

**BUDGET SUMMARY OF THE BUDGET PLATINUM
DISTRICT MUNICIPALITY**

2013/14 TO 2015/16

**COUNCIL RESOLUTION NO : R371/12/13
ADOPTED BY COUNCIL ON THE : 30 MAY 2013**

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GLOSSARY OF TERMS AND ACRONYMS

Acronym

Budget Steering Committee : A strategic planning forum aimed at identifying key spending priorities for the municipality

Budget related policies : Policies of a municipality that affect or are affected by the budget.

CAPEX: Capital expenditure, spending on municipal assets such as land, buildings, roads, etc.

CPIX: Consumer price index excluding interest on mortgages

CPI: Consumer price index

GAAP: Generally Accepted Accounting Practice

COGTA: Cooperative Governance and Traditional Affairs

GRAP: Generally Recognised Accounting Practice

FBS: Free basic services

IDP: Integrated Development Plan, a strategic document detailing the municipality's medium term plan for development.

IGR: Intergovernmental relations

ICT: Information and communication technology

LED: Local economic development

MFMA: Municipal Financial Management Framework, Act 56 of 2003, legislation providing a framework for financial management in local government.

MIG: Municipal Infrastructure Grant

MSA: Municipal Systems Act, Act 32 of 2000.

MTB: Medium Term Budget, a three year financial plan of a municipality.

MTBPS: Medium Term Budget Policy Statement

NT: National Treasury of South Africa

OPEX: Operating expenditure, spending on the day to day operational activities such as salaries and wages, repairs and maintenance, general expenses.

SALGA: South African Local Government Association

SDBIP: Service Delivery and Budget Implementation Plan, a detailed plan containing quarterly performance targets and monthly budget estimates.

THE EXECUTIVE MAYOR, CLR L.J.R DIREMELO'S FOREWORD

It is a great privilege and an honour to present the 2013/14 Budget and Highlights of our achievements in the current financial year.

In the Bojanala Platinum District Municipality, we see the budget as an instrument through which we manage public funds in a way that ensures that we improve the quality of life of our people. We see the budget as an instrument of development and we do this through planning, allocation, control and proper accounting for every cent entrusted to this sphere of government.

The year 2013 marks an important milestone in the history of our country and that of our people as a whole. This year, we celebrate the 101 years of the existence of the oldest liberation movement in Africa, the midwife of the South African democracy and freedom, the **African National Congress**. We owe it to ourselves to pause for a moment, reflect on the path we have passed through the milestones we have achieved and the challenges that still lies ahead.

In his speech delivered just before the 1994 general elections, former **President Nelson Mandela**, had this to say, I quote:

"We are not yet free, we have merely achieved the freedom to be free, right not to be oppressed. We have not taken the final step on our journey but the first step on a longer and even more difficult road. For to be free is not merely to cast off one`s chains, but to live in a way that respects and enhances the freedom of others".

We consciously invoke these powerful words of the former President to remind ourselves where we come from and our history in general. We are the descendents of the great warrior King

Sekhukhune, whose legacy and contribution in the fight against imperialist domination and defending our territory is unparalleled.

It is the legacy of Great Warrior King Sekhukhune, Kgoši Mampuru, Kgoši Nyabela, Mohumagadi Madinoge and other traditional leaders who laid the foundation of resistant politics, subsequently giving impetus to the struggle for liberation and freedom in South Africa.

Ours, therefore, is to defend the gains of the revolution, consolidate its hegemony and propel its noble objective of creating a better life for the people of South Africa in general and Bojanala in particular.

We must therefore recommit ourselves to the values and principles that our forbearers stood for; we must entrench and embrace the values of social solidarity and the spirit of Ubuntu. Indeed we must declare with one voice, that the challenges of the African continent can only be solved by the Africans themselves. It is for this reason that we salute great African leaders who resisted the temptation to be corrupted by western powers, who through sheer determination and love for their people championed African agenda through difficult periods.

This Municipality recommitted itself at the start of 2013 to provide quality, effective and affordable municipal services to its residents, to driving development aimed at creating future prosperity and the wise utilization of available funds to provide a conducive environment in which a better life for our communities can be achieved. We are now here to highlight our achievements and also challenges.

It gives me great pleasure to remind ourselves that we have received Unqualified Audit Opinion from the Auditor-General for the 2011/2012 financial year. I have personally met with the Auditor General the previous week in my office and their comments on our road towards 2014 clean audit are very encouraging. Our administration continues to meet with the AG every time when is necessary.

This year in May 2013 marks exactly two years after the third democratic local government elections held on the 18th May 2011. Building on the solid foundation of our predecessors, we continue to commit ourselves in addressing persistent developmental challenges confronting

our district, which in the main are centred on three broad areas, namely, **Increasing Poverty, High unemployment levels and widening inequality gaps**

Our five year strategic document, IDP for 2012-2017 concisely elaborates on these challenges and what needs to be done. In our collective efforts of bringing about meaningful changes to the lives of an estimated 1,5 million population of our district.

We have in the past stated that ours is a developmental state geared towards addressing the challenges of the poor and marginalised sections of society while at the same time facilitating local economic development and social transformation. We deliberately make mention of developmental state so as to differentiate the kind of state we want to build in comparison to other forms of states.

Preparing this budget has not been an easy task. The 2012/13 financial year presented financial challenges to the Municipality as a result of the limited resources. These challenges include increasing demand for services with limited financial resources. When putting this budget together, the easy thing would have been to use the financial challenges as an excuse to stop investing in infrastructure. However, the Municipality made a choice to continue with investing in infrastructure by ensuring that service delivery is maintained and at the same time the Municipality operates within the available financial resources.

The 2013/14 budget and highlights of our achievements in 2012/13 financial years are as follows:-

Total operating revenue has decreased by 4.4 per cent or R11,6 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 5,6 per cent compared to the 2012/13 financial year and 8.4 percent for the 2014/15.

Total operating expenditure for the 2013/14 financial year has been appropriated at R251 Million. When comparing it to the 2012/13 Adjustments Budget, operational expenditure has increased by 1.29 per cent in the 2013/14 budget and by 4.6 and 8 per cent for each of the respective outer years of the Medium Term Revenue Expenditure Framework. The operating cash surplus for the two outer years steadily increases to R3,5 million and R4,2 million respectively. These surpluses will be used to further ensure cash backing of reserves and funds.

The capital budget of R3,5 million for 2013/14 is 32 per cent lower when compared to the 2012/13 Adjustment Budget. Bojanala municipality capital budget is for only other asset which consists of furniture, computers and vehicles.

The capital budget decreased by R1, 5 million in 2013/14 financial year and increases to R1,7 million in the 2014/2015. A capital budget will be financed through equitable share as our municipality is depending 100% on Dora allocations.

The budgeted allocation for employee related costs for the 2013/14 financial year totals R136 million, which equals 54% of the total operating revenue. Based on the estimated inflation rate and tendencies in the labour market, salary increases have been factored into this budget at a percentage increase of 5.1 per cent for the 2013/14 financial year. An annual increase of 5.1 per cent has been included in the two outer years of the MTREF.

We remain focused of getting Clean Audit from Auditor General and one municipal building for all.

1.1 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's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The 2012/13 revised budget focussed on saving measures and reprioritising of projects.

National Treasury's MFMA Circulars No. 51, 54, 55, 58, 59, 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 summarised as follows:

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

The following budget principles and guidelines directly informed the compilation of the 2013/14 to 2015/2016 MTREF:

- The 2012/13 Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Heads of departments as well as political offices should exercise strict control over the under mentioned expenditure:
 - Special Projects;
 - Consultant Fees;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling;
 - Subsistence, Travelling & Conference fees (national & international) and
 - Telephone expenses.

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 2013/2014 MTREF

Description	Adjusted	Budget Year	Budget Year +1	Budget Year +2
R Thousand	Budget	2013/2014	2014/2015	2015/2016
	R,000	R,000	R,000	R,000
Total Operating Revenue	263,570	251,899	266,256	288,713
Total Operating Expenditure	248,781	251,992	263,575	285,403
Surplus/(Deficit) for the year after capital transfer	19,728	3,262	6,417	7,229
Total Capital Expenditure	4,940	3,355	3,736	3,919

Total operating revenue has decreased by 4.4 per cent or R11,6 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational

revenue will increase by and 5,6 per cent respective compared to the 2012/13 financial year and 8.4 percent for the 2014/15.

Total operating expenditure for the 2013/14 financial year has been appropriated at R251,992 Million and translates into a budgeted deficit of R93 thousand. When compared to the 2012/13 Adjustments Budget, operational expenditure has increased by 1.29 per cent in the 2013/14 budget and by 4.6 and 8 per cent for each of the respective outer years of the MTREF. The operating cash surplus for the two outer years steadily increases to R3,5 million and R4,2 million respectively. These surpluses will be used to further ensure cash backing of reserves and funds.

The capital budget of R3,4 million for 2013/14 is 32 per cent lower when compared to the 2012/13 Adjustment Budget. Bojanala municipality capital budget is for only other asset which consists of furniture, computers and vehicles. The capital decreased by R1,5 million in 2013/14 financial year and increases to R171 in the 2014/2015 for two outer years. A capital budget will be finance through equitable share as our municipality is depending 100% on Dora allocations.

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

Table 2 Summary of revenue classified by main revenue source

DC37 Bojanala Platinum - 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
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		14,431	12,470	5,377		733	733		851	895	938
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		212,694	227,611	248,960	241,314	267,667	267,667		250,908	265,214	287,620
Other revenue	2	14,691	12,984	5,632	-	24	24	-	140	147	154
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		241,816	253,066	259,969	241,314	268,424	268,424	-	251,899	266,256	288,713

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement.

Table 3 Operating Transfers and Grant Receipts

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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		192,534	226,299	235,527	242,726	242,726	242,726	253,963	269,075	293,728
Local Government Equitable Share		189,492	224,696	231,895	239,064	239,064	239,064	250,823	266,080	286,552
RSC Levy Replacement		1,047	1,199	1,250	1,250	1,250	1,250	1,250	125	1,250
Finance Management				836	1,000	1,000	1,000	890	934	967
Municipal Systems Improvement			404	910	1,412	1,412	1,412	1,000	-	-
EPWP Incentive		1,995		636					1,936	4,959
Other Grant										
Provincial Government:		5,381	1,156	13,432	-	-	-	300	-	123
other Grant		5,381	1,156	13,432				300		123
District Municipality:		-	-	-	-	-	-	-	-	-
Other Grant										
Other grant providers:		-	810	-	-	-	-	-	-	-
Disaster			592							
Drought			218							
Total Operating Transfers and Grants	5	197,915	228,266	248,960	242,726	242,726	242,726	254,263	269,075	293,851
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert Description)										
District Municipality:		-	-	-	-	-	-	-	-	-
Other Grant										
Other grant providers:		-	-	-	-	-	-	-	-	-
Disaster										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		197,915	228,266	248,960	242,726	242,726	242,726	254,263	269,075	293,851

Operating grants and transfers totals R254,263 million in the 2013/14 financial year and increases to R11,5. Note that the year-on-year growth for the 2013/14 financial year is 5.8 per cent and then increases to 9 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term 2015/16.

1.2 Operating Expenditure Framework

The municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

DC37 Bojanala Platinum - 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
Expenditure By Type											
Employee related costs	2	62,468	78,496	114,127	120,831	117,415	117,415	-	123,393	129,688	145,017
Remuneration of councillors		7,382	8,109	8,860	11,496	13,075	13,075		13,552	14,284	14,984
Debt impairment	3										
Depreciation & asset impairment	2	7,056	6,503	7,187	-	-	-	-	1,749	1,838	1,928
Finance charges		4		32							
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	1,545		5,734		1,655	1,655		2,024	2,127	2,231
Contracted services		95,142	159,283	189,645	71,226	73,427	73,427	-	68,920	71,329	74,763
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	34,515	40,741	51,475	32,928	38,298	38,298	-	42,354	44,308	46,479
Loss on disposal of PPE		80	(31)	(14)							
Total Expenditure		208,192	293,101	377,047	236,481	243,870	243,870	-	251,992	263,575	285,403

The budgeted allocation for employee related costs for the 2013/14 financial year totals R136,945 million, which equals 54 per cent of the total operating revenue. Based on the estimated inflation rate and tendencies in the labour market, salary increases have been

factored into this budget at a percentage increase of 5.1 per cent for the 2013/14 financial year. An annual increase of 5.1 per cent has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

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 of asset consumption. Bojanala have budgeted R3,4 million for the 2013/14 financial year and equates to 1.33 per cent of the total operating expenditure. Note that the capital budget of the municipality does not have any infrastructure asset only other asset which consist of (office equipment, computers, vehicles, buildings, and furniture)

Table 5 Operational repairs and maintenance

Repairs and Maintenance	8										
Employee related costs											
Other materials		1,545	3,475	5,734	1,305	1,655	1,655	2,024	2,127	2,231	
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	1,545	3,475	5,734	1,305	1,655	1,655	-	2,024	2,127	2,231

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 assets and maintenance. Repairs and maintenance was substantially increased by 22 per cent in the 2013/14 financial year. Repairs and maintenance remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/14 equates to 2 million a growth of 22 per cent in the 2014/2015 financial year and continues to grow at 5.08 per cent over the MTREF.

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.

Explanatory notes to MBRR Table 6 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC37 Bojanala Platinum - 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
Executive and council		26,921	57,199	86,315	36,056	110,828	110,828	58,926	59,698	62,624
<i>Mayor and Council</i>		20,763	30,997	33,989	17,923	88,858	88,858	35,549	37,431	39,265
<i>Municipal Manager</i>		6,158	26,202	52,326	18,132	21,970	21,970	23,377	22,268	23,359
Budget and treasury office		11,659	24,760	25,271	18,922	16,996	16,996	18,122	17,112	17,889
Corporate services		24,586	39,009	64,317	38,847	39,760	39,760	41,152	42,334	44,408
<i>Human Resources</i>										
<i>Information Technology</i>										
<i>Property Services</i>										
<i>Other Admin</i>		24,586	39,009	64,317	38,847	39,760	39,760	41,152	42,334	44,408
Community and public safety		64,861	144,202	166,511	137,322	70,727	70,727	125,359	128,465	143,734
Community and social services		8,718	32,257	55,550	83,866	70,727	70,727	45,991	54,811	61,984
<i>Libraries and Archives</i>										
<i>Museums & Art Galleries etc</i>										
<i>Community halls and Facilities</i>										
<i>Cemeteries & Crematoriums</i>										
<i>Child Care</i>										
<i>Aged Care</i>										
<i>Other Community</i>		6,732	14,180	17,758	29,883	30,612	30,612	15,283	15,916	16,696
<i>Other Social</i>		1,986	18,077	37,792	53,983	40,115	40,115	30,708	38,895	45,289
Sport and recreation										
Public safety		55,816	111,945	110,961	53,456	-	-	40,359	42,418	48,983
<i>Police</i>										
<i>Fire</i>		18,633	21,590	34,258	53,456			40,359	42,418	48,983
<i>Civil Defence</i>										
<i>Street Lighting</i>										
<i>Other</i>		37,183	90,355	76,703						
Housing										
Health		327	-	-	-	-	-	39,008	31,236	32,767
<i>Clinics</i>										
<i>Ambulance</i>										
<i>Other</i>		327						39,008	31,236	32,767
Economic and environmental services		10,214	13,704	20,606	11,579	10,471	10,471	10,039	10,551	11,068
Planning and development		10,214	13,704	20,606	11,579	10,471	10,471	10,039	10,551	11,068
<i>Economic Development/Planning</i>		10,214	13,704	20,606	11,579	10,471	10,471	10,039	10,551	11,068
<i>Town Planning/Building</i>										
<i>Licensing & Regulation</i>										
Total Expenditure - Standard	3	138,241	278,875	363,020	242,726	248,782	248,782	253,599	258,160	279,723
Surplus/(Deficit) for the year		89,144	(38,279)	(108,428)	(1,412)	18,885	18,885	1,655	9,856	8,839

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. As we have already noted above, the surplus will be utilised to further ensure cash backing of reserves and funds.

MBRR Table 7 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC37 Bojanala Platinum - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue by Vote										
Vote 1 - COMMUNITY SERVICES DIVISION	1	-	-	-	-	-	-	-	-	-
Vote 2 - Community Environment services		-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Manager's Office		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal council		-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Support Services		-	-	-	-	-	-	-	-	-
Vote 6 - Economic Development Agric and Tourism		-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury Office		227,385	240,596	254,592	241,314	267,667	267,667	255,254	271,242	294,946
Vote 8 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 9 - Mayoral Executive		-	-	-	-	-	-	-	-	-
Vote 10 - Disaster		-	-	-	-	-	-	-	-	-
Vote 11 - Fire		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	227,385	240,596	254,592	241,314	267,667	267,667	255,254	271,242	294,946
Expenditure by Vote to be appropriated										
Vote 1 - COMMUNITY SERVICES DIVISION	1	6,732	14,180	17,758	14,066	15,063	15,063	15,283	16,063	16,850
Vote 2 - Community Environment services		1,986	18,077	37,792	29,883	30,612	30,612	30,708	32,270	33,852
Vote 3 - Municipal Manager's Office		6,158	26,202	52,326	18,132	21,970	21,970	23,377	23,884	25,002
Vote 4 - Municipal council		9,057	11,208	15,046	18,875	19,516	19,516	19,988	21,067	22,099
Vote 5 - Corporate Support Services		24,586	39,009	64,317	38,845	39,760	39,760	41,152	42,726	44,819
Vote 6 - Economic Development Agric and Tourism		10,214	13,704	20,606	11,493	10,385	10,471	10,039	10,551	11,068
Vote 7 - Budget and Treasury Office		11,659	24,760	25,271	18,522	16,966	16,996	18,122	18,983	19,852
Vote 8 - Technical Services		37,183	90,355	76,703	39,809	40,115	40,115	39,008	40,997	43,006
Vote 9 - Mayoral Executive		11,705	19,789	18,942	13,737	17,366	17,366	15,562	16,355	17,157
Vote 10 - Disaster		4,038	2,653	5,704	4,541	5,514	5,514	6,227	6,544	6,865
Vote 11 - Fire		8,686	18,937	28,554	34,823	31,515	31,515	34,132	35,873	37,631
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	132,005	278,875	363,020	242,726	248,781	248,897	253,598	265,313	278,200
Surplus/(Deficit) for the year	2	95,380	(38,279)	(108,428)	(1,412)	18,886	18,770	1,656	5,929	16,746

Explanatory notes to MBRR Table 7 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

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

Explanatory notes to Table 8 - 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
R thousand											
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		14,431	12,470	5,377		733	733		851	895	938
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		212,694	227,611	248,960	241,314	267,667	267,667		250,908	265,214	287,620
Other revenue	2	14,691	12,984	5,632	-	24	24	-	140	147	154
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		241,816	253,066	259,969	241,314	268,424	268,424	-	251,899	266,256	288,713
Expenditure By Type											
Employee related costs	2	62,468	78,496	114,127	120,831	117,415	117,415	-	123,393	129,688	145,017
Remuneration of councillors		7,382	8,109	8,860	11,496	13,075	13,075		13,552	14,284	14,984
Debt impairment	3										
Depreciation & asset impairment	2	7,056	6,503	7,187	-	-	-	-	1,749	1,838	1,928
Finance charges	4			32							
Bulk purchases	2										
Other materials	8	1,545		5,734		1,655	1,655		2,024	2,127	2,231
Contracted services		95,142	159,283	189,645	71,226	73,427	73,427	-	68,920	71,329	74,763
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	34,515	40,741	51,475	32,928	38,298	38,298	-	42,354	44,308	46,479
Loss on disposal of PPE		80	(31)	(14)							
Total Expenditure		208,192	293,101	377,047	236,481	243,870	243,870	-	251,992	263,575	285,403
Surplus/(Deficit)		33,624	(40,035)	(117,078)	4,833	24,554	24,555	-	(93)	2,681	3,309
Transfers recognised - capital		4,855	2,943	11,203	1,412	1,412	1,412		3,355	3,736	3,919
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		38,480	(37,092)	(105,875)	6,245	25,966	25,967	-	3,262	6,417	7,229
Taxation											
Surplus/(Deficit) after taxation		38,480	(37,092)	(105,875)	6,245	25,966	25,967	-	3,262	6,417	7,229
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		38,480	(37,092)	(105,875)	6,245	25,966	25,967	-	3,262	6,417	7,229
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		38,480	(37,092)	(105,875)	6,245	25,966	25,967	-	3,262	6,417	7,229

1. Total operating revenue is R251,899 million in 2013/14 and escalates to R266,256 million by 2015/16. This represents a year-on-year increase of 8 per cent for the 2014/15 financial year.
2. The deficit of R93 thousand is due to the inclusion of depreciation and asset impairment of R1.7 which translates in a cash surplus R1.6 million.

MBRR Table 9 - Budget Summary

DC37 Bojanala Platinum - 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
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	14,431	12,470	5,377	-	733	733	-	851	895	938
Transfers recognised - operational	212,694	227,611	248,960	241,314	267,667	267,667	-	250,908	265,214	287,620
Other own revenue	14,691	12,984	5,632	-	24	24	-	140	147	154
Total Revenue (excluding capital transfers and contributions)	241,816	253,066	259,969	241,314	268,424	268,424	-	251,899	266,256	288,713
Employee costs	62,468	78,496	114,127	120,831	117,415	117,415	-	123,393	129,688	145,017
Remuneration of councillors	7,382	8,109	8,860	11,496	13,075	13,075	-	13,552	14,284	14,984
Depreciation & asset impairment	7,056	6,503	7,187	-	-	-	-	1,749	1,838	1,928
Finance charges	4	-	32	-	-	-	-	-	-	-
Materials and bulk purchases	1,545	-	5,734	-	1,655	1,655	-	2,024	2,127	2,231
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	129,737	199,993	241,106	104,154	111,724	111,724	-	111,274	115,637	121,242
Total Expenditure	208,192	293,101	377,047	236,481	243,869	243,869	-	251,992	263,575	285,403
Surplus/(Deficit)	33,624	(40,035)	(117,078)	4,833	24,555	24,555	-	(93)	2,681	3,309
Transfers recognised - capital	4,855	2,943	11,203	1,412	1,412	1,412	-	3,355	3,526	3,699
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	38,480	(37,092)	(105,875)	6,245	25,967	25,967	-	3,262	6,207	7,008
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	38,480	(37,092)	(105,875)	6,245	25,967	25,967	-	3,262	6,207	7,008
Capital expenditure & funds sources										
Capital expenditure	4,855	2,943	11,203	4,940	4,940	-	-	3,355	3,526	3,699
Transfers recognised - capital	4,855	2,943	11,203	1,412	1,412	-	-	3,355	3,526	3,699
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	3,528	3,528	-	-	-	-	-
Total sources of capital funds	4,855	2,943	11,203	4,940	4,940	-	-	3,355	3,526	3,699
Financial position										
Total current assets	191,434	149,348	30,445	-	727	727	-	-	-	-
Total non current assets	27,339	23,729	26,843	4,940	6,060	1,120	-	24,124	25,355	26,597
Total current liabilities	24,834	31,516	38,307	-	-	-	-	125	131	138
Total non current liabilities	1	190	65	-	-	-	-	10,144	10,662	11,184
Community wealth/Equity	193,938	141,371	18,916	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	28,854	(46,025)	(126,549)	242,726	14,625	14,625	-	5,011	9,505	11,470
Net cash from (used) investing	(4,277)	(2,924)	(10,288)	-	(4,910)	(4,910)	-	(3,355)	(3,526)	(3,699)
Net cash from (used) financing	(63)	295	(111)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	186,225	137,571	623	243,349	10,338	10,338	623	2,278	8,257	16,029
Cash backing/surplus reconciliation										
Cash and investments available	186,225	137,570	623	-	74	74	-	-	-	-
Application of cash and investments	(57,924)	(206,340)	(1,461,980)	-	(677,159)	(667,975)	-	-	-	-
Balance - surplus (shortfall)	244,149	343,910	1,462,603	-	677,233	668,049	-	-	-	-
Asset management										
Asset register summary (WDV)	-	10	5	-	4	4	-	-	-	-
Depreciation & asset impairment	7,056	6,503	7,187	-	-	-	1,749	1,749	1,838	1,928
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1,545	3,475	5,734	1,305	1,655	1,655	2,024	2,024	2,127	2,231
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

1. Table 9 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
 - iii. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed
4. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.

MBRR Table 10 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC37 Bojanala Platinum - 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
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COMMUNITY SERVICES DIVISION		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community Environment services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Manager's Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal council		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Economic Development Agric and Tourism		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Mayoral Executive		-	-	-	-	-	-	-	-	-	-
Vote 10 - Disaster		-	-	-	-	-	-	-	-	-	-
Vote 11 - Fire		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COMMUNITY SERVICES DIVISION		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community Environment services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Manager's Office		-	-	2,146	900	700	700	-	1,000	1,051	1,102
Vote 4 - Municipal council		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Support Services		4,164	1,921	9,057	1,040	2,210	2,210	-	355	373	391
Vote 6 - Economic Development Agric and Tourism		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury Office		691	1,022	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		-	-	-	3,000	2,000	2,000	-	2,000	2,102	2,205
Vote 9 - Mayoral Executive		-	-	-	-	-	-	-	-	-	-
Vote 10 - Disaster		-	-	-	-	-	-	-	-	-	-
Vote 11 - Fire		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		4,855	2,943	11,203	4,940	4,910	4,910	-	3,355	3,526	3,699
Total Capital Expenditure - Vote		4,855	2,943	11,203	4,940	4,910	4,910	-	3,355	3,526	3,699

Explanatory notes to Table 10 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table 10 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multi-year appropriations have been done.
3. Single-year capital expenditure has been appropriated at R3, 355 million for the 2013/14 financial year R3,526 million and for the respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The capital programme is funded from national transfers.

MBRR Table 11- Budgeted Cash Flow Statement

DC37 Bojanala Platinum - 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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	230,283	250,384	280,082		24,888	24,888				
Government - operating					241,314	241,314	241,314		251,899	267,506	291,027
Government - capital	1				1,412	1,412	1,412		3,355	3,736	3,919
Interest		14,431	12,470	5,377		733	733				
Dividends											
Payments											
Suppliers and employees		(215,856)	(308,860)	(411,976)		(253,722)	(253,722)		(250,243)	(261,737)	(283,475)
Finance charges		(4)	(19)	(32)							
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		28,854	(46,025)	(126,549)	242,726	14,625	14,625	-	5,011	9,505	11,470
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		222	19	915							
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments											
Payments											
Capital assets		(4,499)	(2,944)	(11,203)		(4,910)	(4,910)		(3,355)	(3,526)	(3,699)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4,277)	(2,924)	(10,288)	-	(4,910)	(4,910)	-	(3,355)	(3,526)	(3,699)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(63)		(111)							
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			295								
NET CASH FROM/(USED) FINANCING ACTIVITIES		(63)	295	(111)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		24,515	(48,654)	(136,948)	242,726	9,715	9,715	-	1,656	5,979	7,772
Cash/cash equivalents at the year begin:	2	161,710	186,225	137,571	623	623	623	623	623	2,278	8,257
Cash/cash equivalents at the year end:	2	186,225	137,571	623	243,349	10,338	10,338	623	2,278	8,257	16,029

Explanatory notes to Table 11 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
 - Clear separation of receipts and payments within each cash flow category;
 - Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance.

Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments that are available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

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

Part 2 – Supporting Documentation

1.3 Overview of the annual budget process

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

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

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

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

1.3.1 Budget Process Overview

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

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

- August 2012, finalisation of the IDP/Budget process plan with the guidance of the Municipal Finance Management Act.

- Consultation on the 2013/14 IDP Framework and IDP/Budget process plan with all stakeholders.
- Tabling of the IDP/Budget process plan as well as framework to council
- IDP/Budget process plan made public
- September – Oct, presentation of the IDP framework and process plan to the 1st IDP Representative Forum IDP Context and process
- Community needs analysis and prioritisation and by local municipalities
- Consolidated & presentation of community needs/issues to the IDP Managers Forum.
- Dec-Jan -Midterm performance and budget review.
- Determination of strategic objectives for service delivery and development for next three year budget including review of provincial and national sector and strategic plans.

1.3.2 IDP and Service Delivery and Budget Implementation Plan

It started in after the tabling August 2012 of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

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 special programmes.

1.3.2 Legislation compliance status

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

1. In year reporting

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

2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. First intake was in 2010 and were employed permanently. The Budget and Treasury Office has been established in accordance with the MFMA.
3. Audit Committee
An Audit Committee has been established and is fully functional.
4. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is available to all financial staff.
8. Policies
All financial related policies are reviewed on an annual basis or whenever the need arises and submitted with the budget for adoption by council.

1.3.3 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:

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

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

1.3.4 Service Delivery and Infrastructure Development

Strategic Objectives: Increase investment into bulk infrastructure services regionally, in order to improve access to services.

Intended outcome: Expanded & Accelerated economic investment and availability of reliable economic infrastructure.

The section below provides the minimum information required as part of the status quo assessment:

Table 1: Water & Sanitation

Policy instruments	Status as at July 2012												
Water Services Development Plan.	Was approved by Council in 2006												
Indicate the national target for this service.	The MDG requires that households with access to clean drinking water in our locality should be 100 % by 2014.												
Number / percentage of households without access at all, with below standard access and with access.	DISTRICT LEVEL												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">WATER</th> <th colspan="2" style="text-align: center;">SANITATIION</th> </tr> <tr> <th style="text-align: center;">ACCESS TO PIPED WATER</th> <th style="text-align: center;">NO ACCESS TO PIPED WATER</th> <th style="text-align: center;">ACCESS TO SANITATIION</th> <th style="text-align: center;">NO ACCESS TO SANITATIION</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">90%</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">479,975</td> <td style="text-align: center;">21,721</td> </tr> </tbody> </table>	WATER		SANITATIION		ACCESS TO PIPED WATER	NO ACCESS TO PIPED WATER	ACCESS TO SANITATIION	NO ACCESS TO SANITATIION	90%	10%	479,975	21,721
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90%	10%	479,975	21,721										
Indicate all areas or settlements without access in terms of the basic service standards and provide reasons for lack of service (e.g. no reticulation infrastructure, no bulk infrastructure, etc).	<p>Mostly Rural areas do not have the necessary access to bulk supply of water.</p> <p>Where there is some access to, and supply of bulk services, these services are generally unreliable.</p>												
Indicate all areas or settlements with an unreliable service and provide reasons for this (e.g. aging infrastructure, capacity to operate and maintain the service, etc).													
Policy instruments & Targets	Status as at July 2012												
Indicate the approved service level for the municipality as informed by the Spatial Development Framework (SDF).	The service level in terms of the SDF is reliability of services at 65% or above.												
Indicate whether the municipality is a service authority or not (and if not indicate the arrangements for the delivery of water).	<p>The BPDM is not a service authority albeit it has over the last five years been providing services that are assigned to as functions of LMs.</p> <p>See Challenges below</p>												

Availability and status of an operations and maintenance plan.	As the DM is not service authority, and where it has assisted in creation of assets, the O & M responsibility it has been agreed to, will remain with the recipient LM.
Status of bulk supply, treatment and storage.	The Bulk Services (all) in the District are very low when comparison with similar sized Districts is made. Further, the migration (inwards) pressure has created a major headache between assisting LMs to provide household based services versus Bulk infrastructure. Therefore these Bulk Services are very low or poor in some areas.
Availability of water to other associated facilities such school, clinics, police stations, etc.	Most of urban based social assets have reliable and good access to municipal services while the situation on outlying areas is different.
Indicate other challenges that are not highlighted above.	
<ol style="list-style-type: none"> 1. The DM is not WSA, however it is expected to respond to responsibilities, and discharge duties of WSAs; 2. The DM has as result of 1 above never executed its section 83 of Structures Act functions; 3. The planning functions has also, and continues to be a lower priority for the DM, thereby resulting in major delays or failures in the coordination of: <ol style="list-style-type: none"> a. Spatial restructuring b. Alignment of bulk services provision to spatial development c. Unreliable bulk infrastructure d. Poor fiscal allocation in relation to Bulk Issues. 4. Provincial functions and projects implemented in the DM are always with little exceptions, unaligned to the LM's spatial planning imperatives. This has resulted in many social assets being either poorly connected to economic infrastructure or being located in areas that puts burden on communities. 	

