



**2013/14 TO 2015/16  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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# Part 1 – Annual Budget

## 1.1 Mayor's Budget Speech

Madam Speaker

Chief Whip

Traditional Leaders

Leaders of Political parties in our midst

Fellow Councillors

Municipal Manager and the entire administration

King Sabata Dalindyebo Municipality Community

Media

Ladies and gentlemen

On this occasion of the adoption of budget, I deem it appropriate to remind us all about the objects of Local Government as outlined in the Republic of South Africa Act 108 of 1996 Section 152 subsection 1, which reads thus:

-(1) The objects of local government are-

- a) to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organisations in the matters of local government.

(2) A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

In collaboration with this, the Municipal Structures Act 117 of 1998 in Section 19 has the following to say:

(1) A municipal council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution.

(2) A municipal council must annually review-

- (a) the needs of the community;
- (b) its priorities to meet those needs;
- (c) its processes for involving the community;

- (d) its organisational and delivery mechanisms for meeting the needs of The community; and
- (e) its overall performance in achieving the objectives referred to in Subsection 1.

As a Municipality we must at all times, seek to promote participation by, and accountability to the local communities we serve. We have the duty to ensure that in the utilisation of our resources we strengthen community structures such as Ward Committees, where people get the opportunity to raise their views and concerns with the Municipality. In pursuing this further, we shall establish Ward Offices and equip them with human and other resources to ensure access of people to government.

This will enable us to abide with our responsibility of creating accountable and democratic government for local communities.

The mobilisation of resources will become a primary focus in order to ensure that we are able to push the programs aimed at uplifting the standard of living for our communities.

We will have to pay focus on revenue enhancement. We have set aside resources to strategize on how we can tap on new revenue items. This will be complimented with the cutting of non-core expenditure and prioritisation of projects and expenditure items. The recent launch of IGR will ensure a coordinated allocation of resources among government departments to avoid the repetition of the same programs on same communities.

We have long outstanding debts owing to us by various debtors. We must reengage our offensive to collect this debt. Currently our debt is seated over R200 Million, and we intend to cut it by half in the current financial year. This will increase our muscle to cater for capital expenditure.

In order to address our reputation on Audits, we will invest in putting-up controls and mechanisms to enforce compliance with policies and regulations to ensure accountability.

The municipality will develop and review HR systems to ensure effective implementation within the framework of HRD strategy. Additional to this, an institutional Performance Management System for personnel will be developed to ensure improved performance and productivity of the staff. We will embark on skills development programmes to capacitate the workforce, councillors and community members to enhance the municipality's capacity.

It is essential to review the municipality's organisational structure in order to align it with the newly adopted 5yr municipal strategy.

In order to improve on information management, the municipality will develop and implement an integrated document management system. This will ensure that the audit queries that are as a result of lost information and documentation are averted.

In compliance with legislation, the municipal website must at all times be kept running, updated and fully compliant with the legislated framework regulating local government.

#### Human Settlements and Infrastructure

Breaking New Ground defines sustainable human settlements as “well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence and result in sustainable development, wealth creation, poverty alleviation and equity”. The development of sustainable human settlements go beyond the development of houses, and should also include appropriate social and economic infrastructure, offer a variety of options in appropriate housing solutions to choose from (e.g. different tenure forms), and should contribute to spatial restructuring.

The 2005 Housing Development Plan (which is under review), reported backlogs estimated to be 16 385 for urban areas and 44 677 for rural areas. The number of households living in inadequate shelter is 16 385 in Mthatha and 3 830 in Mqanduli urban area. The total demand is estimated to be in the order of 22 000 taking into account an estimate of 10 %.

Under the BNG mould the following programmes are being implemented over the MTEF period:-

Informal Settlement Upgrading Programme (ISUP) valued at R86 Million (6600 sites)

List of Projects include:-

- Mandela Park, Chris Hani & Joe Slovo - 3350 sites
- Phola Park - 1400 sites
- Ngangelizwe - 1850 sites

Greenfields Settlements Programme valued at R24 Million (6500 sites)

List of Projects include:-

- Projects A (Maydene Farm) – 2063 sites
- Project B (Transkei United Dairies)- 1795 sites
- Project C (Zimbane Valley)- 2642 sites

In-Situ Upgrading Programme valued at R17 Million (200 houses)

- Ngangelizwe alternative technology housing -200 houses

Ractification Programme

List of Projects include:-

- Maydene Farm 969 houses
- Zimbane Valley 1482 houses

- Ilitha 463 houses
- Waterfall Park 450 houses
- Waterfall Consolidation phase 233 houses

Multi Purpose Community Centre R28 Million

Two projects:-

- Ngangelizwe MPCC –
- Mqanduli MPCC -

Spatial Planning Programme (R3,2 Million)

- Planning and Survey projects- R2,7 Million
- Review of KSD SDF- R500 000
- Geographic Information System- R750 000
- Development Applications Management System R100 000

It is our intention to raise funds and develop Local Spatial Development Frameworks for Mqanduli, Vidgesville and Coffee Bay/ Hole in the Wall Coastal Area. It is also imperative that a new integrated Land Use Management System should be developed for the entire municipal area.

Land Administration : The municipality has challenges with regards to land matters including, land invasion, claims, suitable land for cemetery and waste disposal site. The interventions to be implemented include speeding up Land Disposal Policy, speedily resolution and finalisation of pending land claims.

Building Management and Public Advertising: The enforcement of town planning scheme, municipal by-laws and building regulations still remains a challenge in the municipality. A process of reviewing policies, by-laws in the area Public and Outdoor Advertising, Bed and Breakfast and Caravan and Containers with a view of closing gaps and improving enforcement will be implemented.

On Local Economy;

Almost 69% of the KSD economy contributes to OR TAMBO's Gross Geographic product and the following are worth noting:

There is a high consumer spend in the area that should be a catalyst for agricultural production and agro processing. On the other hand the KSD economy teems with opportunities for investments in areas such as Agriculture both livestock, field crops and horticulture sector.

Business Tourism is booming in the city of Mthatha. There is a need to ride on this wave to promote lifestyle tourism by organizing KSD unique events to extend the stay of business tourists. Furthermore the pristine beaches, beautiful scenery and natural beauty are a great attraction that beckons a savvy investor to develop viable tourism products.

The focus by both national and provincial government through massive infrastructure development in the area provides an opportunity for construction business and retail to increase local content in the execution of these activities.

To respond to the abovementioned challenges and take advantage of inherent and immense potential the following strategic initiatives are to be taken:

For a long term, the following programmes will start in the next financial year but continue for two or more years:

- Capacity building programme for entrepreneurs and community project beneficiaries
- The Special economic zone – an area based economic stimulation receiving DTI incentives and other public sector assistance
- The Coffee Bay small town regeneration will mainly be dealing with investment and project preparation and packaging so as to attract investment into the area.

On the Short term, the overall operating and capital budget for the current year of R25 million has been set aside.

The budget is mainly for leveraging financing from public and private sectors. Key initiatives include

- Piloting Mqanduli as an agri-business zone that focuses on maize production processing and marketing as well as livestock improvement and the horticultural sector. Seventeen coops will be the first target of technical and financial assistance. Key partners include Department Rural Development and Agrarian Reform (Provincial) and the DTI : Budget 5.1 million
- To take advantage of the massive infrastructure investment by both the National and Provincial governments (Medical Hospital Up-grade, NHI Pilot, Mzimvubu River Development, Rail Linkage), KSD will embark on an aggressive skilling of our Local Contractors and Artisans - 50 artisans and 25 contractors. Key partner here will be FET College. KSD will ring-fence some of its construction budget for the training of these emerging contractors to improve their CIDB rating.
- Special attention on the up-grading and refocusing the Vulindlela Heights Industrial Park (Light Industry, Manufacturing and Logistics Hub) will be undertaken to cater for the burgeoning

retail sector. A feasibility study to determine the scope and budget of this project is being conducted.

- For Youth in KSD the municipality has targeted sport in a big way namely the establishment of a sport academy, up-scaling the Mayors Cup particularly at ward level. The much awaited KSD Month forges forward to continually improve Miss KSD and the performing and visual arts festival. Budget being R900 000

- Branding KSD around its stalwarts – King Sabata Dalindyebo, Dr Nelson Mandela and others as feature of our tourism destination marketing. The unique feature of the Hole in the Wall is to be promoted and developed to be a National Heritage site to enhance its iconic status.

#### Basic Service Delivery & Infrastructure

As KSD Municipality has a long term vision derived from Vision 2030 Master plan, it was then prudent for the attainment of the vision to develop a 5 year Strategic plan. Such would enable us to develop short to medium term visions towards the attainment of the five systems constituting the Master Plan. Amongst other things, we shall vigorously pursue the establishment of local strategic partnerships (as part of IGR), constituting the framework for implementation of the five Master Plan Systems. Infrastructure is the basic imperative for success for each of the systems in the Master Plan.

Infrastructure is having a negative impact on all development initiatives and the economy of Mthatha, especially that Mthatha is the economic hub of the Region. There is the continuous decay and collapsing of infrastructure, lack or shortage of capital injection for maintenance of infrastructure ie. electricity, roads, water and sanitation which is reaching the climax. In recognition of that imperative, also highlighted in the Scenario Plan to which the Master Plan was subjected, a presentation of this huge infrastructure challenge was presented to the Presidency through the Master Plan.

In regards to electricity, we are confronted with infrastructure that has outlived its design capacity (some 40 years) and overloaded cable system due to high consumption demand. This is a serious cause for intermittent electricity outages in the Mthatha area. As a result, we had to elevate electricity, as one of the key catalytic projects of the on-going Presidential Revitalisation Programme.

However, there is a significant progress in electricity upgrade including; sourcing of Transformers for Sidwadwa and Thornhill Sub Stations, upgrade of electricity cables (66 KV Cables), upgrading of street lighting and development of Electricity Master Plan which is 80%



complete. The currently funded on-going projects for improvement of electricity supply to consumers total to R125, 780 million of which 41% of works are complete. It should be noted that funding is from both KSD Municipality and DOE. Over and above the allocated budget, we already have commitments to the extent of R128, 390 million for rural electrification over the MTEF.

In regard to roads, an engineering report reveals that 90% of Mthatha & Mqanduli surfaced road network has deteriorated beyond pothole repair requirements. Pavement conditions both in Mthatha & Mqanduli vary from fair to very poor in the CBD and has been realised that roads do not cater for large number of pedestrians in addition to heavy congestion in the CBDs of both Mthatha and Mqanduli. As part of Mthatha Revitalisation Programme, the total required cost for road rehabilitation in 13 identified areas is R871 million in total. However, road funded and currently under implementation projects total to R872 million which includes, widening of N2 Mthatha Bridge including improvement of Sprigg Street, Elliot Street, and all streets connecting Madeira Street. We have proposed a budget of R177 m over the MTEF, from which we intend to construct 100 km of roads in various rural wards in the 2012/13 financial year. This will include a bridge over Siqikini connecting KSD and Nyandeni, which we will handle in IGR terms.

May we mention that we are currently at the completion of the 72 km target for the current financial year, having completed 69 km.

The Mthatha Airport is currently undergoing an upgrade of 3 km runway as part of the Presidential Revitalisation Program.

Tariff increases for the 2012/12 Financial Year and budget summary.

It is worth noting that the municipality in its attempt to deliver basic services to the community should ensure that services rendered are affordable. Other than electricity and refuse removal charges tariffs are to increase by 6% as recommended by National Treasury (Circular 58 and 59).

#### Electricity

The municipality has increased the tariff by 11.03% as recommended by NERSA despite the increase of 13.5 % announced by ESKOM.

#### Refuse

Refuse removal tariffs have been increased by 7% mainly due the continued failure by this trading section of the municipality to breakeven. Refuse removal costs triple the income collectable by the division.

The overall revenue budget is set at R 661 million and current expenditure is set at R652 million and contributions to capital outlay of R8.6 million.

Budgeted revenue comprises of own revenue amounting to R499 million and operational grant funding of R162 million.

Budgeted capital expenditure is set at R119 million of which R90 million is funded by capital grants, R20 million by a loan and R8.6 million out contributions from our own generated funds.

It also worth noting that we should be matching infrastructure grant pound for pound and the municipality cannot afford that unless we increase our revenue base and have surpluses to fund the infrastructure challenges

As a result of that intervention, major investments by public Institutions has now commenced. A significant progress has been made in basic service delivery in the current financial year. A new library was officially handed over in Ward 29 and a satellite library has been established in Ward 24.

Upgrading of Savoy Park in Ward 7 is in progress and Greening of Qunu, Mvezo and the Airport is underway. I would like to bring to the attention of the Council that these Greening Projects are designed to be labour intensive so as to create more jobs.

According to our records, more than 1774 jobs have been created through EPWP Environmental Projects. It is so unfortunate that some of these contracts are coming to an end by June 2012. As part of our responsibility to sustain these jobs, we have encouraged the beneficiaries to form Co –operatives and to become Household Contractors so that they can benefit in Community Services Community Based Projects: A budget of R2 million is proposed for 2012-13 financial year to cater for these Community Projects through EPWP. These projects will be implemented in partnership with Department of Public Works. The following projects have been registered for EPWP with job creation of about 1000 jobs:

- Working for Waste Projects
- Development of Parks and Beautification of Spaces
- Household Cleaning Projects

Mthatha & Mqanduli landfill sites in Ward 4 and Ward 29 is under rehabilitation so as to meet Department of Environmental Affairs Minimum Requirement for operating the landfill site. A budget of R2 million is proposed for the rehabilitation of the 2 landfill sites towards closure. Potential sites for the new landfill site have been identified, we will be conducting feasibility studies to verify whether the land is suitable for the landfill site. The department is in the process of identifying land for the new cemetery.

Our target is to increase the number of households that have access to refuse collection by 6600 houses focusing on Mthatha West and Coffee Bay. We have proposed a capital budget of R1, 6 million for Community Services Capital Projects. These projects include:

- Upgrading of ablution facilities in Mthatha & Mqanduli
- Upgrading of Cleansing Depot
- Establishment of Community Parks
- Establishment of Municipal Kitchens in Mthatha and Mqanduli
- Procurement of waste receptacles for Mthatha, Mqanduli & Coffee Bay
- Fencing of the Landfill site
- Fencing of Main Cemetery
- Upgrading of main swimming pool

To increase revenue, a Turn-around Strategy for Cost Recovery on Waste is developed for implementation. This will include hikes on electricity, refuse and other tariffs.

These are budgeted at R62, 5m

On Public Safety we intend to make the following interventions:

On Crime Prevention

We want to increase the levels of safety among citizens, to protect Senior Citizens and the disabled. We want to prevent and combat crime in our communities, and provide security to preserve the Tourist Industry.

This we will achieve through:

- Visible policing along tourist routes,
- Management of Public Space to provide safe and secure environment, including Crime Surveillance (CCTV)
- Crime mapping,
- And; increase in the number of Municipal policemen.

In a bid to improve road safety

We shall in addition to the upgrade on roads infrastructure, train Children on Road Safety. We will conduct an audit on hazardous locations and provide an IT based mobile truck with robot facilities.

With regard to Fire and Disaster Services, significant progress has been made in Fire & Disaster Services in Mqanduli. A budget has been set aside for establishment of Disaster and Fire Centre in Mqanduli.

On Youth development we intend to concentrate on the following:

- Skills development training.

- Job readiness workshops.
- Revive KSD Youth Council.
- Assist in the establishment of youth cooperatives.
- Establish a fully fledged Youth Office through a partnership with the National Youth Development Agency.

We will continue with our commitment to addressing the challenges facing the future of our Nation.

Through our Special Programs Unit, we will provide developmental coordination of services for the people with disabilities and ensure access to a comprehensive, well organised service delivery systems that will enhance their independence and advance their integration into the mainstream society.

Following will be the programs for specific performance:

- Establishment of Ward Disability Forums.
- Develop a policy on people with disability.
- Mainstream disability developmental programmes; and
- Create a friendly environment for people with disabilities

We intend to promote livelihood opportunities that are women biased from disadvantaged backgrounds towards sustainability and self-reliance on Women.

The following programmes will spearhead our gender offensive:

- Resuscitation of the Gender Forum and implementation of the Gender Development Strategy.
- Engagement of the community on Days of National Importance.
- Mainstreaming gender issues throughout the organisation.

We will continue with our programmes aimed at empowering Older Persons through the improvement of access to wellness and recreation opportunities, civil rights campaigns and capacity building initiatives.

We shall:

- Embark on awareness raising campaigns.
- Sustain older person's forum.
- Coordinate wellness activities
- Establish and maintain cooperation between older person's associations.

We have in the current financial year been activists in fighting the scourge of HIV/AIDS. Partnering with Non-Profit organisations hosted activities generating funds to assist the people who are infected but are not qualified to get grants. 30 Families were beneficiaries. We have

trained 100 people from Support Groups, and Non-profit organisations in the areas of Mthatha and Mqanduli for Handling new HIV infections.

In a bid to pursue this we will:

- Establish and train Ward Aids Forums.
- Observe government calendar programmes
- Establish relations with the social cluster departments and NGOs
- Mainstream HIV/AIDS programme with the developmental agenda of the Municipality.
- Revive our HIV/AIDS Strategy.

An amount of R2, 1 m has been set aside to pursue these very special programmes.

We share from very limited resources. How we share, will determine how we regard ourselves as a united people.

I thank you.

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## 1.2 Council Resolutions

On the 27 March 2013 the Council of King Sabata Dalindyebo Local Municipality met in the Council Chambers of King Sabata Dalindyebo Hall to consider the draft annual budget of the municipality for the financial year King Sabata Dalindyebo.

1. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes for consultation the draft budget.
  - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 17;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 9 on page 18;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 10 on page 19; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 11 on page 20.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, and asset management are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 12 on page 21;
    - 1.2.2. Budgeted Cash Flows as contained in Table 13 on page 22;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 15 on page 24;
    - 1.2.4. Asset management as contained in Table 16 on page 25; and
2. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
  - 2.1. the tariffs for property rates – as set out in Table 3,
  - 2.2. the tariffs for electricity as set out in Table 4
3. The Council of King Sabata Dalindyebo Local Municipality, 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 Annexures G1 to G21 respectively.

4. To give proper effect to the municipality's annual budget, the Council of King Sabata Dalindyebo Local Municipality approves:

- 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

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### 1.3 Executive Summary

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

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

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

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

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to re-priorities projects and expenditure within the existing resource envelope given the cash flow realities.
- The increased cost of bulk electricity due to tariff increases from Eskom, which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff as well as the need to fill critical vacancies and the placement of staff. ;

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 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

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



**Table 1 Consolidated Overview of the 2012/13 MTREF**

	Current	Budget year	Increase	% In	Budget Year +1	Increase	%	Budget Year +2	Increase	%
	2012/13	2013/14			2014/15			2014/15		
	R' 000	R' 000	R' 000		R' 000	R' 000		R' 000	R' 000	
Revenue	862 863	920 575	57 712	7%	865 676	-54 899	6%	965 166	99 490	11
Operating Expenditure	839 764	896 651	56 887	7%	948 350	51 699	6%		54 470	6%
<b>Surplus</b>	<b>23 099</b>	<b>23 924</b>	<b>825</b>	<b>4%</b>	<b>(82 674)</b>	<b>(83 499)</b>		<b>(37 654)</b>	<b>1002 820</b>	
Contribution to capital outlay	24 000	23 724	276	-1%	25 005	1281	05%	26 355	1350	5%
Capital Expenditure	275 722	222 850	31 288	-11%	95 626	21 584		111 163	15 537	
Total Capital expenditure	299 722	246 574	31 564		120 613	22 865		137 518	16 905	

Total operating budget has grown by 7% **R57 million** for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget and continue to grow at an average 6% over the MTREF.

The capital budget of R222 million for 2013/14 is R52 million less than the 2012/13 Adjustment Budget.

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## 1.4 Operating Revenue Framework

For King Sabata Dalindyebo to continue improving the quality of services provided to its citizens it needs to generate the required revenue. This is vital as there is a high rate of employment in the area and high levels of indigence. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The municipality is faced with development backlogs and poverty.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 % 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);
- Attempts to achieve a full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

Table 2 Summary of revenue classified by main revenue source

AUDITED ACTUALS	CURRENT YEAR			MTREF FORECAST					
	Original Budget	Prior Adjusted	Adjusted						
2011/12	2012/13	2012/13	2012/13	2013/14	2014/15		2015/16		
R' 000	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000		
<b>OPERATING REVENUE</b>									
Property Rates	128 537	137 241	137 241	138 454	146 761	155 567	6%	164 901	6%
Electricity	195 363	221 989	221 989	221 989	239 748	258 928	8%	279 642	8%
Refuse	17 818	23 595	23 595	19 662	21 038	22 511	7%	24 086	7%
Rent Of Facilities And Equipment	12 505	14 000	14 003	14 003	14 843	15 734	6%	16 678	6%
Interest Earned - External Investments	9 483	3 949	3 949	8 284	9 381	9 308	-1%	9 867	6%
Interest Earned - Outstanding Debtors	27 209	22 316	22 316	22 316	23 655	25 074	6%	26 579	6%
Other Service Charges	4 669	4 383	4 383	5 933	6 691	6 666	0%	7 066	6%
Fines	1 607	2 140	2 140	3 397	3 601	3 817	6%	4 046	6%
Licenses & Permits	11 011	14 431	14 431	14 431	15 297	16 214	6%	17 187	6%
Grants & Subsidies Received - Operating	248 348	173 559	199 326	199 434	209 939	221 488	6%	268 905	21%
Grants & Subsidies Received - Capital	72 605	-	-	151 924	193 399	95 626	-51%	111 163	16%
Other Revenue	9 538	34 123	65 375	63 038	36 224	34 744	-4%	35 048	1%
Gain On Disposal Of Property, Plant & Equipment	506	-	-	-	-	-		-	
Fair Value Adjustments	10 574	-	-	-	-	-		-	
<b>Total Operating Revenue Generated</b>	<b>749 769</b>	<b>651 726</b>	<b>708 748</b>	<b>862 863</b>	<b>920 575</b>	<b>865 676</b>		<b>965 166</b>	<b>11%</b>

- Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise approximately 44% total revenue mix. There represents an increases of about R28 million.
- Operating grants and transfers totals R209 million in the 2013/14 financial year.
- The percentage increase of both Eskom bulk tariffs of 8 % is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity is largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. The municipality has hit the ceiling in terms of the prepaid sales to commercial and that is an area that will need further consultations with NERSA.
- It must also be noted that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.
- National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 64, 66 & 67 deal, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. The implementation of these regulations was done 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 rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy. In this regard the following stipulations are relevant:
  - For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent 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 to exceed

the amount equal to twice the annual state pension as approved by the National Government for a financial year.

- - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents 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.

**Table 3 Comparison of proposed rates to levied for the 2011/12 financial year**

	<b>2009/2010</b>	<b>2011/2012</b>			<b>2012/2013</b>		<b>2013/2014</b>	
<b><u>RATE</u></b>								
<b><u>Proposed increment 2011/12 at 6%</u></b>								
General Rate								
Domestic (cents in a Rand)	0.80	0.85	Cents in a Rand	0.96	Cents in a Rand	1.02	Cents in a Rand	
Business/ Commercial (cents in a Rand)	1.60	1.69	Cents in a Rand	1.92	Cents in a Rand	2.04	Cents in a Rand	
Government/ Parastatals (State Owned) (cents in a Rand)	2.20	2.33	Cents in a Rand	2.64	Cents in a Rand	2.80	Cents in a Rand	
Agricultural (cents in a Rand)	0.80	0.85	Cents in a Rand	0.96	Cents in a Rand	1.02	Cents in a Rand	
PSI (cents in a Rand)	1.60	1.69	Cents in a Rand	1.92	Cents in a Rand	2.04	Cents in a Rand	
Parking Development Rate (cents in a Rand)	0.118063	0.124792591		0.15	Cents in a Rand	0.16	Cents in a Rand	

**The recommended increase in property rates is set at 6% in line with the NT guidelines.**

## 1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8 per cent increase in the Eskom bulk electricity purchases by municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 8 per cent as recommended by NERSA from 1 July 2013. Furthermore, it should be noted that in terms of Circular 67 the increases will be finalized before the end of much and a circular to that effect will be sent / communicated to the municipalities.

The following table shows the impact of the proposed increases in electricity tariffs:

**Table 4 Comparison between current electricity charges and increases.**

	2012/13	2013 /14	2012/13				2013/14		
			Block 1	Block 2	Block 3	Block 4	Block 1	Block 2	Block 4
<b>DOMESTIC PREPAYMENT</b>									
Domestic High demand Charge (per KWH)	Tariff 1 R0.77983/KWH	0.9514 /Kwh	0.66	0.82	1.09	1.29	0.71	0.89	1.39
Domestic Low demand charge per (kwh) (Indigents)	Tariff 2 R0.058823/KWH	0.6755 /Kwh	0.66	0.82	1.09	1.29	0.71	0.89	1.39
<b>COMMERCIAL Conventional</b>									
	2010-2011	2011-2012			2012/13				2013/14
Basic Charge/month	R160.58/ Month	R 195.91 /MONTH	/MONTH		264.02 /MONTH				285.14 /MONTH
Energy Charge	R0.72268C/KWH	R 0.88 C/KWH	C/KWH		135 C/KWH				145.80 C/KWH
<b>COMMERCIAL PREPAYMENT</b>									
Energy Charge ( per KWH)	R0.91500/KWH	112.00 C/KWH	C/KWH		149.89 C/KWH				161.88 C/KWH
Small (Tariff 3)	R0.91500/KWH	112.00 C/KWH	C/KWH		149.89 C/KWH				161.88 C/KWH
Big (Tariff 4)	R0.91500/KWH	112.00 C/KWH	C/KWH		149.89 C/KWH				161.88 C/KWH
<b>LARGE POWER USERS = 100kVA</b>									
Basic Charge/month		R 599.63			R 808.11				872.76
Energy Charge (per KWH)	R0.06178/KWH	0.07537 /KWH	C/KWH		R 1.02 C/KWH				1.10 C/KWH
Demand Charge/ KVA	R108.78/KVA	R 132.71 /KVA			R 178.85				193.16
<b>LARGE POWER USERS (over 100KVA)</b>									
Basic Charge per month	R448.27/ Month	R 546.89			R 737.03				795.99
Energy Charge	0.025/ KWH	R 30.00 C/KWH	C/KWH		R 40.43 C/KWH				43.66 C/KWH
Demand Charge (per KVA)	108.78/ KVA	R 132.74 /KVA	/KVA		R 178.89 /KVA				193.20 /KVA

It should further be noted that NERSA has given a directive that the stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidize the lower consumption users

(mostly the poor). The municipality has hit the ceiling in terms of the prepaid sales to commercial and that is an area that will need further consultations with NERSA.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

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.

### **1.4.3 Solid Waste Removal and Impact of Tariff Increases**

Currently solid waste removal is operating at a deficit. It is recommended that the municipality work towards recouping the costs associated with the rendering of this service and as such tariffs should be cost driven. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The Municipality 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 hiring costs, increases in general expenditure and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 7 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 significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

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

**Table 5 Comparison between current waste removal fees and increases**

<b>SOLID WASTE : Proposed increment 7%</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
Refuse Removal : Full Level of Service			
<b>Annual Charges</b>			
Domestic (2 bags or bins once per week)	1 703.86	1823.13	1932.52
Commercial/Industrial/Institutional (2 bins or bags once per week)	3 427.18	3667.08	3887.11
Per additional bag or bin	1 703.86	1823.13	1932.52
Per additional service removal per week	3 427.18	3667.08	3887.11
Refuse Removal : Full Level of Service			
<b>Monthly Charges</b>			
Domestic (2 bags or bins once per week)	143.74	153.80	
Commercial/Industrial/Institutional (2 bins or bags once per week)	3.54	3.79	
Per additional bag or bin	143.74	153.80	
Per additional service removal per week	289.08	309.32	
Refuse Removal : Basic Level of Service			
<b>Annual Charges</b>			
Domestic	973.63	1041.78	
Business/Industry	2 278.29	2437.77	
Government Institutions	2 278.29	2437.77	
Coffee Bay & Hole-in-the-Wall			
Refuse Removal : Basic Level of Service			
<b>Monthly Charges</b>			
Domestic	82.22	87.98	
Business/Industry	191.81	205.24	
Government Institutions	191.81	205.24	
<b>Sales</b>			
Plastic Refuse bins (each)			
Plastic Refuse Bags (per pack)			
<b>Skips</b>			
Rental per skip per month	642.50	687.48	
Rental per skip per year	7 620.98	8154.45	
Charge per clearance of skip	452.21	483.86	
		0.00	
<b>Excess Refuse</b>			
		0.00	
Garden Refuse (per 2.5lt load)	270.94	289.91	
Removal of scrap vehicles (per vehicle load)	379.36	405.92	
Hire of skip container per day	205.96	220.38	
<b>Penalty for Illegal Dumping : Proposed increment at 7%</b>			
Garden and/ or domestic refuse	300.20	321.21	
<b>Trolley Bins</b>			
Rental (per bin per month)	300.20	321.21	
Charge per clearance	300.20	321.21	

#### 1.4.4 Other direct income

The tariff increase on direct income is budgeted for at 6% in line with the recommendations per circulars 66 and 67.

### 1.5 Operating Expenditure Framework

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

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

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

**Table 6 Summary of operating expenditure by standard classification item**

	AUDITED AC	CURRENT YEAR			MTREF FORECAST		
		Original Bu	Prior Adjus	Adjusted			
	2011/12	2012/13	2012/13	2012/13	2013/14	2014/1	2015/16
<b>OPERATING EXPENDITURE</b>	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Employee Related Costs	226 442	227 940	242 969	242 414	259 855	276 746	294 735
Remuneration Of Councillors	17 521	17 829	17 829	19 052	19 068	20 307	21 627
Bad Debts	22 132	16 932	16 932	56 932	68 162	71 842	75 722
Collection Costs	6 901	2 877	2 877	5 784	6 108	6 438	6 785
Indigent Subsidy	26 198	4 400	8 827	8 827	20 000	21 080	22 218
Depreciation	179 044	24 076	24 076	136 000	125 237	132 000	139 128
Repairs And Maintenance - Municipal Assets	21 274	35 686	37 535	35 216	38 323	40 392	42 573
Interest Expense - External Borrowings	5 093	6 001	6 001	4 910	5 242	5 525	5 823
Bulk Purchases	144 976	169 478	169 478	169 478	183 037	192 921	203 338
Security Services	7 153	6 419	6 419	8 264	8 458	8 915	9 396
Management Fees	3 181	3 652	3 552	1 741	-	-	-
Grants Expenditure		2 309	20 297	18 712	15 839	16 694	17 595
General Expenses - Other	112 993	124 784	128 494	132 433	147 524	155 490	163 887
Loss On Disposal Of Property, Plant & Equipment					-	-	-
Leave Gratuity Provision		674	674				
Contributed Asset	4 746	8 668	22 786	23 100	23 724	25 005	26 355
<b>Total Operating Expenditure</b>	<b>777 656</b>	<b>651 726</b>	<b>708 748</b>	<b>862 863</b>	<b>920 575</b>	<b>973 355</b>	<b>1 029 183</b>
<b>Operating Surplus/(Deficit)</b>	<b>(27 886)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>(107 679)</b>	<b>(64 017)</b>



### **1.5.1. Employee related costs.**

The budgeted allocation for employee related costs for the 2013/14 financial year totals R259 million after an increase of 6.95 %.

### **1.5.2. Remuneration of councilors**

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The budget for this expenditure is set at R19 million after affecting an increment of 6.95%.

### **1.5.3. Debt impairment**

The provision of debt impairment was determined based on an annual historical costs and changes in accounting statements. The assumption is that the implementation of the debt collection strategy might yield good results. The budget for the debt impairment is R68 million.

### **1.5.4. Depreciation and impairment of assets.**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. The budget for the 2013/14 financial is set at R125 million after considerations of the impairment and depreciation costs.

### **1.5.5. Finance Charges**

Interest on external loans is budgeted for at R5 million after taking into account loans outstanding at the period of the adjustment budget for the 2012/13 financial year.

### **1.5.6. Electricity bulk purchases**

Bulk purchases are directly informed by the purchase of electricity from Eskom which has been confirmed by NERSA to be 8 %. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. The budget for the 2013/14 is R183 million.

### **1.5.7. Contracted Services**

There are three types of contracted services being security services, debt collection and management fees. These fees have been increased by 5.4% from the 2011/12 adjusted budget.

- The budget for security services is R8.5 million.
- Collection of arrear debt is R6 million.

### **1.5.8. Other general expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.6 per cent for 2013/14. This is done to cut none core expenditure and to focus on service delivery and other core functions of the municipality.

### **1.5.9. Repairs and Maintenance**

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and budget for this line item is set at R38 million.

### **1.5.10 Contributions to capital outlay**

This has been budgeted for at a quarter of last year's budget as the municipality has over the past three years embarked on a massive purchase of furniture and fittings. Any additional capital expenditure would have to be funded out reserves. The budget for the line item is R23.7 million.

### **1.5.11 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 Municipality's Indigent Policy.

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.

The budget for the current year is R20 million to cater for free basic electricity, alternative energy and subsidy for rates and other services.

## 1.6 Capital expenditure

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

**Table 7 2013/14 Medium-term capital budget per vote**

Service	FUNDING			MEDIUM-TERM TOTAL
	2013/14	2014/15	2015/16	
	R' 000	R' 000	R' 000	R' 000
<b>OPERATING EXPENDITURE</b>				
Electricity infrastructure (Grant Funded)	103 731 775.00	10 000 000.00	20 000 000.00	133 731 775.00
Electricity infrastructure (DBSA Loan Funded)	0.00	0.00	0.00	0.00
Roads & Storm Water Maintenance (MIG)	55 614 140.00	64 707 397.50	69 838 252.50	190 159 790.00
Housing	48 690 000.00	4 500 000.00	4 000 000.00	57 190 000.00
Urban Renewal programmes	5 000 000.00	5 000 000.00	5 000 000.00	15 000 000.00
Recreational Facilities (MIG)	9 814 260.00	11 418 952.50	12 324 397.50	33 557 610.00
<b>Total</b>	<b>222 850 175.00</b>	<b>95 626 350.00</b>	<b>111 162 650.00</b>	<b>429 639 175.00</b>

For 2013/14 an amount of R222 850 million has been appropriated for the development of infrastructure.

**Table 8 MBRR Table A2- Budgeted Financial Performance (Revenue and expenditure by Standard Classification.**

**EC157 King Sabata Dalindyebo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	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
<b>Revenue - Standard</b>	1									
<b>Governance and administration</b>		250 511	290 387	367 988	372 935	417 260	417 260	416 161	445 222	504 505
Executive and council		1 500	2 786	3 175	809	2 429	2 429	2 180	1 621	1 695
Budget and treasury office		246 846	286 653	364 175	370 563	413 296	413 296	412 070	443 601	502 810
Corporate services		2 164	948	638	1 563	1 535	1 535	1 911	-	-
<b>Community and public safety</b>		156 908	11 867	7 980	14 294	126 385	126 385	85 281	17 352	17 323
Community and social services		19 700	376	712	382	10 798	10 798	7 831	5 656	5 695
Sport and recreation		118 596	128	19	222	25	25	27	29	30
Public safety		6 896	4 396	5 671	5 339	11 569	11 569	11 952	7 167	7 597
Housing		-	1 114	1 578	8 352	103 993	103 993	65 470	4 500	4 000
Health		11 717	5 853	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		64 843	80 809	138 257	15 599	51 154	51 154	90 125	106 200	113 818
Planning and development		16 856	28 697	31 577	1 363	4 903	4 903	4 819	6 749	6 854
Road transport		47 987	52 112	106 681	14 236	46 250	46 250	85 307	99 451	106 964
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		172 447	217 586	235 544	248 897	268 064	268 064	329 008	296 903	329 520
Electricity		154 808	196 724	216 926	224 374	247 474	247 474	306 985	273 348	304 327
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		17 639	20 863	18 618	24 524	20 591	20 591	22 023	23 555	25 193
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	644 709	600 650	749 769	651 726	862 863	862 863	920 575	865 676	965 166
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		236 045	228 438	364 243	236 066	409 098	409 098	451 138	476 633	503 588
Executive and council		32 491	52 752	47 260	52 104	74 667	74 667	81 546	86 536	91 833
Budget and treasury office		165 767	119 993	285 533	121 843	292 738	292 738	316 932	334 373	352 778
Corporate services		37 786	55 693	31 449	62 120	41 693	41 693	52 661	55 724	58 977
<b>Community and public safety</b>		75 516	99 942	128 696	102 073	119 368	119 368	122 968	130 493	138 481
Community and social services		5 932	4 472	12 868	8 694	26 498	26 498	26 802	28 401	30 096
Sport and recreation		6 182	10 404	7 178	12 719	10 789	10 789	12 111	12 862	13 659
Public safety		43 921	51 906	71 340	61 409	76 777	76 777	77 112	81 862	86 906
Housing		1 021	12 372	19 497	4 149	4 652	4 652	6 944	7 369	7 820
Health		18 460	20 788	17 814	15 100	652	652	-	-	-
<b>Economic and environmental services</b>		45 606	56 034	57 027	58 867	81 382	81 382	77 782	82 459	87 420
Planning and development		16 645	21 000	18 427	21 246	26 071	26 071	19 902	21 101	22 373
Road transport		28 961	35 034	35 546	37 621	50 188	50 188	52 089	55 202	58 503
Environmental protection		-	-	3 054	-	5 122	5 122	5 791	6 156	6 544
<b>Trading services</b>		168 984	182 257	227 689	254 720	253 015	253 015	268 687	283 765	299 695
Electricity		131 672	145 301	177 710	205 366	202 371	202 371	213 981	225 713	238 090
Water		-	-	-	-	-	-	-	-	-
Waste water management		1 293	1 213	1 455	2 933	3 558	3 558	3 793	4 028	4 279
Waste management		36 018	35 743	48 524	46 421	47 087	47 087	50 913	54 024	57 326
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	526 151	566 671	777 656	651 726	862 863	862 863	920 575	973 350	1 029 183
<b>Surplus/(Deficit) for the year</b>		118 558	33 979	(27 886)	(0)	-	-	-	(107 674)	(64 017)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

**Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

**EC157 King Sabata Dalindyebo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	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
<b>Revenue by Vote</b>										
Vote 1 - EXECUTIVE & COUNCIL	1	3 318	2 037	3 175	1 364	2 429	2 429	2 556	1 621	1 695
Vote 2 - FINANCE & ASSET MANAGEMENT		257 823	288 238	364 175	378 915	413 296	413 296	412 070	443 601	502 810
Vote 3 - CORPORATE SERVICES		2 590	369	1 173	1 100	1 910	1 910	1 942	421	446
Vote 4 - COMMUNITY SERVICES		29 356	26 772	18 647	24 544	29 120	29 120	27 544	28 588	30 228
Vote 5 - PUBLIC SAFETY		18 005	24 136	16 473	19 574	25 805	25 805	27 042	23 163	24 552
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		142 598	28 717	30 458	77	4 379	4 379	4 394	9 766	9 282
Vote 7 - HUMAN SETTLEMENT		721	1 114	2 721	1 492	106 435	106 435	67 825	1 714	1 817
Vote 8 - INFRASTRUCTURE		190 296	229 267	312 947	224 661	279 488	279 488	377 202	356 803	394 336
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>644 709</b>	<b>600 650</b>	<b>749 769</b>	<b>651 726</b>	<b>862 863</b>	<b>862 863</b>	<b>920 575</b>	<b>865 676</b>	<b>965 166</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - EXECUTIVE & COUNCIL	1	58 479	52 752	47 259	68 859	74 667	74 667	81 560	86 551	91 850
Vote 2 - FINANCE & ASSET MANAGEMENT		105 931	123 168	290 784	134 516	306 071	306 071	333 142	351 502	370 878
Vote 3 - CORPORATE SERVICES		24 974	29 075	28 136	31 612	33 340	33 340	42 388	44 908	47 580
Vote 4 - COMMUNITY SERVICES		68 990	65 483	76 564	62 536	70 943	70 943	72 539	76 944	81 620
Vote 5 - PUBLIC SAFETY		50 803	57 173	74 415	65 316	79 705	79 705	81 250	86 261	91 583
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		23 241	24 732	19 871	25 105	30 278	30 278	26 586	28 168	29 844
Vote 7 - HUMAN SETTLEMENT		14 016	19 051	13 263	15 033	18 229	18 229	21 178	22 504	23 913
Vote 8 - INFRASTRUCTURE		179 717	195 237	227 364	248 750	249 631	249 631	261 932	276 516	291 916
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>526 151</b>	<b>566 671</b>	<b>777 656</b>	<b>651 726</b>	<b>862 863</b>	<b>862 863</b>	<b>920 575</b>	<b>973 355</b>	<b>1 029 183</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(107 679)</b>	<b>(64 017)</b>

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

check Surplus/(Deficit) for the year - - - - -

**Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

**EC157 King Sabata Dalindyebo - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	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
<b>Revenue By Source</b>												
Property rates	2	117 216	122 589	128 537	137 241	138 454	138 454	-	146 761	155 567	164 901	
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	153 872	187 943	195 363	221 989	221 989	221 989	-	239 748	258 928	279 642	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	16 922	17 983	17 818	23 595	19 662	19 662	-	21 038	22 511	24 086	
Service charges - other					4 383	5 933	5 933		6 691	6 666	7 066	
Rental of facilities and equipment		10 924	12 276	12 505	13 998	14 003	14 003		14 843	15 734	16 678	
Interest earned - external investments		8 538	7 017	9 483	3 949	8 284	8 284		9 381	9 308	9 867	
Interest earned - outstanding debtors		23 383	22 099	27 209	22 316	22 316	22 316		23 655	25 074	26 579	
Dividends received				12	-	-	-					
Fines		1 806	1 936	1 607	2 140	3 397	3 397		3 601	3 817	4 046	
Licences and permits		11 322	10 140	11 011	14 433	14 431	14 431		15 297	16 214	17 187	
Agency services					2	-	-					
Transfers recognised - operational		127 258	147 888	248 348	172 831	199 434	199 434		209 939	221 488	268 905	
Other revenue	2	7 062	8 203	25 274	34 848	63 038	63 038	-	36 224	34 744	35 048	
Gains on disposal of PPE		254	-									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>478 557</b>	<b>538 073</b>	<b>677 165</b>	<b>651 726</b>	<b>710 940</b>	<b>710 940</b>	<b>-</b>	<b>727 177</b>	<b>770 050</b>	<b>854 004</b>	
<b>Expenditure By Type</b>												
Employee related costs	2	181 000	198 868	226 442	227 938	242 414	242 414	-	259 855	276 746	294 736	
Remuneration of councillors		15 825	18 729	17 420	17 829	19 052	19 052		19 068	20 307	21 627	
Debt impairment	3	109 266	51 104	22 132	16 932	56 932	56 932		68 162	71 842	110 637	
Depreciation & asset impairment	2	12 051	18 214	179 044	24 076	136 000	136 000	-	125 237	131 915	139 038	
Finance charges		5 042	8 639	9 107	6 001	4 910	4 910		5 242	5 525	5 823	
Bulk purchases	2	90 833	110 470	144 976	169 478	169 478	169 478	-	183 037	197 680	213 494	
Other materials	8	8 897	1 247									
Contracted services		3 055	5 553	17 236	10 071	10 005	10 005	-	8 458	8 915	9 396	
Transfers and grants		18 756	21 360	26 198	-	-	-		20 000	21 080	22 218	
Other expenditure	4, 5	81 425	115 624	139 846	130 823	156 930	156 930	-	169 470	178 622	188 267	
Loss on disposal of PPE		-	16 863									
<b>Total Expenditure</b>		<b>526 151</b>	<b>566 671</b>	<b>782 402</b>	<b>603 148</b>	<b>795 721</b>	<b>795 721</b>	<b>-</b>	<b>858 529</b>	<b>912 631</b>	<b>1 005 237</b>	
<b>Surplus/(Deficit)</b>		<b>(47 593)</b>	<b>(28 598)</b>	<b>(105 237)</b>	<b>48 577</b>	<b>(84 781)</b>	<b>(84 781)</b>	<b>-</b>	<b>(131 352)</b>	<b>(142 582)</b>	<b>(151 233)</b>	
Transfers recognised - capital		166 151	62 576	72 605	90 389	151 924	151 924		193 399	95 626	111 163	
Contributions recognised - capital	6	-	-	-	8 618	23 100	23 100	-	23 724	25 005	26 355	
Contributed assets				4 746	8 618	(23 100)	(23 100)		(23 724)	(25 005)	(26 355)	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>156 203</b>	<b>67 143</b>	<b>67 143</b>	<b>-</b>	<b>62 047</b>	<b>(46 955)</b>	<b>(40 071)</b>	
Taxation												
<b>Surplus/(Deficit) after taxation</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>156 203</b>	<b>67 143</b>	<b>67 143</b>	<b>-</b>	<b>62 047</b>	<b>(46 955)</b>	<b>(40 071)</b>	
Attributable to minorities												
<b>Surplus/(Deficit) attributable to municipality</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>156 203</b>	<b>67 143</b>	<b>67 143</b>	<b>-</b>	<b>62 047</b>	<b>(46 955)</b>	<b>(40 071)</b>	
Share of surplus/ (deficit) of associate	7											
<b>Surplus/(Deficit) for the year</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>156 203</b>	<b>67 143</b>	<b>67 143</b>	<b>-</b>	<b>62 047</b>	<b>(46 955)</b>	<b>(40 071)</b>	

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

EC157 King Sabata Dalindyebo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	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
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ASSET MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - HUMAN SETTLEMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		4	-	104	1 273	2 292	2 292	-	856	902	951
Vote 2 - FINANCE & ASSET MANAGEMENT		1 351	179	858	2 261	3 950	3 950	-	5 117	5 393	5 684
Vote 3 - CORPORATE SERVICES		-	25	-	320	105	105	-	426	449	474
Vote 4 - COMMUNITY SERVICES		401	-	630	1 515	2 415	2 415	-	2 284	2 408	2 538
Vote 5 - PUBLIC SAFETY		4	12 397	2 888	2 502	11 293	11 293	-	11 926	12 569	13 248
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		121 293	-	10 685	5 051	13 483	13 483	-	16 467	18 160	17 512
Vote 7 - HUMAN SETTLEMENT		10	11	50 279	211	127 393	127 393	-	48 931	4 755	4 268
Vote 8 - INFRASTRUCTURE		22 331	60 709	76 289	95 803	137 891	137 891	-	160 567	75 994	91 195
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>145 394</b>	<b>73 321</b>	<b>141 735</b>	<b>108 935</b>	<b>298 822</b>	<b>298 822</b>	<b>-</b>	<b>246 574</b>	<b>120 631</b>	<b>135 870</b>
<b>Total Capital Expenditure - Vote</b>		<b>145 394</b>	<b>73 321</b>	<b>141 735</b>	<b>108 935</b>	<b>298 822</b>	<b>298 822</b>	<b>-</b>	<b>246 574</b>	<b>120 631</b>	<b>135 870</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>1 351</b>	<b>204</b>	<b>963</b>	<b>3 704</b>	<b>6 297</b>	<b>6 297</b>	<b>-</b>	<b>6 347</b>	<b>6 689</b>	<b>5 403</b>
Executive and council		-	-	104	1 273	2 292	2 292	-	856	902	951
Budget and treasury office		1 351	179	479	2 261	1 156	1 156	-	1 648	1 737	1 83
Corporate services		-	25	379	170	2 849	2 849	-	3 842	4 050	4 268
<b>Community and public safety</b>		<b>102 916</b>	<b>12 408</b>	<b>54 068</b>	<b>3 353</b>	<b>142 231</b>	<b>142 231</b>	<b>-</b>	<b>70 934</b>	<b>29 077</b>	<b>30 208</b>
Community and social services		401	-	217	299	256	256	-	230	242	255
Sport and recreation		102 501	-	5 760	-	3 815	3 815	-	10 354	12 044	12 998
Public safety		4	12 397	2 888	2 524	10 948	10 948	-	11 561	12 186	12 844
Housing		10	11	44 507	530	127 212	127 212	-	48 790	4 605	4 111
Health		-	-	696	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>41 048</b>	<b>60 709</b>	<b>57 218</b>	<b>72 679</b>	<b>73 995</b>	<b>73 995</b>	<b>-</b>	<b>62 836</b>	<b>71 992</b>	<b>77 231</b>
Planning and development		18 792	-	10 021	14 931	9 713	9 713	-	6 628	6 716	6 809
Road transport		22 256	60 709	47 190	57 748	64 053	64 053	-	56 076	65 138	70 277
Environmental protection		-	-	8	-	229	229	-	131	138	146
<b>Trading services</b>		<b>79</b>	<b>-</b>	<b>29 487</b>	<b>39 271</b>	<b>76 300</b>	<b>76 300</b>	<b>-</b>	<b>106 458</b>	<b>12 873</b>	<b>23 028</b>
Electricity		76	-	29 103	38 055	74 183	74 183	-	104 338	10 639	20 674
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	630	630	-	605	638	672
Waste management		3	-	384	1 217	1 487	1 487	-	1 514	1 596	1 682
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	3	<b>145 394</b>	<b>73 321</b>	<b>141 735</b>	<b>119 007</b>	<b>298 822</b>	<b>298 822</b>	<b>-</b>	<b>246 574</b>	<b>120 631</b>	<b>135 870</b>
<b>Funded by:</b>											
National Government		19 319	49 369	62 395	-	92 977	92 977	-	174 160	91 126	107 163
Provincial Government		124 201	13 207	61 683	89 932	136 863	136 863	-	48 690	4 500	4 000
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	457	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>143 520</b>	<b>62 576</b>	<b>124 077</b>	<b>90 389</b>	<b>229 841</b>	<b>229 841</b>	<b>-</b>	<b>222 850</b>	<b>95 626</b>	<b>111 163</b>
<b>Public contributions &amp; donations</b>	5	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>12 912</b>	<b>20 000</b>	<b>39 682</b>	<b>39 682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	7	<b>1 875</b>	<b>10 745</b>	<b>4 746</b>	<b>8 618</b>	<b>29 300</b>	<b>29 300</b>	<b>-</b>	<b>23 724</b>	<b>25 005</b>	<b>24 707</b>
<b>Total Capital Funding</b>	7	<b>145 394</b>	<b>73 321</b>	<b>141 735</b>	<b>119 007</b>	<b>298 822</b>	<b>298 822</b>	<b>-</b>	<b>246 574</b>	<b>120 631</b>	<b>135 870</b>

**Table 12 MBRR Table A6 - Budgeted Financial Position**

**EC157 King Sabata Dalindyebo - Table A6 Budgeted Financial Position**

Description	Ref	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
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		22 695	28 298	39 129	28 390	51 989	51 989		36 908	47 980	62 374
Call investment deposits	1	151 764	159 811	180 185	125 755	195 459	195 459	-	195 459	195 459	195 459
Consumer debtors	1	68 869	81 127	68 043	131 308	91 308	91 308	-	68 317	64 636	60 757
Other debtors		37 735	42 306	18 224	42 532	42 532	42 532		23 691	30 799	40 038
Current portion of long-term receivables		2 812	226	-	-	-	-		-	-	-
Inventory	2	87 707	75 426	2 880	75 426	75 426	75 426		2 880	2 880	2 880
<b>Total current assets</b>		<b>371 581</b>	<b>387 194</b>	<b>308 462</b>	<b>403 411</b>	<b>456 714</b>	<b>456 714</b>	<b>-</b>	<b>327 256</b>	<b>341 754</b>	<b>361 508</b>
<b>Non current assets</b>											
Long-term receivables		160	157	156	157	157	157		157	157	157
Investments		-	-	-	-	-	-		-	-	-
Investment property		58 715	41 851	103 189	41 851	41 851	41 851		103 189	103 189	103 189
Investment in Associate		-	-	-	-	-	-		-	-	-
Property, plant and equipment	3	827 339	882 459	1 485 310	1 255 049	1 435 806	1 435 806	-	1 546 380	1 541 774	1 545 644
Agricultural		-	-	-	-	-	-		-	-	-
Biological		-	-	-	-	-	-		-	-	-
Intangible		509	390	243	390	640	640		640	640	640
Other non-current assets		-	-	-	-	-	-		-	-	-
<b>Total non current assets</b>		<b>886 723</b>	<b>924 858</b>	<b>1 588 898</b>	<b>1 297 447</b>	<b>1 478 454</b>	<b>1 478 454</b>	<b>-</b>	<b>1 650 366</b>	<b>1 645 760</b>	<b>1 649 630</b>
<b>TOTAL ASSETS</b>		<b>1 258 304</b>	<b>1 312 051</b>	<b>1 897 360</b>	<b>1 700 858</b>	<b>1 935 168</b>	<b>1 935 168</b>	<b>-</b>	<b>1 977 621</b>	<b>1 987 514</b>	<b>2 011 138</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-		-	-	-
Borrowing	4	4 815	5 484	6 928	15 650	15 650	15 650	-	15 650	15 650	15 650
Consumer deposits		948	1 294	1 600	1 294	1 294	1 294		1 600	1 600	1 600
Trade and other payables	4	148 151	167 699	181 950	162 425	161 345	161 345	54 922	155 405	155 405	155 405
Provisions		10 166	10 166	-	-	-	-		-	-	-
<b>Total current liabilities</b>		<b>164 081</b>	<b>184 643</b>	<b>190 478</b>	<b>179 369</b>	<b>178 289</b>	<b>178 289</b>	<b>54 922</b>	<b>172 655</b>	<b>172 655</b>	<b>172 655</b>
<b>Non current liabilities</b>											
Borrowing		51 385	52 102	58 073	55 445	55 445	55 445	-	49 961	44 478	38 994
Provisions		23 314	21 757	26 271	21 757	21 757	21 757	-	48 028	48 028	48 028
<b>Total non current liabilities</b>		<b>74 699</b>	<b>73 859</b>	<b>84 344</b>	<b>77 202</b>	<b>77 202</b>	<b>77 202</b>	<b>-</b>	<b>97 989</b>	<b>92 505</b>	<b>87 022</b>
<b>TOTAL LIABILITIES</b>		<b>238 779</b>	<b>258 502</b>	<b>274 822</b>	<b>256 571</b>	<b>255 491</b>	<b>255 491</b>	<b>54 922</b>	<b>270 644</b>	<b>265 160</b>	<b>259 676</b>
<b>NET ASSETS</b>	5	<b>1 019 525</b>	<b>1 053 550</b>	<b>1 622 538</b>	<b>1 444 287</b>	<b>1 679 677</b>	<b>1 679 677</b>	<b>(54 922)</b>	<b>1 706 977</b>	<b>1 722 354</b>	<b>1 751 462</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		870 546	904 525	1 492 054	1 330 807	1 532 141	1 532 141		1 575 006	1 590 383	1 619 491
Reserves	4	148 978	149 024	130 483	147 536	147 536	147 536	-	131 971	131 971	131 971
Minorities' interests		-	-	-	-	-	-		-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1 019 525</b>	<b>1 053 550</b>	<b>1 622 538</b>	<b>1 478 343</b>	<b>1 679 677</b>	<b>1 679 677</b>	<b>-</b>	<b>1 706 977</b>	<b>1 722 354</b>	<b>1 751 462</b>



**Table 13 MBRR Table A7 - Budget cash flow statement**

EC157 King Sabata Dalindyebo - Table A7 Budgeted Cash Flows

Description	Ref	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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		280 809	294 476	436 270	406 925	406 925	406 925		482 033	514 180	548 653
Government - operating	1	127 258	147 888	167 213	181 848	181 578	181 578		198 883	221 488	268 905
Government - capital	1	166 151	62 576	88 139	145 546	208 040	208 040		169 428	95 626	111 163
Interest		31 921	29 116	36 691	3 554	8 284	8 284		32 436	34 382	36 445
Dividends				12	-	-	-				
<b>Payments</b>											
Suppliers and employees		(392 629)	(440 332)	(569 147)	(577 206)	(577 874)	(577 874)		(701 935)	(742 908)	(786 292)
Finance charges		(5 042)	(8 639)	(9 107)	(5 401)	(4 310)	(4 310)		(5 242)	(5 525)	(5 823)
Transfers and Grants	1				(4 400)	(8 827)	(8 827)		(20 000)	(21 080)	(22 218)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>208 467</b>	<b>85 085</b>	<b>150 072</b>	<b>150 867</b>	<b>213 817</b>	<b>213 817</b>	<b>-</b>	<b>155 604</b>	<b>96 164</b>	<b>150 833</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		254	-	505							
Decrease (Increase) in non-current debtors		38	4								
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
<b>Payments</b>											
Capital assets		(154 319)	(73 170)	(127 044)	(147 970)	(290 121)	(290 121)		(222 850)	(95 626)	(111 163)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(154 026)</b>	<b>(73 166)</b>	<b>(126 539)</b>	<b>(147 970)</b>	<b>(290 121)</b>	<b>(290 121)</b>	<b>-</b>	<b>(222 850)</b>	<b>(95 626)</b>	<b>(111 163)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing		(95)	(82)								
Increase (decrease) in consumer deposits		270	346								
<b>Payments</b>											
Repayment of borrowing		(4 415)	1 467	7 672	(5 484)	(5 484)	(5 484)		(5 484)	(5 484)	(5 484)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(4 241)</b>	<b>1 731</b>	<b>7 672</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>-</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>(5 484)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>											
Cash/cash equivalents at the year begin:	2	124 259	174 459	188 109	219 314	219 314	219 314	219 314	137 526	64 797	59 850
Cash/cash equivalents at the year end:	2	174 459	188 109	219 314	216 727	137 526	137 526	219 314	64 797	59 850	94 036



**Table 15 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

EC157 King Sabata Dalindyebo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	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
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	174 459	188 109	219 314	216 727	137 526	137 526	219 314	64 797	59 850	94 036
Other current investments > 90 days		0	0	0	(62 582)	109 922	109 922	(219 314)	167 570	183 589	163 797
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>174 459</b>	<b>188 109</b>	<b>219 314</b>	<b>154 145</b>	<b>247 449</b>	<b>247 449</b>	<b>-</b>	<b>232 367</b>	<b>243 439</b>	<b>257 833</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		93 674	68 725	81 467	34 669	33 589	33 589	54 922	54 922	54 922	54 922
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(33 054)	3 992	10 566	(21 320)	19 402	19 402	-	13 005	9 336	4 196
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>60 620</b>	<b>72 717</b>	<b>92 033</b>	<b>13 348</b>	<b>52 990</b>	<b>52 990</b>	<b>54 922</b>	<b>67 927</b>	<b>64 258</b>	<b>59 118</b>
<b>Surplus(shortfall)</b>		<b>113 839</b>	<b>115 392</b>	<b>127 281</b>	<b>140 797</b>	<b>194 458</b>	<b>194 458</b>	<b>(54 922)</b>	<b>164 440</b>	<b>179 181</b>	<b>198 715</b>

**Table 16 MBRR Table A9 –Asset Management**

EC157 King Sabata Dalindyebo - Table A9 Asset Management

Description	Ref	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
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<u>Total New Assets</u>	1	145 394	73 321	40 635	182 027	298 822	298 822	246 574	120 631	137 518
Infrastructure - Road transport		22 255	20 566	40 635	84 334	81 576	81 576	55 098	64 106	69 190
Infrastructure - Electricity		972	-	-	95 268	130 900	130 900	103 732	10 000	20 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	40 138	40 138	48 690	4 500	4 000
Infrastructure		23 227	20 566	40 635	179 602	252 614	252 614	207 519	78 606	93 190
Community		120 076	49 796	-	-	27 399	27 399	15 331	17 020	17 973
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 813	2 960	-	2 424	18 559	18 559	23 460	24 727	26 062
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		278	-	-	-	250	250	264	278	293
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	22 255	20 566	40 635	84 334	81 576	81 576	55 098	64 106	69 190
Infrastructure - Road transport		972	-	-	95 268	130 900	130 900	103 732	10 000	20 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	40 138	40 138	48 690	4 500	4 000
Infrastructure		23 227	20 566	40 635	179 602	252 614	252 614	207 519	78 606	93 190
Community		120 076	49 796	-	-	27 399	27 399	15 331	17 020	17 973
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 813	2 960	-	2 424	18 559	18 559	23 460	24 727	26 062
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		278	-	-	-	250	250	264	278	293
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	<b>145 394</b>	<b>73 321</b>	<b>40 635</b>	<b>182 027</b>	<b>298 822</b>	<b>298 822</b>	<b>246 574</b>	<b>120 631</b>	<b>137 518</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5			462 483	39 616	36 857	36 857	91 955	166 392	247 602
Infrastructure - Electricity				109 123	268 943	304 575	304 575	408 307	418 307	438 307
Infrastructure - Water				-	-	-	-	-	-	-
Infrastructure - Sanitation				-	-	-	-	-	-	-
Infrastructure - Other				556 190	946 490	987 966	987 966	992 835	997 335	1 001 335
Infrastructure		-	-	1 127 796	1 255 049	1 329 398	1 329 398	1 493 097	1 582 034	1 687 243
Community				344 116	-	26 999	26 999	42 330	59 349	77 323
Heritage assets				-	-	-	-	-	-	-
Investment properties		58 715	41 851	103 189	41 851	41 851	41 851	103 189	103 189	103 189
Other assets		-	-	13 398	-	16 140	16 140	39 864	64 869	91 224
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		509	390	243	390	640	640	640	640	640
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>59 224</b>	<b>42 242</b>	<b>1 588 742</b>	<b>1 297 291</b>	<b>1 415 029</b>	<b>1 415 029</b>	<b>1 679 119</b>	<b>1 810 081</b>	<b>1 959 619</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>	3	12 051	18 214	179 044	24 076	136 000	136 000	125 237	131 915	139 038
<u>Repairs and Maintenance by Asset Class</u>		10 417	31 829	-	36 307	35 216	35 216	38 323	40 392	42 573
Infrastructure - Road transport		3 237	19 362	-	9 049	14 413	14 413	15 220	16 042	16 909
Infrastructure - Electricity		2 199	9 386	-	7 832	9 586	9 586	11 589	12 215	12 875
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		5 436	28 747	-	16 881	23 999	23 999	26 810	28 257	29 783
Community		1 277	137	-	11 264	1 013	1 013	3 583	3 776	3 980
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	3 704	2 945	-	8 162	10 204	10 204	7 931	8 359	8 810
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>22 468</b>	<b>50 043</b>	<b>179 044</b>	<b>60 383</b>	<b>171 216</b>	<b>171 216</b>	<b>163 560</b>	<b>172 307</b>	<b>181 612</b>
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		1.3%	3.6%	0.0%	2.9%	2.5%	2.5%	2.5%	2.6%	2.8%
<i>Renewal and R&amp;M as a % of PPE</i>		18.0%	75.0%	0.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%

## **Part 2 – Supporting Documentation**

### **1.7 Overview of the annual budget process**

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

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

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **1.7.1 Budget Process Overview**

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

The Mayor tabled in Council the required the IDP and budget time schedule in August 2012. Key dates applicable to the process were:

ACTION	LEGISLATION	DATE	RESPONSIBLE PERSON
<b>JULY 2012</b>			
Review of Rollovers to be included in the 2012/13 Budget	Section 28(2) (e) A Municipality may revise an approved annual budget through an adjustment budget: -May authorize the spending of funds that were unspent at the end of the past financial year where under spending could not reasonably have been foreseen at the time to include projected roll overs when an annual budget for the current financial year was approved by the council.	02-13 July 2012	CFO and GM: Budget and Accounting
Compilation of Budget Evaluation Checklist for 2012/13		27 July 2012	CFO and GM: Budget and Accounting
Develop draft process and timetable for the 2013/16 Budget	Section 16(2);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	31 July 2012	CFO
<b>AUGUST 2012</b>			
IDP, Budget and PMS Technical Committee to discuss Draft process plan, 1 <sup>st</sup> Adjustment Budget & evaluation checklist	Section 16(2);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 and Section 28 of the MFMA: Municipal Adjustment Budget	20 August 2012	GM: Budget and Accounting
IDP/Budget Steering Committee -to submit process plan , 1 <sup>st</sup> Adjustment Budget and evaluation checklist		21 August 2012	Portfolio Head Finance
Council adopts Budget process plan and 1 <sup>st</sup> Adjustment Budget		27 August 2012	Executive Mayor
2011/12 Financial Statements submitted to Auditor-General		31 August 2012	MM
<b>SEPTEMBER 2012</b>			
IDP/Budget Framework Workshop	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	11 Sept 2012	CFO and GM Budget and Accounting
Submission of Personnel Request Forms		12 - 28 Sept 2012	All Directorates
<b>OCTOBER 2012</b>			

HR and Budget collate Personnel Request Forms and analyze results through staff keys book	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	01 – 19 Oct 2012	Director Corporate Services, CFO,GM Budget and Accounting and GM: Human Resources
Analyze results of personnel expenditure and communicate to Directorates		22- 31 Oct 2012	Director Corporate Services, CFO,GM Budget and Accounting and GM: Human Resources
Submission of D-Form to NERSA	Section 43 of the MFMA: Applicability of Tax and Tariff capping on Municipalities	31 October 2012	GM: Budget and Accounting ,CFO and Electrical Engineer
<b>NOVEMBER 2012</b>			
Submission of Budget Request Forms General Expenses-Capital outlay ,Capital Budget ,Operating Projects and Review of Tariffs	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	05-23 November 2012	All Directorates
Check with National, Provincial Governments and District Municipalities for any information in relation to budget and adjustment budget to projected allocations for the next three years.		05 -30 November 2012	GM: Accounting and Budget /CFO
CFO to collate budgets and analyze results		26 -30 November 2012	GM: Accounting and Budget /CFO
Discuss Draft audit report from the Auditor-General for the 2011/2012 financial statements		09 -30 November 2012	GM: Accounting and Budget /CFO
Submit process plan for Review of Budget Related Policies	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	30 November 2012	GM: Accounting and Budget /CFO
<b>DECEMBER 2011</b>			
Technical Committee meeting to Review three year capital budget and Operating projects	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	03-07 December 2012	All Directorates
<b>JANUARY 2013</b>			
Check with National, Provincial Governments & District Municipalities for any adjustments to projected allocations for the next three years.	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	14-19 Jan 2013	GM: Accounting and Budget /CFO
Special Council Meeting – Table in to the Council an annual report, the audit	Section 72 (1) of the MFMA: The Accounting Officer of a	25 Jan 2013	Executive Mayor

report for 2011/2012, and Mid –year report 2011/2012	Municipality must by 25 January of each year assess the performance of the Municipality during the first half of the financial year.  Section 121 of the MFMA: Preparation and adoption of the annual report		
<b>FEBRUARY 2013</b>			
Budget adjustment Consultation Process begins	Section 28 of the MFMA the Municipality May revise an approved annual budget though an adjustment budget	04-15 February 2012	GM: Budgeting and Accounting
IDP, Budget and PMS Technical Committee - To discuss and Finalize the Draft MTREF Budget and 2 <sup>nd</sup> Adjustment Budget	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	18 February 2013	All Directorates
IDP, Budget and PMS Steering Committee - To discuss the and Finalize the Draft MTREF Budget and 2 <sup>nd</sup> Adjustment Budget	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	21 February 2013	Executive Mayor and Municipal Manager
Council to approve 2 <sup>nd</sup> Adjustment Budget	Section 28 of the MFMA the Municipality May revise an approved annual budget though an adjustment budget and read together with Section 72(3) The Accounting Officer must as part of the review make recommendations as to whether an adjustment budget is necessary and recommend revised projection of revenue and expenditure to the extent that this may be necessary	28 February 2013	Executive Mayor and Municipal Manager
<b>MARCH 2013</b>			
2013/2016 First Draft Budget to IDP, Budget and PMS Technical Committee	Section 16(2) Annual Budget: The Mayor of a Municipality must table the annual budget at a council meeting 90 days before the start of the budget year Section 43 of the MFMA	06 March 2013	CFO and GM: Budget and Accounting
2013/2016 First Draft Budget to IDP, Budget and PMS Steering Committee		15 March 2013	Portfolio Head: Finance
Approval of Electricity Tariffs by NERSA		06-31 March 2013	GM: Budget and Accounting ,CFO and Electrical Engineer
Council adopts First Draft Budget for 2012/2015		27 March 2013	Executive Mayor
<b>APRIL 2013</b>			



Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the annual report, Annual financial statements, the audit report and any corrective action taken in response to the findings of the audit report relating to 2011/12.	Regulation 15(4)a: The Municipal Manager must send copies of the annual budget and supporting documentation as tabled in the Municipal Council in both printed and electronic form	10 April 2013	GM: Budget and Accounting/CFO
Budget advertised for public comments, Public Meetings & Consultation	Section 22(a) after an annual budget is tabled in the municipal Council, the Accounting Officer must make public the annual budget and documents referred to in section 17(3) and invite the local Community to submit representation in connection with the budget	10 April 2013	GM: Budget and Accounting/CFO
IDP/Budget road shows	Section 23(1)a when the annual budget has been tabled the Municipal council must consider views of local community	02-30 April 2013	Executive Mayor and All Councilors
<b>MAY 2013</b>			
2013/2016 Final Draft Budget to IDP, Budget and PMS Technical Committee	Section 24(1) the Municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget	08 May 2013	GM: Budget and Accounting/CFO
2013/2016 Final Draft Budget to IDP, Budget and PMS Steering Committee		14 May 2013	Portfolio Head Finance
Council consider adoption of Final Draft Budget for 2013/2016		30 May 2013	Executive Mayor and Municipal Manager
<b>JUNE 2013</b>			
MTREF Budget, Budget related policies, annual report published on Council website.	Section 75(1)(a,b)The Accounting Officer of a Municipality must place on the website referred to in section 21A of the systems Act the following documents: Annual and Adjustment budget and all related policies	12 June 2013	GM: Accounting and Budget
Annual Budget Reports to National & Provincial Treasury.	Regulation 20(1) The Municipal Manager must comply with section 24(3) of the Act within 10 working days after the council has approved the annual budget, The Municipal Manager must submit to National Treasury and relevant provincial Treasury in both electronic and printed form	12 June 2013	GM: Accounting and Budget

There were no some deviations from the key dates set out in the Budget Time Schedule tabled in Council. MFMA deadlines in terms of submission of reports such as midyear assessment and tabling and submission of reports were however not met .

### **1.7.2 IDP and Service Delivery and Budget Implementation Plan**

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

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

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **1.7.3 Financial Modeling 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 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 64, 66 and 67 have been taken into consideration in the planning and prioritisation process.

#### **1.7.4 Community Consultation**

The draft 2013/14 MTREF as tabled before Council on 27 March 2013 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give feedback was also communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees were utilised to facilitate the community consultation process public briefing sessions. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant will be considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received will be made available on request.

### **1.8 Overview of alignment of annual budget with IDP**

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

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the

municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

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

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide Electricity;
  - Provide waste removal;
  - Provide roads and storm water;
  - Provide municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
  
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;;
  - Extending waste removal services and ensuring effective municipality cleansing;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring save working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Ensure financial sustainability through:
- Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.2 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

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

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

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

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

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

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

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### **1.9 Measurable performance objectives and indicators**

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

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

### **1.10 Municipal manager's quality certificate**

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

Print Name \_\_\_\_\_

Municipal Manager of King Sabata Dalindyebo (EC 157)

Signature \_\_\_\_\_

Date \_\_\_\_\_