 281	322 460	335 112	357 370
Environmental protection	64 505	71 952	76 998	78 411	79 463	78 536	84 013	89 837	96 531
<i>Trading services</i>	1 418 798	1 781 987	1 904 399	2 157 368	2 174 291	2 174 291	2 427 878	2 589 445	2 769 950
Electricity	760 462	915 286	1 070 704	1 258 367	1 258 843	1 258 843	1 367 293	1 465 620	1 571 897
Water	260 596	389 249	390 798	359 313	366 422	366 422	419 727	443 128	474 797
Waste water management	216 680	265 936	253 738	273 358	278 271	278 271	349 036	360 380	374 420
Waste management	181 061	211 516	189 159	266 330	270 756	270 756	291 822	320 317	348 837
<i>Other</i>	10 971	12 295	13 068	14 224	14 203	14 203	15 191	15 793	16 823
Total Expenditure - Standard	2 843 099	3 212 286	3 460 814	3 992 222	4 031 666	4 031 666	4 521 847	4 978 929	5 274 574
Surplus/(Deficit) for the year	(71 073)	(172 932)	135 216	603 434	763 394	763 394	653 069	726 724	911 410

Table 20 - Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote									
Vote 1 - Directorate - Executive Support Services	46 433	15 449	3 742	-	2 084	2 084	-	-	-
Vote 2 - Directorate - Municipal Manager	40	7 431	212	-	24 974	24 974	33 373	34 915	36 148
Vote 3 - Directorate - Chief Operations Officer	109 050	110 233	46 249	109 591	69 899	69 899	215 910	392 366	429 648
Vote 4 - Directorate - Chief Financial Officer	770 563	850 388	1 169 402	1 441 627	1 441 627	1 441 627	1 533 078	1 608 979	1 679 347
Vote 5 - Directorate - Corporate Services	5 047	1 009	3 250	5 371	4 776	4 776	8 495	11 369	12 086
Vote 6 - Directorate - Engineering Services	1 437 512	1 625 241	1 870 922	1 923 389	1 927 396	1 927 396	2 142 457	2 370 624	2 626 421
Vote 7 - Directorate - Development Planning	46 099	42 550	46 746	49 908	49 429	49 429	47 412	51 071	55 214
Vote 8 - Directorate - Health & Public Safety	141 157	137 793	185 754	139 656	139 656	139 656	140 772	153 893	167 959
Vote 9 - Directorate - Community Services	216 125	249 259	269 755	297 096	298 701	298 701	338 845	381 893	426 551
Vote 10 - Directorate - Miscellaneous	-	-	-	629 018	836 519	836 519	714 574	700 544	752 610
Total Revenue by Vote	2 772 026	3 039 354	3 596 030	4 595 656	4 795 060	4 795 060	5 174 917	5 705 653	6 185 984
Expenditure by Vote to be appropriated									
Vote 1 - Directorate - Executive Support Services	110 204	87 492	106 744	132 550	142 722	142 722	141 509	148 049	156 349
Vote 2 - Directorate - Municipal Manager	29 591	45 686	35 239	51 513	90 669	90 669	92 962	97 046	100 201
Vote 3 - Directorate - Chief Operations Officer	76 094	88 852	58 585	140 598	100 499	100 499	249 941	430 920	475 861
Vote 4 - Directorate - Chief Financial Officer	259 446	231 662	308 794	368 805	375 605	375 605	366 829	397 524	411 215
Vote 5 - Directorate - Corporate Services	72 896	80 462	88 825	136 374	133 417	133 417	152 050	162 947	172 883
Vote 6 - Directorate - Engineering Services	1 572 683	1 862 096	1 999 131	2 187 239	2 200 905	2 200 905	2 467 108	2 611 277	2 783 854
Vote 7 - Directorate - Development Planning	169 999	182 666	198 318	231 605	234 174	234 174	247 000	266 872	245 714
Vote 8 - Directorate - Health & Public Safety	184 564	196 260	243 535	242 477	244 068	244 069	256 793	270 429	288 251
Vote 9 - Directorate - Community Services	367 624	437 110	421 644	501 062	509 606	509 606	547 655	593 866	640 244
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2 843 099	3 212 286	3 460 814	3 992 222	4 031 666	4 031 666	4 521 847	4 978 929	5 274 574
Surplus/(Deficit) for the year	(71 073)	(172 932)	135 216	603 434	763 394	763 394	653 069	726 724	911 410

Table 21 - Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue By Source										
Property rates	426 500	452 694	521 931	583 999	583 999	583 999	570 669	647 203	721 631	803 114
Property rates - penalties & collection charges	547	612	584	1 376	1 376	1 376	439	1 539	1 716	1 910
Service charges - electricity revenue	802 485	924 518	1 137 198	1 279 796	1 279 796	1 279 796	863 719	1 411 111	1 552 221	1 707 443
Service charges - water revenue	201 622	200 158	239 552	260 086	260 086	260 086	184 169	309 154	355 373	407 791
Service charges - sanitation revenue	145 648	166 162	183 646	203 478	203 478	203 478	203 497	225 407	249 075	274 730
Service charges - refuse revenue	139 256	157 219	175 341	199 627	199 627	199 627	132 154	223 880	251 865	282 845
Service charges - other	(802)	16 943	20 778	24 968	24 968	24 968	19 201	33 489	37 266	41 403
Rental of facilities and equipment	12 910	14 107	13 388	14 086	14 086	14 086	6 851	15 480	16 951	18 528
Interest earned - external investments	42 105	32 527	58 689	53 986	53 986	53 986	46 412	77 940	80 058	82 240
Interest earned - outstanding debtors	44 818	21 202	23 920	24 328	24 328	24 328	14 729	26 736	29 276	31 999
Dividends received	86	-	-	-	-	-	-	-	-	-
Fines	8 257	7 321	5 456	11 765	11 765	11 765	3 817	12 930	14 158	15 475
Licences and permits	14 117	15 053	15 708	16 992	16 992	16 992	10 506	18 674	20 448	22 350
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	573 985	679 071	724 619	804 866	796 769	796 769	457 851	932 268	1 115 158	1 151 050
Other revenue	118 240	118 595	286 432	487 284	487 284	487 284	409 381	524 530	559 912	592 497
Gains on disposal of PPE	2 523	437	1 658	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 532 297	2 806 620	3 408 899	3 966 637	3 958 541	3 958 541	2 923 395	4 460 342	5 005 110	5 433 374
Expenditure By Type										
Employee related costs	766 288	837 301	952 657	1 053 329	1 079 678	1 079 678	628 926	1 123 573	1 201 530	1 284 926
Remuneration of councillors	19 691	23 278	42 966	45 219	45 754	45 754	28 634	48 519	51 903	55 523
Debt impairment	24 317	210 998	58 207	215 000	215 000	215 000	-	184 345	203 074	223 598
Depreciation & asset impairment	516 523	431 395	514 808	376 528	376 528	376 528	251 019	539 235	520 342	517 147
Finance charges	119 639	86 767	130 762	89 112	66 649	66 649	-	64 162	59 136	54 027
Bulk purchases	593 724	771 253	915 387	1 049 157	1 049 157	1 049 157	700 262	1 135 789	1 230 024	1 331 786
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	8 345	5 908	6 840	9 182	9 182	9 182	3 099	10 009	10 869	11 782
Transfers and grants	22 900	20 872	14 937	30 464	32 147	32 147	18 330	246 488	272 513	301 004
Other expenditure	770 225	818 468	821 107	1 124 230	1 157 571	1 157 571	521 736	1 169 728	1 429 538	1 494 781
Loss on disposal of PPE	1 447	6 046	3 145	-	-	-	-	-	-	-
Total Expenditure	2 843 099	3 212 286	3 460 814	3 992 222	4 031 666	4 031 666	2 152 006	4 521 847	4 978 929	5 274 574
Surplus/(Deficit)	(310 803)	(405 666)	(51 915)	(25 584)	(73 125)	(73 125)	771 389	(61 505)	26 180	158 800
Transfers recognised - capital	239 729	232 734	187 131	629 018	834 068	834 068	-	714 574	700 544	752 610
Contributions recognised - capital	-	-	-	-	2 451	2 451	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410

Table 22 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Capital Expenditure - Standard										
<i>Governance and administration</i>	59 680	27 638	23 315	44 700	52 939	52 939	52 939	12 734	16 000	5 350
Executive and council	45 427	228	2 111	4 500	4 854	4 854	4 854	5 000	-	-
Budget and treasury office	9 750	27 410	13 567	7 600	13 752	13 752	13 752	400	50	-
Corporate services	4 503	-	7 638	32 600	34 333	34 333	34 333	7 334	15 950	5 350
<i>Community and public safety</i>	48 632	38 252	121 634	88 117	101 931	101 931	101 931	135 400	120 786	115 300
Community and social services	12 723	16 957	11 625	15 000	29 521	29 521	29 521	13 000	15 000	7 000
Sport and recreation	4 690	1 129	13 585	-	-	-	-	25 000	15 000	20 000
Public safety	4 374	10 757	27 955	10 128	16 036	16 036	16 036	2 750	10 300	8 000
Housing	25 902	7 113	65 436	62 989	56 374	56 374	56 374	94 650	80 486	80 300
Health	943	2 297	3 034	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	136 657	113 544	253 074	317 921	355 816	355 816	355 816	315 641	279 200	261 000
Planning and development	25 673	28 666	145 605	192 921	164 827	164 827	164 827	130 600	51 700	56 000
Road transport	108 615	82 686	103 490	120 000	183 547	183 547	183 547	173 000	207 500	205 000
Environmental protection	2 369	2 192	3 979	5 000	7 443	7 443	7 443	12 041	20 000	-
<i>Trading services</i>	168 366	203 554	310 965	289 259	455 672	455 672	455 672	276 183	319 258	400 210
Electricity	63 244	57 802	41 273	77 851	84 732	84 732	84 732	61 329	58 500	103 500
Water	51 655	68 055	24 009	30 800	59 731	59 731	59 731	55 000	51 000	69 000
Waste water management	3 729	76 972	206 790	177 608	246 330	246 330	246 330	158 854	173 258	199 000
Waste management	49 738	725	38 893	3 000	64 879	64 879	64 879	1 000	36 500	28 710
<i>Other</i>	16 544	16 122	16 658	9 100	11 745	11 745	11 745	15 000	33 000	44 000
Total Capital Expenditure - Standard	429 879	399 110	725 646	749 097	978 103	978 103	978 103	754 958	768 244	825 860
Funded by:										
National Government	173 412	205 794	527 383	609 848	813 407	813 407	813 407	679 079	684 226	752 610
Provincial Government	55 193	19 113	40 366	19 170	20 661	20 661	20 661	35 496	16 318	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	8 156	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	236 761	224 907	567 749	629 018	834 068	834 068	834 068	714 574	700 544	752 610
Public contributions & donations	1 374	800	2 790	-	2 451	2 451	2 451	-	-	-
Borrowing	97 230	53 728	17 577	-	-	-	-	-	-	-
Internally generated funds	94 513	119 675	137 530	120 079	141 584	141 584	141 584	40 384	67 700	73 250
Total Capital Funding	429 879	399 110	725 646	749 097	978 103	978 103	978 103	754 958	768 244	825 860

Table 23 -Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
ASSETS										
Current assets										
Cash	58 346	45 300	58 137	80 000	80 000	80 000	80 000	80 000	80 000	80 000
Call investment deposits	501 125	695 947	1 464 211	768 527	493 832	493 832	493 932	899 811	1 342 063	1 916 288
Consumer debtors	407 093	302 407	466 080	356 022	356 022	356 022	730 679	928 937	1 150 553	1 398 361
Other debtors	107 462	39 042	36 676	132 820	132 820	132 820	65 935	69 230	72 690	76 330
Current portion of long-term receivables	11	12	13	10	10	10	10	10	10	10
Inventory	96 791	137 420	117 116	172 320	172 320	172 320	131 500	138 080	144 980	152 230
Total current assets	1 170 829	1 220 128	2 142 233	1 509 699	1 235 004	1 235 004	1 502 056	2 116 068	2 790 296	3 623 219
Non current assets										
Long-term receivables	82	70	57	66	66	66	60	60	60	60
Investments	4 411	820	857	815	815	815	893	930	967	1 003
Investment property	201 199	220 776	219 463	267 928	267 928	267 928	230 440	241 960	254 060	266 760
Investment in Associate	32 323	12 088	0	14 600	14 600	14 600	-	-	-	-
Property, plant and equipment	11 374 979	11 561 297	11 330 960	12 017 278	12 017 278	12 017 278	11 225 834	11 586 599	11 966 258	12 349 111
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-	-
Intangible	12 071	13 362	12 112	17 900	17 900	17 900	18 800	19 740	20 730	21 760
Other non-current assets	35	58 410	59 028	60	60	60	61 980	65 080	68 330	71 750
Total non current assets	11 625 100	11 866 824	11 622 477	12 318 647	12 318 647	12 318 647	11 538 007	11 914 369	12 310 405	12 710 444
TOTAL ASSETS	12 795 929	13 086 951	13 764 710	13 828 346	13 553 651	13 553 651	13 040 063	14 030 437	15 100 700	16 333 662
LIABILITIES										
Current liabilities										
Bank overdraft	-	1 034	1 064	-	-	-	-	-	-	-
Borrowing	30 740	45 760	41 997	41 533	43 981	43 981	49 970	54 633	46 097	50 709
Consumer deposits	30 375	33 454	36 920	40 300	40 300	40 300	40 610	44 670	49 140	54 050
Trade and other payables	608 594	717 065	1 238 180	1 006 500	1 006 500	1 006 500	1 361 960	1 498 150	1 647 900	1 812 690
Provisions	119 308	116 829	124 885	127 400	127 400	127 400	131 130	137 680	144 560	151 780
Total current liabilities	789 017	914 143	1 443 046	1 215 733	1 218 181	1 218 181	1 583 670	1 735 133	1 887 697	2 069 229
Non current liabilities										
Borrowing	507 668	646 503	605 246	607 208	648 654	648 654	598 661	544 028	497 931	447 222
Provisions	294 642	329 922	409 618	421 300	421 300	421 300	450 100	495 110	544 620	599 090
Total non current liabilities	802 310	976 425	1 014 864	1 028 508	1 069 954	1 069 954	1 048 761	1 039 138	1 042 551	1 046 312
TOTAL LIABILITIES	1 591 327	1 890 568	2 457 910	2 244 241	2 288 135	2 288 135	2 632 431	2 774 271	2 930 248	3 115 541
NET ASSETS	11 204 602	11 196 383	11 306 800	11 584 105	11 265 516	11 265 516	10 407 632	11 256 166	12 170 452	13 218 121
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	11 187 981	11 180 335	11 291 325	11 564 745	11 246 156	11 246 156	10 390 602	11 237 436	12 149 852	13 195 461
Reserves	16 621	16 048	15 475	19 360	19 360	19 360	17 030	18 730	20 600	22 660
Minorities' interests	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	11 204 602	11 196 383	11 306 800	11 584 105	11 265 516	11 265 516	10 407 632	11 256 166	12 170 452	13 218 121

Table 24 -Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	1 833 919	1 916 526	2 465 720	2 775 111	2 466 553	2 466 553	2 466 553	3 200 877	3 534 877	3 897 160
Government - operating	813 714	-	966 570	804 866	763 690	763 690	763 690	932 268	1 115 158	1 151 050
Government - capital	-	911 805	654 418	629 018	639 227	639 227	639 227	714 574	700 544	752 610
Interest	86 924	53 776	52 228	78 314	52 228	52 228	52 228	104 676	109 334	114 239
Dividends	86		60	-	60	60	60			
Payments										
Suppliers and employees	(2 315 831)	(2 341 440)	(3 108 358)	(3 224 734)	(2 900 433)	(2 900 433)	(2 900 433)	(3 430 838)	(3 863 136)	(4 113 845)
Finance charges	(108 121)	(87 287)	(93 951)	(89 112)	(93 951)	(93 951)	(93 951)	(64 162)	(59 136)	(54 027)
Transfers and Grants	-		(27 616)	(30 464)	(27 616)	(27 616)	(27 616)	(246 488)	(272 513)	(301 004)
NET CASH FROM/(USED) OPERATING ACTIVITIES	310 690	453 380	909 071	942 999	899 758	899 758	899 758	1 210 908	1 265 129	1 446 183
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	3 049	1 276	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	(34 612)	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	18 268	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(701)	3 933	-	-	-	-	-	-	-	-
Payments										
Capital assets	(426 412)	(399 110)	(268 909)	(749 097)	(978 103)	(978 103)	(978 103)	(754 958)	(768 244)	(825 860)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(405 796)	(428 513)	(268 909)	(749 097)	(978 103)	(978 103)	(978 103)	(754 958)	(768 244)	(825 860)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	(41 179)	(154 076)	(44 997)	(41 533)	(43 981)	(43 981)	(43 981)	(49 970)	(54 633)	(46 097)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(41 179)	(154 076)	(44 997)	(41 533)	(43 981)	(43 981)	(43 981)	(49 970)	(54 633)	(46 097)
NET INCREASE/ (DECREASE) IN CASH HELD	(136 285)	(129 209)	595 165	152 369	(122 327)	(122 327)	(122 327)	405 979	442 252	574 226
Cash/cash equivalents at the year begin:	695 756	559 471	430 262	696 159	696 159	696 159	696 159	573 832	979 811	1 422 063
Cash/cash equivalents at the year end:	559 471	430 262	1 025 427	848 527	573 832	573 832	573 832	979 811	1 422 063	1 996 288

Table 25 - Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	559 471	430 262	1 025 427	848 527	573 832	573 832	573 832	979 811	1 422 063	1 996 288
Other current investments > 90 days	-	309 950	495 856	(0)	0	0	100	(0)	0	(0)
Non current assets - Investments	4 411	820	857	815	815	815	893	930	967	1 003
Cash and investments available:	563 882	741 032	1 522 140	849 342	574 647	574 647	574 825	980 741	1 423 030	1 997 291
Application of cash and investments										
Unspent conditional transfers	267 286	346 142	787 666	550 000	550 000	550 000	866 400	953 040	1 048 300	1 153 130
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(151 902)	58 436	(21 982)	19 927	68 469	68 469	(316 731)	(380 999)	(535 399)	(708 827)
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
Total Application of cash and investments:	115 384	404 578	765 684	569 927	618 469	618 469	549 669	572 041	512 901	444 303
Surplus(shortfall)	448 498	336 455	756 456	279 415	(43 822)	(43 822)	25 156	408 700	910 129	1 552 988

Table 26 - Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	426 150	399 110	616 015	671 297	805 665	805 665	677 158	705 544	746 860
Infrastructure - Road transport	132 504	102 767	67 376	101 200	145 503	145 503	183 000	215 500	215 000
Infrastructure - Electricity	67 813	57 930	23 800	77 851	84 732	84 732	61 329	58 500	103 500
Infrastructure - Water	69 047	65 281	21 000	12 000	14 860	14 860	-	-	-
Infrastructure - Sanitation	61 269	80 832	199 000	174 608	228 330	228 330	158 854	173 258	199 000
Infrastructure - Other	-	-	188 620	224 946	188 989	188 989	108 800	75 500	74 710
Infrastructure	330 633	306 810	499 796	590 605	662 414	662 414	511 983	522 758	592 210
Community	50 598	34 939	19 755	14 000	17 298	17 298	26 541	38 000	8 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	644	-	-	-	94 650	80 486	80 300
Other assets	42 003	52 346	95 821	66 692	125 952	125 952	43 984	64 300	66 350
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 916	5 014	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2 916	-	109 631	77 800	172 439	172 439	77 800	62 700	79 000
Infrastructure - Road transport	-	-	48 107	40 000	103 547	103 547	-	-	-
Infrastructure - Electricity	-	-	12 517	-	-	-	-	-	-
Infrastructure - Water	-	-	8 309	18 800	43 811	43 811	45 000	43 000	59 000
Infrastructure - Sanitation	-	-	3 358	3 000	3 000	3 000	-	-	-
Infrastructure - Other	-	-	2 412	-	-	-	-	-	-
Infrastructure	-	-	74 703	61 800	150 357	150 357	45 000	43 000	59 000
Community	-	-	24 864	9 000	20 279	20 279	25 000	15 000	20 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	10 064	7 000	1 803	1 803	7 800	4 700	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 916	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Infrastructure - Road transport	132 504	102 767	115 482	141 200	249 050	249 050	183 000	215 500	215 000
Infrastructure - Electricity	67 813	57 930	36 317	77 851	84 732	84 732	61 329	58 500	103 500
Infrastructure - Water	69 047	65 281	29 309	30 800	58 670	58 670	45 000	43 000	59 000
Infrastructure - Sanitation	61 269	80 832	202 358	177 608	231 330	231 330	158 854	173 258	199 000
Infrastructure - Other	-	-	191 032	224 946	188 989	188 989	108 800	75 500	74 710
Infrastructure	330 633	306 810	574 499	652 405	812 771	812 771	556 983	565 758	651 210
Community	50 598	34 939	44 619	23 000	37 577	37 577	51 541	53 000	28 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	644	-	-	-	94 650	80 486	80 300
Other assets	42 003	52 346	105 885	73 692	127 755	127 755	51 784	69 000	66 350
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	5 831	5 014	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	429 065	399 110	725 646	749 097	978 103	978 103	754 958	768 244	825 860

Table 26 - Table A9 - Asset Management (continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	2 045 850	2 214 774	2 141 114	1 452 518	1 452 518	1 452 518	1 635 518	1 851 018	2 066 018
<i>Infrastructure - Electricity</i>	1 476 139	1 506 478	1 438 089	1 621 306	1 621 306	1 621 306	1 682 635	1 898 135	2 001 635
<i>Infrastructure - Water</i>	1 414 898	1 411 416	1 363 070	1 466 164	1 466 164	1 466 164	1 511 164	1 726 664	1 785 664
<i>Infrastructure - Sanitation</i>	1 177 701	1 167 009	1 125 476	1 554 682	1 554 682	1 554 682	1 713 536	1 929 036	2 128 036
<i>Infrastructure - Other</i>	-	-	-	4 874 544	4 874 544	4 874 544	3 860 823	3 372 316	3 139 319
Infrastructure	6 114 589	6 299 676	6 067 750	10 969 214	10 969 214	10 969 214	10 403 676	10 777 169	11 120 672
Community	278 137	287 708	323 615	361 946	361 946	361 946	415 737	415 737	415 737
Heritage assets	3 421	3 421	3 853	3 421	3 421	3 421	43 955	43 955	43 955
Investment properties	201 199	220 776	219 463	267 928	267 928	267 928	241 960	254 060	266 760
Other assets	4 978 832	4 970 492	4 935 742	682 697	682 697	682 697	723 231	729 397	768 747
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	12 071	13 362	12 112	17 900	17 900	17 900	19 740	20 730	21 760
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	11 588 248	11 795 435	11 562 535	12 303 106	12 303 106	12 303 106	11 848 299	12 241 048	12 637 631
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	516 523	431 395	514 808	376 528	376 528	376 528	539 235	520 342	517 147
<u>Repairs and Maintenance by Asset Class</u>	174 695	193 336	210 612	290 863	293 739	293 739	332 807	367 884	406 857
<i>Infrastructure - Road transport</i>	31 030	43 648	35 099	65 443	65 443	65 443	75 261	86 549	99 529
<i>Infrastructure - Electricity</i>	69 470	73 548	78 890	125 062	125 062	125 062	138 545	149 629	161 599
<i>Infrastructure - Water</i>	22 636	18 696	37 049	25 373	25 373	25 373	30 915	35 537	40 779
<i>Infrastructure - Sanitation</i>	15 765	17 790	19 208	19 609	21 544	21 544	22 541	24 908	27 473
<i>Infrastructure - Other</i>	3 415	3 452	7 112	11 454	12 204	12 204	17 910	20 149	22 628
Infrastructure	142 317	157 134	177 358	246 940	249 626	249 626	285 173	316 771	352 008
Community	14 533	15 668	14 857	13 694	13 919	13 919	14 952	16 015	17 157
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	17 845	20 535	18 397	30 230	30 195	30 195	32 682	35 097	37 692
TOTAL EXPENDITURE OTHER ITEMS	691 218	624 731	725 420	667 391	670 267	670 267	872 042	888 225	924 004
<i>Renewal of Existing Assets as % of total capex</i>	0.7%	0.0%	15.1%	10.4%	17.6%	17.6%	10.3%	8.2%	9.6%
<i>Renewal of Existing Assets as % of deprecn*</i>	0.6%	0.0%	21.3%	20.7%	45.8%	45.8%	14.4%	12.0%	15.3%
<i>R&M as a % of PPE</i>	1.5%	1.7%	1.9%	2.4%	2.4%	2.4%	2.9%	3.1%	3.3%
<i>Renewal and R&M as a % of PPE</i>	2.0%	2.0%	3.0%	3.0%	4.0%	4.0%	3.0%	4.0%	4.0%

Table 27 - Table A10 - Basic Service Delivery Measurement (continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	40	45	50	50	50	50	50	50	50
Sanitation (free minimum level service)	40	45	50	50	50	50	50	50	50
Electricity/other energy (50kwh per household per month)	53	58	63	63	63	63	63	63	63
Refuse (removed at least once a week)	40	45	50	50	50	50	50	50	50
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	16 723	20 624	23 440	26 991	26 991	26 991	31 134	35 788	41 067
Sanitation (free sanitation service)	40 160	35 591	39 079	43 447	43 447	43 447	48 202	53 263	58 749
Electricity/other energy (50kwh per household per month)	21 880	24 901	28 256	32 070	32 070	32 070	35 277	38 805	42 685
Refuse (removed once a week)	47 321	58 422	65 315	73 942	73 942	73 942	83 191	93 590	105 102
Total cost of FBS provided (minimum social package)	126 084	139 538	156 090	176 450	176 450	176 450	197 804	221 446	247 603
Highest level of free service provided									
Property rates (R. value threshold)	20 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	14	14	14	14	14	14	14	14	14
Sanitation (Rand per household per month)	53	59	65	72	72	72	80	89	98
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	170	170	170	170	170	170	170	170	170
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)	32 779	40 061	44 388	49 848	49 848	49 848	55 780	62 194	69 222
Water	16 723	20 624	23 440	26 991	26 991	26 991	31 134	35 788	41 067
Sanitation	40 160	35 591	39 079	43 447	43 447	43 447	48 202	53 263	58 749
Electricity/other energy	21 880	24 901	28 256	32 070	32 070	32 070	35 277	38 805	42 685
Refuse	47 321	58 422	65 315	73 942	73 942	73 942	83 191	93 590	105 102
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	10 505	13 440	15 027	18 469	18 469	18 469	18 509	20 268	22 153
Total revenue cost of free services provided (total social package)	169 368	193 039	215 505	244 767	244 767	244 767	272 093	303 908	338 978

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

2.1.1 IDP/Budget process overview

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, *the Executive Mayor of a municipality must in accordance with S 29-*

“(c) submit the draft plan to the municipal council for adoption by the council ,further

Section 53 of the Municipal Finance Management Act no 56 of 2003 subsection 1 (b) The Mayor of the Municipality must coordinate the annual revision of the IDP in terms of 34 of the MSA and the preparation of the annual budget and determine how the IDP is to be taken into account/ or revised for the purposes of the budget. Following is the process followed during the review of the IDP and Budget.”

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“the Mayor of the Municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.”

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 Executive Mayor has established a Budget Steering Committee, which consists of the Portfolio Holder for Finance (Chairperson) and Senior Managers.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its integrated development plan. In compliance with this requirement Buffalo City Metropolitan Municipality adopted the plan on 28 August 2012.

Key activities in the review of the 2013/14 IDP and the 2013/2014 MTREF Budget included the following:

- **24 August 2012** - A workshop with BCMM Councillors and Top Management was convened. The purpose of the workshop was to present the draft process plan and outline the role of Councillors, Ward Committees and other stakeholders in the review process towards the 2013/14 financial year and ensure that there is a common understanding of the process;
- **28 August 2012** – Council adopted the IDP/Budget/PMS Process Plan 2013/14;
- **5 & 7 September 2012** – IDP/Budget/PMS Technical Working Group meetings to commence with the situational analysis phase.
- **14 September 2012** – An Intergovernmental Relations Session was convened with the aim of sharing projects and programmes with sector departments and ensure alignment in terms of planning between the spheres of government.
- **5-8 October 2012** – IDP Technical Cluster Meetings to commence with the situational analysis phase.
- **2-5 November 2012** – IDP Full Cluster Meetings which were aimed at reviewing draft cluster situational analysis reports and start preparations towards an institutional strategic planning session.
- **8 November 2012** – Launch of the Buffalo City Metropolitan Municipality's Intergovernmental Relations Forum at Buffalo City Stadium.
- **13-14 November 2012** – A Technical Situational Analysis Session was held to allow IDP Cluster to present their draft situational analysis reports for consideration prior to the scheduled Mayoral Lekgotla Session.
- **22 November 2012** – an IDP Councillors Workshop was convened to consider the draft situational analysis report.
- **22-23 January 2013** – IDP Cluster Meetings were convened to consider draft reviewed objectives, strategies, key performance indicators and targets towards 2013/14 financial year.
- **31 January 2013** – an IDP Councillors Workshop was held to, amongst other things, consider the following:
 - Profiling of BCMM Wards;
 - An updated situational analysis towards 2013/14 financial year;
 - Key challenges and priorities of the institution and map a way forward towards the Mayoral Lekgotla

- **6 February 2013** – an IDP/Budget/PMS Technical Working Group meeting was held to consider
 - Key issues from the situational analysis phase and Councillors session held on 31 January 2013;
 - Identified cluster priorities;
 - The Audit turn around action plan;
 - Preparations for the technical planning session which was scheduled for 9-11 February 2013; and
 - Plan for other forthcoming events

- **9-11 February 2013** – an IDP Technical Planning Session was convened to consider the following:
 - Mid – year Budget and Service Delivery Adjustment (2012/13);
 - Audit Turnaround Action Plan
 - IDP/Budget 2013/14 MTREF [adjust existing Objectives; Strategies; Indicators; Targets and Projects;
 - Business Planning and Project Pipelining;
 - Asset Management – Infrastructure Maintenance Plan;

- **21 February 2013** – an IDP/Budget/PMS External Representative Forum Meeting was held:
 - To appraise stakeholders on progress achieved in the IDP/Budget/PMS review process towards 2013/14 financial year;
 - To provide a report on BCMM’s mid-year (2012/13) performance ;
 - To highlight key issues emanating from the Situational Analysis and outline BCMM’s priorities to be considered going forward;
 - To foster alignment with other spheres of government through sharing of programmes and projects planned for implementation in the City.

- **28 February – 2 March 2013** – A Mayoral Lekgotla session to consider a situational analysis of the City and to map a way forward with regard to key strategic priorities that will guide the IDP and Budget review towards 2013/14 financial year

- **15-18 March 2013** – a draft IDP and BCMM Policies Workshop was convened with all Councillors and top management to consider draft objectives, strategies, key performance indicators and targets for 2013/14 financial year.

- **22 March 2013** – the Executive Mayor gave feedback to all councillors on the outcomes of the Mayoral Lekgotla, and a consensus was reached on the institutional priorities.

- **27 March 2013** – Council approves the draft reviewed IDP and MTREF Budget 2013/14 – 2015/16

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The review of the 2012/13 IDP started in September 2012 after the tabling to Council of the IDP Process Plan and the Budget Time Schedule for the 2013/14 Draft MTREF in August 2012.

The Metro's IDP is the 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 informs the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Performance Assessment 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 2013/14 MTREF, each function/directorate had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2012/13 Service Delivery and Budget Implementation Plan. Business planning responds to the Metro's priority needs, reviewed strategic objectives and informs the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Executive Mayor after the approval of the Draft IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements on the 28 May 2013 with the final IDP and Budget.

2.1.3 Community Consultation

The draft 2013/14 IDP Review and MTREF Budget will be tabled before Council on 27 March 2013. Thereafter the draft documents will be made available for community consultation on the municipality's website, and hard copies will be made available at customer care offices and municipal libraries.

IDP/Budget road shows to present the draft IDP and Budget are scheduled to take place from 2 - 19 April 2013.

TABLE 28 – Proposed Schedule of IDP/Budget Road Shows

DAY	Ward	Areas to be covered	Venue & Time
TUESDAY, 2 APRIL 2013	15	Cambridge, Cambridge Township, Highgate, Amalinda, Braelyn ext 8, Morningside	Cambridge Hall 5.00 pm;
	16	Amalinda, Haven Hills, Saxillby, Dawn, Amalinda Forest, Summerpride, Rosedale, Winchester Gardens	Amalinda Stadium (Tent) 5.00 pm
	3	Belgravia, Sellborne, Berea, Stoney Drift, Panmure, Braelynn, Southernwood	City Hall/Orient Theatre 5.00 pm
	1	Pefferville, Duncan Village	Gompo Hall - 5.00 pm

Day	Ward	Areas to be Covered	Venue & Time
WEDNESDAY, 3 APRIL 2013	47	Quigney, Beach, E.L. CBD, Baysville,	City Hall - 5.00 pm
	9	Amalinda, Soccho, Soney Drift, Braelyn extension 8 & 10, C Section, Duncan Village, C Section extension, Chishurst, Cambridge	Clements Kadalie Hall 5.00 pm
	8	Duncan village, Gompo, Dip, Gesini	Gompo Hall - 5.00 pm
	14	Mdantsane NU 3 & 4	Jesus Christ Family Hall 5.00 pm
THURSDAY, 4 APRIL 2013	24	Nxamkwana, Mntlabati, Mabaleni, Mbolompeni, Mncotsho, Luxomo, Nkqonqweni, Kanana, Khayelitsha, Khwezi Block 1, Khwezi Block 2, Msintsini	Mabaleni Community Hall 10.00 am
	26	Kwampundu, Ncalukeni, St Mary, Mzonkeshe, Nkqonqweni, Zikwaba, Kwetyana, Thorn Park, Sinqumeni, Ntsonkotha; Macleantown, Kwaseya, Esiggibeni, Newbright	Ntsonkotha Community Hall 2.00 pm
	38	Lenge, Bulembu, Anders Mission, Mantlaneni, Mamata, Mzantsi, Lieveldt, Mxaxo A, Mxaxo B, Nonkcampa, Gwaba, Zikhalini, Dikidikana, Lower Mngqesha, Khayelitsha	Bulembu Community Hall 3.00 pm
	11	N.U. 2, 5	Nzaliseko School - 5.00 pm
FRIDAY, 5 APRIL 2013	18	Vincent, Bonnie Doon, Woodleigh, Bunkers Hill, Nahoon, Vincent Heights, Nahoon Mouth, Stirling, Nahoon Valley	Drake Road Clinic 5.00 pm
	12	Mdantsane Unit 1, Mdantsane Zone, Nazo/Smiling Valley	N.U. 1 Community Hall 5.00 pm
	6	Parkridge, Eluxolweni	Gompo Hall - 5.00 pm
	4	Beacon Bay, Nahoon Valley Park, N6 Informal, Abbotsford, Dorchester Heights	Beacon Bay Library 5.00 pm
MONDAY, 8 APRIL 2013	10	Haven Hill South, Buffalo Flats, Alphendale, Vergenoeg, Egoli, East Bank, Ghost Town, Fynbos informal	Billy Francis Hall 5.00 pm
	20	Mdantsane NU 6, 7	NU 7 Community Hall 5.00 pm
	25	Phakamisa, Zwelitsha zone 8, 9, Cliff	Rondavel
	37	Tolofiyeni, KWT, Westbank, Schornville	KWT Hall - 5.00 pm
TUESDAY, 9 APRIL 2013	21	Fort Jackson, Golden Highway, Unit 13 & 15	N. U. 15 Community Hall 5.00 pm
	27	Kwelera, Gonubie, Nkwezana, Dwadwa, Sunrise on Sea	Carnegie Hall 5.00 pm
	2	Gompo, Bhebhelele, St Peters Catholic Church, Clover Catholic Church (Dunga, Mzonyana)	Gompo Hall 5.00 pm
	23	Unit 17, CC 18, Potsdam, Thambo Park, Blue rock, Raxanga, Nxamkwana	Potsdam Community Hall 3.00 pm

Day	Ward	Areas to be Covered	Venue & Time
WEDNESDAY, 10 APRIL 2013	5	Scenery Park	Scenery Park Community Hall - 5.00 pm
	30	Mdantsane NU 9 & 10	NU 10 Hall - 5.00 pm
	46	West Bank, Orange Grove, Greenfields, Airport/Santa, Sunnyridge, Leaches Bay, Sunset Bay	Robbie De Lange Hall 5.00 pm
	28	Mzamomhle, Riegerton	Mzamomhle Hall - 5.00 pm
THURSDAY, 11 APRIL 2013	31	Kaisers Beach, Sunny South, Shelford, Winterstrand, Kidd's Beach, Lillyvale, Igoda, Fort Grey, Bongweni, Ntentseni, Bhompini, Ncera Village 1, Ncera Village 2, Ncera Village 3, Airport Phase 1, Ncera Village 9	Kidd's Beach Hall 3.00 pm
	32	Thyusha, Dowu, Zikhova, Kampini, Mazikhanye, Ngqinisa, Weltina, Zweliyandila, Open Shaw, Kiwane, Twecwana, Kalkeni, Xesi, Dyam dyam, Phози, Gqala, New Rest, Mpongo, Sandile, Tsaba, Xhamini, Ncera Village 4, Ncera Village 5, Ncera Village 6, Ncera Village 7	Xhamini Community Hall 10.00 am
	33	Needs Camp; Welcome wood, Gwili gwili, Kuni, Twecana, Phumlani, Hill Village, Thembisa, Cornfield, Silverdale, Altile Village, Good Hope	Needs Camp Community Hall - 12.00 pm
	48	N.U.11a, 11b, N.U. 12	N.U. 12 Community Hall 5.00 pm
FRIDAY, 12 APRIL 2013	13	Reeston, Khayelitsha, Chicken Farm, Part of Scenery Park, Thembaletu, Eureka, Arnalton, Part of Highway Gardens, Dice, Hutchinson, Part of Biko Village	Dice Community Hall 5.00 pm
	50	N.U. 8, 10	Nyameko H/School - 5.00 pm
	34	Dimbaza, Phola Park	Moses Twebe Community Hall - 5.00 pm
	39	Ginsberg, Bonke, Kwalini, Rhayi, Ngxwalane	Ginsberg Com. Hall -5.00 pm
MONDAY, 15 APRIL 2013	19	Buffalo Flats, Parkside, Pefferville 2 nd Creek	Parkside Hall - 5.00 pm
	44	Sweetwaters, Tshatshu, Breidbach ,	Breidbach Community Hall 7.00 pm
	41	Zwelitsha 2,3,4,5,6,7 & 10	Nolizwe Mnyaka Community Hall - 5.00 pm
	22	N.U. 14, N.U. 16	Sandisiwe High School
TUESDAY, 16 APRIL 2013	17	N.U. 9, N.U. 6, N.U. 4, Cuba, Eluxolweni	Eluxolweni Community Hall 3.00 pm
	40	Mlakalaka, Ndileka, Godidi, Mimosa, Qongqota, Ekuphumleni, Dongwe, Fort Murray, Tshabo 2	Tshabo Community Hall 3.00 pm
	35	KWT, Balasi, Balasi Valley, Ethembeni, Zinyoka, Tyutyu Village	KWT War Memorial Hall 5.00 pm
	43	Bhisho, Tyutyu, Skhoba, Ncemera , Hanover	Skenjana Roji Community Hall - 5.00 pm

Day	Ward	Areas to be Covered	Venue & Time
WEDNESDAY, 17 APRIL 2013	36	Part of Dimbaza, Madakeni, Zabalaza, Nakani, Upper Mngqesha, Mzintshane, Pierie Mission, Gambushe, Pierie Trust, New Rest	Mzintshane Community Hall 10.00 am
	49	Ndevana	Masijongane L.P School 3.00 pm
	45	Skobeni, Ilitha, Berlin	Ilitha Community Hall - 3.00 pm
	42	N.U. 1, 2	Indoor Sport Centre -5.00 pm
THURSDAY, 18 APRIL 2013	7	C-Section, Gompo Town area, Bhebhelele, D- Section	Gompo Hall - 5.00 pm
	29	Nompumelelo, Ducats, Abbotsford	Nompumelelo School – 5.00 pm

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. The IDP enables municipalities to make the best use of scarce resources and directs service delivery to the priorities set by Council in response to the needs of the communities.

IDP aims 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.

The IDP review process was undertaken within the framework of National, Provincial and District policies and legislation. Some of the key informants that guide the review and refinement of IDP objectives and strategies include the following:

- Provincial Growth and Development Plan (PGDP);
- National Spatial Development Perspective (NSDP);
- Millennium Development Goals (MDGs);
- 12 Outcomes adopted by National Cabinet in January 2010;
 - BCMM Ward priorities;
 - Priorities from the Mayoral Lekgotla held on 28 February – 2 March 2013;
- The draft National Development Plan produced by the NPC

The following table highlights the IDP's six strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

BCMM1:	To be a financially sound organisation that efficiently manages its resources;
BCMM2:	To be an institutionally efficient and effective City that inclusively works with communities;
BCMM 3:	To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality;
BCMM 4:	To produce sustainable infrastructure that support social and economic development;
BCMM 5:	To be a well-structured and capacitated institution that renders effective and efficient services to all by 2016
BCMM 6:	To enhance and protect all environmental assets and natural resources within Buffalo City Metropolitan Municipality by 2016

The national sphere of government develops and promulgates legislation, policies and strategies which all spheres have to implement. In developing their own plans and policies, other spheres of government, particularly the local government sphere has to ensure that there is alignment with both National and Provincial plans. Key plans and policies include the National Spatial Development Perspective, Provincial Growth and Development Plan, Millennium Development Goals and the 12 Local Government Outcomes. These are aligned below:

TABLE 29 –Alignment of BCMM Strategic Objectives with National and Provincial Plans

National Spatial Development Perspective	National Development Plan	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
<p>Government spending on fixed investment, beyond the constitutional obligation to provide basic services to all citizens, should therefore be focused on localities of economic growth and/ or economic potential in order to attract private-sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities</p>	<p>Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030</p> <p>Total employment should rise from 13 million to 24 million</p> <p>The proportion of adults working should rise from 41% to 61%</p> <p>GDP should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4% over the period</p> <p>GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices</p> <p>Public employment programmes should reach 1 million by 2015 and 2million people by 2030</p>	<p>To maintain an economic growth rate of between 5% - 8% per annum</p> <p>To halve the unemployment rate by 2014</p>	<p>Develop a global partnership for development</p>	<p>Decent employment through inclusive economic growth</p> <p>A skilled and capable workforce to support inclusive growth</p> <p>An efficient, competitive and responsive economic infrastructure network</p>	<p>To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality</p>

National Spatial Development Perspective	National Development Plan	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
<p>Economic growth is a prerequisite for the achievement of other policy objectives, key among which would be poverty alleviation</p>	<p>By 2030, the number of households living below R418 a month per person (in 2009 rands) should fall from 39% to zero.</p> <p>The level of inequality as measured by the Gini coefficient should fall from 0.7 in 2009 to 0.6 in 2030</p>	<p>To reduce by between 60%-80% the number of households living below the poverty line by 2014</p> <p>To reduce by between 60%-80% the proportion of people suffering from hunger by 2014</p> <p>To establish food self-sufficiency in the province by 2014</p>	<p>Eradicate extreme poverty and hunger</p>	<p>Vibrant, equitable and sustainable rural communities and food security</p>	<p>To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality</p>
	<p>All children should have at least two years of pre-school education. This implies about 2 million places</p> <p>About 80% of schools and learners achieve 50% and above in literacy, mathematics and science in grades 3, 6, 9</p> <p>At least 80% of students should complete 12 years of schooling</p> <p>Increase the higher education participation rate from 17% to 30% by 2030</p> <p>Increase the number of students eligible to study maths and science at university to 450 000 per year</p>	<p>To ensure universal primary education by 2014, with all children proceeding to the first exit point in a secondary education.</p> <p>To improve the literacy rate in the province by 50% by 2014</p> <p>To improve the literacy rate in the province by 50% by 2014</p>	<p>Achieve universal primary education</p>	<p>Improve the quality of basic education</p>	<p>To be a well-structured and capacitated institution that renders effective and efficient services to all by 2016.</p>
	<p>By 2030, life expectancy should reach at least 70 for both men and women</p>	<p>To reduce by two thirds the under-five mortality rate by 2014</p>	<p>Reduce child mortality rate</p>		

National Spatial Development Perspective	National Development Plan	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
	<p>Infant mortality rate should decline from 43 to 20 per 1000 live births and the under-five mortality rate should be less than 30 per 1000, from 104 today</p> <p>All HIV – positive people should be on treatment and preventive measures should be widely available.</p> <p>Reduce non-communicable diseases by 28% and deaths from drug abuse, road accidents and violence by 50%</p> <p>Everyone has access to an equal standard of basic health care regardless of their income</p>	<p>To reduce by three-quarters the maternal mortality rate by 2014.</p> <p>To halt and begin to reverse the spread of HIV-Aids by 2014</p> <p>To halt and begin to reverse the spread of tuberculosis by 2014.</p>	<p>Improve maternal health</p> <p>Combat HIV/AIDS, malaria, and other diseases</p>	<p>Improve health and life expectancy</p>	<p>To produce sustainable infrastructure that support social and economic development</p>
<p>In order to overcome the spatial distortions of apartheid, future settle-ment and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres. Infrastructure investment and development spending should primarily support localities that will become major growth nodes in SA and the Southern African Development Community region to create regional gateways to the global economy</p>	<p>The proportion of people with access to electricity should rise from 70% in 2010 to 95% by 2030, with no grid options available for the rest.</p> <p>Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry.</p> <p>By 2030, most South Africans will have affordable access to services and quality environments.</p>	<p>To provide clean water to all in the province by 2014</p> <p>To eliminate sanitation problems by 2014</p>		<p>Sustainable human settlements and improved quality of household life</p>	<p>To be a well-structured and capacitated institution that renders effective and efficient services to all by 2016</p>

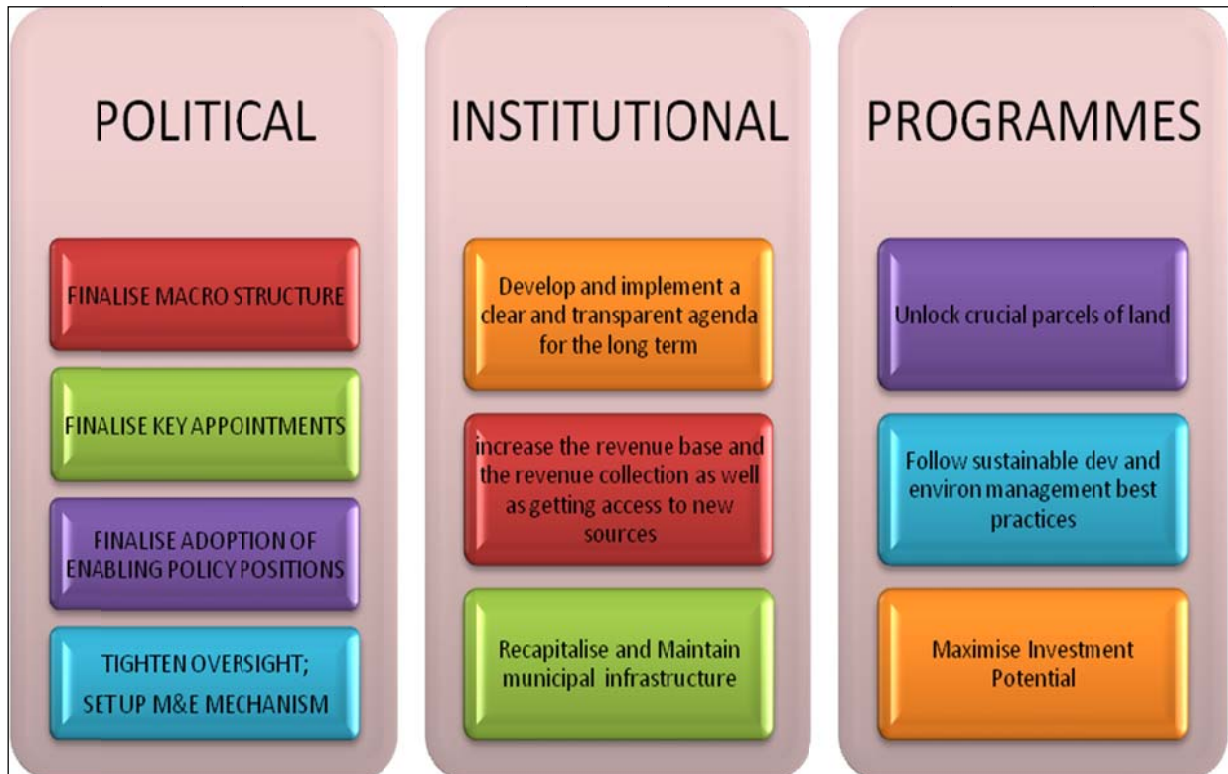
National Spatial Development Perspective	National Development Plan	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
<p>Efforts to address past and current social inequalities should focus on people not places. In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, government spending, beyond basic services, should focus on providing social transfers, human resource development and labour market intelligence. This will enable people to become more mobile and migrate, if they choose, to localities that are more likely to provide sustainable employment or other economic opportunities.</p>	<p>In 2030, people living in South Africa feel safe and have no fear of crime</p> <p>The Police Service is a well-resourced professional institution staffed by highly skilled officers who value their work, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence and respect the rights of all to equality and justice.</p> <p>Ensure progressively and through multiple avenues that no one lives below a social floor.</p>			<p>All people in South Africa protected and feel safe</p>	<p>To enhance and protect all environmental assets and natural resources within Buffalo City Metropolitan Municipality by 2016.</p>
				<p>A response and, accountable, effective and efficient local government system</p>	<p>To be an institutionally efficient and effective City that inclusively works with communities</p>
	<p>Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025</p> <p>By 2030, an economy-wide carbon price should be entrenched</p>		<p>Ensure environmental sustainability</p>	<p>Protection and enhancement of environmental assets and natural resources</p>	<p>To enhance and protect all environmental assets and natural resources within Buffalo City Metropolitan Municipality by 2016</p>

National Spatial Development Perspective	National Development Plan	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
	<p>The installation of 5 million solar water heaters by 2030</p> <p>About 20 000 MW of renewable energy should be contracted by 2030</p>				
	<p>Intra-regional trade in Southern Africa should increase from 7% to 25% of trade by 2030</p> <p>South Africa's trade with regional neighbours should increase from 15% to 30%</p>			A better South Africa, a better and safer Africa and world	To produce sustainable infrastructure that support social and economic development
	<p>A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor</p> <p>A corruption-free society, a high adherence to ethics throughout society and a government that is accountable</p>			A development-orientated public service and inclusive citizenship	To be an institutionally efficient and effective City that inclusively works with communities

Over the next five year term the City will concentrate on the 9 strategic focal areas outlined below.

- Institutional Restructuring and Stabilisation;
- Improve Governance;
- Job Creation;
- Build Citizen Confidence;
- Bridge the digital divide;
- Improve performance, compliance, processes and systems;
- Build Sustainable Communities; and
- Financial viability.

After the assessment of the Metro's situational analysis, the institution reached a consensus on the institutional priorities as listed below. These are based on the newly proposed clusters of BCMM.



These institutional priorities would enable the Metro to strategically position itself to achieve long term goals as dictated by drivers to maximise economic potential. It has been agreed that the Integrated Development Plan and the City Growth and Development Strategy need to focus on three main strategic focus areas as economic driver. These are:

- Development of economic growth master plan for Buffalo City Metro
- Facilitate growth of SMME Sector
- Facilitate retention and attraction of investors within BCMM

To market the city as a tourist destination in partnership with other stakeholders

The illustration below depicts the pertinent areas these drivers will focus on and draws directorates to adopt them as priority areas;



To address these new strategic focal areas; directorates reviewed their respective strategic focus areas and adopted new priorities and remedial actions to meet their respective challenges.

Table 30 - Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue (continued)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
BCMM 3: To generate an enabling environment for an economy that is growing , diversifying , generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality.	<p>Implement skills development and capacity building programme to grow and support BCMM economy</p> <p>Implement tourism development</p> <p>Develop and implement economic development policies to promote and support growth both the 1st and 2nd economies</p> <p>Creation of jobs through LED initiatives and implementation of capital projects</p> <p>Implement agriculture programmes</p> <p>Implement the economic infrastructure programme</p> <p>Implement destination marketing strategy</p>	3 980	965	6 882	2 585	2 585	2 585	-	-	-
BCMM 4: To deliver sustainable infrastructure that supports social and economic development	<p>Implement an electricity management service that is inclusive, safe, reliable, efficient and adequately maintained</p> <p>Implement an electrification programme to informal dwellings</p> <p>Improve the condition of roads, stormwater systems & associated structures to acceptable standards</p> <p>Implement programmes to replace, upgrade and maintain water and sanitation systems</p> <p>Effective and efficient utilisation of municipal fleet</p> <p>To provide integrated waste management services</p> <p>Provision of formal houses as part of Integrated Sustainable Human Settlements.</p> <p>Review and implement the Disaster Management Policy</p> <p>Implement measures to reduce and prevent crime incidents in BCMM</p> <p>Generate Local Spatial Development Frameworks</p> <p>Implement land acquisition & transfer</p> <p>Implement land release programme</p> <p>Develop and review a Comprehensive Integrated Transport Plan (ITP) that is aligned to the SDF and IDP</p> <p>Develop and implement Township & CBD Regeneration Strategy to upgrade townships and CBDs, enable economic development and create jobs</p> <p>Improve infrastructure of all amenities</p> <p>Provision of adequate Fire & Rescue facilities in BCMM</p>	1 588 681	1 777 060	1 957 035	2 709 320	2 880 657	2 880 657	3 120 353	3 514 604	3 863 893

Table 30 - Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue (continued)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	<p>Reviewal of existing organogram, development, adoption and implementation of a new micro organogram</p> <p>Capacitation of human capital</p> <p>Integrate ICT business processes and system</p> <p>Creation of a healthy working environment</p> <p>Increased uptime on telecommunication network</p> <p>Development and implementation of employee performance management system</p> <p>Management of time and attendance, absenteeism and overtime</p> <p>Targeted recruitment and selection processes in terms of BCMM's employment equity plan</p>	5 047	1 009	3 250	5 371	4 776	4 776	8 495	11 369	12 086
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro Municipality by 2016	<p>Implement Municipal Health Services Delivery Plan</p> <p>To ensure a safe and healthy environment</p> <p>Develop and implement Air Quality Management Plan</p> <p>To provide integrated waste management services</p> <p>Provide new amenities and improve infrastructure of existing amenities</p>	357 281	387 052	455 508	436 752	438 357	438 357	479 617	535 787	594 510
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		2 772 026	3 039 354	3 596 030	4 595 656	4 795 060	4 795 060	5 174 917	5 705 653	6 185 984

Table 31 – Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure (continued)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	+1 2014/15	+2 2015/16
BCMM 3: To generate an enabling environment for an economy that is growing , diversifying , generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality .	<p>Implement skills development and capacity building programme to grow and support BCMM economy</p> <p>Implement tourism development</p> <p>Develop and implement economic development policies to promote and support growth both the 1st and 2nd economies</p> <p>Creation of jobs through LED initiatives and implementation of capital projects</p> <p>Implement agriculture programmes</p> <p>Implement the economic infrastructure programme</p> <p>Implement destination marketing strategy</p>	17 323	18 059	25 791	23 469	26 096	26 096	34 639	45 315	14 485
BCMM 4: To deliver sustainable infrastructure that supports social and economic development	<p>Implement an electricity management service that is inclusive, safe, reliable, efficient and adequately maintained</p> <p>Implement an electrification programme to informal dwellings</p> <p>Improve the condition of roads, stormwater systems & associated structures to acceptable standards</p> <p>Implement programmes to replace, upgrade and maintain water and sanitation systems</p> <p>Effective and efficient utilisation of municipal fleet</p> <p>To provide integrated waste management services</p> <p>Provision of formal houses as part of Integrated Sustainable Human Settlements.</p> <p>Review and implement the Disaster Management Policy</p> <p>Implement measures to reduce and prevent crime incidents in BCMM</p> <p>Generate Local Spatial Development Frameworks</p> <p>Implement land acquisition & transfer</p> <p>Implement land release programme</p> <p>Develop and review a Comprehensive Integrated Transport Plan (ITP) that is aligned to the SDF and IDP</p> <p>Develop and implement Air Quality Management Plan</p> <p>Develop and implement Improve infrastructure of all amenities</p> <p>Provision of adequate Fire & Rescue facilities in BCMM</p>	1 801 453	2 115 555	2 230 242	2 535 973	2 509 482	2 509 482	2 929 410	3 263 753	3 490 944

Table 31 – Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure (continued)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Reviewal of existing organogram, development, adoption and implementation of a new micro organogram Capacitation of human capital Integrate ICT business processes and system Creation of a healthy working environment Increased uptime on telecommunication network Development and implementation of employee performance management Management of time and attendance, absenteeism and overtime Targeted recruitment and selection processes in terms of BCMM's employment equity plan	72 896	80 462	88 825	136 374	133 417	133 417	152 050	162 947	172 883
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro	Implement Municipal Health Services Delivery Plan To ensure a safe and healthy environment Develop and implement Air Quality Management Plan To provide integrated waste management services Provide new amenities and improve infrastructure of existing amenities	552 187	633 370	665 179	743 539	753 674	753 674	804 448	864 295	928 496
Allocations to other priorities										
Total Expenditure		2 843 099	3 212 286	3 460 814	3 992 222	4 031 666	4 031 666	4 521 847	4 978 929	5 274 574

Table 32 – Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure (continued)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all	Reviewal of existing organogram, development, adoption and implementation of a new micro organogram	4 503	4 540	7 638	32 600	33 865	33 865	6 434	15 350	5 350
	Capacitation of human capital									
	Integrate ICT business processes and system									
	Creation of a healthy working environment									
	Increased uptime on telecommunication network									
	Development and implementation of employee performance management system									
	Management of time and attendance, absenteeism and overtime									
	Targeted recruitment and selection processes in terms of BCMM's employment equity plan									
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro	Implement Municipal Health Services Delivery Plan	29 426	-	-	-	-	-	-	-	-
	To ensure a safe and healthy environment									
	Develop and implement Air Quality Management Plan									
	To provide integrated waste management services									
	Provide new amenities and improve infrastructure of existing amenities									
Allocations to other priorities										
Total Capital Expenditure		93 584	29 417	55 965	93 955	72 018	72 018	26 534	33 200	21 350

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Table 34 - Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating		A1-/A	A1-/A	A1-/A	A1-/A	A1-/A	A1-/A	A1-/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.7%	7.5%	5.1%	3.3%	2.7%	2.7%	2.0%	2.5%	2.3%	1.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.2%	11.3%	6.5%	4.1%	3.5%	3.5%	1.8%	3.2%	2.9%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	3054.4%	4028.6%	3911.2%	3136.4%	3350.5%	3350.5%	3515.3%	2904.6%	2417.1%	1973.6%
Liquidity											
Current Ratio	Current assets/current liabilities	1.5	1.3	1.5	1.2	1.0	1.0	0.9	1.2	1.5	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.3	1.0	0.7	0.4	0.4	0.5	0.8	1.1	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.8	1.1	0.7	0.5	0.5	0.4	0.6	0.8	1.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		96.8%	89.8%	94.0%	89.3%	79.4%	79.4%	102.0%	92.8%	92.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			95.8%	91.5%	94.0%	89.3%	79.4%	79.4%	102.0%	92.8%	92.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.3%	12.2%	14.8%	12.3%	12.4%	12.4%	27.3%	22.4%	24.4%	27.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	6.0%	12.0%	12.2%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		61.0%	86.2%	43.9%	53.8%	79.6%	79.6%	86.4%	55.6%	42.2%	33.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	214324432	202212061	184089641	184089641	0	165967221		165967221	180000000	180000000
	Total Cost of Losses (Rand '000)	73351	86460	97545	97545		112857		142732	197564	251820
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.3%	29.8%	27.9%	26.6%	27.3%	27.3%	21.5%	25.2%	24.0%	23.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.0%	30.7%	29.2%	27.7%	28.4%	28.4%		26.3%	25.0%	24.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.9%	6.9%	6.2%	7.3%	7.4%	7.4%		7.5%	7.4%	7.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	25.1%	18.5%	18.9%	11.7%	11.2%	11.2%	8.6%	13.5%	11.6%	10.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	9.4	21.9	22.4	32.9	32.9	32.9	15.9	21.5	24.3	26.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.8%	17.7%	21.9%	19.0%	19.0%	19.0%	40.2%	34.8%	38.4%	41.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.7	2.4	5.1	3.5	2.4	2.4	4.5	3.6	4.8	6.3

2.3.1 Borrowing Management

Capital expenditure is funded from government grants, public contributions and donations and own funds. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. . The City needs a credit rating to demonstrate its ability to meet its financial obligation. Potential lenders also use it to assess the City's credit risk, which in turn affects the pricing of any loans taken. Factors used to evaluate the creditworthiness of municipalities include the economy, debt, finances, politics, management and institutional framework. As with all other municipalities, BCMM'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 2013/14 MTREF budget:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steadily decreasing from 2.5 per cent in 2013/14 to 1.5 per cent in 2015/16. This decrease can be attributed to the fact that no new loans are being entered into and that existing loans are being repaid as the City has reached its prudential borrowing limits.

2.3.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2013/14 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective.

2.3.3 Liquidity

- *Current ratio* measures current assets divided by the current liabilities and as a benchmark the City has set a limit of 1.5, hence at no point in time should this ratio be less than 1.5. For the 2013/14 MTREF the current ratio is 1.2 and 1.5 and 1.8 respectively for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* measures 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. For the 2013/14 MTREF the liquidity ratio is 0.6 in the 2013/14 financial year and 0.8 and 1,0 respectively for the two outer years of the MTREF.

2.3.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only

from current billings but also from debtors that are in arrears in excess of 30 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

- Debt Management actions are carried out against outstanding debtors, government accounts, staff and councillor arrears and businesses.

2.3.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. By applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.

2.3.6 Other Indicators

- Employee costs as a percentage of operating revenue is decreasing from 25.2% in 2013/14, 24% in 2014/15 and 23.6% in 2015/16. This is primarily owing to increased allocation relating to operating grants and transfers.
- Past performance and projections forward shows that Electricity distribution losses is kept constant at 12%.
- The City has established a Revenue Protection Unit, the main aim of this unit is to reduce the losses; however there is a limit to what can be done with limited resources in the short term and the extent to which losses can be limited.
- Historically the losses have remained fairly constant, but well below international benchmarks, so budgeting for a constant loss factor is prudent.
- Historically the non-revenue water have remained fairly constant, but well below international benchmarks, so budgeting for a constant loss factor is prudent.
- The overall average of non-revenue water amounts to 37% at present and is planned to be reduced to 35% at the end 2012/2013 financial year.
- BCMM has developed a Water Conservation and Water Demand Management (WC/WDM) Strategy, which focuses primarily on reducing the level of non-revenue water to enhance both the financial viability of and water supply sustainability to BCM, is for the 5-year period 2012/2013 to 2017/2018 and requires some R132 million to implement over this period. The Strategy targets a raw water savings of some 1.61 million m³/a (4.4 Mℓ/day) and a potable water savings of at least 4.67 million m³/a (12.8 Mℓ/day), which equate to an direct annual cost savings of some R15 million.
- This Strategy is aligned with the following on-going parallel initiatives:
 - Revenue Enhancement Strategy; and
 - Amatole Reconciliation Strategy.
- The unbilled–unmetered water consumption and apparent losses will be addressed concurrently with the Revenue Enhancement Strategy, whilst addressing the “real losses” is the key focus of this Strategy. It is estimated that the “real losses” can be reduced by between 12 Mℓ/day and 20 Mℓ/day, depending on the accuracy of the deemed / “flat rated” water consumption, which is considered to be significantly understated at present.
- The goals set in terms of this Strategy, are the following:
 - Reduction of non-revenue water:

- Increased billed metered consumption:
- Reduction of raw water treatment losses:
- Ability to undertake detailed water balances:
- Promotion of water use efficiency
- Enhanced WC/WDM institutional capacity
- Repairs and maintenance as a percentage of total operating revenue is on average 7.5% over the 2013/14 MTREF period.

2.3.7 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 City. Only registered indigents qualify for the free basic services.

For the 2013/14 financial year 50 000 registered indigents have been provided for in the budget for all services (63 000 including provision of electricity by Eskom in rural areas). In terms of the Municipality's indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity. These value driven rebates are allocated automatically by the billing system when the monthly bills are produced.

Registered indigents receive the following monthly rebates:

- Property Rates – R92.97 (based on a property value of R150 000)
- Refuse Removal – R138.65
- Sewerage Charges - R80.34
- Fire Levy – R30.85

The free services provided to the households in informal settlements are not included in this document. Such services include water via standpipes, refuse removal via skips or bags, etc.

2.3.8 Providing Clean Water and Managing Waste Water

The BCMM is the Water Services Authority and has the executive authority to provide water services within its area of jurisdiction in terms of the Municipal Structures Act 118 of 1998 or the ministerial authorisations made in terms of this Act.

The primary responsibility for Water Services Authority includes:

- **Ensuring access:** To ensure the realisation of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made.
- **Planning:** To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.
- **Regulation:** To regulate water services provision and Water Services Providers within the jurisdiction of the municipality and within the policy and regulatory

frameworks set by DWAF through the enactment of by-laws and the regulation of contracts.

- **Provision:** To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

BCMM provides approximately 60% of bulk potable water through Umzonyana Water Treatment Works and KWT Water Treatment Works, 40% is provided by Amatola Water as Water Services Provider.

2.3.8.1 Blue Drop Status

The Department of Water Affairs as the regulator conducts an annual assessment for Water Treatment Works (Blue Drop) and Waste Water Treatment Works (Green Drop). On Blue Drop Report of 2012 BCMM received four Blue Drop Awards for the following Water Treatment Works:

- Umzonyana WTW – Gold Status (3 years in a row)
- King William’s Town WTW – Gold Status (3 years in a row)
- Laing WTW (jointly with Amatola Water as the external WSP)
- Nahoon WTW (jointly with Amatola Water as the external WSP)

It also received a trophy for best performance in the Eastern Cape Province. What follows are extracts and quotations from the Blue Drop Report 2012.

One hundred and fifty three (153) Water Service Authorities were assessed this year throughout South Africa. Ekurhuleni Metro achieved the highest score of 98.95. BCMM (and Amatola Water) ranked 30th achieving a total score of 92.55 which was the highest out of the sixteen (16) assessments undertaken in the Eastern Cape Province.

The overall score was the result of the assessment of four water treatment works; Umzoniana, King William’s Town, Laing and Nahoon and three borehole installations (Kidds Beach, Winterstrand and Ncera).

The latter two treatment works are owned and managed by Amatola Water as an external provider to BCMM.

2.3.8.2 Green Drop Status

The Green Drop Certification programme of 2010/11 verified the status of wastewater service delivery by 156 municipalities via an infrastructure network comprising of 821 wastewater collector and treatment systems. Only 40 treatment plants were certified Green Drop Systems for 2010/11.

The BCMM had 13 of wastewater collector and treatment systems audited. The BCMM Sanitation Department was the best performing municipality in the Eastern Province:

- ✓ 86.7% Municipal Green Drop Score (Eastern Cape - provincial score 67.2% - 4th Nationally in terms of all Provinces)
- ✓ 100% improvement on 2009 Green Drop Status

- ✓ 100% of plants in low and medium risk positions
- ✓ 79, 87, and 92% Site Inspection Scores
- ✓ 2 Green Drop Awards for 2010/11 (East Bank and West Bank)

Green Drop Comparisons between the larger Municipalities are as detailed:-

eThekwini	:	90.6%
City of Johannesburg	:	90.5%
City of Cape Town	:	86.8%
Buffalo City	:	86.7%
Nelson Mandela	:	80.8%
Ekurhuleni	:	78.8%
Tshwane	:	63.8%
Manguang	:	38.0%

The BCMM had 15 of wastewater audited in October 2012 for the 2011/2012 period with the results being released in July 2013 at the WISA Conference

Currently the BCMM is faced with the following challenges:

Water

- Capacity of the existing treatment works is inadequate to cater for current and future water demands
- Aging water infrastructure
- High rate of non-revenue water, which is approximately 47%
- Total required funding for upgrading of Mzonyana Water Treatment Works to meet housing backlogs is R161.8 million
- Total required funding to build new Water Treatment Works and bulk pipe lines in KWT and Bhisho to meet housing backlogs and demand is R137.4 million.
- Total funding required to Implement Water Conservation and Water Demand Management Strategy (i.e reduction of non-revenue water) is R132 million over a 5 year period.
- The summary of total required funding to address the issue of bulk water conveyance and treatment works is detailed in the table below:

Table 35: Funding required to address issue of bulk water conveyance and treatment works

PROJECT	SHORT TERM (0-5YRS)	MEDIUM-TERM (5-10YRS)	LONG-TERM (10+YRS)
West Bank Bulk	R 56 317 648	R 118 221 668	R 66 596 618
Umzonyana Gravity	R 134 276 430	R 162 676 759	R 13 898 756
Mdantsane and Dawn Bulk	R 32 601 720	R 119 278 294	R 45 871 321
KWT- Bulk	R 186 503 916	R 64 786 403	R 112 558 255
Nahoon Dam supply augmentation	R 120 000 000	-	R 220 000 000
TOTAL	R 529 699 714	R 464 963 124	R 458 924 950

Sanitation

- Aging sanitation infrastructure
- Some of the Informal Settlements are still serviced with chemical toilets or none and the total required funding to eradicate chemical toilets and service all the informal settlements with water borne sanitation is R 43 million.

- Note: Due to the topography there are informal settlements that cannot be linked to the sewerage systems as they are below the gravity lines.
- Some of bulk sewerage infrastructure is inadequate
- The summary of total required funding to address the issue of bulk sanitation and backlogs is detailed in the table below:

Table 36: Funding Required to address bulk sanitation and backlogs

PROJECT NAME (DESCRIPTION)	TOTAL REQUIRED FUNDING (RAND) FOR SHORT AND LONG TERM
RURAL SANITATION	R 421 573 401.00
CENTRAL & REESTON CATCHMENT	R 615 000 000.00
ZWELITSHA REGIONAL WORKS CATCHMENT	R 429 000 000.00
EAST BANK CATCHMENT	R 118 111 221.60
WEST BANK CATCHMENT	R 251 548 379.04
GONUBIE CATCHMENT	R 98 000 000.00
MDANTSANE EAST CATCHMENT	R 131 000 000.00
POTSDAM CATCHMENT(MDANTSANE)	R 54 125 000.00
BERLIN CATCHMENT	R 1 250 000.00
DIMBAZA CATCHMENT	R 1 250 000.00
TOTAL	R 2 120 858 001.64

The BCMM is undertaking the following to address the challenges facing water services:

- Some of bulk water services infrastructure is inadequate however some of them have been considered under USDG proposed budget.
- Also the implementation of water conservation and water demand management has been considered under USDG proposed budget.

2.4 OVERVIEW OF BUDGET-RELATED POLICIES

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

2.4.1 Tariff Policy

In terms of Section 74(1) of the Municipal Systems Act No 32 of 2000, as amended, Council adopted the tariffs policy on 4 June 2010.

2.4.2 Rates Policy

In terms of Section 3 of the Municipal Property Rates Act No. 6 of 2004, as amended, Council adopted the rates policy on 7 June 2012.

2.4.3 Credit Control Policy

The Credit Control and Debt Collection Policy was adopted by Council in 7 June 2012.

2.4.4 Indigent Policy

The Indigent policy was adopted by Council in June 2010.

2.4.5 Investment and Cash Management Policy

In terms of Section 13(2) of the Municipal Finance Management Act No. 56 of 2003, the municipality must adopt an investment and cash management policy. The policy was approved by Council on 4 June 2010.

2.4.6 Long-Term Borrowings Policy

A long-term borrowings policy has been developed in compliance with the Municipal Finance and Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations on Debt Disclosure. The policy was approved by Council on 4 June 2010.

2.4.7 Supply Chain Management Policy

In terms of Section 111 of the Municipal Finance and Management Act No. 56 of 2003 the municipality must adopt a Supply Chain Management policy. The reviewed policy was approved by Council 7 June 2012.

2.4.8 Asset Management Policy

The Draft Asset Management policy provides guidance on the management of immovable assets (infrastructure, community facilities, public amenities, investment property and associated land and intangible assets). The objective of this policy is for the municipality to implement prevailing accounting standards; and apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good accounting practice. The draft policy attached as Annexure F is submitted for Council approval.

2.4.9 Capital Infrastructure Investment Policy

The objective of the Draft Capital Infrastructure Investment Policy is the creation and acquisition of an asset is maintained at a healthy state so as to provide a return on the city's investment. The draft policy attached as Annexure F is submitted for Council approval.

2.4.10 Funding and Reserves Policy

The Draft Funding and Reserves policy is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets. The draft policy attached as Annexure F is submitted for Council approval.

2.4.11 Policy on Long-Term Financial Planning

The Draft Policy on Long Term Financial Planning encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets. The draft policy attached as Annexure F is submitted for Council approval.

2.4.12 Virement Policy

The objective of the Draft Virement Policy is to effectively and efficiently manage the budget transfers to ensure optimum service delivery. The draft policy attached as Annexure F is submitted for Council approval.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Table 37 – 2012/2013 to 2015/2016 Budget Assumptions

Description	2012/2013	2013/2014	2014/2015	2015/2016
National Treasury Headline Inflation Forecasts	5.70%	5.50%	5.10%	4.90%
Salaries	7.00%	6.85%	6.50%	6.10%
Electricity Purchases	13.50%	8.00%	8.00%	8.00%
Water Purchases	9.30%	10.50%	10.10%	9.90%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R394.53	R441.73	R493.58	R550.74
Equitable Share Allocation(R'000)	R651,565	R653,660	R656,856	R654,044
Provision for Debt Impairment	8.6%	6.3%	6.3%	6.3%
Rates	12.30%	11.90%	11.50%	11.30%
Refuse	13.30%	12.90%	12.50%	12.30%
Sewerage	11.30%	10.90%	10.50%	10.30%
Electricity	13.50%	10.00%	10.00%	10.00%
Water	15.15%	15.35%	14.95%	14.75%
Fire Levy	10.30%	9.90%	9.50%	9.30%
Sundry Income	10.30%	9.90%	9.50%	9.30%

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27,8 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.

2.5.2 Credit rating outlook

Table 38 - Credit rating outlook

Security class	Currency	Rating	Annual rating 2011/12	Previous Rating
Short term	Rand	A1-	Aug 2012	A1-
Long-term	Rand	A	Aug 2012	A
Outlook	Rand	Positive	Aug 2012	Positive

The rating definitions are:

- Short term: A1- (**single A one minus**); defined as having a high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
- Long-term: A (**single A**); defined as having high credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

The City's credit rating remained unchanged from the previous year indicating a financially stable environment.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in financing arrangements to minimise its interest rate costs and risk. The average interest rate currently is 8.5%.

2.5.4 Collection rate for revenue services

The rate of revenue collection is currently at 92% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects.

A R184 million contribution towards bad debts was provided for in the MTREF and is based on an average collection ratio of 93.5%.

2.5.5 Growth in the tax base of the municipality

Revenue from own sources is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, 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.

2.5.6 Salary and Wage increases

The Salary and Wage Collective Agreement regarding salaries/wages came into operation on 1 July 2012 to 30 June 2015 and shall remain in force until 30 June 2015.

The agreement provides for a salary and wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year. The proposed salary and wage increase of 6.85% has been based on average CPI of 5.6% plus 1.25% for the 2013/14 financial year.

2.5.7 Impact of National, Provincial and Local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

2.5.8 Ensuring maintenance of existing assets

General Expenses and Repairs & Maintenance

Due to budget constraints, General Expenses have not been increased except for line items where there are contractual obligations linked to inflation e.g. rental of equipment.

MFMA Circulars 58, 66 and 67 stresses the importance of securing the health of a municipality's asset base by increasing spending on repairs and maintenance. These circulars further highlight this by indicating that 'allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritized'.

In this regard, repairs and maintenance was budgeted at 7% of the total revenue over the MTREF and on average 10% of total revenue per each service. BCMM will strive to improve this allocation in the 2014/15 MTREF in order to ensure on-going health of the municipality's infrastructure.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Proposed Tariff Increases over the Medium-term

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 39 Proposed tariff increases over the medium-term

Description	2012/2013	2013/2014	2014/2015	2015/2016
Rates	12.30%	11.90%	11.50%	11.30%
Refuse	13.30%	12.90%	12.50%	12.30%
Sewerage	11.30%	10.90%	10.50%	10.30%
Electricity	13.50%	10.00%	10.00%	10.00%
Water	15.15%	15.35%	14.95%	14.75%
Fire Levy	10.30%	9.90%	9.50%	9.30%
Sundry Income	10.30%	9.90%	9.50%	9.30%

2.6.2 Detailed Investment

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

Table 40 - SA15 – Detail Investment Information

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	505 536	696 767	1 465 068	769 342	494 647	494 647	900 741	1 343 030	1 917 291
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	505 536	696 767	1 465 068	769 342	494 647	494 647	900 741	1 343 030	1 917 291
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	505 536	696 767	1 465 068	769 342	494 647	494 647	900 741	1 343 030	1 917 291

Table 41 - 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										
RMB	Various	Short Term / Call	No	Variable	4.5% - 5%	0	N/A	Various	224 401	17 652
Standard Bank	Various	Short Term / Call	No	Variable	4.5% - 5%	0	N/A	Various	112 201	8 826
Stanlib	Various	Short Term / Call	No	Variable	4.25% - 5.7%	0	N/A	Various	112 201	8 826
ABSA	Various	Short Term / Call	No	Variable	5% - 5%	0	N/A	Various	224 401	17 652
Nedbank	Various	Short Term / Call	No	Variable	4.5% - 5.25%	0	N/A	Various	224 401	17 652
Municipality sub-total									897 605	70 608
Entities										
Entities sub-total									-	-
TOTAL INVESTMENTS AND INTEREST									897 605	70 608

2.6.3 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 42 – A5 - Sources of capital revenue over the MTREF

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:										
National Government	173 412	205 794	527 383	609 848	813 407	813 407	813 407	679 079	684 226	752 610
Provincial Government	55 193	19 113	40 366	19 170	20 661	20 661	20 661	35 496	16 318	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	8 156	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	236 761	224 907	567 749	629 018	834 068	834 068	834 068	714 574	700 544	752 610
Public contributions & donations	1 374	800	2 790	-	2 451	2 451	2 451	-	-	-
Borrowing	97 230	53 728	17 577	-	-	-	-	-	-	-
Internally generated funds	94 513	119 675	137 530	120 079	141 584	141 584	141 584	40 384	67 700	73 250
Total Capital Funding	429 879	399 110	725 646	749 097	978 103	978 103	978 103	754 958	768 244	825 860

2.6.4 Details of Borrowings

The repayment of capital and interest (debt services costs) has substantially increased over the past three years as a result of the capital infrastructure programme implemented over the past five years. Although there is scope for borrowing to fund revenue generating projects, such as dealing with water losses, consideration should first be given to the issue of affordability and to addressing the supply chain management challenges in order to improve capital expenditure.

2.6.6 Cash Flow Management

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

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

Table 45 - MBRR Table A7 - Budget cash flow statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	1 833 919	1 916 526	2 465 720	2 775 111	2 466 553	2 466 553	2 466 553	3 200 877	3 534 877	3 897 160
Government - operating	813 714	-	966 570	804 866	763 690	763 690	763 690	932 268	1 115 158	1 151 050
Government - capital	-	911 805	654 418	629 018	639 227	639 227	639 227	714 574	700 544	752 610
Interest	86 924	53 776	52 228	78 314	52 228	52 228	52 228	104 676	109 334	114 239
Dividends	86		60	-	60	60	60			
Payments										
Suppliers and employees	(2 315 831)	(2 341 440)	(3 108 358)	(3 224 734)	(2 900 433)	(2 900 433)	(2 900 433)	(3 430 838)	(3 863 136)	(4 113 845)
Finance charges	(108 121)	(87 287)	(93 951)	(89 112)	(93 951)	(93 951)	(93 951)	(64 162)	(59 136)	(54 027)
Transfers and Grants	-		(27 616)	(30 464)	(27 616)	(27 616)	(27 616)	(246 488)	(272 513)	(301 004)
NET CASH FROM/(USED) OPERATING ACTIVITIES	310 690	453 380	909 071	942 999	899 758	899 758	899 758	1 210 908	1 265 129	1 446 183
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	3 049	1 276	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	(34 612)	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	18 268	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(701)	3 933	-	-	-	-	-	-	-	-
Payments										
Capital assets	(426 412)	(399 110)	(268 909)	(749 097)	(978 103)	(978 103)	(978 103)	(754 958)	(768 244)	(825 860)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(405 796)	(428 513)	(268 909)	(749 097)	(978 103)	(978 103)	(978 103)	(754 958)	(768 244)	(825 860)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	(41 179)	(154 076)	(44 997)	(41 533)	(43 981)	(43 981)	(43 981)	(49 970)	(54 633)	(46 097)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(41 179)	(154 076)	(44 997)	(41 533)	(43 981)	(43 981)	(43 981)	(49 970)	(54 633)	(46 097)
NET INCREASE/ (DECREASE) IN CASH HELD	(136 285)	(129 209)	595 165	152 369	(122 327)	(122 327)	(122 327)	405 979	442 252	574 226
Cash/cash equivalents at the year begin:	695 756	559 471	430 262	696 159	696 159	696 159	696 159	573 832	979 811	1 422 063
Cash/cash equivalents at the year end:	559 471	430 262	1 025 427	848 527	573 832	573 832	573 832	979 811	1 422 063	1 996 288

The above table shows that cash and cash equivalents of the City have been increasing between the 2009/10 and 2012/13 financial year moving from a positive cash balance of R559 million to R574 million with the approved 2012/13 MTREF. The City is undertaking an extensive debt collection process to boost cash levels. These initiatives and interventions will translate into a positive cash position for the City and it is projected that cash and cash equivalents on hand will increase to R2 billion by the end of the 2015/16 MTREF period. For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term.

2.6.7 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. The table indicates the cash and investments available which increases from R980 million in the 2013/14 financial year to R1,997 billion in the 2015/16 financial year.

Table 46 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	559 471	430 262	1 025 427	848 527	573 832	573 832	573 832	979 811	1 422 063	1 996 288
Other current investments > 90 days	-	309 950	495 856	(0)	0	0	100	(0)	0	(0)
Non current assets - Investments	4 411	820	857	815	815	815	893	930	967	1 003
Cash and investments available:	563 882	741 032	1 522 140	849 342	574 647	574 647	574 825	980 741	1 423 030	1 997 291
Application of cash and investments										
Unspent conditional transfers	267 286	346 142	787 666	550 000	550 000	550 000	866 400	953 040	1 048 300	1 153 130
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(151 902)	58 436	(21 982)	19 927	68 469	68 469	(316 731)	(380 999)	(535 399)	(708 827)
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
Total Application of cash and investments:	115 384	404 578	765 684	569 927	618 469	618 469	549 669	572 041	512 901	444 303
Surplus(shortfall)	448 498	336 455	756 456	279 415	(43 822)	(43 822)	25 156	408 700	910 129	1 552 988

From the above table it can be seen that the cash and investments available total R980 million in the 2013/14 financial year and progressively increase to R2 billion by 2015/16, 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, as was experienced by the City in 2010/11 resulting in cash flow challenges. 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 City to meet its creditor obligations.
- Long term investments consist primarily of the sinking funds for the repayment of a future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The municipality has increased its cash reserves which is part of the strategic financial sustainability of the City. As part of the planning strategy, this needs to be aggressively managed as part of the medium term planning objectives. It is aimed that by 2015/16 the surpluses would have grown sufficiently to fund our own-funded capital infrastructure replacement/refurbishment programmes. It needs to be noted that for all practical purposes the 2013/14 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2013/14

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

2.6.8 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 47 - SA10 – Funding compliance measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures										
Cash/cash equivalents at the year end - R'000	559 471	430 262	1 025 427	848 527	573 832	573 832	573 832	979 811	1 422 063	1 996 288
Cash + investments at the yr end less applications - R'000	448 498	336 455	756 456	279 415	(43 822)	(43 822)	25 156	408 700	910 129	1 552 988
Cash year end/monthly employee/supplier payments	3.7	2.4	5.1	3.5	2.4	2.4	4.5	3.6	4.8	6.3
Surplus/(Deficit) excluding depreciation offsets: R'000	(70 500)	(172 359)	135 789	805 683	965 643	965 643	973 638	1 143 033	1 200 023	1 382 194
Service charge rev % change - macro CPIX target exclusive	N.A.	5.8%	12.8%	6.0%	(6.0%)	(6.0%)	(28.7%)	5.7%	5.1%	5.0%
Cash receipts % of Ratepayer & Other revenue	95.8%	91.5%	94.0%	89.3%	79.4%	79.4%	102.0%	92.8%	92.8%	92.8%
Debt impairment expense as a % of total billable revenue	1.4%	10.9%	2.5%	8.4%	8.4%	8.4%	0.0%	6.4%	6.4%	6.3%
Capital payments % of capital expenditure	99.2%	100.0%	37.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations								102.8%	173.1%	88.1%
Current consumer debtors % change - incr(decr)	N.A.	(33.6%)	47.2%	(2.8%)	0.0%	0.0%	63.0%	104.2%	22.5%	20.6%
Long term receivables % change - incr(decr)	N.A.	(14.4%)	(18.6%)	15.1%	0.0%	0.0%	(9.1%)	(9.1%)	0.0%	0.0%
R&M % of Property Plant & Equipment	1.5%	1.7%	1.9%	2.4%	2.4%	2.4%	3.0%	2.9%	3.1%	3.3%
Asset renewal % of capital budget	0.7%	0.0%	15.1%	10.4%	17.6%	17.6%	0.0%	10.3%	8.2%	9.6%

2.6.8.1 Cash/cash equivalent position

The City'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 2013/14 MTREF shows R980 million, R1,4 billion and R2 billion for each respective financial year.

2.6.8.2 *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 City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2009/10 to 2012/13, moving from 3,7 to 2.4 with the adopted 2012/13 MTREF. As part of the 2013/14 MTREF the municipalities improving cash position causes the ratio to move upwards to 3,6 and then to 4,8 and 6,3 for the outer years.

2.6.8.3 *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. 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 2013/14 MTREF the indicative outcome is a surplus of R1,143 billion, R1,200 billion and R1,382 billion.

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 5.6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 5,7, 5,1 and 5,0 per cent for the respective financial years of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 11.9%, with the increase in electricity at 10% it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.8.5 *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 92.8 per cent for the MTREF period. Given that the assumed collection rate was based on a 93.5% performance target as at 2012/13 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.

2.6.8.6 *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 6.4 to 6.3% 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.

2.6.8.7 *Repairs and maintenance expenditure level*

Details of the City's strategy pertaining to asset management and repairs and maintenance is contained in Table 59 SA34C.

2.6.8.8 *Asset renewal/rehabilitation expenditure level*

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. Further details in this regard are contained in Table 58 SA34b.

2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 49 - SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	30 973	3 925	131 157	17 729	36 342	36 342	-	-	-
Current year receipts	424 797	520 726	581 967	667 160	691 630	691 630	704 220	710 901	709 881
Conditions met - transferred to revenue	451 845	393 494	695 395	643 547	727 972	727 972	704 220	710 901	709 881
Conditions still to be met - transferred to liabilities	3 925	131 157	17 729	36 342	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	67 994	33 519	31 945	64 660	70 381	70 381	-	-	-
Current year receipts	126 167	140 003	160 207	123 120	88 348	88 348	183 353	276 269	674 634
Conditions met - transferred to revenue	160 642	141 576	127 492	117 399	158 729	158 729	183 353	276 269	674 634
Conditions still to be met - transferred to liabilities	33 519	31 945	64 660	70 381	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	13 277	14 605	12 216	12 216	12 216	12 216	-	-	-
Conditions met - transferred to revenue	13 277	14 605	12 216	12 216	12 216	12 216	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	5 518	15 436	3 878	4 462	4 462	-	-	-
Current year receipts	9 743	3 739	9 299	2 370	4 576	4 576	2 795	2 989	3 196
Conditions met - transferred to revenue	4 225	(6 179)	20 857	1 787	9 038	9 038	2 795	2 989	3 196
Conditions still to be met - transferred to liabilities	5 518	15 436	3 878	4 462	-	-	-	-	-
Total operating transfers and grants revenue	629 989	543 495	855 960	779 949	907 955	907 955	890 368	990 158	1 387 711
Total operating transfers and grants - CTBM	42 962	178 539	86 268	111 185	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	167 455	205 182	48 186	370 109	636 919	636 919	-	-	-
Current year receipts	177 632	207 400	526 383	609 848	793 562	793 562	679 079	684 226	752 610
Conditions met - transferred to revenue	139 906	364 395	204 460	343 038	1 430 481	1 430 481	679 079	684 226	752 610
Conditions still to be met - transferred to liabilities	205 181	48 186	370 109	636 919	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	7 704	8 686	117 294	35 526	39 477	39 477	-	-	-
Current year receipts	55 193	17 508	41 132	19 170	40 272	40 272	35 496	16 318	-
Conditions met - transferred to revenue	54 211	(91 100)	122 900	15 219	79 750	79 750	35 496	16 318	-
Conditions still to be met - transferred to liabilities	8 686	117 294	35 526	39 477	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	1 979	1 979	1 979	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	(0)	1 979	1 979	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	1 979	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	5 517	9 294	144	-	2 480	2 480	-	-	-
Current year receipts	3 936	-	234	-	2 685	2 685	-	-	-
Conditions met - transferred to revenue	159	9 150	378	(2 480)	5 165	5 165	-	-	-
Conditions still to be met - transferred to liabilities	9 294	144	-	2 480	-	-	-	-	-
Total capital transfers and grants revenue	194 276	284 424	329 718	355 777	1 515 396	1 515 396	714 574	700 544	752 610
Total capital transfers and grants - CTBM	225 140	165 624	405 635	678 876	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	824 265	827 920	1 185 678	1 135 726	2 423 351	2 423 351	1 604 943	1 690 702	2 140 321
TOTAL TRANSFERS AND GRANTS - CTBM	268 102	344 162	491 903	790 061	-	-	-	-	-

2.8 COUNCILLOR AND EMPLOYEE BENEFITS

Table 48 - SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	11 987	14 529	30 978	27 041	27 653	27 653	29 133	31 172	33 354
Pension and UIF Contributions	1 498	1 313	1 855	2 854	2 885	2 885	3 105	3 310	3 529
Medical Aid Contributions	805	875	795	920	1 023	1 023	1 095	1 171	1 253
Motor Vehicle Allowance	4 620	5 312	7 076	11 267	11 215	11 215	12 000	12 840	13 739
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	726	1 249	2 262	3 136	2 978	2 978	3 186	3 409	3 648
Other benefits and allowances	55	—	—	—	—	—	—	—	—
Sub Total - Councillors	19 691	23 278	42 966	45 219	45 754	45 754	48 519	51 903	55 523
% increase		18.2%	84.6%	5.2%	1.2%	—	6.0%	7.0%	7.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	6 333	4 703	4 299	11 235	11 204	11 204	11 988	12 827	13 725
Pension and UIF Contributions	1 140	928	795	2 133	2 124	2 124	2 264	2 409	2 564
Medical Aid Contributions	—	103	66	361	359	359	384	411	440
Overtime	—	—	—	—	—	—	—	—	—
Performance Bonus	157	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	—	1 044	801	2 400	2 801	2 801	2 997	3 207	3 431
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	—	36	36	257	255	255	255	255	255
Other benefits and allowances	2 931	1 025	1 168	1 999	1 990	1 990	2 130	2 279	2 438
Payments in lieu of leave	—	—	—	—	—	—	—	—	—
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality	10 561	7 838	7 165	18 385	18 733	18 733	20 018	21 388	22 854
% increase		(25.8%)	(8.6%)	156.6%	1.9%	—	6.9%	6.8%	6.9%
Other Municipal Staff									
Basic Salaries and Wages	496 035	533 913	597 873	664 676	663 588	663 588	715 874	765 985	819 604
Pension and UIF Contributions	89 778	105 813	115 566	123 553	123 905	123 905	133 122	142 270	152 039
Medical Aid Contributions	33 670	37 563	40 344	46 153	46 717	46 717	51 063	54 638	58 462
Overtime	50 868	43 662	50 916	51 346	49 992	49 992	53 355	57 090	61 086
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	13 063	16 478	17 916	21 211	20 809	20 809	22 090	23 636	25 290
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	4 334	3 590	3 734	6 253	6 541	6 541	6 748	6 748	6 748
Other benefits and allowances	67 978	77 556	81 629	94 759	94 665	94 665	100 748	107 782	115 309
Payments in lieu of leave	—	—	25 320	13 861	13 861	13 861	5 681	6 078	6 504
Long service awards	—	10 888	12 194	13 133	13 983	13 983	14 876	15 917	17 031
Post-retirement benefit obligations	—	—	—	—	26 884	26 884	—	—	—
Sub Total - Other Municipal Staff	755 726	829 463	945 492	1 034 944	1 060 945	1 060 945	1 103 555	1 180 142	1 262 072
% increase		9.8%	14.0%	9.5%	2.5%	—	4.0%	6.9%	6.9%
Total Parent Municipality	785 979	860 579	995 622	1 098 548	1 125 432	1 125 432	1 172 092	1 253 433	1 340 449
% increase		9.5%	15.7%	10.3%	2.4%	—	4.1%	6.9%	6.9%
TOTAL SALARY, ALLOWANCES & BENEFITS	785 979	860 579	995 622	1 098 548	1 125 432	1 125 432	1 172 092	1 253 433	1 340 449
% increase		9.5%	15.7%	10.3%	2.4%	—	4.1%	6.9%	6.9%
TOTAL MANAGERS AND STAFF	766 288	837 301	952 657	1 053 329	1 079 678	1 079 678	1 123 573	1 201 530	1 284 926

Table 49 - SA23 - Salaries, allowances and 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.
Councillors							
Speaker	1	554 269	98 907	276 208			929 384
Chief Whip	1	521 774	21 574	328 060			871 408
Executive Mayor	1	695 699	21 574	444 010			1 161 283
Deputy Executive Mayor	1	556 559	57 440	315 385			929 384
Executive Committee	9	4 695 967	605 431	2 541 275			7 842 674
Total for all other councillors	104	22 108 658	3 395 109	11 280 907			36 784 674
Total Councillors	117	29 132 926	4 200 036	15 185 845			48 518 806
Senior Managers of the Municipality							
Municipal Manager (MM)	1	913 266	236 007	319 711	-		1 468 984
Director of Financial Services	1	823 491	150 062	238 088	-		1 211 641
Deputy City Manager - Governance	-	-	-	-	-		-
Deputy City Manager - Procurement & Infrastructure	-	-	-	-	-		-
Deputy City Manager - Health, Safety & Social Issues	-	-	-	-	-		-
Deputy City Manager - Corporate & Human Resources	-	-	-	-	-		-
Executive Director: Strategic Management	1	767 541	218 846	374 534	-		1 360 921
Executive Director: Finance & Support Services	1	808 239	230 062	383 787	-		1 422 088
Executive Director: Development Planning & Management	1	728 941	207 671	362 148	-		1 298 760
Executive Director: Development Facilitation & Partnerships	1	728 941	207 671	362 148	-		1 298 760
Executive Director: Municipal Services	1	808 239	230 062	383 787	-		1 422 088
Special Advisor	1	762 276	167 316	301 611	-		1 231 203
Director of Executive Support Services	1	823 259	187 246	358 859	-		1 369 364
Director of Cap. Infra. Planning Project Management & Mainten	-	-	-	-	-		-
Chief Operating Officer	1	823 259	210 173	335 932	-		1 369 364
Director of Corporate Services	1	804 797	164 343	341 466	-		1 310 606
Director of Engineering Services	1	799 014	169 989	340 910	-		1 309 913
Director of Development Planning	1	799 014	182 362	326 732	-		1 308 108
Director of Public Safety and Health	1	799 014	145 656	377 879	-		1 322 550
Director Of Community Services	1	799 014	160 725	353 784	-		1 313 523
List of each official with packages >= senior manager							
List of each official with packages >= senior manager	-	-	-	-	-		-
Head: Internal Audit & Performance Management	-	-	-	-	-		-
Head: Geographical Information & Policy	-	-	-	-	-		-
Total Senior Managers of the Municipality	15	11 988 306	2 868 192	5 161 375	-		20 017 874
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	132	41 121 232	7 068 229	20 347 220	-		68 536 680

Table 50 - SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2011/12			Current Year 2012/13			Budget Year 2013/14		
	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)	100	–	100	117	–	117	117	–	117
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	10	–	10	15	–	15	15	–	15
Other Managers	38	20	18	38	20	18	37	19	18
Professionals	162	162	–	160	160	–	160	160	–
Finance	67	67	–	67	67	–	67	67	–
Spatial/town planning	10	10	–	10	10	–	10	10	–
Information Technology	3	3	–	3	3	–	3	3	–
Roads	3	3	–	3	3	–	3	3	–
Electricity	8	8	–	8	8	–	8	8	–
Water	5	5	–	5	5	–	5	5	–
Sanitation	4	4	–	4	4	–	4	4	–
Refuse	1	1	–	1	1	–	1	1	–
Other	61	61	–	59	59	–	59	59	–
Technicians	351	351	–	290	290	–	285	285	–
Finance	8	8	–	9	9	–	9	9	–
Spatial/town planning	15	15	–	15	15	–	15	15	–
Information Technology	13	13	–	13	13	–	13	13	–
Roads	6	6	–	6	6	–	6	6	–
Electricity	10	10	–	10	10	–	10	10	–
Water	27	27	–	27	27	–	27	27	–
Sanitation	16	16	–	16	16	–	16	16	–
Refuse	7	7	–	7	7	–	7	7	–
Other	249	249	–	187	187	–	182	182	–
Clerks (Clerical and administrative)	1 150	1 122	28	1 151	1 117	34	1 170	1 136	34
Service and sales workers	873	872	1	865	864	1	863	862	1
Skilled agricultural and fishery workers	214	214	–	214	214	–	214	214	–
Craft and related trades	370	370	–	383	383	–	383	383	–
Plant and Machine Operators	737	737	–	750	750	–	750	750	–
Elementary Occupations	1 422	1 422	–	1 416	1 416	–	1 415	1 415	–
TOTAL PERSONNEL NUMBERS	5 427	5 270	157	5 399	5 214	185	5 409	5 224	185
% increase				(0.5%)	(1.1%)	17.8%	0.2%	0.2%	–
Total municipal employees headcount	5 327	5 270	57	5 282	5 214	68	5 292	5 224	68
Finance personnel headcount	592	580	12	614	602	12	633	621	12
Human Resources personnel headcount	184	180	4	185	180	5	185	180	5

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 51 - SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Revenue By Source																
Property rates	726 036	4	(548)	2 275	(332)	(2 186)	(10 146)	(11 707)	(12 487)	(13 268)	(14 829)	(15 609)	647 203	721 631	803 114	
Property rates - penalties & collection charges	58	68	66	67	71	73	148	170	182	193	216	227	1 539	1 716	1 910	
Service charges - electricity revenue	142 315	165 440	101 830	135 729	128 993	113 152	81 075	93 548	99 784	106 021	118 494	124 730	1 411 111	1 552 221	1 707 443	
Service charges - water revenue	34 303	35 295	37 434	20 861	22 569	37 841	15 711	18 128	19 336	20 545	22 962	24 170	309 154	355 373	407 791	
Service charges - sanitation revenue	255 494	(3 564)	283	(33)	165	267	(3 537)	(4 081)	(4 353)	(4 625)	(5 169)	(5 441)	225 407	249 075	274 730	
Service charges - refuse revenue	21 077	20 881	21 062	20 775	21 342	21 236	12 676	14 626	15 601	16 576	18 526	19 502	223 880	251 865	282 845	
Service charges - other	6 709	2 744	3 720	3 452	2 718	3 886	1 334	1 539	1 642	1 744	1 949	2 052	33 489	37 266	41 403	
Rental of facilities and equipment	972	906	1 246	712	969	828	1 280	1 477	1 576	1 674	1 871	1 969	15 480	16 951	18 528	
Interest earned - external investments	1 089	16 891	16 268	15 839	15 761	16 395	(559)	(645)	(688)	(731)	(818)	(861)	77 940	80 058	82 240	
Interest earned - outstanding debtors	2 431	2 259	2 337	1 886	2 260	2 440	1 706	1 968	2 100	2 231	2 493	2 625	26 736	29 276	31 999	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	247	585	733	597	859	467	1 227	1 416	1 511	1 605	1 794	1 888	12 930	14 158	15 475	
Licences and permits	1 720	1 584	1 404	1 620	1 165	1 375	1 275	1 471	1 569	1 667	1 863	1 961	18 674	20 448	22 350	
Agency services	-	-	-	-	-	-	0	0	0	0	0	0	(0)	-	-	
Transfers recognised - operational	331 414	62	486	1 611	9 279	253 317	43 693	50 415	53 776	57 137	63 859	67 220	932 268	1 115 158	1 151 050	
Other revenue	27 123	189 489	26 668	15 896	17 438	186 352	8 003	9 235	9 850	10 466	11 697	12 313	524 530	559 912	592 497	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and	1 550 989	432 644	212 989	221 287	223 258	635 443	153 885	177 560	189 397	201 235	224 909	236 747	4 460 342	5 005 110	5 433 374	
Expenditure By Type																
Employee related costs	75 316	100 192	89 224	90 987	86 821	93 364	76 397	88 150	94 027	99 904	111 657	117 534	1 123 573	1 201 530	1 284 926	
Remuneration of councillors	3 867	3 867	3 867	3 902	3 993	4 519	3 185	3 675	3 920	4 166	4 656	4 901	48 519	51 903	55 523	
Debt impairment	-	-	-	-	-	-	23 965	27 652	29 495	31 339	35 026	36 869	184 345	203 074	223 598	
Depreciation & asset impairment	-	-	-	-	178 762	35 752	42 214	48 708	51 955	55 202	61 697	64 944	539 235	520 342	517 147	
Finance charges	-	-	-	-	-	-	8 341	9 624	10 266	10 908	12 191	12 832	64 162	59 136	54 027	
Bulk purchases	152 459	156 512	90 608	91 599	94 821	87 848	60 052	69 291	73 911	78 530	87 769	92 388	1 135 789	1 230 024	1 331 786	
Other materials	-	-	-	-	-	-	0	0	0	0	0	0	(0)	-	-	
Contracted services	214	225	438	606	117	390	1 043	1 203	1 283	1 363	1 524	1 604	10 009	10 869	11 782	
Transfers and grants	457	1 124	15 955	4 379	18 257	4 359	26 254	30 294	32 313	34 333	38 372	40 391	246 488	272 513	301 004	
Other expenditure	30 088	85 560	56 852	93 365	81 058	94 787	94 642	109 203	116 483	123 763	138 323	145 603	1 169 728	1 429 538	1 494 781	
Loss on disposal of PPE	-	-	-	-	-	-	0	0	0	0	0	0	(0)	-	-	
Total Expenditure	262 402	347 482	256 944	284 837	463 828	321 020	336 094	387 800	413 654	439 507	491 214	517 067	4 521 847	4 978 929	5 274 574	
Surplus/(Deficit)	1 288 587	85 162	(43 955)	(63 551)	(240 570)	314 423	(182 208)	(210 240)	(224 256)	(238 272)	(266 304)	(280 320)	(61 505)	26 180	158 800	
Transfers recognised - capital	64 312	60 739	39 302	48 591	51 449	32 156	47 591	50 020	59 524	100 040	78 603	82 248	714 574	700 544	752 610	
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	1 352 899	145 901	(4 653)	(14 959)	(189 121)	346 579	(134 618)	(160 220)	(164 732)	(138 232)	(187 701)	(198 073)	653 069	726 724	911 410	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1 352 899	145 901	(4 653)	(14 959)	(189 121)	346 579	(134 618)	(160 220)	(164 732)	(138 232)	(187 701)	(198 073)	653 069	726 724	911 410	

Table 52 - SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	417 323	-	312 289	-	-	-	(90 511)	(104 436)	(111 398)	(118 361)	(132 285)	(139 248)	33 373	34 915	36 148	
Vote 3 - Directorate - Chief Operations Officer	473 533	312 979	153 302	-	-	-	(94 108)	(108 586)	(115 825)	(123 064)	(137 542)	(144 781)	215 910	392 366	429 648	
Vote 4 - Directorate - Chief Financial Officer	2 041 420	1 919 646	1 919 646	-	-	-	(565 192)	(652 145)	(695 621)	(739 098)	(826 050)	(869 527)	1 533 078	1 608 979	1 679 347	
Vote 5 - Directorate - Corporate Services	22 234	14 057	12 500	-	-	-	(5 239)	(6 044)	(6 447)	(6 850)	(7 656)	(8 059)	8 495	11 369	12 086	
Vote 6 - Directorate - Engineering Services	(1 941 477)	(2 426 383)	(2 769 584)	209 032	207 653	611 691	1 046 545	1 225 867	1 315 456	1 405 117	1 584 439	1 674 100	2 142 457	2 370 624	2 626 421	
Vote 7 - Directorate - Development Planning	53 945	56 785	56 239	-	-	-	(15 542)	(17 934)	(19 129)	(20 325)	(22 716)	(23 911)	47 412	51 071	55 214	
Vote 8 - Directorate - Health & Public Safety	113 668	112 767	112 767	-	-	-	(25 796)	(29 765)	(31 749)	(33 733)	(37 702)	(39 686)	140 772	153 893	167 959	
Vote 9 - Directorate - Community Services	452 927	397 122	399 268	-	-	-	(118 361)	(136 571)	(145 676)	(154 780)	(172 990)	(182 094)	338 845	381 893	426 551	
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	119 048	119 048	119 120	119 120	119 120	119 120	714 574	700 544	752 610	
Total Revenue by Vote	1 633 575	386 973	196 427	209 032	207 653	611 691	250 844	289 435	308 730	328 026	366 617	385 913	5 174 917	5 705 653	6 185 984	
Expenditure by Vote to be appropriated																
Vote 1 - Directorate - Executive Support Services	157 207	153 957	158 555	-	-	-	(42 667)	(49 232)	(52 514)	(55 796)	(62 360)	(65 642)	141 509	148 049	156 349	
Vote 2 - Directorate - Municipal Manager	212 574	117 792	207 330	-	-	-	(57 815)	(66 710)	(71 157)	(75 605)	(84 499)	(88 947)	92 962	97 046	100 201	
Vote 3 - Directorate - Chief Operations Officer	519 256	360 887	208 787	-	-	-	(109 068)	(125 848)	(134 238)	(142 628)	(159 408)	(167 798)	249 941	430 920	475 861	
Vote 4 - Directorate - Chief Financial Officer	417 002	455 310	426 979	-	-	-	(121 220)	(139 869)	(149 194)	(158 519)	(177 168)	(186 492)	366 829	397 524	411 215	
Vote 5 - Directorate - Corporate Services	220 404	199 130	193 395	-	-	-	(59 914)	(69 132)	(73 741)	(78 349)	(87 567)	(92 176)	152 050	162 947	172 883	
Vote 6 - Directorate - Engineering Services	(2 465 060)	(2 057 937)	(2 065 765)	284 837	463 828	321 020	1 038 204	1 197 928	1 277 790	1 357 651	1 517 375	1 597 237	2 467 108	2 611 277	2 783 854	
Vote 7 - Directorate - Development Planning	291 692	276 346	276 546	-	-	-	(77 686)	(89 638)	(95 613)	(101 589)	(113 541)	(119 517)	247 000	266 872	245 714	
Vote 8 - Directorate - Health & Public Safety	249 340	238 199	236 984	-	-	-	(60 805)	(70 159)	(74 837)	(79 514)	(88 869)	(93 546)	256 793	270 429	288 251	
Vote 9 - Directorate - Community Services	659 987	603 796	614 134	-	-	-	(172 934)	(199 539)	(212 842)	(226 145)	(252 750)	(266 052)	547 655	593 866	640 244	
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote	262 402	347 482	256 944	284 837	463 828	321 020	336 094	387 800	413 634	439 507	491 214	517 067	4 521 847	4 978 929	5 274 574	
Surplus/(Deficit) before assoc.	1 371 173	39 491	(60 517)	(75 805)	(256 174)	290 671	(85 250)	(98 365)	(104 923)	(111 481)	(124 596)	(131 154)	633 069	726 724	911 410	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1 371 173	39 491	(60 517)	(75 805)	(256 174)	290 671	(85 250)	(98 365)	(104 923)	(111 481)	(124 596)	(131 154)	633 069	726 724	911 410	

Table 53 - SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	R thousand												Budget Year	Budget Year	Budget Year
	July	August	Sept.	October	November	December	January	February	March	April	May	June	2013/14	+1 2014/15	+2 2015/16
Revenue - Standard															
<i>Governance and administration</i>	1 023 450	152 983	10 982	13 272	10 809	334 369	4 019	4 638	4 947	5 256	5 874	6 184	1 576 782	1 657 253	1 729 738
Executive and council	34	(0)	9	(2)	-	-	4 333	5 000	5 333	5 667	6 333	6 667	33 373	34 915	36 148
Budget and treasury office	1 023 286	152 864	10 839	13 301	10 689	334 204	(1 574)	(1 816)	(1 937)	(2 058)	(2 300)	(2 421)	1 533 078	1 608 979	1 679 347
Corporate services	129	119	134	(27)	120	165	1 260	1 454	1 550	1 647	1 841	1 938	10 331	13 360	14 243
<i>Community and public safety</i>	14 872	6 763	6 683	6 659	10 168	16 122	33 976	39 203	41 816	44 430	49 657	52 270	322 619	508 575	556 045
Community and social services	855	1 061	970	912	754	916	1 371	1 582	1 688	1 793	2 004	2 109	16 016	17 147	18 363
Sport and recreation	47	93	95	226	258	394	461	531	567	602	673	709	4 655	5 100	5 579
Public safety	13 961	5 601	5 609	5 513	5 715	13 012	4 431	5 113	5 454	5 794	6 476	6 817	83 497	91 420	99 913
Housing	9	8	8	8	3 297	1 800	27 401	31 617	33 725	35 833	40 048	42 156	215 910	392 366	429 648
Health	-	-	-	0	144	1	311	359	383	407	455	479	2 540	2 541	2 542
<i>Economic and environmental services</i>	12 273	6 065	4 999	8 210	6 114	5 160	5 697	6 573	7 011	7 450	8 326	8 764	86 641	90 579	98 238
Planning and development	876	656	973	998	1 469	831	1 703	1 966	2 097	2 228	2 490	2 621	18 907	19 886	21 156
Road transport	11 388	5 398	4 013	7 199	4 603	4 301	3 964	4 574	4 879	5 184	5 794	6 099	67 396	70 334	76 699
Environmental protection	8	11	13	12	43	28	29	34	36	38	42	45	338	360	383
<i>Trading services</i>	582 980	219 621	172 170	179 447	178 860	256 040	112 477	129 782	138 434	147 086	164 390	173 042	2 454 328	2 726 861	3 025 508
Electricity	163 919	165 958	111 513	134 027	129 840	125 741	83 140	95 931	102 326	108 722	121 513	127 908	1 470 537	1 615 495	1 774 943
Water	58 915	32 855	35 033	20 957	23 884	55 138	18 829	21 726	23 174	24 623	27 520	28 968	371 623	426 911	489 746
Waste water management	295 547	(1 817)	3 188	2 344	2 050	20 824	(3 614)	(4 171)	(4 449)	(4 727)	(5 283)	(5 561)	294 333	325 169	358 593
Waste management	64 599	22 625	22 436	22 119	23 085	54 337	14 123	16 295	17 382	18 468	20 641	21 727	317 835	359 286	402 226
<i>Other</i>	-	1 541	1 594	1 445	1 702	-	94 675	109 240	116 523	123 805	138 370	145 653	734 546	722 385	776 455
Total Revenue - Standard	1 633 575	386 973	196 427	209 032	207 653	611 691	250 844	289 435	308 730	328 026	366 617	385 913	5 174 917	5 705 653	6 185 984

Table 53 - SA27 - Budgeted monthly revenue and expenditure (standard classification) (continued)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure - Standard															
<i>Governance and administration</i>	34 461	81 130	56 085	56 768	68 152	62 758	65 000	75 000	80 000	85 000	95 000	100 000	859 354	915 944	956 476
Executive and council	9 896	34 254	12 325	16 971	12 680	12 411	8 083	9 327	9 949	10 571	11 814	12 436	160 716	168 527	175 930
Budget and treasury office	12 759	24 905	19 771	21 380	22 471	24 417	31 346	36 169	38 580	40 991	45 814	48 225	366 829	397 524	411 215
Corporate services	11 806	21 972	23 989	18 416	33 002	25 930	25 570	29 504	31 471	33 438	37 372	39 339	331 810	349 892	369 331
<i>Community and public safety</i>	23 346	32 454	29 789	35 816	45 299	37 680	53 285	61 482	65 581	69 680	77 878	81 976	614 267	818 698	889 756
Community and social services	5 150	6 362	6 344	7 119	8 013	7 289	6 042	6 972	7 437	7 902	8 831	9 296	86 759	92 554	98 906
Sport and recreation	4 006	5 580	5 245	5 921	6 371	5 771	3 779	4 360	4 651	4 942	5 523	5 814	61 963	67 233	71 676
Public safety	11 475	14 579	14 753	16 033	17 272	15 335	13 404	15 466	16 497	17 528	19 591	20 622	192 555	203 842	217 811
Housing	2 255	2 721	2 398	5 827	12 305	8 269	26 977	31 127	33 202	35 277	39 427	41 502	241 288	421 845	466 323
Health	459	3 211	1 049	915	1 339	1 017	3 083	3 557	3 794	4 031	4 505	4 742	31 703	33 226	35 040
<i>Economic and environmental services</i>	16 468	22 972	20 835	33 715	109 933	49 305	45 751	52 789	56 309	59 828	66 867	70 386	605 158	639 050	641 569
Planning and development	5 546	7 041	5 679	8 075	40 537	17 421	14 870	17 158	18 302	19 445	21 733	22 877	198 684	214 100	187 668
Road transport	5 276	8 383	8 363	18 398	62 008	24 828	25 377	29 281	31 233	33 185	37 089	39 041	322 460	335 112	357 370
Environmental protection	5 646	7 548	6 793	7 242	7 388	7 055	5 504	6 351	6 775	7 198	8 045	8 468	84 013	89 837	96 531
<i>Trading services</i>	187 036	209 767	148 982	156 977	238 695	170 074	171 125	197 452	210 615	223 779	250 106	263 269	2 427 878	2 589 445	2 769 950
Electricity	139 256	157 546	86 327	92 305	120 468	93 184	88 167	101 731	108 513	115 295	128 859	135 641	1 367 293	1 465 620	1 571 897
Water	28 029	29 107	28 567	32 982	47 377	33 757	28 588	32 986	35 185	37 384	41 782	43 982	419 727	443 128	474 797
Waste water management	9 970	10 430	16 602	15 026	49 705	22 896	29 173	33 661	35 905	38 149	42 637	44 881	349 036	360 380	374 420
Waste management	9 780	12 684	17 486	16 664	21 145	20 237	25 197	29 074	31 012	32 950	36 827	38 765	291 822	320 317	348 837
Other	1 091	1 159	1 252	1 561	1 749	1 202	933	1 076	1 148	1 220	1 363	1 435	15 191	15 793	16 823
Total Expenditure - Standard	262 402	347 482	256 944	284 837	463 828	321 020	336 094	387 800	413 654	439 507	491 214	517 067	4 521 847	4 978 929	5 274 574
Surplus/(Deficit) before assoc.	1 371 173	39 491	(60 517)	(75 805)	(256 174)	290 671	(85 250)	(98 365)	(104 923)	(111 481)	(124 596)	(131 154)	653 069	726 724	911 410
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1 371 173	39 491	(60 517)	(75 805)	(256 174)	290 671	(85 250)	(98 365)	(104 923)	(111 481)	(124 596)	(131 154)	653 069	726 724	911 410

Table 54 - SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated															
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	13	8	-	-	-	-	2	4	18	55	9 901	10 000	10 000	10 000
Vote 3 - Directorate - Chief Operations Officer	-	3 182	1 025	1 807	1 020	2 385	177	460	1 229	1 849	2 822	78 694	94 650	80 486	80 300
Vote 4 - Directorate - Chief Financial Officer	3	174	179	484	313	524	130	866	852	548	1 412	(5 084)	400	50	-
Vote 5 - Directorate - Corporate Services	-	6	97	543	39	451	212	111	(89)	179	308	5 477	7 334	15 950	5 350
Vote 6 - Directorate - Engineering Services	1 350	12 294	10 288	25 350	19 175	19 808	10 216	11 553	22 978	31 781	26 265	262 124	453 183	513 258	610 500
Vote 7 - Directorate - Development Planning	59	742	1 471	1 366	2 863	3 921	1 077	2 454	2 497	3 877	4 459	110 813	135 600	51 700	56 000
Vote 8 - Directorate - Health & Public Safety	55	895	1 435	1 625	1 485	3 176	1 297	3 490	787	1 897	2 395	(15 787)	2 750	10 300	8 000
Vote 9 - Directorate - Community Services	35	1 098	368	260	414	1 353	139	494	534	497	874	44 974	51 041	86 500	55 710
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1 502	18 403	14 871	31 436	25 310	31 618	13 248	19 429	28 792	40 645	38 590	491 113	754 958	768 244	825 860
Single-year expenditure to be appropriated															
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Engineering Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	1 502	18 403	14 871	31 436	25 310	31 618	13 248	19 429	28 792	40 645	38 590	491 113	754 958	768 244	825 860

Table 55 - SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard															
<i>Governance and administration</i>	3	495	708	3 310	2 765	7 524	479	4 239	2 197	2 712	15 312	(27 010)	12 734	16 000	5 350
Executive and council	-	316	432	2 284	2 413	6 550	137	3 263	1 433	1 986	13 591	(27 404)	5 000	-	-
Budget and treasury office	3	174	179	484	313	524	130	866	852	548	1 412	(5 084)	400	50	-
Corporate services	-	6	97	543	39	451	212	111	(89)	179	308	5 477	7 334	15 950	5 350
<i>Community and public safety</i>	55	5 019	2 219	3 201	2 325	5 639	1 199	2 687	2 665	3 653	5 835	100 902	135 400	120 786	115 300
Community and social services	-	506	741	1 121	848	1 505	861	1 116	1 173	1 077	1 911	2 142	13 000	15 000	7 000
Sport and recreation	55	234	117	38	71	526	58	713	181	277	408	22 323	25 000	15 000	20 000
Public safety	-	1 097	336	247	386	1 248	103	399	81	450	695	(2 293)	2 750	10 300	8 000
Housing	-	3 182	1 025	1 796	1 020	2 361	177	460	1 229	1 849	2 822	78 730	94 650	80 486	80 300
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	271	4 311	7 987	6 234	10 896	10 059	4 186	6 010	12 684	16 078	18 353	218 573	315 641	279 200	261 000
Planning and development	59	748	1 425	1 366	2 784	3 944	1 037	2 624	2 515	3 896	3 839	106 364	130 600	51 700	56 000
Road transport	212	3 469	6 427	4 600	7 967	5 985	3 101	1 997	10 107	11 924	14 460	102 752	173 000	207 500	205 000
Environmental protection	-	93	135	268	145	131	48	1 389	62	258	54	9 456	12 041	20 000	-
<i>Trading services</i>	1 138	8 887	4 300	15 616	11 597	14 809	6 695	9 570	11 919	17 227	11 443	162 982	276 183	319 258	400 210
Electricity	17	16	138	3 810	2 474	3 669	3 356	3 891	2 686	7 124	4 330	29 819	61 329	58 500	103 500
Water	804	4 341	2 147	869	2 001	6 732	6 542	2 953	4 580	5 216	4 440	14 375	55 000	51 000	69 000
Waste water management	317	4 468	1 573	10 740	6 701	3 393	(3 533)	2 453	5 283	4 603	2 650	120 206	158 854	173 258	199 000
Waste management	-	62	442	198	421	1 015	330	272	(630)	285	23	(1 418)	1 000	36 500	28 710
<i>Other</i>	-	7	60	5 355	136	38	808	98	373	2 923	1 135	4 067	15 000	33 000	44 000
Total Capital Expenditure - Standard	1 468	18 718	15 274	33 717	27 719	38 070	13 368	22 605	29 837	42 594	52 078	459 513	754 958	768 244	825 860

Table 56 - SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source																
Property rates	678 843	4	(512)	2 127	(310)	(2 044)	(9 487)	(10 946)	(11 676)	(12 405)	(13 865)	(14 595)	605 134	674 725	750 911	
Property rates - penalties & collection charges	54	63	62	63	67	68	138	159	170	181	202	212	1 439	1 605	1 786	
Service charges - electricity revenue	133 065	154 687	95 211	126 907	120 608	105 797	75 805	87 467	93 298	99 129	110 792	116 623	1 319 388	1 451 327	1 596 460	
Service charges - water revenue	32 074	33 001	35 000	19 505	21 102	35 382	14 689	16 949	18 079	19 209	21 469	22 599	289 059	332 274	381 284	
Service charges - sanitation revenue	238 887	(3 332)	264	(31)	154	249	(3 307)	(3 815)	(4 070)	(4 324)	(4 833)	(5 087)	210 756	232 885	256 872	
Service charges - refuse revenue	19 707	19 523	19 693	19 424	19 955	19 856	11 852	13 675	14 587	15 499	17 322	18 234	209 328	235 494	264 460	
Service charges - other	6 273	2 565	3 478	3 228	2 542	3 633	1 247	1 439	1 535	1 631	1 823	1 919	31 312	34 843	38 712	
Rental of facilities and equipment	909	847	1 165	665	906	774	1 197	1 381	1 473	1 565	1 749	1 841	14 474	15 849	17 323	
Interest earned - external investments	1 089	16 891	16 268	15 839	15 761	16 395	(559)	(645)	(688)	(731)	(818)	(861)	77 940	80 058	82 240	
Interest earned - outstanding debtors	2 431	2 259	2 337	1 886	2 260	2 440	1 706	1 968	2 100	2 231	2 493	2 625	26 736	29 276	31 999	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	231	547	685	558	803	437	1 148	1 324	1 413	1 501	1 677	1 766	12 089	13 238	14 469	
Licences and permits	1 608	1 481	1 313	1 514	1 089	1 286	1 192	1 375	1 467	1 558	1 742	1 834	17 460	19 119	20 897	
Agency services	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	
Transfer receipts - operational	331 414	62	486	1 611	9 279	253 317	43 693	50 415	53 776	57 137	63 859	67 220	932 268	1 115 158	1 151 050	
Other revenue	25 360	177 172	24 934	14 862	16 305	174 239	7 483	8 635	9 210	9 786	10 937	11 513	490 436	523 518	553 985	
Cash Receipts by Source	1 471 945	405 771	200 386	208 160	210 520	611 829	146 797	169 381	180 674	191 966	214 550	225 842	4 237 821	4 759 369	5 162 448	
Other Cash Flows by Source																
Transfer receipts - capital	64 312	60 739	39 302	48 591	51 449	32 156	47 591	50 020	59 524	100 040	78 603	82 248	714 574	700 544	752 610	
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	1 536 257	466 510	239 687	256 751	261 970	643 985	194 388	219 402	240 198	292 006	293 153	308 089	4 952 396	5 459 913	5 915 058	

Table 56 - SA30 - Budgeted monthly cash flow (continued)

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Payments by Type																
Employee related costs	71 550	95 183	84 763	86 438	82 480	88 696	72 577	83 743	89 326	94 908	106 074	111 657	1 067 395	1 141 454	1 220 680	
Remuneration of councillors	3 867	3 867	3 867	3 902	3 993	4 519	3 185	3 675	3 920	4 166	4 656	4 901	48 519	51 903	55 523	
Finance charges	-	-	-	-	-	-	8 341	9 624	10 266	10 908	12 191	12 832	64 162	59 136	54 027	
Bulk purchases - Electricity	136 401	144 817	77 324	75 842	81 428	71 211	50 463	58 227	62 109	65 990	73 754	77 636	975 200	1 053 216	1 137 473	
Bulk purchases - Water & Sewer	16 058	11 695	13 285	15 757	13 393	16 637	9 589	11 065	11 802	12 540	14 015	14 753	160 589	176 808	194 312	
Other materials	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	
Contracted services	201	211	411	569	110	367	980	1 131	1 206	1 281	1 432	1 508	9 408	10 217	11 075	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	457	1 124	15 955	4 379	18 257	4 359	26 254	30 294	32 313	34 333	38 372	40 391	246 488	272 513	301 004	
Other expenditure	30 088	85 560	56 852	93 365	81 058	94 787	94 642	109 203	116 483	123 763	138 323	145 603	1 169 728	1 429 538	1 494 781	
Cash Payments by Type	258 623	342 459	252 457	280 252	280 718	280 576	266 033	306 961	327 425	347 889	388 817	409 281	3 741 488	4 194 785	4 468 875	
Other Cash Flows/Payments by Type																
Capital assets	67 946	64 171	41 523	51 337	54 357	33 973	50 280	52 847	62 888	105 694	83 045	86 896	754 958	768 244	825 860	
Repayment of borrowing			11 189			8 995			11 747			18 039	49 970	54 633	46 097	
Other Cash Flows/Payments												-				
Total Cash Payments by Type	326 569	406 630	305 169	331 589	335 075	323 544	316 313	359 808	402 060	453 583	471 862	514 215	4 546 417	5 017 662	5 340 833	
NET INCREASE/(DECREASE) IN CASH HELD	1 209 688	59 880	(65 481)	(74 838)	(73 105)	320 441	(121 925)	(140 406)	(161 862)	(161 577)	(178 709)	(206 126)	405 979	442 252	574 226	
Cash/cash equivalents at the month/year begin:	573 832	1 783 520	1 843 399	1 777 918	1 703 080	1 629 975	1 950 416	1 828 491	1 688 085	1 526 223	1 364 646	1 185 937	573 832	979 811	1 422 063	
Cash/cash equivalents at the month/year end:	1 783 520	1 843 399	1 777 918	1 703 080	1 629 975	1 950 416	1 828 491	1 688 085	1 526 223	1 364 646	1 185 937	979 811	979 811	1 422 063	1 996 288	

2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years) unless MFMA Section 33 has been complied with. 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 Chief Financial Officer.

2.11 CAPITAL EXPENDITURE DETAILS

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

Table 58 - SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	74 703	61 800	150 357	150 357	45 000	43 000	59 000
Infrastructure - Road transport	-	-	48 107	40 000	103 547	103 547	-	-	-
Roads, Pavements & Bridges	-	-	48 107	40 000	103 547	103 547	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	12 517	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	7 317	-	-	-	-	-	-
Street Lighting	-	-	5 200	-	-	-	-	-	-
Infrastructure - Water	-	-	8 309	18 800	43 811	43 811	45 000	43 000	59 000
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	8 309	18 800	43 811	43 811	45 000	43 000	59 000
Infrastructure - Sanitation	-	-	3 358	3 000	3 000	3 000	-	-	-
Reticulation	-	-	3 358	3 000	3 000	3 000	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	2 412	-	-	-	-	-	-
Waste Management	-	-	1 765	-	-	-	-	-	-
Transportation	-	-	648	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	24 864	9 000	20 279	20 279	25 000	15 000	20 000
Parks & gardens	-	-	(197)	-	-	-	-	-	-
Sportsfields & stadia	-	-	16 059	9 000	18 860	18 860	25 000	15 000	20 000
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	3 418	-	-	-	-	-	-
Libraries	-	-	364	-	0	0	-	-	-
Recreational facilities	-	-	2 027	-	1 418	1 418	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	2 798	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	395	-	-	-	-	-	-

Table 58 - SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	10 064	7 000	1 803	1 803	7 800	4 700	-
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	2 960	-	-	-	-	-	-
Civic Land and Buildings	-	-	6 911	7 000	1 762	1 762	7 800	4 700	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	194	-	41	41	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	2 916	-	-	-	-	-	-	-	-
Computers - software & programming	2 916	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	2 916	-	109 631	77 800	172 439	172 439	77 800	62 700	79 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex	0.7%	0.0%	15.1%	10.4%	17.6%	17.6%	10.3%	8.2%	9.6%
Renewal of Existing Assets as % of deprecn*	0.6%	0.0%	21.3%	20.7%	45.8%	45.8%	14.4%	12.0%	15.3%

Table 59 - SA34c - Repairs and maintenance expenditure by asset class (continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	17 845	20 535	18 397	30 230	30 195	30 195	32 682	35 097	37 692
General vehicles	392	465	682	1 046	1 066	1 066	1 390	1 487	1 592
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	434	165	403	858	858	858	922	991	1 065
Furniture and other office equipment	-	0	2	13	13	13	14	15	16
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	498	645	679	747	747	747	812	873	938
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	1 595	1 473	1 646	8 496	8 496	8 496	9 133	9 818	10 554
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	14 926	17 786	14 984	19 070	19 015	19 015	20 412	21 913	23 527
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	174 695	193 336	210 612	290 863	293 739	293 739	332 807	367 884	406 857

Table 60 - SA35 - Future financial implications of the capital budget

Vote Description R thousand	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure							
Vote 1 - Directorate - Executive Support Services	-	-	-				
Vote 2 - Directorate - Municipal Manager	10 000	10 000	10 000				
Vote 3 - Directorate - Chief Operations Officer	94 650	80 486	80 300				
Vote 4 - Directorate - Chief Financial Officer	400	50	-				
Vote 5 - Directorate - Corporate Services	7 334	15 950	5 350				
Vote 6 - Directorate - Engineering Services	453 183	513 258	610 500				
Vote 7 - Directorate - Development Planning	135 600	51 700	56 000				
Vote 8 - Directorate - Health & Public Safety	2 750	10 300	8 000				
Vote 9 - Directorate - Community Services	51 041	86 500	55 710				
Vote 10 - Directorate - Miscellaneous	-	-	-				
Total Capital Expenditure	754 958	768 244	825 860	-	-	-	-
Future operational costs by vote							
Vote 1 - Directorate - Executive Support Services							
Vote 2 - Directorate - Municipal Manager							
Vote 3 - Directorate - Chief Operations Officer							
Vote 4 - Directorate - Chief Financial Officer							
Vote 5 - Directorate - Corporate Services							
Vote 6 - Directorate - Engineering Services							
Vote 7 - Directorate - Development Planning							
Vote 8 - Directorate - Health & Public Safety							
Vote 9 - Directorate - Community Services							
Vote 10 - Directorate - Miscellaneous							
Total future operational costs	-	-	-	-	-	-	-
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
List other revenues sources if applicable							
List entity summary if applicable							
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	754 958	768 244	825 860	-	-	-	-

Table 61 - SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
						Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
R thousand			3	3								
Vote 6 - Directorate of Engineering	Mayoral Projects	Various	Community	Infrastructure	-	-	-	-	-	-		
	Roads	Various	Infrastructure	Roads	82 686	105 482	183 547	173 000	207 500	205 000		New & Renew
	Sewerage	Various	Infrastructure	Sewerage	79 512	209 005	246 330	156 854	171 758	197 000		New & Renew
	Electricity	Various	Infrastructure	Electricity reticulation	57 802	31 117	84 732	61 329	58 500	103 500		New
	Street Lighting	Various	Infrastructure	Street Lighting	-	5 200	-	-	-	-		Renewal
	Vehicles	Various	Other Assets	Vehicles	115	16 498	2 645	-	-	-		New
	Water	Various	Infrastructure	Water reticulation	65 515	24 009	59 731	57 000	52 500	71 000		New & Renew
	Computer Equipment	Various	Other Assets	Computers	-	-	-	-	-	-		New
	Office Furniture & Equipment	Various	Other Assets	Office Equipment	284	-	-	-	-	-		New
	Building Upgrade	Various	Buildings	Buildings	-	126	-	-	-	-		New
	Building Upgrade	Various	Buildings	Vehicles	-	-	-	5 000	23 000	34 000		New
					-	-	-	-	-	-		
					-	-	-	-	-	-		
Vote 7 - Directorate of Development	Land	Various	Infrastructure	Land	1 319	4 985	25 864	20 000	5 500	-		
			Community	Infrastructure	-	-	16 255	-	-	-		New
	Transportation Infrastructure	Various	Infrastructure	Car Parks, Bus terminals & Taxi ranks	35 738	118 812	96 537	96 800	29 000	40 000		New
	Fleet	Various	Specialised Vehicles	Buses	-	-	-	-	-	-		New
	Computer Equipment	Various	Other Assets	Computers	-	-	-	-	-	-		New
	Office Furniture & Equipment	Various	Other Assets	Office Equipment	315	-	630	-	-	-		New
	Markets	Various	Other Assets	Buildings	4 449	2 960	357	-	-	-		New
	LED	Various	Other Assets	LED	1 615	17 848	5 136	11 000	15 000	16 000		New
			Infrastructure	Roads	-	-	21 200	-	-	-		New
	Other	Various	Other Assets	City Hall and Payments Hall	-	-	4 000	7 800	2 200	-		
					-	-	-	-	-	-		
Vote 8 - Directorate of Health & Pub	Land & Buildings	Various	Other Assets	Land & Buildings/ Fire Stations	4 739	800	12 409	750	5 300	5 000		New
	Land & Buildings	Various	Other Assets	Land & Buildings	-	-	841	1 500	3 000	1 000		
	Clinics	Various	Community	Clinics	1 602	3 034	-	-	-	-		New
	Vehicles	Various	Other Assets	Vehicles	185	450	627	-	-	-		New
	Office Furniture & Equipment	Various	Other Assets	Office Equipment	374	19	-	-	-	-		New
	Plant & Equipment	Various	Other Assets	Plant & Equipment	695	-	-	-	-	-		
	Computer Equipment	Various	Other Assets	Computers	41	92	-	500	2 000	2 000		New
	Other	Various	Other Assets	Other Assets	-	-	1 628	-	-	-		New
	Specialised Vehicles	Various	Other Assets	Vehicles(Fire Engines)	5 792	26 729	530	-	-	-		New
					-	-	-	-	-	-		
					-	-	-	-	-	-		
Vote 9 - Directorate of Community	Refuse	Various	Community	Refuse	494	7 616	61 482	1 000	36 500	28 710		New
	Sportsfields	Various	Community	Sportsfields	993	5 117	18 860	25 000	15 000	20 000		Renewal
	Halls	Various	Community	Halls	13 294	5 782	5 640	10 000	10 000	7 000		New
	Recreational Facilities	Various	Community	Recreational Facilities	705	1 000	2 000	3 000	5 000	-		New & Renew
	Other	Various	Other Assets	Other Assets	2 192	4 034	-	-	-	-		New
	Office Furniture & Equipment	Various	Other Assets	Office Equipment	65	-	-	-	-	-		New
	Computer Equipment	Various	Other Assets	Computers	397	-	-	-	-	-		New
	Plant & equipment	Various	Other Assets	Cemeteries	3 190	-	7 443	12 041	20 000	-		New & Renew
	Plant & equipment	Various	Other Assets	Boxing Gymnasium	-	-	-	-	-	-		New
	Sportsfields	Various	Community	Swimming Pool	88	(125)	-	-	-	-		New
	Other	Various	Community	Parks	-	1 330	918	-	-	-		
	Other	Various	Community	Library	-	-	-	-	-	-		
	Other	Various	Community	Vehicles	-	13 913	-	-	-	-		
	Other	Various	Community	Specialised Vehicles(Refuse Trucks)	-	16 260	-	-	-	-		
	Other	Various	Community	Resorts	-	-	500	-	-	-		
					-	-	-	-	-	-		
Entities:												
<i>List all capital projects grouped by Entity</i>												
Entity A	Water project A											
Entity B	Electricity project B											
Entity Capital expenditure												
Total Capital expenditure					399 110	725 646	978 103	754 958	768 244	825 860		

2.12 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has improved.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed eight (8) interns undergoing training in various divisions of the Directorate of Finance. Since the introduction of the Internship programme the City has successfully employed and trained 11 interns through this programme. Four of the interns have been appointed permanently within the BCMM Directorate of Finance and three other interns have been appointed in the private sector and tertiary 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.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be submitted to the Executive Mayor in April 2013..

6. Annual Report

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

7. Policies

The following draft related policies as set out in Annexure F are submitted to Council for approval:

- Asset Management Policy
- Capital Infrastructure Investment Policy
- Policy on Long-Term Financial Planning
- Funding and Reserves Policy
- Virement Policy

2.13 OTHER SUPPORTING DOCUMENTS

Table 63 - Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	442 803	469 811	544 082	608 833	608 833	608 833	593 173	674 843	752 450	837 477
less Revenue Foregone	16 304	17 117	22 152	24 834	24 834	24 834	22 504	27 640	30 819	34 363
Net Property Rates	426 500	452 694	521 931	583 999	583 999	583 999	570 669	647 203	721 631	803 114
Service charges - electricity revenue										
Total Service charges - electricity revenue	802 485	924 518	1 137 198	1 279 796	1 279 796	1 279 796	863 719	1 411 111	1 552 221	1 707 443
less Revenue Foregone										
Net Service charges - electricity revenue	802 485	924 518	1 137 198	1 279 796	1 279 796	1 279 796	863 719	1 411 111	1 552 221	1 707 443
Service charges - water revenue										
Total Service charges - water revenue	201 622	200 158	239 552	260 086	260 086	260 086	184 169	309 154	355 373	407 791
less Revenue Foregone										
Net Service charges - water revenue	201 622	200 158	239 552	260 086	260 086	260 086	184 169	309 154	355 373	407 791
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	145 648	166 162	183 646	203 478	203 478	203 478	203 497	225 407	249 075	274 730
less Revenue Foregone										
Net Service charges - sanitation revenue	145 648	166 162	183 646	203 478	203 478	203 478	203 497	225 407	249 075	274 730
Service charges - refuse revenue										
Total refuse removal revenue	139 256	157 219	175 341	199 627	199 627	199 627	132 154	223 880	251 865	282 845
Total landfill revenue										
less Revenue Foregone										
Net Service charges - refuse revenue	139 256	157 219	175 341	199 627	199 627	199 627	132 154	223 880	251 865	282 845
Other Revenue by source										
Fuel Levy		-	170 477	317 781	317 781	317 781	317 781	343 412	364 017	380 762
Electricity vending station commission	14 203	13 667	14 174	16 336	16 336	16 336	8 959	17 953	19 659	21 487
Fire levy charges	31 836	36 458	40 781	44 854	44 854	44 854	30 730	50 265	55 040	60 159
Plan approval fees	3 968	4 566	4 459	7 438	7 438	7 438	3 710	8 175	8 951	9 784
Reconnection fees	12 349	7 177	247	10 437	10 437	10 437	463	11 471	12 560	13 729
Electricity service connection fees	9 125	6 850	6 930	11 096	11 096	11 096	13 031	10 000	10 000	10 000
Vehicle registration	21 007	28 048	28 802	32 023	32 023	32 023	24 003	35 194	38 537	42 121
Other revenue	25 752	21 829	20 561	47 318	47 318	47 318	10 702	48 061	51 147	54 456
Internal transfers - Recoveries			-	-	-	-	-	-	-	-
Total 'Other' Revenue	118 240	118 595	286 432	487 284	487 284	487 284	409 381	524 530	559 912	592 497

Table 63 - Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	502 368	538 616	602 172	675 911	674 792	674 792	411 613	727 862	778 812	833 329
Pension and UIF Contributions	90 918	101 282	110 356	119 790	120 082	120 082	75 821	128 760	137 762	147 393
Medical Aid Contributions	33 670	37 665	40 410	46 513	47 076	47 076	27 680	51 447	55 049	58 902
Overtime	50 868	43 662	50 916	51 346	49 992	49 992	35 256	53 355	57 090	61 086
Performance Bonus	34 948	44 539	50 148	54 464	54 680	54 680	30 787	58 639	62 744	67 136
Motor Vehicle Allowance	13 063	17 522	18 718	23 611	23 610	23 610	12 301	25 087	26 843	28 722
Cellphone Allowance										
Housing Allowances	4 334	3 626	3 770	6 510	6 796	6 796	2 415	7 002	7 002	7 002
Other benefits and allowances	26 641	39 500	38 653	48 189	47 922	47 922	24 248	50 865	54 234	57 821
Payments in lieu of leave			25 320	13 861	13 861	13 861		5 681	6 078	6 504
Long service awards	9 477	10 888	12 194	13 133	13 983	13 983	8 805	14 876	15 917	17 031
Post-retirement benefit obligations					26 884	26 884				
sub-total	766 288	837 301	952 657	1 053 329	1 079 678	1 079 678	628 926	1 123 573	1 201 530	1 284 926
Less: Employees costs capitalised to PPE										
Total Employee related costs	766 288	837 301	952 657	1 053 329	1 079 678	1 079 678	628 926	1 123 573	1 201 530	1 284 926
Contributions recognised - capital					2 451	2 451				
Total Contributions recognised - capital					2 451	2 451				
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	516 523	431 395	514 808	376 528	376 528	376 528	251 019	539 235	520 342	517 147
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
Total Depreciation & asset impairment	516 523	431 395	514 808	376 528	376 528	376 528	251 019	539 235	520 342	517 147
Bulk purchases										
Electricity Bulk Purchases	487 511	634 092	787 947	906 781	906 781	906 781	604 969	975 200	1 053 216	1 137 473
Water Bulk Purchases	106 214	137 161	127 440	142 376	142 376	142 376	95 293	160 589	176 808	194 312
Total bulk purchases	593 724	771 253	915 387	1 049 157	1 049 157	1 049 157	700 262	1 135 789	1 230 024	1 331 786
Transfers and grants										
Cash transfers and grants	22 900	20 872	14 937	30 464	32 147	32 147	18 330	246 488	272 513	301 004
Non-cash transfers and grants										
Total transfers and grants	22 900	20 872	14 937	30 464	32 147	32 147	18 330	246 488	272 513	301 004
Contracted services										
<i>List services provided by contract</i>										
Contractor Payments	2 183	2 329	1 910	2 756	2 756	2 756	1 765	3 004	3 262	3 536
Co-Operatives Contracts	189									
Grass mowing	1 409	1 250	3 338	2 530	2 530	2 530	7	2 758	2 995	3 247
Landfill Contractor										
One-man contracts	4 564	2 321	1 592	3 736	3 736	3 736	1 327	4 072	4 423	4 794
Refuse Removal Contracts										
Transfer Contract		7		160	160	160		174	189	205
sub-total	8 345	5 908	6 840	9 182	9 182	9 182	3 099	10 009	10 869	11 782
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services	8 345	5 908	6 840	9 182	9 182	9 182	3 099	10 009	10 869	11 782

Table 63 - Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Other Expenditure By Type										
Collection costs	15 583	20 518	19 746	23 163	23 163	23 163	13 631	25 248	27 419	29 723
Contributions to 'other' provisions										
Consultant fees	21 378	22 381	20 986	34 578	32 782	32 782	5 411	33 696	33 696	33 696
Audit fees	(20 713)	(826)	7 329	8 374	8 260	8 260	8 175	9 004	9 778	10 599
Repairs and Maintenance	174 695	193 336	210 612	290 863	293 739	293 739	157 187	332 807	367 884	406 857
General expenses	190 744	146 088	137 014	173 237	180 527	180 527	100 022	184 141	186 534	189 090
List Other Expenditure by Type										
Bank charges	4 805	5 454	5 778	5 906	7 389	7 389	4 908	8 054	8 746	9 481
Chemicals and disinfectants	8 573	8 656	12 663	14 445	13 151	13 151	7 467	14 334	15 567	16 874
Computer licences	1 526	4 128	2 101	5 656	5 588	5 588	2 395	4 675	4 675	4 675
Conference and deputation	1 432	1 566	1 947	2 792	3 428	3 428	1 356	3 428	3 428	3 428
Departmental electricity costs	33 557	36 440	42 240	46 835	44 210	44 210	30 793	47 747	51 567	55 692
Essential user costs	10 162	10 472	11 863	13 939	13 673	13 673	8 655	14 903	16 185	17 544
Diesel fuel oil and petrol	24 062	24 807	30 790	26 367	26 614	26 614	16 653	36 753	47 779	62 112
Hired plant	15 912	22 089	25 217	18 928	18 808	18 808	11 800	18 808	18 808	18 808
Insurance	10 146	12 360	15 521	28 948	29 173	29 173	12 264	25 686	28 255	31 080
Levies - SALGA	3 972	4 534	9 500	10 000	10 000	10 000	9 800	10 300	10 800	11 300
Levies - Skills development	6 114	7 083	7 599	9 594	9 574	9 574	6 127	11 179	11 955	12 784
Poor relief	106 174	114 703	98 647	190 487	185 787	185 787	50 568			
Refuse bags	8 045	7 552	7 322	8 382	8 382	8 382	3 603	8 382	8 382	8 382
Departmental refuse removal costs	10 400	10 567	1 505	1 680	1 680	1 680	1 026	1 897	2 134	2 397
Rental - Offices (Trust Bank)	4 578	3 994	6 881	7 271	7 271	7 271	4 564	7 926	8 607	9 330
Departmental sanitary costs	3 761	3 856	3 844	3 704	3 704	3 704	1 920	4 108	4 539	5 006
Security services	15 696	19 884	386		643	643	144	701	761	825
Telephones	16 662	17 686	20 466	16 706	17 218	17 218	11 434	17 218	17 218	17 218
Travel and subsistence allowances	3 470	4 845	6 197	4 610	5 388	5 388	2 769	5 388	5 388	5 388
Uniforms	4 342	6 103	6 832	5 652	7 623	7 623	3 781	7 623	7 623	7 623
Departmental water costs	3 839	2 906	3 906	4 803	4 803	4 803	3 431	5 540	6 369	7 308
Housing Projects	78 201	103 225	31 956	114 389	72 826	72 826	8 288	216 741	392 797	429 552
Operating Projects	33 742	33 926	61 460	52 920	122 166	122 166	33 565	113 440	132 645	88 007
RDP housing	(20 632)	(29 865)	10 799							
Landfill rehab										
Internal charges										
Total 'Other' Expenditure	770 225	818 468	821 107	1 124 230	1 157 571	1 157 571	521 736	1 169 728	1 429 538	1 494 781
Repairs and Maintenance										
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure	174 695	193 336	210 612	290 863	293 739	293 739	157 187	332 807	367 884	406 857
Total Repairs and Maintenance Expenditure	174 695	193 336	210 612	290 863	293 739	293 739	157 187	332 807	367 884	406 857

Table 64 - Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Directorate - Executive Support	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Chief Operations	Vote 4 - Directorate - Chief Financial	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Engineering Services	Vote 7 - Directorate - Development Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Community Services	Vote 10 - Directorate - Miscellaneous	Total
R thousand											
Revenue By Source											
Property rates	-	-	-	647 203	-	-	-	-	-	-	647 203
Property rates - penalties & collection charges	-	-	-	1 539	-	-	-	-	-	-	1 539
Service charges - electricity revenue	-	-	-	-	-	1 411 111	-	-	-	-	1 411 111
Service charges - water revenue	-	-	-	-	-	309 154	-	-	-	-	309 154
Service charges - sanitation revenue	-	-	-	-	-	225 407	-	-	-	-	225 407
Service charges - refuse revenue	-	-	-	-	-	-	-	-	223 880	-	223 880
Service charges - other	-	-	-	670	-	29 555	-	-	3 263	-	33 489
Rental of facilities and equipment	-	-	81	-	-	-	10 003	-	5 396	-	15 480
Interest earned - external investments	-	-	-	77 940	-	-	-	-	-	-	77 940
Interest earned - outstanding debtors	-	-	-	26 736	-	-	-	-	-	-	26 736
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	12 781	149	-	12 930
Licences and permits	-	-	-	-	-	-	-	18 554	120	-	18 674
Agency services	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	363 358	0	24 407	36 196	88 405	12 164	-	524 530
Transfers recognised - operational	-	33 373	215 829	415 632	8 495	142 822	1 213	21 031	93 873	-	932 268
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	-	33 373	215 910	1 533 078	8 495	2 142 457	47 412	140 772	338 845	-	4 460 342
Expenditure By Type											
Employee related costs	34 692	17 290	19 048	141 181	88 145	285 577	80 395	188 392	268 854	-	1 123 573
Remuneration of councillors	48 519	-	-	-	-	-	-	-	-	-	48 519
Debt impairment	-	-	-	42 546	-	98 792	-	-	43 008	-	184 345
Depreciation & asset impairment	3 976	478	8 294	3 910	13 789	411 221	77 674	6 916	12 977	-	539 235
Finance charges	-	-	-	-	-	56 299	2 714	2 669	2 479	-	64 162
Bulk purchases	-	-	-	-	-	1 135 789	-	-	-	-	1 135 789
Other materials	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	4 559	-	-	5 449	-	10 009
Transfers and grants	17 966	-	-	55 780	-	55 257	-	18 657	98 828	-	246 488
Other expenditure	36 356	75 194	222 599	123 412	50 116	419 615	86 217	40 158	116 059	-	1 169 728
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	141 509	92 962	249 941	366 829	152 050	2 467 108	247 000	256 793	547 655	-	4 521 847
Surplus/(Deficit)	(141 509)	(59 589)	(34 032)	1 166 249	(143 555)	(324 651)	(199 588)	(116 021)	(208 810)	-	(61 505)
Transfers recognised - capital	-	10 000	94 650	-	100	426 183	130 600	2 000	51 041	-	714 574
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(141 509)	(49 589)	60 619	1 166 249	(143 455)	101 532	(68 988)	(114 021)	(157 769)	-	653 069

Table 65 - Table SA3 – Supporting detail to Statement of Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days	501 125	695 947	1 464 211	768 527	493 832	493 832	493 932	899 811	1 342 063	1 916 288
Other current investments > 90 days	–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	501 125	695 947	1 464 211	768 527	493 832	493 832	493 932	899 811	1 342 063	1 916 288
Consumer debtors										
Consumer debtors	754 368	834 337	994 976	1 115 059	1 115 059	1 115 059	1 314 575	1 459 178	1 619 688	1 797 854
Less: Provision for debt impairment	(347 274)	(531 929)	(528 896)	(759 037)	(759 037)	(759 037)	(583 896)	(530 241)	(469 135)	(399 493)
Total Consumer debtors	407 093	302 407	466 080	356 022	356 022	356 022	730 679	928 937	1 150 553	1 398 361
Debt impairment provision										
Balance at the beginning of the year	341 487	347 274	531 929	636 152	636 152	636 152	528 896	583 896	530 241	469 135
Contributions to the provision	25 214	211 019	58 231	215 000	215 000	215 000	215 000	184 345	203 074	223 598
Bad debts written off	(19 427)	(26 363)	(61 264)	(92 115)	(92 115)	(92 115)	(160 000)	(238 000)	(264 180)	(293 240)
Balance at end of year	347 274	531 929	528 896	759 037	759 037	759 037	583 896	530 241	469 135	399 493
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	12 350 604	19 023 110	19 749 738	13 638 793	13 638 793	13 638 793	20 149 738	21 049 738	21 949 738	22 849 738
Leases recognised as PPE	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	975 625	7 461 813	8 418 778	1 621 515	1 621 515	1 621 515	8 923 905	9 463 140	9 983 481	10 500 628
Total Property, plant and equipment (PPE)	11 374 979	11 561 297	11 330 960	12 017 278	12 017 278	12 017 278	11 225 834	11 586 599	11 966 258	12 349 111
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	30 740	45 760	41 997	41 533	43 981	43 981	49 970	54 633	46 097	50 709
Total Current liabilities - Borrowing	30 740	45 760	41 997	41 533	43 981	43 981	49 970	54 633	46 097	50 709
Trade and other payables										
Trade and other creditors	341 308	370 923	450 514	456 500	456 500	456 500	495 560	545 110	599 600	659 560
Unspent conditional transfers	267 286	346 142	787 666	550 000	550 000	550 000	866 400	953 040	1 048 300	1 153 130
VAT	–	–	–	–	–	–	–	–	–	–
Total Trade and other payables	608 594	717 065	1 238 180	1 006 500	1 006 500	1 006 500	1 361 960	1 498 150	1 647 900	1 812 690
Non-current liabilities - Borrowing										
Borrowing	507 668	646 503	605 246	605 731	647 177	647 177	597 207	542 574	496 477	445 768
Finance leases (including PPP asset element)	–	–	–	1 477	1 477	1 477	1 454	1 454	1 454	1 454
Total Non-current liabilities - Borrowing	507 668	646 503	605 246	607 208	648 654	648 654	598 661	544 028	497 931	447 222
Provisions - non-current										
Retirement benefits	261 332	280 764	341 426	341 000	341 000	341 000	375 100	412 610	453 870	499 260
List other major provision items	–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation	33 208	49 056	68 089	80 300	80 300	80 300	75 000	82 500	90 750	99 830
Other	103	103	103	–	–	–	–	–	–	–
Total Provisions - non-current	294 642	329 922	409 618	421 300	421 300	421 300	450 100	495 110	544 620	599 090
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	12 329 222	11 187 981	11 180 335	11 291 325	11 564 746	11 564 746	11 246 156	10 390 602	11 237 436	12 149 852
GRAP adjustments	(1 243 313)	(645 685)	–	–	–	–	–	–	–	–
Restated balance	11 085 910	10 542 296	11 180 335	11 291 325	11 564 746	11 564 746	11 246 156	10 390 602	11 237 436	12 149 852
Surplus/(Deficit)	(71 073)	(172 932)	135 216	603 434	763 394	763 394	771 389	653 069	726 724	911 410
Appropriations to Reserves	–	–	–	–	–	–	–	–	–	–
Transfers from Reserves	–	–	–	–	–	–	–	–	–	–
Depreciation offsets	573	573	573	202 249	202 249	202 249	202 249	489 964	473 299	470 784
Other adjustments	66 725	865 006	(13 314)	(532 263)	(1 284 233)	(1 284 233)	(1 829 192)	(296 199)	(287 606)	(336 585)
Accumulated Surplus/(Deficit)	11 082 133	11 234 943	11 302 811	11 564 745	11 246 156	11 246 156	10 390 602	11 237 436	12 149 852	13 195 461
Reserves										
Housing Development Fund	–	–	–	–	–	–	–	–	–	–
Capital replacement	–	–	–	–	–	–	–	–	–	–
Self-insurance	–	–	–	–	–	–	–	–	–	–
Other reserves										
Revaluation	16 621	16 048	15 475	19 360	19 360	19 360	17 030	18 730	20 600	22 660
Total Reserves	16 621	16 048	15 475	19 360	19 360	19 360	17 030	18 730	20 600	22 660
TOTAL COMMUNITY WEALTH/EQUITY	11 098 756	11 250 991	11 318 286	11 584 105	11 265 516	11 265 516	10 407 632	11 256 166	12 170 452	13 218 121

2.14 CITY MANAGER'S QUALITY CERTIFICATE

I **ANDILE FANI**, City Manager of Buffalo City Metropolitan 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 **ANDILE FANI**

City Manager of Buffalo City Metropolitan Municipality (EC 125)

Signature _____

Date _____