



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

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## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

Annexure A

## 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. Budget Summary Schedule A1 in table 14 on page 23
    - 1.2.4. Cash backed reserves and accumulated surplus reconciliation as contained in Table 15 on page 24;
    - 1.2.5. Asset management as contained in Table 16 on page 25; and
    - 1.2.6. Service Delivery Measurement in Table 17 MBRR Schedule Ser Del on page 27
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 page 8 of the document,

2.2. the tariffs for electricity as set out in Table 4 page 9 of the document

2.3. tariffs for refuse removal as set out in Table 5 on page 11 of the document.

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 the operating revenue framework in part 1.4 below.

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.

### **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**

	AUDITED ACTUALS	CURRENT YEAR			MTREF FORECAST		
	AUDITED ACTUALS	Original Budget	Prior Adjusted	Adjusted			
	2011/12	2012/13	2012/13	2012/13	2013/14	2014/15	2015/16
<b>Item</b>							
OPERATING REVENUE	749 769	651 726	862 863	862 863	922 707	886 055	956 221
Total Operating Expenditure	782 402	604 671	794 337	794 337	907 583	874 872	944 531
Operating Surplus/(Deficit)	(32 632)	47 055	68 526	68 527	15 123	11 183	11 690
Capital Expenditure	141 735	119 007	298 822	298 822	232 242	106 132	121 894
<b>Total Expenditure</b>	<b>924 137</b>	<b>723 678</b>	<b>1 093 159</b>	<b>1 093 159</b>	<b>1 139 825</b>	<b>981 004</b>	<b>1 066 425</b>

Total operating budget has grown by 7% 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 R232 million for 2013/14 is R66 million lesser than the adjustment budget due to rollovers from the previous year (2011/12)

## 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**

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	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	117 216	122 589	128 537	137 241	138 454	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	221 989	237 528	254 155	271 046
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	16 822	17 983	17 818	23 595	19 662	19 662	19 662	21 038	22 511	24 086
Service charges - other					4 383	5 933	5 933	5 933	6 691	7 082	7 518
Rental of facilities and equipment		10 924	12 276	12 505	13 998	14 003	14 003	14 003	15 418	16 339	17 323
Interest earned - external investments		8 538	7 017	9 483	3 949	8 284	8 284	8 284	9 381	9 944	10 540
Interest earned - outstanding debtors		23 383	22 099	27 209	22 316	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	3 397	3 601	3 817	4 046
Licence and permits		11 322	10 140	11 011	14 433	14 431	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	199 434	210 180	222 488	269 905
Other revenue	2	7 062	8 203	25 274	34 648	63 038	63 038	63 038	36 223	38 397	40 701
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>710 940</b>	<b>725 772</b>	<b>771 597</b>	<b>854 731</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 45% total revenue mix (including the Transfer Capital grant income as reflected in operating expenditure table).
- Operating grants and transfers totals R210 million in the 2013/14 financial year and is 30% of the overall budget..
- The percentage increase of both Eskom Bulk Purchases tariffs of 7.3 % 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.

- 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.
- Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows:

#### **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 Circulars 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 be levied for the 2013/14 financial year**

	2009/2010	2011/2012			2012/2013	2013/2014	
<b>RATE</b>							
<b>Proposed increment 2013/14 at 6%</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. A 7% 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 7 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.**

ESTIMATES OF INCOME AND EXPENDITURE- TARIFFS																	
AS FROM 01 JULY 2013																	
20	ELECTRICITY CATEGORY				2012/13				2013/14								
20.1	DOMESTIC PREPAYMENT				Block 4												
					Domestic High demand Charge (per KWH)	Tariff 1	R0.77983/M	0.9514 /Kwh	1.14	0.66	0.82	1.09	1.29	0.71	0.89	1.18	1.39
									Domestic Low demand charge per (kwh) (Indigents)	Tariff 2	R0.058823	0.6755 /Kwh	1.14	0.66	0.82	1.09	1.29
20.2	COMMERCIAL Conventional	Basic Charge/month	R160.58/M	R 195.91 /MONTH	2012/13				2013/14								
					/MONTH	264.02 /MONTH	282.50 /MONTH										
	Energy Charge		R0.72268C	R 0.88 C/KWH	C/KWH	135 C/KWH				144.45 C/KWH							
20.3	COMMERCIAL PREPAYMENT	Energy Charge ( per KWH)	R0.91500/M	112.00 C/KWH	C/KWH	149.89 C/KWH				160.38 C/KWH							
			R0.91500/M	112.00 C/KWH	C/KWH	149.89 C/KWH				160.38 C/KWH							
			R0.91500/M	112.00 C/KWH	C/KWH	149.89 C/KWH				160.38 C/KWH							
20.4	LARGE POWER USERS = 100KVA	Basic Charge/month		R 599.63		R 808.11				864.68							
			Energy Charge (per KWH)	R0.06178/M	0.07537 /KWH	C/KWH	R 1.02 C/KWH				1.09 C/KWH						
			Demand Charge/ KVA	R108.78/K	R 132.71 /KVA		R 178.85				191.37						
20.5	LARGE POWER USERS (over 100KVA)	Basic Charge per month		R 546.89		R 737.03				788.62							
			Energy Charge	0.025/ KWH	R 30.00 C/KWH	C/KWH	R 40.43 C/KWH				43.26 C/KWH						
			Demand Charge (per KVA)	108.78/ KVA	R 132.74 /KVA	/KVA	R 178.89 /KVA				191.41 /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 municipality implemented the stepped tariff as

recommended. 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>			
Refuse Removal : Full Level of Service	2012/2013	2013/2014	2014/2015
<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 2013/14 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 2013/14 budget and MTREF (classified per main type of operating expenditure):

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

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	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Expenditure By Type</b>											
Employee related costs	2	181 000	198 858	226 442	227 938	242 414	242 414	242 414	267 937	276 746	294 735
Remuneration of councillors		15 825	18 729	17 420	17 829	19 052	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	56 932	68 162	27 000	20 000
Depreciation & asset impairment	2	12 051	18 214	179 044	24 076	136 000	136 000	136 000	125 237	96 581	128 102
Finance charges		5 042	8 639	9 107	6 001	4 910	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	169 478	181 850	196 398	210 735
Other materials	8	8 897	1 247							-	
Contracted services		3 055	5 553	17 236	10 071	10 005	10 005	10 005	10 936	11 526	12 149
Transfers and grants		18 756	21 360	26 198	4 400	4 400	4 400	17 654	20 000	21 080	22 218
Other expenditure	4, 5	81 425	115 624	139 846	127 945	151 146	151 146	151 146	224 275	231 523	241 505
Loss on disposal of PPE		-	16 863								
<b>Total Expenditure</b>		<b>526 151</b>	<b>566 671</b>	<b>782 402</b>	<b>604 671</b>	<b>794 337</b>	<b>794 337</b>	<b>807 590</b>	<b>922 707</b>	<b>886 687</b>	<b>956 894</b>
<b>Surplus/(Deficit)</b>		<b>(47 593)</b>	<b>(28 598)</b>	<b>(105 237)</b>	<b>47 055</b>	<b>(83 397)</b>	<b>(83 397)</b>	<b>(96 650)</b>	<b>(196 935)</b>	<b>(115 090)</b>	<b>(102 163)</b>
Transfers recognised - capital		166 151	62 576	72 605	90 389	151 924	151 924	151 924	196 935	115 090	102 163
Contributions recognised - capital	6	-	-	-	8 618	23 100	23 100	23 100	-	-	-
Contributed assets				4 746	8 618	(23 100)	(23 100)	(23 100)			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Atributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</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>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

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

The budgeted allocation for employee related costs for the 2013/14 financial year totals R268 million after an increase of 6.95 %. The budget is 37% of the total operating revenue budget excluding capital grant income.

### **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%. This represents 3% of the total operating revenue budget excluding capital operating grant income.

### **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 7.3 %. 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 R182 million.

### **1.5.7. Contracted Services**

Contracted services excluding the collection of revenue is budgeted at R11 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. The budget is set at R209 million for general expenditure. Included in the other expenditure are the following line items

- **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 R45 million.

- **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 R15 million.

### **1.5.9 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	CAPITAL BUDGET			MEDIUM-TERM TOTAL
	2013/14	2014/15	2015/16	
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	0.00	0.00	0.00	0.00
Recreational Facilities (MIG)	9 814 260.00	11 418 952.50	12 324 397.50	33 557 610.00
Assets from own funds	15 107 781.77	15 505 402.33	15 731 690.25	46 344 874.35
<b>Total</b>	<b>232 957 956.77</b>	<b>106 131 752.33</b>	<b>121 894 340.25</b>	<b>460 984 049.35</b>
<b>Funding</b>				
Integrated National Electrification	103 731 775.00	10 000 000.00	20 000 000.00	133 731 775.00
MIG	65 428 400.00	76 126 350.00	82 162 650.00	223 717 400.00
ISUP	44 690 000.00			44 690 000.00
Rural Household Infrastructure	4 000 000.00	4500000	4000000	12 500 000.00
Own revenue	15 107 781.77	15 505 402.33	15 731 690.25	46 344 874.35
	<b>232 957 956.77</b>	<b>106 131 752.33</b>	<b>121 894 340.25</b>	<b>460 984 049.35</b>

For 2013/14 an amount of R232.9 million has been appropriated for the development of infrastructure.

There is a need for the municipality to purchase own Plant, Equipment and vehicles during the MTREF. Funding has to be sourced to ensure that the municipality operates at its optimal levels. Acquisitions option appraisals is to be undertaken to establish the best acquisition model and funding thereof within the current financial year as own revenue is limited.

**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									
<i>Governance and administration</i>		250 511	290 387	367 988	372 935	417 260	417 260	416 176	449 526	510 848
Executive and council		1 500	2 786	3 175	809	2 429	2 429	2 195	1 223	1 273
Budget and treasury office		246 846	266 653	364 175	370 563	413 296	413 296	412 070	447 905	509 153
Corporate services		2 164	948	638	1 563	1 535	1 535	1 911	398	422
<i>Community and public safety</i>		156 908	11 867	7 980	14 294	126 385	126 385	85 855	13 955	14 466
Community and social services		19 700	376	712	382	10 798	10 798	7 806	6 127	6 165
Sport and recreation		118 596	126	19	222	25	25	627	661	704
Public safety		6 896	4 396	5 671	5 339	11 569	11 569	11 569	7 167	7 597
Housing		-	1 114	1 578	6 352	103 993	103 993	65 470	-	-
Health		11 717	5 853	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		64 843	80 809	138 257	15 599	51 154	51 154	90 351	101 511	109 118
Planning and development		16 856	28 697	31 577	1 363	4 903	4 903	3 544	1 561	1 654
Road transport		47 967	52 112	106 681	14 236	46 250	46 250	86 807	99 951	107 464
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		172 447	217 586	235 544	248 897	268 064	268 064	330 325	321 695	322 462
Electricity		154 808	196 724	216 926	224 374	247 474	247 474	308 302	288 140	297 269
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		17 639	20 863	18 618	24 524	20 591	20 591	22 023	23 555	25 193
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	644 709	600 650	749 769	651 726	862 863	862 863	922 707	886 687	956 894
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		236 045	228 438	364 243	236 066	409 098	409 098	450 061	394 217	434 065
Executive and council		32 491	52 752	47 260	52 104	74 667	74 667	80 909	86 435	91 710
Budget and treasury office		165 767	119 993	265 533	121 843	292 738	292 738	314 103	252 662	284 465
Corporate services		37 786	55 693	31 449	62 120	41 693	41 693	55 049	55 120	57 891
<i>Community and public safety</i>		75 516	99 942	128 696	102 073	119 368	119 368	120 694	126 316	132 065
Community and social services		5 932	4 472	12 868	8 694	26 498	26 498	23 742	27 423	29 039
Sport and recreation		6 182	10 404	7 178	12 719	10 789	10 789	16 051	14 759	14 888
Public safety		43 921	51 906	71 340	61 409	76 777	76 777	72 555	75 695	79 851
Housing		1 021	12 372	19 497	4 149	4 652	4 652	8 345	8 439	8 288
Health		18 460	20 788	17 614	15 100	652	652	-	-	-
<i>Economic and environmental services</i>		45 608	56 034	57 027	58 867	81 382	81 382	90 119	80 282	85 116
Planning and development		16 645	21 000	18 427	21 246	26 071	26 071	20 263	18 580	19 716
Road transport		28 961	35 034	35 546	37 621	50 188	50 188	64 647	55 972	59 305
Environmental protection		-	-	3 054	-	5 122	5 122	5 209	5 730	6 095
<i>Trading services</i>		168 984	182 257	227 689	254 720	253 015	253 015	261 832	285 873	305 648
Electricity		131 672	145 301	177 710	205 366	202 371	202 371	208 226	228 664	244 932
Water		-	-	-	-	-	-	-	-	-
Waste water management		1 293	1 213	1 455	2 933	3 558	3 558	3 693	3 923	4 168
Waste management		36 018	35 743	48 524	46 421	47 087	47 087	49 913	53 286	56 548
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	526 151	566 671	777 656	651 726	862 863	862 863	922 707	886 687	956 894
<b>Surplus/(Deficit) for the year</b>		118 558	33 979	(27 886)	(0)	-	-	(0)	0	(0)

**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 R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>									
Vote 1 - EXECUTIVE & COUNCIL	3 318	2 037	3 175	1 364	2 429	2 429	2 195	1 223	1 273
Vote 2 - FINANCE & ASSET MANAGEMENT	257 823	288 238	364 175	378 915	413 296	413 296	412 070	447 905	509 153
Vote 3 - CORPORATE SERVICES	2 590	369	1 173	1 100	1 910	1 910	2 283	792	840
Vote 4 - COMMUNITY SERVICES	29 356	26 772	18 647	24 544	29 120	29 120	28 154	29 720	31 401
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	2 824	266	282
Vote 7 - HUMAN SETTLEMENT	721	1 114	2 721	1 492	106 435	106 435	68 120	1 524	1 615
Vote 8 - INFRASTRUCTURE	190 296	229 267	312 947	224 661	279 488	279 488	380 018	382 095	387 778
<b>Total Revenue by Vote</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>922 707</b>	<b>886 687</b>	<b>956 894</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - EXECUTIVE & COUNCIL	58 479	52 752	47 259	68 859	74 667	74 667	80 891	86 416	91 690
Vote 2 - FINANCE & ASSET MANAGEMENT	105 931	123 168	290 784	134 516	306 071	306 071	329 301	269 791	302 565
Vote 3 - CORPORATE SERVICES	24 974	29 075	28 136	31 612	33 340	33 340	43 594	44 299	46 494
Vote 4 - COMMUNITY SERVICES	68 990	65 483	76 554	62 536	70 943	70 943	70 536	75 385	79 949
Vote 5 - PUBLIC SAFETY	50 803	57 173	74 415	65 316	79 705	79 705	75 860	80 094	84 528
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEV	23 241	24 732	19 871	25 105	30 278	30 278	27 320	26 905	28 520
Vote 7 - HUMAN SETTLEMENT	14 016	19 051	13 263	15 033	18 229	18 229	25 636	23 560	23 589
Vote 8 - INFRASTRUCTURE	179 717	195 237	227 364	248 750	249 631	249 631	269 568	280 236	299 560
<b>Total Expenditure by Vote</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>922 707</b>	<b>886 687</b>	<b>956 894</b>
<b>Surplus/(Deficit) for the year</b>	<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

**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	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	117 216	122 589	128 537	137 241	138 454	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	221 989	237 528	254 155	271 946
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	19 662	21 038	22 511	24 086
Service charges - other					4 383	5 933	5 933	5 933	6 691	7 092	7 518
Rental of facilities and equipment		10 924	12 276	12 505	13 998	14 003	14 003	14 003	15 418	16 339	17 323
Interest earned - external investments		8 538	7 017	9 483	3 949	8 284	8 284	8 284	9 381	9 944	10 540
Interest earned - outstanding debtors		23 383	22 099	27 209	22 316	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	3 397	3 601	3 817	4 046
Licences and permits		11 322	10 140	11 011	14 433	14 431	14 431	14 431	15 297	16 214	17 187
Agency services					2	-	-	-			
Transfers recognised - operational		127 258	147 888	248 346	172 831	199 434	199 434	199 434	210 180	222 488	269 905
Other revenue	2	7 062	8 203	25 274	34 848	63 038	63 038	63 038	36 223	38 397	40 701
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>710 940</b>	<b>725 772</b>	<b>771 597</b>	<b>854 731</b>
<b>Expenditure By Type</b>											
Employee related costs	2	181 000	198 868	228 442	227 938	242 414	242 414	242 414	267 937	276 746	294 735
Remuneration of councillors		15 825	18 729	17 420	17 829	19 052	19 052	19 052	19 068	20 307	21 627
Debt impairment	3	109 266	51 104	22 132	16 932	58 932	56 932	56 932	68 162	27 000	20 000
Depreciation & asset impairment	2	12 051	18 214	179 044	24 076	136 000	136 000	136 000	125 237	96 581	128 102
Finance charges		5 042	8 639	9 107	6 001	4 910	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	169 478	181 850	196 398	210 735
Other materials	8	8 897	1 247								
Contracted services		3 055	5 553	17 236	10 071	10 005	10 005	10 005	10 936	11 526	12 149
Transfers and grants		18 756	21 360	26 198	4 400	4 400	4 400	17 654	20 000	21 080	22 218
Other expenditure	4, 5	81 425	115 624	139 846	127 945	151 146	151 146	151 146	224 275	231 523	241 505
Loss on disposal of PPE		-	16 863								
<b>Total Expenditure</b>		<b>526 151</b>	<b>566 671</b>	<b>782 402</b>	<b>604 671</b>	<b>794 337</b>	<b>794 337</b>	<b>807 590</b>	<b>922 707</b>	<b>886 687</b>	<b>956 894</b>
<b>Surplus/(Deficit)</b>		<b>(47 593)</b>	<b>(28 598)</b>	<b>(105 237)</b>	<b>47 055</b>	<b>(83 397)</b>	<b>(83 397)</b>	<b>(96 650)</b>	<b>(196 935)</b>	<b>(115 090)</b>	<b>(102 163)</b>
Transfers recognised - capital		166 151	62 576	72 605	90 389	151 924	151 924	151 924	196 935	115 090	102 183
Contributions recognised - capital	6	-	-	-	8 618	23 100	23 100	23 100	-	-	-
Contributed assets				4 746	8 618	(23 100)	(23 100)	(23 100)			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</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>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</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	2 292	537	902	951
Vote 2 - FINANCE & ASSET MANAGEMENT		1 351	179	858	2 261	3 950	3 950	3 950	4 312	5 224	5 506
Vote 3 - CORPORATE SERVICES		-	25	-	320	105	105	105	257	344	363
Vote 4 - COMMUNITY SERVICES		401	-	630	1 515	2 415	2 415	2 415	2 150	2 302	2 427
Vote 5 - PUBLIC SAFETY		4	12 397	2 898	2 502	11 293	11 293	11 293	3 551	4 166	4 391
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		121 293	-	10 685	5 051	13 483	13 483	13 483	1 789	445	469
Vote 7 - HUMAN SETTLEMENT		10	11	50 279	211	127 393	127 393	127 393	49 341	5 334	4 269
Vote 8 - INFRASTRUCTURE		22 331	60 709	78 289	95 803	137 891	137 891	137 891	171 020	87 413	103 519
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>		145 394	73 321	141 735	108 935	298 822	298 822	298 822	232 958	106 132	121 894
<b>Total Capital Expenditure - Vote</b>		145 394	73 321	141 735	108 935	298 822	298 822	298 822	232 958	106 132	121 894
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 351	204	963	3 704	6 297	6 297	6 297	5 070	6 415	6 762
Executive and council		-	-	104	1 273	2 292	2 292	2 292	537	902	951
Budget and treasury office		1 351	179	479	2 261	1 156	1 156	1 156	853	1 569	1 653
Corporate services		-	25	379	170	2 849	2 849	2 849	3 680	3 944	4 157
<b>Community and public safety</b>		102 916	12 408	54 058	3 353	142 231	142 231	142 231	84 719	21 380	21 484
Community and social services		401	-	217	299	256	256	256	252	369	388
Sport and recreation		102 501	-	5 760	-	3 815	-	3 815	12 389	12 624	12 998
Public safety		4	12 397	2 898	2 524	10 948	10 948	10 948	3 339	3 782	3 986
Housing		10	11	44 507	530	127 212	127 212	127 212	48 740	4 605	4 111
Health		-	-	698	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		41 048	60 709	57 218	72 679	73 995	73 995	73 995	56 012	65 569	70 732
Planning and development		18 792	-	10 021	14 931	9 713	9 713	9 713	152	293	309
Road transport		22 256	60 709	47 190	57 748	64 053	64 053	64 053	55 763	65 138	70 277
Environmental protection		-	-	8	-	229	229	229	97	138	146
<b>Trading services</b>		79	-	29 487	39 271	76 300	76 300	76 300	107 158	12 768	22 917
Electricity		76	-	29 103	38 055	74 183	74 183	74 183	105 138	10 639	20 674
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	630	630	630	505	533	561
Waste management		3	-	384	1 217	1 487	1 487	1 487	1 514	1 596	1 682
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	145 394	73 321	141 735	119 007	298 822	298 822	298 822	232 958	106 132	121 894
<b>Funded by:</b>											
National Government		19 319	49 369	62 395	-	92 977	92 977	92 977	169 160	90 626	106 163
Provincial Government		124 201	13 207	61 683	89 932	136 863	136 863	136 863	48 690	-	-
District Municipality		-	-	-	457	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	143 520	62 576	124 077	90 389	229 841	229 841	229 841	217 850	90 626	106 163
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	12 912	20 000	39 682	39 682	39 682	15 108	15 505	15 732
Internally generated funds		1 875	10 745	4 746	8 618	29 300	29 300	29 300	-	-	-
<b>Total Capital Funding</b>	7	145 394	73 321	141 735	119 007	298 822	298 822	298 822	232 958	106 132	121 894

**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	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	195 459
Consumer debtors	1	68 869	81 127	68 043	131 308	91 308	91 308	91 308	68 317	64 636	60 757
Other debtors		37 735	42 306	18 224	42 532	42 532	42 532	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	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>456 714</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	157
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		58 715	41 851	103 189	41 851	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	1 435 806	1 546 380	1 570 349	1 542 699
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		509	390	243	390	640	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>1 478 454</b>	<b>1 650 366</b>	<b>1 674 335</b>	<b>1 646 684</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>1 935 168</b>	<b>1 977 621</b>	<b>2 016 089</b>	<b>2 008 193</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	15 650
Consumer deposits		948	1 294	1 600	1 294	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	161 345	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>178 289</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	55 445	49 961	44 478	38 994
Provisions		23 314	21 757	26 271	21 757	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>77 202</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>255 491</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>1 679 677</b>	<b>1 706 977</b>	<b>1 750 929</b>	<b>1 748 516</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	1 532 141	1 575 006	1 618 958	1 616 545
Reserves	4	148 978	149 024	130 483	147 536	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>1 679 677</b>	<b>1 706 977</b>	<b>1 750 929</b>	<b>1 748 516</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	406 925	481 982	513 060	546 610
Government - operating	1	127 258	147 888	167 213	181 848	181 578	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	208 040	169 428	95 626	111 163
Interest		31 921	29 116	36 691	3 554	8 284	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)	(577 874)	(709 574)	(742 306)	(786 863)
Finance charges		(5 042)	(8 639)	(9 107)	(5 401)	(4 310)	(4 310)	(4 310)	(5 242)	(5 525)	(5 823)
Transfers and Grants	1				(4 400)	(8 827)	(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>213 817</b>	<b>147 914</b>	<b>95 645</b>	<b>148 219</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)	(290 121)	(232 561)	(106 132)	(121 894)
<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>(290 121)</b>	<b>(232 561)</b>	<b>(106 132)</b>	<b>(121 894)</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)	(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>(5 484)</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>(5 484)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>50 200</b>	<b>13 650</b>	<b>31 205</b>	<b>(2 587)</b>	<b>(81 788)</b>	<b>(81 788)</b>	<b>(81 788)</b>	<b>(90 131)</b>	<b>(15 971)</b>	<b>20 841</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	47 395	31 424
Cash/cash equivalents at the year end:	2	174 459	188 109	219 314	216 727	137 526	137 526	137 526	47 395	31 424	52 265

Table 14 MBRR Table A1 - Budget Summary

EC157 King Sabata Dalindyebo - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial Performance</b>										
Property rates	117 216	122 589	128 537	137 241	138 454	138 454	138 454	148 761	155 567	164 901
Service charges	170 794	205 926	213 180	249 967	247 583	247 583	247 583	265 257	283 758	303 550
Investment revenue	8 536	7 017	9 483	3 949	8 284	8 284	8 284	9 381	9 944	10 540
Transfers recognised - operational	127 258	147 888	248 348	172 831	199 434	199 434	199 434	210 180	222 488	269 905
Other own revenue	54 751	54 654	77 618	87 737	117 185	117 185	117 185	94 193	99 841	105 835
<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>710 940</b>	<b>725 772</b>	<b>771 597</b>	<b>854 731</b>
Employee costs	181 000	198 968	226 442	227 938	242 414	242 414	242 414	267 937	276 746	294 735
Remuneration of councillors	15 825	18 729	17 420	17 829	19 052	19 052	19 052	19 068	20 307	21 627
Depreciation & asset impairment	12 051	18 214	179 044	24 076	136 000	136 000	136 000	125 237	98 581	128 102
Finance charges	5 042	8 639	9 107	6 001	4 910	4 910	4 910	5 242	5 525	5 623
Materials and bulk purchases	99 731	111 717	144 978	169 478	169 478	169 478	169 478	181 850	196 398	210 735
Transfers and grants	18 756	21 360	26 198	4 400	4 400	4 400	17 654	20 000	21 080	22 218
Other expenditure	193 747	189 144	179 214	154 949	218 083	218 083	218 083	303 373	270 050	273 654
<b>Total Expenditure</b>	<b>526 151</b>	<b>566 671</b>	<b>762 402</b>	<b>604 671</b>	<b>794 337</b>	<b>794 337</b>	<b>807 590</b>	<b>922 707</b>	<b>866 687</b>	<b>956 694</b>
<b>Surplus/(Deficit)</b>	<b>(47 593)</b>	<b>(28 598)</b>	<b>(105 237)</b>	<b>47 055</b>	<b>(83 397)</b>	<b>(83 397)</b>	<b>(96 650)</b>	<b>(196 935)</b>	<b>(115 090)</b>	<b>(102 163)</b>
Transfers recognised - capital	166 151	62 576	72 605	90 389	151 924	151 924	151 924	196 935	115 090	102 163
Contributions recognised - capital & contributed a	-	-	4 746	17 236	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>118 558</b>	<b>33 979</b>	<b>(27 886)</b>	<b>154 680</b>	<b>68 527</b>	<b>68 527</b>	<b>55 273</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	145 394	73 321	141 735	119 007	298 822	298 822	298 822	232 958	106 132	121 894
Transfers recognised - capital	143 520	62 576	124 077	90 389	229 841	229 841	229 841	217 850	90 626	108 163
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	12 912	20 000	39 682	39 682	39 682	-	-	-
Internally generated funds	1 875	10 745	4 746	8 618	29 300	29 300	29 300	15 108	15 505	15 732
<b>Total sources of capital funds</b>	<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>298 822</b>	<b>232 958</b>	<b>106 132</b>	<b>121 894</b>
<b>Financial position</b>										
Total current assets	371 581	387 194	308 482	403 411	456 714	456 714	456 714	327 256	341 754	361 508
Total non current assets	886 723	924 858	1 588 898	1 297 447	1 478 454	1 478 454	1 478 454	1 650 368	1 674 335	1 646 884
Total current liabilities	164 081	184 643	190 478	179 389	178 289	178 289	178 289	172 655	172 655	172 655
Total non current liabilities	74 699	73 859	84 344	77 202	77 202	77 202	77 202	97 989	92 505	87 022
Community wealth/Equity	1 019 525	1 053 550	1 622 538	1 478 343	1 879 677	1 879 677	1 679 677	1 708 977	1 750 929	1 746 516
<b>Cash flows</b>										
Net cash from (used) operating	208 467	85 085	150 072	150 867	213 817	213 817	213 817	147 914	95 645	148 219
Net cash from (used) investing	(154 026)	(73 168)	(126 539)	(147 970)	(290 121)	(290 121)	(290 121)	(232 561)	(106 132)	(121 894)
Net cash from (used) financing	(4 241)	1 731	7 672	(5 484)	(5 484)	(5 484)	(5 484)	(5 484)	(5 484)	(5 464)
<b>Cash/cash equivalents at the year end</b>	<b>174 459</b>	<b>188 109</b>	<b>219 314</b>	<b>216 727</b>	<b>137 526</b>	<b>137 526</b>	<b>137 526</b>	<b>47 395</b>	<b>31 424</b>	<b>52 265</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	174 459	188 109	219 314	154 145	247 449	247 449	247 449	232 367	243 439	257 833
Application of cash and investments	60 620	72 717	92 033	13 348	52 990	52 990	52 990	67 652	64 442	59 319
<b>Balance - 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>194 458</b>	<b>164 715</b>	<b>178 997</b>	<b>198 514</b>
<b>Asset management</b>										
Asset register summary (WdV)	59 224	42 242	1 588 742	1 297 291	1 415 029	1 415 029	1 679 119	1 679 119	1 610 081	1 959 619
Depreciation & asset impairment	12 051	18 214	179 044	24 076	136 000	136 000	125 237	125 237	98 581	128 102
Renewal of Existing Assets	-	-	-	-	-	-	-	12 732	-	-
Repairs and Maintenance	10 417	31 829	-	36 307	35 216	35 216	45 216	45 216	40 422	42 612
<b>Free services</b>										
Cost of Free Basic Services provided	4 887	4 887	4 887	5 161	5 347	5 546	5 935	5 935	6 351	6 795
Revenue cost of free services provided	10 007	10 071	10 327	11 305	11 491	11 690	26 614	26 614	28 112	14 245
<b>Households below minimum service level</b>										
Water:	52	52	52	0	42	42	42	42	42	42
Sanitation/sewerage:	41	41	41	15	15	15	15	15	15	15
Energy:	30	30	30	81	81	81	81	81	81	81
Refuse:	68	68	68	76	76	76	76	76	76	76



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>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	47 395	31 424	52 265
Other current investments > 90 days		0	0	0	(62 582)	109 922	109 922	(219 314)	184 972	212 015	205 568
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	-	12 730	9 520	4 397
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>67 652</b>	<b>64 442</b>	<b>59 319</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>164 715</b>	<b>178 997</b>	<b>198 514</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>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	145 394	73 321	40 635	182 027	298 822	298 822	220 226	106 132	121 894
Infrastructure - Road transport		22 255	20 566	40 635	84 334	81 576	81 576	51 098	64 108	59 190
Infrastructure - Electricity		972	-	-	95 268	130 900	130 900	95 000	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	194 788	78 606	93 190
Community		120 076	49 796	-	-	27 399	27 399	10 331	12 020	12 973
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 813	2 960	-	2 424	18 559	18 559	14 844	15 227	15 438
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		278	-	-	-	250	250	264	278	293
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	12 732	-	-
Infrastructure - Road transport		-	-	-	-	-	-	4 000	-	-
Infrastructure - Electricity		-	-	-	-	-	-	8 732	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	12 732	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	22 255	20 566	40 635	84 334	81 576	81 576	55 098	64 106	69 190
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	10 331	12 020	12 973
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 813	2 960	-	2 424	18 559	18 559	14 844	15 227	15 438
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		278	-	-	-	250	250	264	278	293
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	145 394	73 321	40 635	182 027	298 822	298 822	232 958	106 132	121 894
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		-	-	462 483	39 616	36 857	36 857	91 955	166 392	247 802
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	39 884	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	59 224	42 242	1 588 742	1 297 281	1 415 029	1 415 029	1 679 119	1 810 081	1 959 619
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		12 051	18 214	179 044	24 076	136 000	136 000	125 237	98 581	128 102
<b>Repairs and Maintenance by Asset Class</b>	3	10 417	31 829	-	36 307	35 216	35 216	45 216	40 422	42 612
Infrastructure - Road transport		3 237	19 362	-	9 049	14 413	14 413	25 220	18 042	16 909
Infrastructure - Electricity		2 199	9 388	-	7 832	9 586	9 586	6 242	10 304	10 861
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		5 436	28 747	-	16 881	23 999	23 999	31 462	26 347	27 769
Community		1 277	137	-	11 264	1 013	1 013	3 408	2 960	3 120
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	3 704	2 945	-	8 162	10 204	10 204	10 346	11 115	11 722
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		22 468	50 043	179 044	60 383	171 216	171 216	170 453	137 003	170 713
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.2%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		1.3%	3.6%	0.0%	2.9%	2.5%	2.5%	2.9%	2.8%	2.8%
<b>Renewal and R&amp;M as a % of PPE</b>		18.0%	75.0%	0.0%	3.0%	2.0%	2.0%	3.0%	2.0%	2.0%

**Table 17 MBRR Table A10 Ser Del**

EC157 King Sabata Dalindyebo - Table A10 Basic service delivery measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling									
Piped water inside yard (but not in dwelling)	21 413	21 413	21 413	42 626	42 626	42 626	42 626	42 626	42 626
Using public tap (at least min.service level)	16 771	16 771	16 771	24 405	24 405	24 405	24 405	24 405	24 405
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	38 184	38 184	38 184	67 031	67 031	67 031	67 031	67 031	67 031
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply	51 512	51 512	51 512	42 434	42 434	42 434	42 434	42 434	42 434
<i>Below Minimum Service Level sub-total</i>	51 512	51 512	51 512	42 434	42 434	42 434	42 434	42 434	42 434
<b>Total number of households</b>	<b>89 696</b>	<b>89 696</b>	<b>89 696</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)									
Flush toilet (with septic tank)	22 174	22 174	22 174	37 356	37 356	37 356	37 356	37 356	37 356
Chemical toilet									
Pit toilet (ventilated)	26 191	26 191	26 191	53 138	53 138	53 138	53 138	53 138	53 138
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	48 365	48 365	48 365	90 494	90 494	90 494	90 494	90 494	90 494
Bucket toilet	1 458	1 458	1 458	496	496	496	496	496	496
Other toilet provisions (< min.service level)									
No toilet provisions	39 874	39 874	39 874	14 416	14 416	14 416	14 416	14 416	14 416
<i>Below Minimum Service Level sub-total</i>	41 332	41 332	41 332	14 912	14 912	14 912	14 912	14 912	14 912
<b>Total number of households</b>	<b>89 697</b>	<b>89 697</b>	<b>89 697</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>
<b>Energy:</b>									
Electricity (at least min.service level)	400	400	400	450	450	450	450	450	450
Electricity - prepaid (min.service level)	36 985	36 985	36 985	76 732	76 732	76 732	76 732	76 732	76 732
<i>Minimum Service Level and Above sub-total</i>	37 385	37 385	37 385	77 182	77 182	77 182	77 182	77 182	77 182
Electricity (< min.service level)	18 130	18 130	18 130	60 464	60 464	60 464	60 464	60 464	60 464
Electricity - prepaid (< min. service level)	12 230	12 230	12 230	20 888	20 888	20 888	20 888	20 888	20 888
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	30 360	30 360	30 360	81 352	81 352	81 352	81 352	81 352	81 352
<b>Total number of households</b>	<b>67 745</b>	<b>67 745</b>	<b>67 745</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>
<b>Refuse:</b>									
Removed at least once a week	21 498	21 498	21 498	27 562	27 562	27 562	27 562	27 562	27 562
<i>Minimum Service Level and Above sub-total</i>	21 498	21 498	21 498	27 562	27 562	27 562	27 562	27 562	27 562
Removed less frequently than once a week									
Using communal refuse dump	45 056	45 056	45 056	64 603	64 603	64 603	64 603	64 603	84 603
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal	23 143	23 143	23 143	11 494	11 494	11 494	11 494	11 494	11 494
<i>Below Minimum Service Level sub-total</i>	68 199	68 199	68 199	76 097	76 097	76 097	76 097	76 097	76 097
<b>Total number of households</b>	<b>89 697</b>	<b>89 697</b>	<b>89 697</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>

EC157 King Sabata Dalindyebo - Table A10 Basic service delivery measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	5 870	5 870	5 870	6 370	6 370	6 370	6 370	6 370	6 370
Refuse (removed at least once a week)	1 327	1 327	1 327	1 370	1 370	1 370	1 370	1 370	1 370
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	2 400	2 400	2 400	2 500	2 500	2 500	2 676	2 863	3 063
Refuse (removed once a week)	2 487	2 487	2 487	2 661	2 847	3 046	3 259	3 488	3 732
Total cost of FBS provided (minimum social package)	4 887	4 887	4 887	5 161	5 347	5 546	5 935	6 351	6 795
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000
Water (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	8	8	8	8	8	8	8	8	8
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	1 920	1 944	2 040	2 304	2 304	2 304	2 544	2 697	2 858
Property rates (other exemptions, reductions and rebates)	3 200	3 240	3 400	3 840	3 840	3 840	4 070	4 315	4 574
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Electricity/other energy	2 400	2 400	2 400	2 500	2 500	2 500	2 676	2 863	3 063
Refuse	2 487	2 487	2 487	2 661	2 847	3 046	3 259	3 488	3 732
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	14 065	14 749	18
Total revenue cost of free services provided (total social package)	10 007	10 071	10 327	11 305	11 491	11 690	26 614	28 112	14 245

## **Part 2 – Supporting Documentation**

### **2.1. Overview of the annual budget process**

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

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

The primary aims of the Budget Steering Committee 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.

#### **2.1.1. Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year i.e. in August 2012 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 JULY 2012	RESPONSIBLE PERSON
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 through 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 through 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 21Aof 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 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

### **2.1.2. 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 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3. Financial Modeling and Key Planning Drivers**

As part of the compilation of the 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 2012/13 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.

#### **2.1.4. 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.

## **2.2. Overview of alignment of annual budget with IDP**

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

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the 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 safe working environments by effective enforcement of building and health regulations;
    - Promote viable, sustainable communities through proper zoning; and
    - Promote environmental sustainability by protecting wetlands and key open spaces.
  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.

### 2.3. Measurable performance objectives and indicators

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

### 2.4. Municipal manager's quality certificate

I ZIZAMELE ZAMZAH MNGANGENI, 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 MR ZIZAMELE ZAMZAH MNGANGENI

Municipal Manager of King Sabata Dalindyebo (EC 157)

Signature

Date

27/05/2013



**2013/2014 BUDGET SPEECH BY  
CLLR NONKOLISO NGQONGWA,  
EXECUTIVE MAYOR**

**31 MAY 2013**

The Honourable Speaker, Councillor FV Dondashe

Chief Whip of Council, Councillor DM Zozo

Members of Mayoral Committee

Chairpersons of Section 79 Committees

Leader of Opposition

Leaders of all Political Parties

Honourable Councillors

Traditional Leaders

The Municipal Manager

Directors

Distinguished Guests

Members of the Media

Citizens of King Sabata Dalindyebo Municipality

Ladies and Gentlemen

Madam Speaker, we take pleasure in presenting a budget speech and Medium -Term Revenue and Expenditure Framework (MTERF) for the 2013/14, 2014/15 and 2015/16 financial years as a tool for socio-economic

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transformation towards the improvement of the lives of the people of KSD. This budget, Madam Speaker is a tool to fight against the challenges of poverty, unemployment and inequality. This budget will certainly ensure that public confidence in the leadership of the municipality improves.

The Minister for National Treasury in the 2013 Budget Speech, provided hope for South Africa amid continued global economic uncertainty. This demonstrated that while progress is slow, the country's economic outlook is improving by being pragmatic. Minister acknowledged the important role to be played by the local government in executing policies on the ground and that priorities outlined in the 2013 Budget are delivered on successfully.

Let me highlight the need to promote sound and good governance in pursuit of a clean audit opinion. For two years in succession the municipality has received a disclaimer of opinion from the Auditor General. The municipality will institutionalise the concept of Operation Clean Audit 2014 (OPCA) through implementation of strategies that will focus on achieving clean audit and address all the issues raised by Auditor General in the management letter. Institutional arrangements that will support OPCA must be considered including an OPCA Committee to be chaired by the Executive Mayor. This must be placed high on the agenda of the municipality.

The municipality has recognised the need to collect more revenue, is a critical aspect of sound and good governance aimed at ensuring sustainable use of municipal resources. . This is vital as there is a high rate of employment in the area and high levels of indigence. In order to achieve this, the municipality must look at innovative ways to improve revenue collection including review of Credit Control and Debt Management Policy, By-Laws, and use of modern technology to improve access to bills and payment methods. This project is of utmost importance and must be undertaken right away.

### **The Medium-Term Revenue and Expenditure Framework**

The 2013/14 MTERF has been compiled in accordance with sound financial management principles for the compilation of the Municipality's financial plan.

The total revenue budget over the medium term is R2, 76 billion, constituted by R922, 707 million for 2013/14, R886, 055 million for 2014/15 and R956, 221 for 2015/16. The total revenue increased by 7% against 2012/13 adjustment budget and by 42% against the 2012/13 approved budget.



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The total expenditure budget for the medium term equates to R3, 18 billion constituted by operating expenditure of R2, 76 billion and capital expenditure of R422 million funded for external sources. Total expenditure has increased by 4 % against 2012/13 adjustment budget and by 58% against the approved 2012/13 budget.

For the 2013/14 budget allocations per departments are as follows:-

<b>Department</b>	<b>Budget 2013/14</b>
Corporate Services	R43 594 million
Budget and Treasury Office	R329 301 million
Human Settlements	R84 086 million
Community Services	R70 536 million
Technical Services	R428 968 million
Planning Social and Economic Development	R27 320 million
Executive and Council	R80 891million
Public Safety	R75 860 million

One of the key budget principles is to increase the percentage share of the maintenance budget. This must done to keep the integrity of our assets. This will save the municipality from expensive future infrastructure replacement cost and improve public confidence in the leadership of the municipality. It is important that we incentivise the communities that pay for services as they make a contribution to our fiscus.

Madam Speaker we are taking more seriously infrastructure investment to ensure that our nodal development areas create new economic nodes and provides economic activities in previously disadvantaged areas.

Madam Speaker our development nodes were mentioned as catalysts which will unlock development through a process of developing reform strategies which amongst others will alter inner city urban reform. It is my pleasure to announce that the municipality has finalised the Spatial Development Framework for KSD. Precinct Planning will be undertaken in Mqanduli, Vidgesville and Mthatha.

Madam, Speaker the Human Settlements Department is the process of finanlising the Local Spatial Development Framework for Coffee Bay, to guide public and private investment. You will remember that provincial cabinet took a decision to proclaim Coffee Bay as a coastal town. The municipality is working with ECSEC towards realising this goal.

The municipality has embarked on an ambitious process of formalisation programme, formalisation will bring dignity to our people. The Proclamation

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process will address the problem of people moving into their houses but is unable to get title deeds due to the fact that the areas remain un-proclaimed. This programme also provides interim services in the form of roads and storm-water construction, water standpipes and sewer system. This is being done in Mandela, Joe Slovo and Chris Hani Parks; Phola Park and Ngangelizwe to benefit 8400 households. Phase Two (2) will cover 4600 additional households.

We will build houses for qualifying beneficiaries in the area.

Madam, Speaker following years of under-investment in housing, we have made so much core investment in the core structures that make our city work. At our core, we are about basic service. But in a modern world, a competitive city not only manages infrastructure, it attracts labour, markets its wares and addresses fundamental quality of life issues.

The BNG Housing Programme is nearing housing construction stage which will take-off in January 2014. BNG Housing Programme will ensure delivery of integrated and sustainable human settlements characterised by mixed use and different typology of houses. The three planned developments will deliver 6500 houses comprising of low cost, gap housing and affordable housing, high density housing, two storey apartments. Commercial developments and other social facilities will be part of these developments.

As part of ensuring sustainable developments we have just completed construction of two multi-purpose community centres in Ngangelizwe and Mqanduli. These community centres will bring much needed services to highly challenged communities.

Suitable land for the landfill site of 56 hectares has been secured in Qweqwe Admin Area in Ward 33 for the development of a new landfill site. Environmental Impact Assessment studies are being conducted. A budget of R16, 5 million has been secured from the Department of Environmental Affairs for the development of the new landfill site.

Rehabilitation of two landfill sites is in progress and access to refuse collection has been increased to cover Mthatha West.

Madam Speaker, Public Safety Department is using this budget to make the KSD jurisdiction safer through partnerships, innovation, and sustainable interventions. Our broader Safety Strategy looks at the whole society mobilising the resources, knowledge, creativity and concern of all role players including all spheres of government, civil society, business and individual citizens to build safe communities on a partnership basis.

## TARRIFS

The proposed tariff increases for the 2013/14 MTERF, for property rates are 6% and waste removal are 7%, and 7,3% for electricity.

NERSA has given a directive that a 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 percentage increase of both Eskom Bulk Purchases tariffs of 7.3 % 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.

The following stipulations in 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 KSD Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the KSD Indigent Policy. In this regard the following stipulations are relevant;
  - Including pensioners, physically and mentally disabled persons, a maximum/total 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.
- 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,

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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;

Currently solid waste removal is operating at a deficit. In normal terms the rendering of this service should at least break even. 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 2012/13. 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. A turn-around plan for Cost Recovery on Refuse Removal has been concluded.

### **CAPITAL BUDGET**

The Capital budget for 2013/14 amounts to R232.9 112 million has been appropriated for the development of infrastructure.

Madam Speaker, the Capital Budget is funded from internally generated revenue, borrowings as well as grant funding. The 2013/14 and 2012/13 allocations as were approved in 2012/13 MTERF was utilised as departure point for compilation of the 2013/14 MTERF.

Madam Speaker, the Integrated Development Plan for the municipality has provided a strategic management plan, guiding all planning, development and decision making in the municipality.

A major bottleneck in our road network will be addressed with expansion of the existing roads and construction of by-passes easing traffic in and around town. This will be done in partnership with SANRAL.

These are some of the highlight projects that will be undertaken during the medium term:-

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- Electricity infrastructure will be funded to the tune of **R133 731million**
- Roads and storm water improvements total **R190 159 million**
- Human Settlements will be funded to the tune of **R57 190 million**
- Recreational facilities will be funded to **R33 557 million**
- An amount of **R500 000** to conduct feasibility studies has been allocated for the new Mthatha Regional Cemetery
  
- Road construction will be done in the following areas:-
  - An amount of R15 million is budgeted for the paving of all streets in old Hillcrest, the site has been handed over, ward 9
  - Zithenjini-Lubisana A/R ward 22,
  - River to Luviweni A/R ward 31,
  - Pahla-Sigingqini A/R ward 37,
  - Siqikini Extension with Bridge A/R ward 26,
  - Surfacing of Dikweni, Gobodo, Matolweni Street ward 3,
  - Dukathole-Tyeni to Mayibe A/R ward 34,
  - Surfacing of Zimbane Valley Abattoir ward 4,
  - Gunjana to Rune Access Road ward 18,
  - Emasimini –N2 via Madonisi A/R ward 19,
  - Gqaqhala A/R ward 26,
  - Balizulu A/R ward 28,
  - Cezu Bus Stop via Sigiba A/R ward 29,
  - Ngcengane to Gqabata ,
  - Mdeni to Tabase A/R ward 14;
  - Tarring of Mtati Street –Rosewood Street ward 9,
  - Gravelling of Ncambedlana A/R ward 9,
  - Old Payne A/R ward 30,
  - Hoza Stop to Mthukuba via Ngqungqu A/R ward 22
  
- High Masts at Harrow Road, Makhenkesi, Maydene , Hillcrest & Mthatha West wards 7,11,29
- R10 million will be used to fund rehabilitation of rural roads targeting 8km in each rural ward.
- The municipality will procure road maintenance plant and machinery on a lease to own option , budgeting R5 million in 2013/14
- Maintenance of Mthatha Stadium is budgeted for at R600 000

## **JOB CREATION**

Municipality is doing its bit to fight unemployment creating jobs through Greening and Cleaning Initiatives. 198 EPWP beneficiaries from all 35 wards have been engaged to assist in cleaning and greening projects in KSD Municipality. The total funding of R157,5 million will create more than 1000 jobs in the area of waste management and environmental management.

The stimulation of economic activity in the municipal area involves, firstly the commercialisation of wool growing in the municipal area. A target of thirteen sheds is supported by registering smaller cooperatives and assisting them to apply for DTI incentive support of R350 000 each. Twenty-seven cooperatives have been registered already.

Secondly, three cluster businesses at Transido small business hub have been assisted in applying for cooperative incentives and business skills training. The programme covers forty-six small scale industrialists.

Thirdly, a programme of agro-processing hubs is at different levels of development. The support of the maize production co-operatives will be assisted by KSD municipality in partnership with ECRDA, the department of rural Development and Agrarian Reform. Funding from the job fund will be the main source of capitalisation. The horticultural section including vegetables and fruit production is driven by KSD municipality in partnership with Kei Fresh produce market.

The tourism product development is at this concentrating on the development of Wonkumtu conference centre at the Ultra City tourism information centre.

## **COPORATE AND GOVERNANCE**

Madam Speaker, KSD believes that the success of realising better life for all lies in the collaboration of all government and other stakeholders hence Intergovernmental Relations has been launched and its Unit Head appointed.

Traditional Leaders are settling in very well as an integral part of KSD Municipal Council, their contribution has enriched the quality of debate in council meetings.

In order to deepen democracy, Ward Committee establishment has been completed in 31 out of 35 Wards and I am pleased to announce that the process of electing the remaining once is underway.

Community outreach programmes were conducted throughout the municipality, with humbling appreciation of good work covered thus far. It is

## ANNEXURE A

worth noting that along way lies ahead of us to deal with a number of challenges that remain an impediment to our people's freedom and prosperity.

The municipality's skills development programme is well on track and aims at the building of internal capacity through the enhancement of skills of councilors and officials, and where possible members of the community.

Infrastructure Skills Development Programme has been allocated R1,5 million. It will be used for the recruitment and placement of young graduates in the Technical Services field.

A project is now underway to implement an organization-wide and individual performance management system in the municipality.

A project worth R1, 5 million is being initiated to develop and implement an ICT Master Systems Plan which will guide the modernization of the municipality's ICT systems moving forward. Another project is to develop a Disaster Recovery and Business Continuity Plan that will ensure that municipal operations do not come to a standstill in any eventuality.

Let us pull up our sleeves and get to work; the future is bright.

I thank you.