

**DRAFT ANNUAL BUDGET OF
BUFFALO CITY METROPOLITAN MUNICIPALITY**



2014/2015 TO 2016/17

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

26 MARCH 2014

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ABBREVIATIONS AND ACRONYMS

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

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S SUMMARY

The impact of the economic recession was not limited only to developed economies and first world countries. The crisis was characterised by spill over effects to developing economies. South Africa economy still feels the shockwave from the meltdown. The effect of the crisis in the South African economy can be observed in different ways i.e. below par performance of productive economic sectors, hikes in the rate of unemployment (34% Unemployment in BCMM), declining growth in consumer of goods and services, low private sector investment

It gives me great pleasure to announce that our budget for the MTREF period is growing from R5,7 billion to R7 billion in the 2016/17 financial year of which consistently R1 billion per annum has been allocated for infrastructure renewal, refurbishment and replacement.

Our commitment to respond to our people's legitimate demand for a better life is reflected in a budget in which the **key priorities are water and sanitation, human settlements development** and related **critical infrastructure and maintenance**. In a continued effort to create jobs for the inhabitants of Buffalo City and to encourage private sector investment the capital budget is being focused on economic generating activities with 60% of the capital budget being allocated for this purpose.

As part of its long term plan the city has allocated funding for internship programmes, especially in the area of engineering as well as the EPWP Programme.

This is in line with, and reflects our commitment to the priorities of the National Development Plan, while of course reflecting our own Constitutional role as a local actor on the national stage.

In total, the budget for our **capital and operating projects** amounts to just **over R4 billion over the MTREF period**, with more than **R800 million** in the MTREF of this being dedicated to **human settlements development**.

The municipality has recognized the economic hardships currently being experienced by its inhabitants and in an attempt to relieve the growing poverty it has taken a decision to only increase electricity tariffs by a mere 8.5%, which is envisaged to be the Eskom increase charged to the municipality.

The city has undertaken the preparation of the General Valuation Roll as required by the Municipal Property Rates Act. In line with the Act the draft valuation roll was signed off by the City Manager on the 31 January 2014 and is currently available for public review. It is

envisaged that this Valuation Roll will be implemented as of 1 July 2014. In line with other metropolitan cities in the country property values in Buffalo City has also increased. Taking this into consideration, the municipality has decided not to increase the rates tariff and has kept it constant with the prior year.

Insofar as the **tariff increases** are concerned, the metro has done all it can to limit the financial burden imposed on our customers by reducing its tariff increases as compared to the prior year. The service tariffs **averages marginally above 10%**. However, water losses remain a concern. Council has approved a programme to curb water losses to the value R160 million over the next five years to address aging infrastructure and implementing meters in non-metered areas.

Ratepayers will be comforted that a total of **R1,1 billion** will be spent in 2014/2015 – 2016/2017 MTREF Period on repairs and maintenance to ensure that the assets are maintained to achieve their estimated useful life. An amount of R301 million has been dedicated to Roads Maintenance over the same period.

In a continued effort to ensure future financial viability of the city a complete review of the operational cost base has been undertaken in an attempt to identify inefficiencies. This has yielded positive results in that the institution has been able to move from a deficit budget to a surplus budget. The institution will continue focusing on the operational budget in the 2014/15 financial year in order to reduce further any inefficiencies and thereby reduce the impact on Buffalo City Metropolitan Municipality inhabitants. The city strives to ensure the tariffs are cost reflective of the services that have been provided.

We have been mindful that inflation leads to more pain for the poor than any other group. I am happy therefore to propose that the **12% increase** of the basic welfare package for households that qualify in terms of our policy, which means that the indigents of Buffalo City will continue to have a **safety net of free basic services**, translating in the new year to a basket of services to the value of **R495-54 per household per month**.

In support of our local economy, the Department of Local Economic Development has focused its work in the supporting **the Promotion of Entrepreneurship, Marketing the City as a Tourism and Events Destination, Trade opportunities** for local businesses as exporters and profiling BCMM as an **investment destination. This is not an easy task to undertake given the highly competitive macro-economic environment.** This work continues to be performed in active partnership with other government institutions involved in economic development i.e. East London Development Corporation, East London Industrial Development Zone, Eastern Cape Tourism Parks and Agency.

In the coming year our engineers will continue with the process of eradicating backlogs in **water supply infrastructure**. We will continue to meet our pressing **sanitation challenges** in informal settlements, as well as expanding the capacity of infrastructure in

Reeston, Quinera, and Mdantsane. We will continue with the installation of **electrical service connections** in a pilot project in **Duncan Village**. The **Queen's Park Zoo substation** which was a multi-year project will be operational in the 2014/15 financial year.

Approximately 4900 houses are destined for Mdantsane and Reeston areas totalling R735 million over the next 5 years.

R563 million has been set aside over the next three (3) years for the construction and refurbishment of roads and stormwater across the city.

The city has embarked on a process of procuring its own specialized vehicles for the maintenance and construction of rural roads.

Our Community Services Directorate is scheduled to spend an amount of **R100 million** in the forthcoming MTREF period on a range of **public amenities** including sportsfields, open spaces and halls.

Each year the city's cemeteries are being brought under increasing pressure as a result of the **elevated mortality rate** in Buffalo City. This requires our **Environmental Services Department** annually to identify potential new sites for **cemetery development** that meet the rigorous requirements of environmental legislation, while being close enough to our settlements to be practically useful. In this regard EIAs were conducted in our coastal, midland and inland regions and a number of potential sites have been identified as a result of these studies.

From a **law enforcement and crime prevention perspective**, extensive interaction and consultation has taken place in respect of the establishment of Metro Police and we are thus in the final phase of this process, estimated completion by the end of this financial year. Furthermore, a tender to a total value of about **R1.6 million** has been awarded for the installation of a **CCTV camera surveillance system** at the Eastern Beach Esplanade areas. This project will be completed by the end of this financial year. The Metro has also awarded the tender for the **CCTV Master Plan** for the entire area of BCMM. The aim of this project is to **identify the localities of surveillance cameras for the prevention of crime, safe keeping of municipal assets and buildings and for use during disasters**.

The city is currently carrying out a feasibility study of the law enforcement department and the traffic department to be consolidated into "metro police".

Transport Planning continues to be a focus area for the institution considering the higher traffic volumes on our roads. In order to ensure that we are alleviating congestion and protecting our inhabitants an amount of **R189 million** has been allocated across the MTREF period. This includes the establishment and refurbishment of the Taxi Ranks.

The Electrical Department is allocated close to **R425 million over the MTREF period for bulk infrastructure, electrification and upgrading of informal areas**. This includes the amount of R120 million of own funds specifically for the replacement and refurbishment of existing infrastructure within the urban core.

As far **wastewater treatment infrastructure** is concerned, a total of **R583 million over the MTREF period** is allocated for the expansion of the **KWT regional scheme, Reeston bulk services, effluent diversion in Amalinda and Wilsonia** and the **eradication of sanitation backlogs**. This includes the amount of R120 million of own funds specifically for the replacement and refurbishment of existing infrastructure within the urban core.

Our **Water Services** benefit to a total of **R279 million over the MTREF period** to expand our inland infrastructure, to augment water treatment capacity and to eradicate backlogs in access to potable water supply. This includes the amount of R200 million of own funds over 5 years, specifically for the replacement and refurbishment of existing infrastructure within the urban core.

The facts are compelling, I would like to believe, that this is a metro that is moving progressively towards being more productive, more sustainable, more responsive, more developmental and indeed more people-centred than we have been in the past.

The institution has reconstituted the Board of the Buffalo City Development Agency (BCDA) whose mandate is to transform the beachfront of Buffalo City Metropolitan Municipality.

It is envisaged that the board will provide strategic direction regarding the future focus areas of the Buffalo City Development Agency in an attempt to grow the local economy through encouraging private sector investment.

1.2 COUNCIL RESOLUTIONS

On 26 March 2014 the Council of Buffalo City Metropolitan Municipality met in the Council Chambers of East London City Hall to consider the draft annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The draft annual budget of the municipality for the financial year 2014/15 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);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
 - 1.1.5. The revised Draft Integrated Development Plan (IDP) 2014/15.
 - 1.2. The financial position, cash flow budget, accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 22;
 - 1.2.2. Budgeted Cash Flows as contained in Table 23;
 - 1.2.3. Reserves and accumulated surplus reconciliation as contained in Table 24;
 - 1.2.4. Asset management as contained in Table 25; and
 - 1.2.5. Basic service delivery measurement as contained in Table 26.
2. The Council of Buffalo City Metropolitan Municipality Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts effect from 1 July 2014:
 - 2.1. the draft tariffs for property rates – as set out in Annexure E
 - 2.2. the draft tariffs for electricity – as set out in Annexure E
 - 2.3. the draft tariffs for the supply of water – as set out in Annexure E
 - 2.4. the draft tariffs for sanitation services – as set out in Annexure E
 - 2.5. the draft tariffs for solid waste services – as set out in Annexure E
 - 2.6. miscellaneous draft tariffs as set out in Annexure E
- 3 The Buffalo City Metropolitan Municipality Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the draft tariffs for other services as set out in Annexure E.
- 4 To give proper effect to the municipality's draft annual budget, the Council of Buffalo City Metropolitan Municipality approves:

- 4.1 That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.
- 4.2 That an indigent consumer be given a maximum subsidy on his account of R441.73 per month, which includes a maximum of 50kwh for electricity and 6kl for water.
- 4.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
- 4.4 That free basic water be granted to a registered indigent of 6Kl per month.
- 5 The Buffalo City Metropolitan Municipality Council, approves and adopts the Draft revised budgeted related policies as set out in Annexure F:
 - 5.1 Credit Control Policy
 - 5.2 Indigent Policy
 - 5.3 Tariff Policy
6. That Council note the budget-related policies adopted in the previous financial year and where no amendments have been made, as listed in Section 2.4 of the report page number 82 and are available on BCMM's website at www.buffalocity.gov.za including the following policies:
 - Capital Infrastructure Investment Policy
 - Policy on Long-term Financial Planning
 - Funding and Reserves Policy
 - Budget Implementation & Management Policy (Virement Policy)
7. That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.
8. That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the amendments to the Integrated Development Plan as set out in the Budget Chapter 17 are approved, which had been agreed to at the Councillor workshop held on 13-15 March 2014.
9. Council notes that the 2014/15 MTREF Budget tabled for adoption is structured in terms of the then Buffalo City Municipality votes and functions.
10. MFMA Circular 70 and 71, Municipal Budget Circular for the 2014/15 MTREF attached as Annexure to be noted by Council.

Z.V. NCITHA
EXECUTIVE MAYOR

1.3 EXECUTIVE SUMMARY

At this juncture it would be apt to dwell upon the successes together with the challenges which were experienced in 2013/14, the lessons learnt during overcoming the challenges and then laying the foundations for the financial path ahead for 2014/15.

1.3.1 Metro Growth and Development Strategy

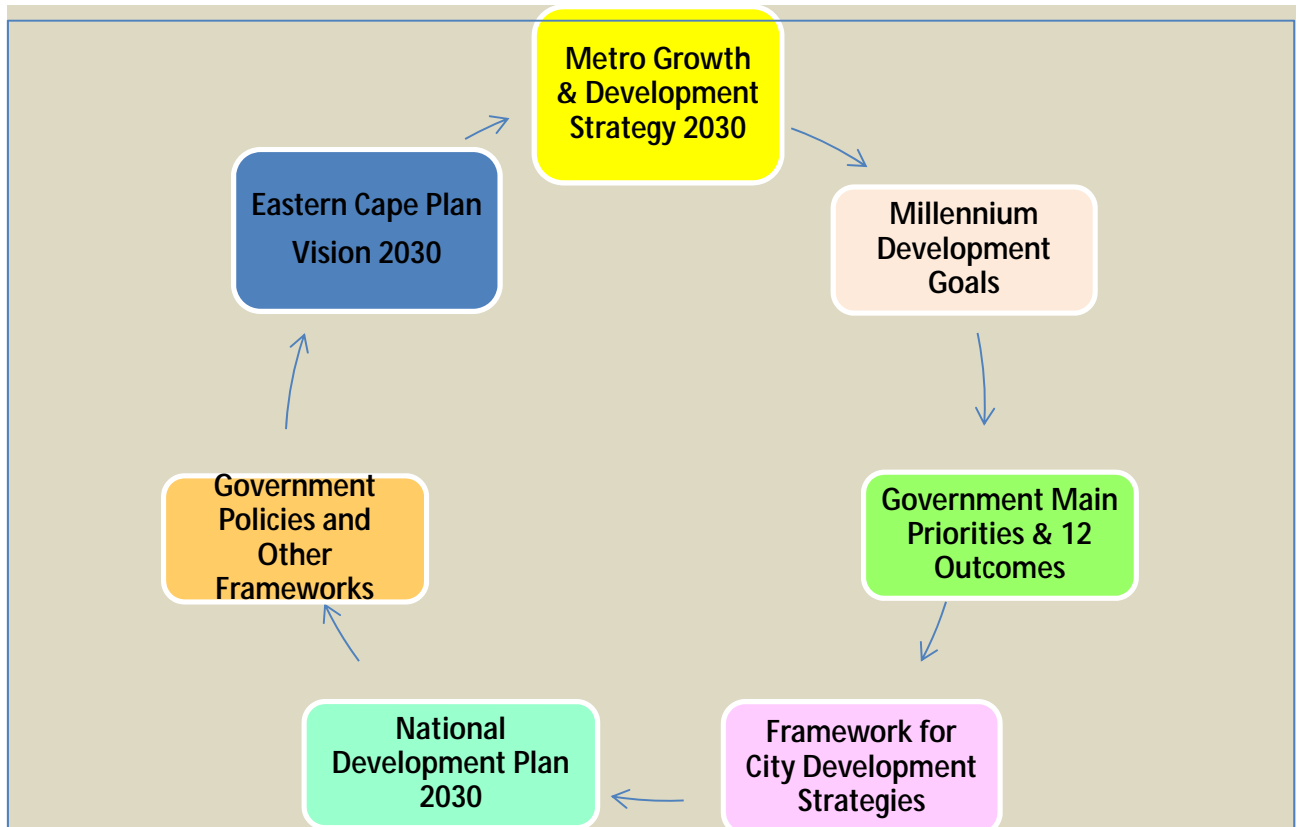


Figure 1: Cycle of Metro Growth and Development Strategy

Key Objectives of MDGS

- A strategy is a journey towards a common destination;
- Providing a liveable environment for the next generation;
- The Metro need to be competitive and find its **niche** in its region and amongst other secondary cities; and
- The city as a well governed city that is driven by insight and vision; and
- A Metro Growth and Development Strategy is a long term vision and goes beyond the IDP as a metro's 2030 vision.

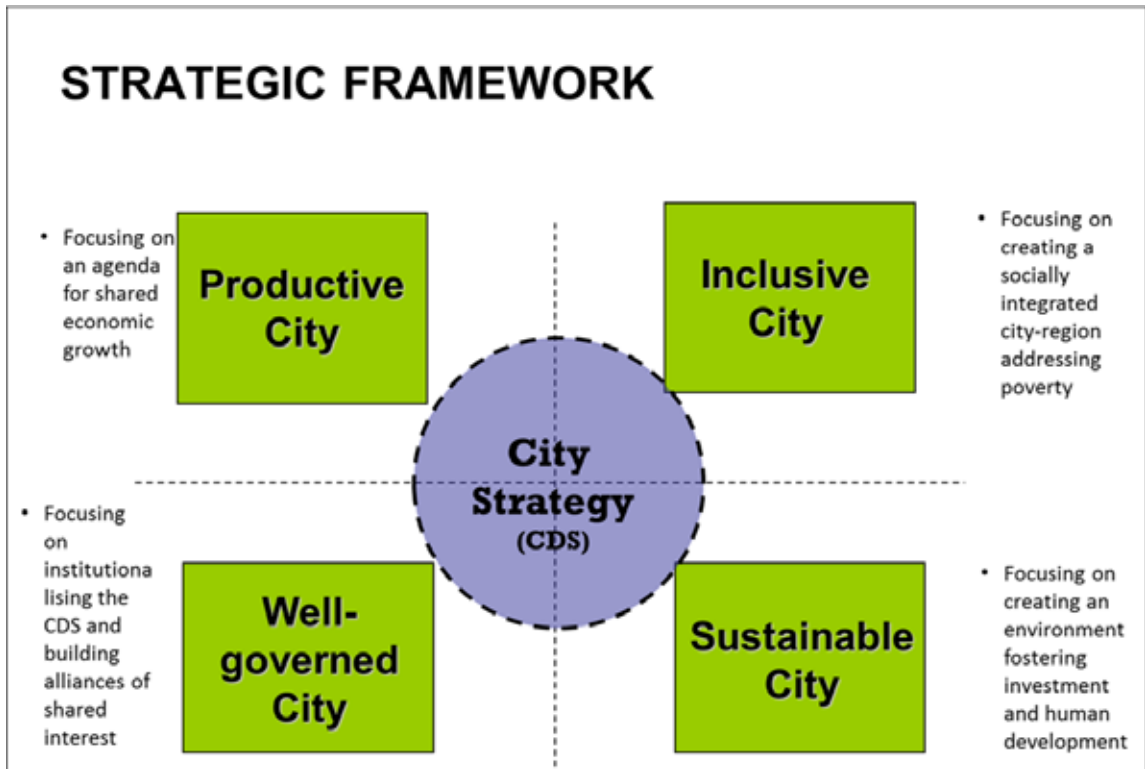


Figure 2: Strategic Framework

1.3.2 Scoping the Landscape

In the 2013/14 mid-year adjustment report it was mentioned that there continues to be a focus to reduce the deficit for the institution in line with National Treasury requirements and produce a funded surplus budget. What continues to be of concern is the potential financial impact of depreciation on the operations of the institution. It was further mentioned that there needs to be ongoing vigilance to reduce costs and become more efficient to allow for the funding of depreciation, the full impact of which still needs to be determined.

BCMM has had to take a more conservative approach in the manner in which it approaches the budgeting including the mid-year adjustment budget. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury. These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our boundaries.

There appears to be a continued reduction of the use of electricity by the residents of the Municipality as they continue to control their consumption. This has had a negative impact on the electricity revenue, which is further compounded by electricity losses including illegal connections. The city has embarked on a programme to electrify

informal dwellings and has therefore budgeted R55,5m of own funds in the 2014/15 MTREF period.

What continues to be of concern is that residents continue to utilise water in excess of what was originally budgeted. This is cause for concern in that water needs to be considered a scarce resource requiring focused demand and supply management. The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques. Supply management requires forward planning and allocating budget to meet and undertake infrastructure expansion to meet those demands. Water losses amounting to R103m were identified in the 2012/13 financial year and will be a focus for reduction in the MTREF budget whereby an amount of R120m of own funds over the 2014/15 MTREF period has been budgeted.

The key liquidity metrics are deemed to be currently adequate however to ensure future viability the institution needs to determine creative ways in which it can commence planning to fund the infrastructure replacement which is expected to occur over the medium to long term. This will require the institution to budget surpluses to allow for adequate funding of historical shortfall of depreciation on existing infrastructure assets as well as the creation of own funded new assets.

In the short term the Urban Settlement Development Grant (USDG) will be used to create new infrastructure in the previously disadvantaged areas and to replace existing infrastructure in those areas where infrastructure is nearing or has exceeded its useful life. This is required to ensure the continued economic growth of the city and to allow for business confidence.

The institution has historically undertaken capital projects with the view of expansion of the city. It is however recognised that capital expansion cannot occur indefinitely without corresponding economic growth else the cost of replacement of infrastructure, through the depreciation impact on operational budgets, will outweigh the affordability of the local economy. It is with this in mind that there needs to be strategic shift of focus towards creating infrastructure with the express purpose of job creation and creating an environment which is conducive to private sector investment in certain key industry points.

1.3.3 The National Development Plan

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

- *Creating an environment for sustainable employment and economic growth;*
- *Promotion of employment in labour-absorbing industries;*

- *Promoting exports and competitiveness; strengthening the capacity of government to implement its economic policy, and*
- *Demonstrating strategic leadership among the stakeholders to mobilise around the national vision.*

These pillars continue to be the cornerstone of the strategy which the country would like to follow into the future. It would therefore appear appropriate to discuss which infrastructure projects are currently in progress.

In terms of the long-term with regards to our road infrastructure, a feasibility study has been commissioned to look at diverting traffic away to the N2 via R72. This feasibility study has required ongoing engagement with the South African National Roads Agency Limited (SANRAL) and Provincial Government. This is envisaged to yield significant benefits for the traffic flow of the city and contribute economic efficiencies for economic generating businesses of our city.

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

1.3.4 Local Economic Development

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

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

It is recognised that the metro needs to create an environment which is conducive for private business investment. This environment needs to have stability in terms of various transport options as well as quick decision making capabilities.

A potential "game changer" which has occurred in the 2013/14 financial year is the successful completion of a property transaction for the purchase of land called "The Sleeper Site" which is situated in the centre of the central business district. This land

was purchased from Transnet at a market related value. The institution is currently requesting interested parties to undertake a planning exercise to assess the most appropriate design for the land to assist in the economic growth of the city as well as encouraging development, which will assist in the revitalization of the CBD.

The institution has identified a further 5 specific existing areas which it considers as business development nodes and, as such, areas which it considers as having huge benefits to potential investors. These areas are:

- 1) West Bank
- 2) Wilsonia
- 3) Fort Jackson
- 4) Berlin
- 5) Dimbaza

All these areas have existing infrastructure which, with minimal investment, could yield significant benefits for the local economy and contribute to the GDP of the country. It further needs to be recognised that these are effectively business nodes which could be developed to be closer to areas of labour resulting in reduced travelling costs for the labour force.

The focus needs to be on more permanent job creation, reducing dependence on social grants in the form of indigent subsidies. This will allow individuals to pay for the services they are receiving and allow for the reallocation of funds to other areas of focus.

1.3.5 Charting the Way Forward

The Minister of Finance, Pravin Gordhan, delivered the fifth and last budget for the current South African government on the 26 February 2014 before going into the next National Government elections. His address was frank in that it mentioned that the world economy continues to find itself in difficulty with global institutions struggling within the current economic climate.

In South Africa the economy has stabilised after the 2008 crisis and, although this is considered as a positive development, more should be done with the input of various stakeholders to lead our economy in a strategically focused direction in order to further improve growth, work opportunities and greater equality.

National Treasury have recognised the importance of total urban settlement development and, in support thereof, has created the Built Environment Performance Plan (BEPP). This plan is to ensure infrastructure projects are focused on economic corridors to have maximum benefit for the inhabitants of the city.

Although it is recognised that there is an onus on the city to provide social support to its inhabitants that are financially challenged, this is not considered the most beneficial for the individuals or the local economy. As such, focus needs to be on the creation of sustainable jobs through encouraging private sector investment in the city. This strategy will identify certain economic zones where there is existing significant capital investment, and offer incentives to business over a period of time to invest in those areas. This will allow individuals who may have been financially challenged to become active members of the formal economy thereby reducing the pressure on the social aspects of the budget.

The Minister of Finance was very moderate in indicating a slight increase in growth in the economy from 2.7% to 3.5% in the 2016/17 financial year. Constant high increases in fuel prices continue to have an effect on the poor. Taking this into consideration, the municipality has attempted to balance tariff increases with services which need to be provided to the broader community.

The city is of the view that inflation will fluctuate between 6% and 7% in the 2014/15 MTREF period due to input factors such as fuel, food and transport increases. As a result the city adopted a conservative approach resulting in no real budget growth over the MTREF period.

The institution has undertaken an exercise to analyse the capital infrastructure investment between social and economic investment with a target being placed of 60% economic investment and 40% social investment. Although the institution has not managed to achieve these target levels for all years in the MTREF period, it will continue attempting to achieve these targets going into the future in line with the strategic focus being given in the National Development Framework. It needs to be recognised that there have been a significant number of housing projects which are entering their implementation phase resulting in pressure being placed on the budget in the 2016/17 financial year as these projects are at their peak in terms of funding requirements.

Funding for the 2014/15 and 2015/16 infrastructure projects have been allocated in an attempt to ensure projects which are currently underway are completed and implemented for the benefits of the community to which they relate. The current capital work in progress continues to be a focus area to ensure the infrastructure assets are completed and brought into use.

The institution has taken a further strategic decision to invest funding to replace existing infrastructure. The investment is to be focused on the urban core which will allow for the upgrading of infrastructure to enable a regeneration of the central business area thereby encouraging private sector investment and job creation.

The city is planning on implementing projects which will convert one of the main streets of the city into a pedestrian area serviced by public transport, and converting the surrounding roads into one ways. It is envisaged that this will improve the flow of traffic in the area and allow for a more relaxed atmosphere. This is a further effort to encourage private sector investment into the urban core.

Currently the city is in a fortunate financial position in that it has a low gearing ratio together with its “A” Long Term Rating (Global Credit Rating) thus allowing the city to obtain additional long term borrowings. A strategic decision has been taken that should additional borrowings be procured then these funds will be utilized on assets that are expected to generate a return. However, the city is cautious in accessing these borrowing facilities due to insufficient operating surpluses allowing for capital repayments.

MFMA Circular 68, 70 and 71 were taken into consideration in the preparation of the 2014/15 MTREF Budget.

The BCMM consolidated budget for the 2014/15 MTREF period is R5.7 billion (2014/15), R6.3 billion (2015/16) and R6,8 billion (2016/17) with the table below summarizing the consolidated overview of the 2014/15 MTREF Budget.

The table below summarizes the consolidated overview of the 2014/15 MTREF Budget.

Table 1: Consolidated Overview of the 2014/15 MTREF Budget

	2013/2014 APPROVED BUDGET	2014/2015 PROPOSED BUDGET	2015/2016 PROPOSED BUDGET	2016/2017 PROPOSED BUDGET
Total Direct Operating Income	(4,416,652,227)	(4,761,340,651)	(5,247,529,569)	(5,771,100,498)
Total Direct Operating Expenditure	4,463,211,837	4,749,700,442	5,245,986,083	5,701,896,296
<u>Sub-Total - (Surplus) / Deficit</u>	46,559,610	(11,640,209)	(1,543,486)	(69,204,202)
Total Capital Expenditure	1,006,629,040	942,007,423	1,024,127,261	1,069,226,151
Total Budget	5,469,840,877	5,691,707,865	6,270,113,344	6,771,122,447

Revenue has increased by 8% in relation to the expenditure increase of 6%. The overall total budget has increased by 4% from the 2013/14 revised budget to the 2014/15 budget as a result of the Capital Budget being decreased by 6%. The decrease is attributable to the 2012/13 approved roll-overs being appropriated in the 2013/14 financial year.

Revenue & Expenditure Strategy

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

- Efficient revenue management, which aims to ensure a 93,8% (per cent) annual collection rate over the medium term for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Move from a flat-rate billing system to all consumers billed according to consumption;
- Implementation of an automated billing system as opposed to a manual meter reading process;
- Regular Supplementary Valuations performed. The policy is for a minimum of 2 Supplementary Valuations per year.
- The successful implementation of a General Valuation on 1 July 2014 and then every four years thereafter in terms of the Municipal Property Rates Act.
- Creating a conducive environment to attract potential investors.
- Review of the Spatial Development Plan to allow for human capital resources to be closer to economic and job opportunities.

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

- ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Plan to ensure maximum return to the municipality.
- Re-prioritisation of expenditure to ensure any inefficiencies are eliminated to allow for own-funded capital programme.
- Additional funding to be allocated to the maintenance of the infrastructure.

The table below reflects the Capital Budget for services for the 2014/15 MTREF period.

Table 2: 2014/15 – 2016/17 Capital Budget Per Service

Services	2014/2015 Draft Capital Budget	2015/2016 Draft Capital Budget	2016/2017 Draft Capital Budget
Water	97,688,726	91,000,000	91,000,000
Waste Water	216,507,892	230,000,000	137,000,000
Electricity	134,699,000	142,500,000	148,500,000
Roads and Stormwater	188,000,000	155,000,000	150,000,000
Housing	89,636,108	162,468,500	266,264,685
Transport Planning	54,895,288	52,220,661	83,655,051
Waste Management / Refuse	36,000,000	36,710,100	30,412,415
Amenities	40,030,409	30,750,000	28,750,000
Environmental Services	10,000,000	8,000,000	8,000,000
Public Safety	9,800,000	12,500,000	25,200,000
Support Services	36,450,000	54,978,000	52,444,000
BCM Vehicles, Specialized Plant & Equipment	28,300,000	48,000,000	48,000,000
	942,007,423	1,024,127,261	1,069,226,151

2014/2015 - 2016/2017 CAPITAL BUDGET PER SERVICE



Figure 3: 2014/15 – 2016/17 Capital Budget Per Service

A major portion of the capital budget amounting to R1,78 billion (60%) in the 2014/15 MTREF period has been allocated to the major infrastructure services. Although these services are not all revenue generating the budget expenditure is in terms of our social development mandate.

1.3.6 Summary of Rates and Service Charge Tariff implications to the 2014/15 MTREF Budget

Table 3: Average Tariff increases for 2013/14 to 2016/17

Description	2013/2014	2014/2015	2015/2016	2016/2017
Rates	11.90%	0%	11.30%	11.30%
Refuse	12.90%	12.50%	12.30%	12.30%
Sewerage	10.90%	10.50%	10.30%	10.30%
Electricity	10.00%	8.50%	8.50%	8.50%
Water	15.35%	14.95%	14.75%	14.75%
Fire Levy	9.90%	9.50%	9.30%	9.30%
Sundry Income	9.90%	9.50%	9.30%	9.30%

1.3.6.1 Overall Summary of Year-on-Year Increases

On average tariff associated revenue is expected to increase year on year in 2014/15 by 10% excluding rates where the tariff will remain unchanged. The increases are attributable to a combination of increases in input costs associated with providing the

service as well as an ongoing attempt to ensure each service produces revenue sufficient to cover the costs of providing the service.

There is an ongoing focus area in the MTREF budget to ensure that work-in-progress which is detailed in the Annual Financial Statements reaches completion stage and is implemented in various areas to improve the perception of service delivery. The impact of this which needs to be considered is that once implemented these projects will require additional operating budget through maintenance budget as well as depreciation funding to allow for the estimated useful life to be achieved and to allow for the replacement of the infrastructure assets in the future.

The ongoing expansion of the city through budget infrastructure spending without the corresponding economic growth is placing additional pressure on the BCMM local consumer to fund the replacement of the assets which is impacting on the operational budget through the increasing depreciation charge. Furthermore, there is an additional impact on the consumer debt book.

1.3.6.2 Rates

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and delivered a draft roll, which was signed by the City Manager by 31 January 2014. The new values will be implemented from 1 July 2014. In terms of standard process practices, these valuations are currently undergoing a period of objections which will be assessed by an appeals board. An analysis of the data, and by applying the existing tariffs that are in operation suggests there will be an average of 18% increase in rates revenue. In line with this financial modelling exercise which has been undertaken, the institution has decided to keep the tariff per applicable property classification consistent with the 2013/14 financial year. In summary, the rates tariff has been budgeted to remain the same as the 2013/14 financial year, however due to various factors, rates revenue is budgeted to increase by 18%. The factors include property value increases associated with the implementation of the General Valuation of approximately 10%, re-zonings, corrections and the inclusion of properties which were previously not included in the valuation roll.

1.3.6.3 Electricity

In terms of the guidelines provided by the National Energy Regulator of South Africa (NERSA), they have published that they expect the cost of electricity to increase by a budgeted 8.06%. In the prior year MTREF budget process Council had approved a 10% increase in tariffs for the 2014/15 financial year. Following due consideration being given to the NERSA guidelines as well as consideration of consumer affordability, a decision has been made to increase electricity tariffs by 8.5% which is associated with the increased purchase cost of electricity from Eskom. This is therefore a decrease of 1.5% from the previously approved amount.

There continues to be ongoing concern with electricity in that:

- a. The diminishing gross profit generated by electricity over the prior financial years is a concern. This is associated with illegal connections and material distribution losses.

- b. Consumers appear to be showing a tendency to reduce their spending on electricity. This is being shown by a reduced amount of purchases from Eskom and suggests that consumers may be changing their usage practices as well as converting to alternative forms of energy.

The following corrective action is being undertaken to minimize the above concerns:

- a. Additional capital funding of R270m over the MTREF Period has been allocated to the electricity service department to embark on a 10 year programme replacing aging electricity infrastructure assets.
- b. The city has embarked on a programme to electrify informal dwellings and has budgeted R55,5m of own funds in the 2014/15 MTREF period. This will reduce the risk of illegal connections.
- c. A unit has been formed to identify and rectify the disconnection and reconnection of illegal electricity connections across the city.

1.3.6.4 Water

Water tariffs have been increased by 14.95%. In line with guidance which was received from National Treasury regarding each service delivery being able to generate revenue equal to the cost of the service, an analysis was undertaken to determine what tariff requirements would be needed to achieve a break even position. The affordability of consumers needs to further be taken into consideration in order to limit a significant annual impact. This analysis suggests an impact of 14.95% in 2014/15 and an average of 14.8% over the MTREF will close the deficit being experienced in water. It needs to further be recognised that the institution purchases untreated water from the Amatola Water Board. The increase associated with this water is 9.3% adding further pressure on the breakeven analysis for the institution. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

There continues to be ongoing concern with water in that:

- a. Water losses continue to be high. The reason for this is because of aging infrastructure, areas of flat-rated charges, financially challenged consumers using water in excess of that allowed for in the indigent policy.
- b. An analysis of the Amatola Water Board costs suggest the majority are salary related which the Municipality is funding in duplicate through direct costs of individuals employed by the City and then through the tariff paid by consumers. This is considered inefficient and the impact on our consumers could be reduced should we be allowed to manage our own water resources. It should further be noted that Buffalo City Metropolitan Municipality is the only Metro that does not manage its own water resources which in itself causes concern from a planning and development perspective.

The following corrective action is being undertaken to minimize the above concerns:

- a. Additional capital funding of R120m over the MTREF Period has been allocated to the water service department to embark on a 5 year programme of replacing aging infrastructure assets (Total cost of project R200m).

- b. As part of the above programme the city will replace standpipes and non-metered areas with new meters. This will reduce the risk of water losses.
- c. The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques.
- d. Consider managing our own water resources to allow for adequate future supply planning as well as reducing costs by eliminating duplicated functions.

1.3.6.5 Sanitation

The proposed sanitation tariff increase is 10.5% whilst there is no growth in the sanitation revenue and this is forecasted to occur in the next MTREF period as concentration is mainly on multi-year bulk construction and backlogs.

There continues to be ongoing concern surrounding the ageing sanitation infrastructure and the impact this has on the operational budget through increasing maintenance costs as well as ensuring the financial sustainability of the service in line with guidance provided by National Treasury.

The impact of the ageing infrastructure is expected to have a 10% additional impact on the amount of maintenance expenditure required. It should further be noted that the input costs associated with salaries are expected to increase by 6.8% in line with SALGA approved increases.

It should be noted that the expansion of the city through continued investment in new infrastructure for future demand places additional pressure on the existing customer base in order to allow for the replacement of the infrastructure in the future. It is therefore imperative that expansion needs to be adequately planned to allow for maximum connection of new customers and allow for the reduced impacts on tariffs.

In summary, the tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

1.3.6.6 Refuse

The proposed solid waste tariff increase is 12.5% whilst total solid waste revenue has increased by 12.5%. The Solid Waste Tariffs are levied to recover amongst others costs of services provided directly to customers and include refuse collection fees, disposal fees, weighbridge fees and other ad hoc services.

1.3.7 Summary of Financial Position, Medium Term Revenue and Expenditure Strategy

■ Cash & Cash Equivalents

- BCMM is also projecting a favourable cash position, which currently projected to be R877 million at 30 June 2014 and is projected to be R1,3 billion at 30 June 2015 (2016: R2,4 billion).

■ **Cost Coverage**

- The projected cost coverage, including conditional grants is projected to be 8 months at 30 June 2014 (2015: 5 months).
- BCMM maintains a cost coverage of 3 months. The average cost coverage over the last 9 months is 6.63 months.

■ **Debt Impairment**

- Debt Impairment is currently budgeted at 6.5% of the projected revenue over the medium term and amounts to R203 million in 2014/15 and growing to R223 million in 2015/16 and R245 million. This is based on the average projected collection rate of 93.8% to year end.

■ **Borrowings**

- In the 2014/15 MTREF budget no projects are funded from borrowings. However BCMM has developed a long-term financial plan and asset management policy. This will inform external borrowing for income generating infrastructure assets from the current financial year and onwards.
- However, BCMM is in a position to borrow funding, based on its financial strength for income generating assets e.g. Smart metering; bulk infrastructure for industrial and business development zones.
- The largest consideration will be whether the institution will be in a position to repay the loan facility. The short term of the MTREF period suggests a situation which is close to break even. As such, long term loan facilities will only be negotiated where:
 - a. The institution is able to achieve additional revenue equal to the cost of the repayment of the loan.
 - b. The institution is able to achieve higher than budgeted surpluses allowing for the repayment of any loan facility.

1.3.8 BCMM's Priorities and Linkages to the IDP

Community consultation on the draft IDP review 2014/15 and MTREF Budget is due to take place from 28 March – 4 April 2014. The 50 wards will be clustered in terms of their regions, the municipality will be reporting progress towards the implantation of their key priorities.

Key issues raised by BCMM's wards, in their order of priority, were as follows:

COASTAL WARDS	MIDLAND WARDS	INLAND WARDS
1. Roads and storm water	1. Housing	1. Roads and Storm water
2. Housing	2. Electricity	2. Community halls
3. Electricity	3. Roads and Storm water	3. Water and Sanitation
4. Job creation / unemployment	4. Water and Sanitation	4. Electricity
5. Community halls/ Multi-purpose centres	5. Job creation / unemployment	5. Cemeteries

The Mayoral Lekgotla held from the 16 – 18 October 2013 emphasized key priorities of the Metro Growth and Development as follows:

- Facilitate growth of SMME Sector
- Facilitate retention and attraction of investors within BCMM
- To market the city as a tourist destination in partnership with other stakeholders and
- Infrastructure development for economic growth

Key Amendments to the IDP

Annual reviews of the Integrated Development Plan allow the municipality to refine strategies and objectives, to ensure that they inform institutional and financial planning. The review and amendment of the IDP thus, further ensures that it remains the principal management tool and strategic instrument for the Municipality. The IDP review process occurs in phases and during each phase amendments or updates maybe were based on new facts or information.

Alignment With And Achievement Of National, Provincial And District Priorities

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

Key amendments to the budget related policies

No amendments were made to the following existing BCMM budget-related policies.

- Asset Management Policy
- Capital Infrastructure Investment Policy
- Funding and Reserves Policy
- Policy on Long-Term Financial Planning
- Budget Implementation & Management Policy (Virement Policy)

The following policies have been reviewed and adjusted accordingly:

- Credit Control Policy
- Indigent Policy
- Tariff Policy

Municipal Entity

The Buffalo City Metropolitan Municipality entity being Buffalo City Development Agency (BCDA) is currently not operational in terms of its mandate however interviews have been undertaken and successful individuals identified to perform duties on the board. The Board will provide the future strategic direction of this institution.

1.4 OPERATING REVENUE FRAMEWORK

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

The following table is a summary of the 2014/15 Draft MTREF (classified by main revenue source):

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	452,694	521,931	579,427	647,203	673,475	673,475	673,475	795,457	885,283	985,251
Property rates - penalties & collection charges	612	584	673	1,539	1,539	1,539	1,539	1,723	1,921	2,138
Service charges - electricity revenue	924,518	1,137,198	1,265,868	1,411,111	1,393,101	1,393,101	1,393,101	1,511,514	1,639,993	1,779,392
Service charges - water revenue	200,158	239,552	271,026	309,154	322,413	322,413	322,413	370,613	425,279	488,007
Service charges - sanitation revenue	166,162	183,646	205,202	225,407	228,840	228,840	228,840	252,869	278,914	307,642
Service charges - refuse revenue	157,219	175,341	198,898	223,880	223,737	223,737	223,737	251,704	282,664	317,432
Service charges - other	16,932	20,778	25,068	33,489	32,742	32,742	32,742	36,454	40,545	45,066
Rental of facilities and equipment	14,107	14,620	15,485	15,480	15,480	15,480	15,480	17,013	18,629	20,362
Interest earned - external investments	32,573	58,737	83,980	77,940	77,940	77,940	77,940	77,491	79,596	81,764
Interest earned - outstanding debtors	21,202	23,920	22,204	26,736	26,736	26,736	26,736	29,383	32,175	35,167
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	7,321	5,456	5,980	12,930	8,553	8,553	8,553	9,400	10,293	11,250
Licences and permits	15,053	15,708	15,299	18,674	18,674	18,674	18,674	20,523	22,472	24,562
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	679,071	724,619	723,457	917,094	868,246	868,246	868,246	828,531	940,779	1,049,335
Other revenue	118,807	307,072	519,306	524,530	525,176	525,176	525,176	558,666	588,988	623,733
Gains on disposal of PPE	437	1,658	25	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2,806,868	3,430,818	3,931,900	4,445,168	4,416,652	4,416,652	4,416,652	4,761,341	5,247,530	5,771,100

The following graph gives a breakdown of the main revenue categories for the 2014/15 financial year.

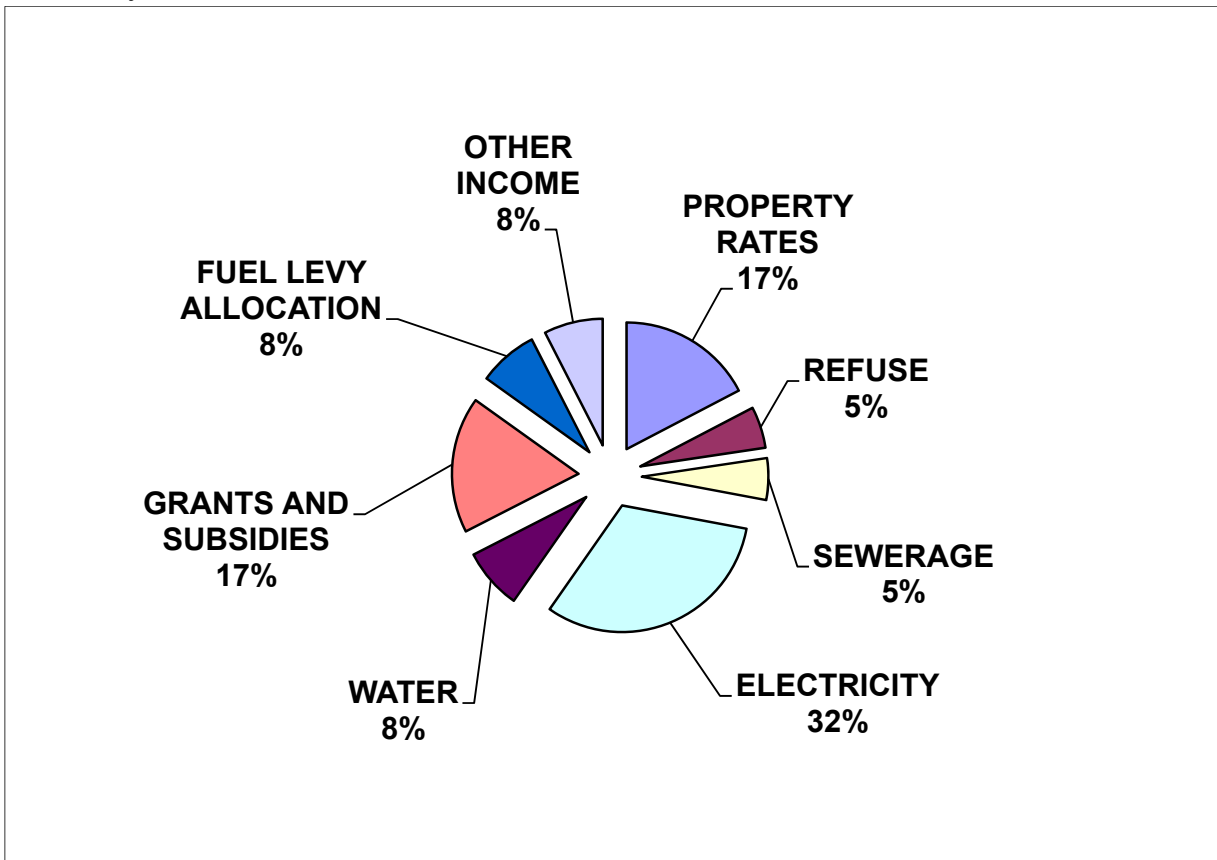


Figure 4: Main Operating Revenue categories for the 2014/15 financial year

In 2013/14 the City's own generated revenue is 75% of the total revenue totalling to R3.2 billion and is consistent to the 75% which is R3.6 billion, R3.9 billion and R4.3 billion in the respective financial years of the 2014/15 MTREF period. This is mainly attributed to the electricity service contribution to the total revenue mix (inclusive of conditional and unconditional grants) which is 32% in the 2014/15 financial year and declining to 31% in the two outer years. The decline is due to an increase in grant funded operating projects mainly associated with the top structure of housing projects financed through the Human Settlement Development Grant.

Electricity revenue is increasing from R1.4 billion in 2013/14 to R1.5 billion, R1.6 billion and R1.8 billion in 2014/15 MTREF period respectively. Property rates are the second largest revenue source with 17% contribution over the 2014/15 MTREF period.

Operating grants and transfers contribute on average 17% of the total operating revenue. This totals R868 million in the 2013/14 financial year, R829 million (2014/15), R941 million (2015/16) and R1,0 billion (2016/17).

Table 5: SA18 - Operating Transfers and Grant Receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	504,832	585,976	657,974	706,873	686,958	686,958	698,929	698,821	688,808
Urban Settlement Development Grant	-	-	-	43,508	21,959	21,959	33,465	37,148	38,148
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Financial Management Grant	1,200	1,450	1,500	1,300	1,300	1,300	1,500	1,500	1,500
Expanded Public works Programme Incentive	-	-	1,484	2,705	3,259	3,259	1,890	-	-
Department of Water Affairs	2,683	1,714	1,374	-	-	-	-	-	-
Integrated National Electrification Programme	-	-	-	-	-	-	-	-	-
Equitable Share	500,200	582,812	650,616	653,660	653,660	653,660	656,674	653,273	641,160
Municipal Infrastructure Grant	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	750	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant	-	-	3,000	5,700	6,780	6,780	5,400	6,900	8,000

1.3.1 Property Rates and Service Charges and Impact of Tariff Increases

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

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

1.3.1.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).

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

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a zero per cent tariff increase from 1 July 2014 is contained below:

Table 6: Comparison of proposed rates to levied for the 2014/15 financial year

Category	Existing tariff (from 1 July 2013)	Proposed tariff (from 1 July 2014)
	C	C
Residential properties (incl. farms & small holdings used for residential purposes)	0,008225	0,008225
Agricultural (used for Bona-fide farming)	0,002056	0,002056
Public Service Infrastructure	0,002056	0,002056
Business, Commercial & Industrial properties (incl. farms used for Game- / Eco Tourism)	0,020562	0,020562
Educational Institutions	0,005757	0,005757
Municipal Owned properties (Rateable, used for residential purposes)	0,008225	0,008225
Municipal Owned (Rateable, used for non-residential purposes)	0,020562	0,020562
Municipal Owned (Non-rateable)	0,000000	0,000000
Mining / Quarry	0,020562	0,020562
Government properties (incl. Correctional Services Facilities, Office buildings & Hospitals)	0,020562	0,020562
Vacant land	0,024674	0,024674
Religious sites or Places of Worship	0,000000	0,000000
Special properties (e.g. Museums, Libraries)	0,000000	0,000000
Public Benefit Organisations	0,002056	0,002056
Rural Communal properties	0,000000	0,000000

An analysis of the data and by applying the existing tariffs that are in operation suggests there will be an average of an 18% increase in rates revenue. In line with this financial modelling exercise which has been undertaken, the institution has decided to keep the tariff per applicable property classification consistent with the 2013/14 financial year. In summary, the rates tariff has been budgeted to remain the same as the 2013/14 financial year, however due to various factors, rates revenue is budgeted to increase by 18%. The factors include property value increases associated with the implementation of the General Valuation of approximately 10%, re-zonings, corrections and the inclusion of properties which were previously not included in the valuation roll.

1.3.1.2 Sale of Water and Impact of Tariff Increases

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

Table 7: Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kℓ per 30-day period (Indigent)	0,0000	0,0000
(ii) 0 to 6 kℓ per 30-day period (Non-Indigent)	9,8591	11,3330
(iii) 7 to 10 kℓ per 30-day period	10,0524	11,5552
(iv) 11 to 20 kℓ per 30-day period	13,9615	16,0487
(v) 21 to 30 kℓ per 30-day period	18,0982	20,8039
(vi) More than 30 kℓ per 30-day period:	22,7123	26,1077
NON-RESIDENTIAL		
(i) From the 1 st kℓ per 30-day period	13,8232	15,8898

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

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

Monthly Consumption kℓ	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
10	99,36	114,21	14,85	14,95%
20	238,98	274,71	35,73	14,95%
30	419,96	482,77	62,81	14,95%
50	874,21	1004,90	130,69	14,95%
75	1 442,01	1657,59	215,58	14,95%
100	2 009,82	2310,29	300,47	14,95%

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R26,1077 per kilolitre for consumption in excess of 30kℓ per 30 day period.

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

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are fully cost reflective by 2014. Although the institution is attempting to comply with this request, the annual impact on consumers in terms of affordability needs to be considered.

The institution is currently concerned about the high level of water losses which have been historically incurred. The Water Management business plan has been presented and approved by Council which requires approximately R160 million over 4 years for implementation. The plan is focused on reducing water losses through replacing stand pipes, converting fixed rate properties to metered consumption and upgrading ageing infrastructure. An amount of R40 million has been allocated annually within the MTREF budget to cater for this plan. It is envisaged that this will reduce the water losses being incurred to a level which is comparable to the peers of the institution. The current level of water losses is contributing to a situation whereby the institution is unable to reach a point of break even for this trading service without implementing unaffordable tariff increases.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Amatola Water has increased its bulk tariffs with 9.3% from 1 July 2014. There is some concern surrounding the determination of this tariff as a large portion relates to employee costs which, it could be argued, the Municipality is already incurring through the individuals we have working directly.

A tariff increase of 14.95% from 1 July 2014 for water is proposed. This is based on input cost assumptions of 9.30% increase in the cost of bulk water (Amatola Water), and the service progressing to becoming self-sufficient with at least a break-even position. In addition 6 kℓ water per 30-day period will again be granted free of charge to all indigent residents.

1.3.1.3 Sale of Electricity and Impact of Tariff Increases

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

Monthly Consumption kWh	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	147,87	160,44	12,57	8,50%
250	369,68	401,10	31,42	8,50%
500	739,35	802,19	62,84	8,50%
750	1 109,03	1 203,30	94,27	8,50%
1 000	1 478,70	1 604,39	125,69	8,50%
2 000	2 957,40	3 208,78	251,38	8,50%

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

On 20 November 2013 NERSA distributed a guideline to all municipalities detailing the expected increase of bulk purchases which is to be effective from 1 July 2014.

The expected increase as communicated in the guidance is 8,06% for bulk purchases. It is envisaged that the municipality will increase its tariff by 8,5% across all categories in order to recover the increased bulk purchase cost as well as capital infrastructure costs for the electrification of informal settlements.

It should be noted that given the magnitude of the tariff increases in the recent past, it is expected that the depressed growth in electricity consumption, which is having a negative impact on the municipality's revenue from electricity, will continue for the foreseeable future. This reduced consumption can be seen in terms of the amount of bulk purchases being made from Eskom reaching a plateau and showing reductions through changes in consumption patterns.

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

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

The institution is currently upgrading our electricity grid by building a new Queenspark Zoo Sub-station at a cost of R160 million to improve the energy capacity to the CBD and surrounding areas of East London central. In addition to this, we are planning a bulk electricity infrastructure upgrade amounting to R650 million, for the entire BCMM area to improve reliability of supply of the BCMM network for both domestic and commercial consumers. This project will be implemented over a period of 20 years in accordance with the Electricity Master Plan.

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

2014/15 medium-term capital programme, own funding has been allocated to electricity infrastructure to the tune of R40 million per year. This funding level is budgeted within the MTREF period with the express purposes of upgrading existing infrastructure assets with the goal of maintaining consistent supply that is within the control of the Municipality.

1.3.1.4 Sanitation and Impact of Tariff Increases

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

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

Category	Current amount	Proposed amount	Difference	Percentage Change
	Payable R	payable R	(Increase) R	(Approximate)
Erf : 0 – 300m²	691	764	73	10,5%
Erf : 301 – 400m²	1 099	1 214	115	10,5%
Flat : Complex	1 741	1924	183	10,5%
Flat : Ordinary	1 923	2125	202	10,5%
Flat : Semi	1 923	2125	202	10,5%
Cluster/Town Houses	2 380	2630	250	10,5%
Erf : 401 – 800m²	2 860	3160	300	10,5%
Erf : 801 – 1200m²	3 087	3411	324	10,5%
Erf : > 1200m²	3 364	3717	353	10,5%

A tariff increase of 10.50 per cent for sanitation from 1 July 2014 is proposed. Currently sanitation charges are calculated according to the relative size of the erf on which the property is located. It is envisaged that future sanitation charges will be based on a percentage of water consumption, but first the large volumes of water losses will have to be brought under control.

1.3.1.5 Refuse Removal and Impact of Tariff Increases

The following table compares current and proposed amounts payable from 1 July 2014:

Table 11: Comparison between current refuse removal fees and increases

Category	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage Change
Domestic: Weekly 2 x 85ℓ load	158	178	20	12,5%
85ℓ Bins – Twice weekly	358	403	45	12,5%
240ℓ Bins – Once weekly	504	567	63	12,5%
240ℓ Bins – Twice weekly	1 008	1134	126	12,5%
420ℓ Bins – Once weekly	881	991	110	12,5%
420ℓ Bins – Twice weekly	1 761	1981	220	12,5%
1.1m ³ Sprico – Once weekly	604	679	75	12,5%
1.1m ³ Sprico – Twice weekly	1 204	1354	150	12,5%
1.1m ³ Sprico – Three x a week	1 810	2036	226	12,5%
1.1m ³ Sprico – Four x a week	2 408	2709	301	12,5%
1.1m ³ Sprico – Five x a week	3 010	3386	376	12,5%

It is widely accepted that the rendering of this service should at least break even, which continues to prove difficult to achieve considering affordability considerations for the consumers. The City needs to implement the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Efficiencies of staff performing the function continue to be a contributing factor as there is an increase in the cost of remuneration however this does not appear to be converting to collecting efficiencies. The main contributors to this deficit are repairs and maintenance on vehicles and increases in general expenditure such as petrol and diesel. There will be a focus my management over the MTREF period in an attempt to improve staff management and create efficiencies in this process. There is further a suggestion to create a transfer station to reduce the costs of running the transport fleet. It needs to be noted that the institution has embarked on the purchase of wheelie bins for BCMM consumers and it is envisaged that this will improve the efficiencies of

employees. These plans are currently at various stages of implementation. The city is in the process of constructing an additional landfill waste cell and feasibility studies are being undertaken relating to the rehabilitation of landfill sites.

A 12.50 per cent increase in the refuse removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the overall impact of higher than inflation increases of other services. Any increase higher than 12.50 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.3.2 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 10%.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 0% increase from 1 July 2014 is contained below:

Table 12 - SA14 – Household bills

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	422.47	468.10	525.67	588.25	588.25	588.25	11.5%	655.89	730.01	812.50
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	863.04	1,038.93	1,179.19	1,297.11	1,297.11	1,297.11	8.5%	1,407.36	1,526.99	1,656.78
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	244.04	277.35	319.36	368.39	368.39	368.39	15.0%	423.46	485.92	557.59
Sanitation	166.52	182.82	203.51	225.66	225.66	225.66	10.5%	249.35	275.03	303.36
Refuse removal	97.37	108.77	122.81	138.60	138.60	138.60	12.5%	155.93	175.10	196.64
Other	22.81	25.44	28.07	30.70	30.70	30.70	9.5%	33.62	36.74	40.16
sub-total	1,816.25	2,101.41	2,378.61	2,648.70	2,648.70	2,648.70	10.5%	2,925.61	3,229.80	3,567.04
VAT on Services	195.13	228.66	259.41	288.46	288.46	288.46	-	317.76	349.97	385.64
Total large household bill:	2,011.37	2,330.07	2,638.02	2,937.16	2,937.16	2,937.16	10.4%	3,243.37	3,579.77	3,952.68
% increase/-decrease		15.8%	13.2%	11.3%	-	-		10.4%	10.4%	10.4%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	66.77	73.98	83.08	92.97	92.97	92.97	11.5%	103.66	115.38	128.41
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	429.79	517.39	587.24	645.96	645.96	645.96	8.5%	700.87	760.44	825.08
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	191.45	217.59	250.55	289.01	289.01	289.01	15.0%	332.22	381.22	437.45
Sanitation	59.28	65.06	72.44	80.34	80.34	80.34	10.5%	88.77	97.92	108.00
Refuse removal	97.37	108.77	122.81	138.60	138.60	138.60	12.5%	155.93	175.10	196.64
Other	22.81	25.44	28.07	30.70	30.70	30.70	9.5%	33.62	36.74	40.16
sub-total	867.48	1,008.22	1,144.19	1,277.58	1,277.58	1,277.58	10.8%	1,415.06	1,566.80	1,735.74
VAT on Services	112.10	130.79	148.56	165.84	165.84	165.84	-	183.60	203.20	225.03
Total small household bill:	979.58	1,139.01	1,292.74	1,443.42	1,443.42	1,443.42	10.8%	1,598.65	1,769.99	1,960.77
% increase/-decrease		16.3%	13.5%	11.7%	-	-		10.8%	10.7%	10.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	66.77	73.98	83.08	92.97	92.97	92.97	11.5%	103.66	115.38	128.41
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	31.30	37.67	42.76	47.04	47.04	47.04	8.5%	51.03	55.37	60.08
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	34.37	39.07	44.98	51.89	51.89	51.89	15.0%	59.65	68.45	78.54
Sanitation	59.28	65.06	72.44	80.34	80.34	80.34	10.5%	88.77	97.92	108.00
Refuse removal	97.37	108.77	122.81	138.60	138.60	138.60	12.5%	155.93	175.10	196.64
Other	22.81	25.44	28.07	30.70	30.70	30.70	9.5%	33.62	36.74	40.16
sub-total	311.90	349.99	394.15	441.53	441.53	441.53	11.6%	492.66	548.95	611.83
VAT on Services	34.32	38.64	43.55	48.80	48.80	48.80	-	54.46	60.70	67.68
Total small household bill:	346.22	388.63	437.70	490.33	490.33	490.33	11.6%	547.12	609.66	679.51
% increase/-decrease		12.2%	12.6%	12.0%	-	-		11.6%	11.4%	11.5%

1.4 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2014/15 budget and MTREF is informed by Section 18 and 19 of the MFMA. The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Expenditure By Type										
Employee related costs	861,418	956,366	980,891	1,123,245	1,123,245	1,123,245	1,123,245	1,237,215	1,323,021	1,414,808
Remuneration of councillors	23,278	42,966	43,331	48,847	48,847	48,847	48,847	52,254	55,900	59,800
Debt impairment	210,998	58,207	106,770	184,345	184,345	184,345	184,345	203,074	223,598	245,958
Depreciation & asset impairment	437,577	677,501	699,422	539,235	539,235	539,235	539,235	710,000	809,574	850,053
Finance charges	58,156	130,769	44,093	64,162	64,162	64,162	64,162	59,248	54,123	49,129
Bulk purchases	771,253	915,387	1,040,113	1,135,789	1,110,931	1,110,931	1,110,931	1,201,856	1,300,246	1,406,715
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	5,908	6,840	7,763	10,009	10,009	10,009	10,009	19,909	21,622	23,438
Transfers and grants	19,910	13,741	21,001	246,488	221,488	221,488	221,488	204,013	224,894	248,087
Other expenditure	852,302	843,040	1,013,088	1,162,162	1,160,950	1,160,950	1,160,950	1,062,130	1,233,009	1,403,908
Loss on disposal of PPE	6,046	9,205	8,191	-	-	-	-	-	-	-
Total Expenditure	3,246,844	3,654,020	3,964,666	4,514,281	4,463,212	4,463,212	4,463,212	4,749,700	5,245,986	5,701,896
Surplus/(Deficit)	(439,977)	(223,202)	(32,767)	(69,113)	(46,560)	(46,560)	(46,560)	11,640	1,543	69,204
Transfers recognised - capital	232,734	187,131	515,570	705,450	842,410	842,410	842,410	700,782	765,257	794,671
Contributions recognised - capital	-	-	-	-	459	459	459	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(207,243)	(36,071)	482,804	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Taxation	62	249	25	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(207,305)	(36,320)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(207,305)	(36,320)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Share of surplus/ (deficit) of associate	(20,235)	(12,088)	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(227,540)	(48,408)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875

The following figure gives a breakdown of the main expenditure categories for the 2014/15 financial year:

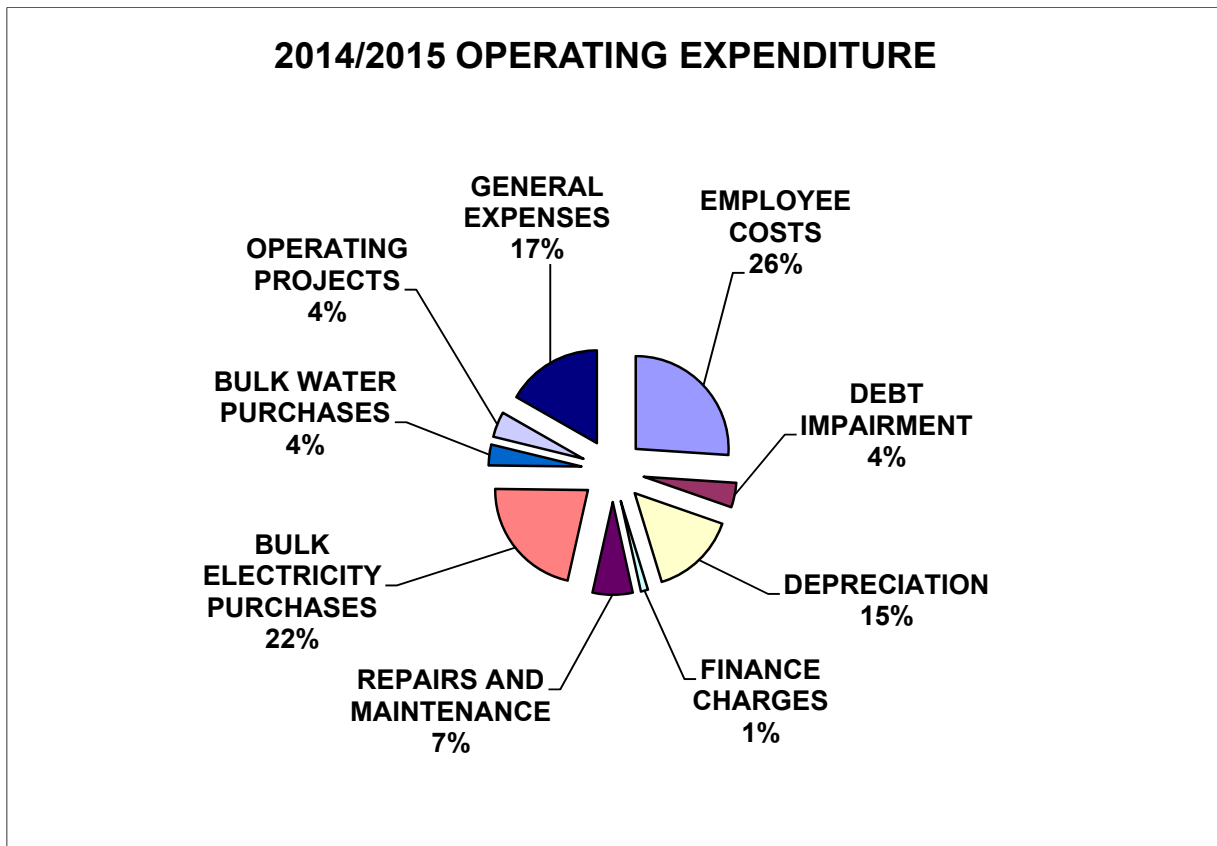


Figure 5: Main operational expenditure categories for the 2014/15 financial year

Employee Costs equates to 25% of the total operating costs and is well below the recognized norm of 30%. Salaries have been increased by 6,8% as promulgated by SALGA.

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

The **provision of debt impairment** has been determined based on an annual collection rate. For the 2014/15 financial year this amounts to R203 million and escalates to R246 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R710 million for the 2014/15 financial year and equates to 15% of the total operating expenditure. Infrastructure assets are by far the most significant value of the Statement of Financial Position of the institution and is where the most significant amount of the institutions resources is expended. As such the institution has made a strategic decision to actively manage its infrastructure assets by ensuring all new infrastructure commitments are made in line with the Metro Growth and Development Strategy.

It needs to be recognised that the institution has adopted the revaluation accounting approach for roads infrastructure assets. The main reason for the decision is to ensure the future viability of the institution by allowing for the future replacement of these significant long term assets.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% (R59 million) of operating expenditure excluding annual redemption for 2014/15.

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

Other expenditure comprises of various line items relating to the daily operations of the municipality. In order to comply with the provisions of circular 70 guiding principles as issued by National Treasury, the institution undertook a line by line analysis of expenditure in an attempt to improve efficiencies. This resulted in a significant reduction in general expenses attributable to cuts in telephone expenditure, consultant expenditure and efficiencies expected through the implementation of various projects including E-Fuel and E-Procurement.

Repairs and Maintenance

Repairs and maintenance budget is currently 7% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure and historic deferred maintenance. (Refer to Table SA34c). The city has embarked on a programme to replace existing infrastructure assets which have almost reached and/or exceeded their useful lives and will be funded from own funds. The institution has identified a historical funding shortfall associated with the replacement of existing infrastructure assets and in an attempt to alleviate the shortfall, USDG funding will be utilized to replace existing infrastructure. Furthermore, the institution will ensure that surplus budgets are prepared beyond the MTREF period to fund both existing infrastructure replacement as well as new infrastructure expansion.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 55 000 or more indigent households (urban areas) by end of 2014/15 financial year, a process reviewed annually. It should however be noted that although this is a goal from a social perspective, it is an indicator of the overall strategic direction of the institution not being achieved. The institution is attempting to steer in the direction of economic growth and job creation. This target is contrary to that focus area.

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

Table 14: Basic Social Services Package per household

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

It needs to be recognised that the DoRA allocation is showing a reducing trend through the MTREF period commencing with R656.7 million in 2014/15 reducing to R641.2 million in 2016/17. This reduction in equitable share will place additional pressure on the institution to generate internal funds to continue maintaining indigent subsidies at the above levels.

1.5 CAPITAL EXPENDITURE FRAMEWORK

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

Table 15: 2014/15 Medium-term Capital Budget Per Vote

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Directorate - Executive Support Services	20,564	2,416	622	6,500	11,826	11,826	11,826	500	500	500
Vote 2 - Directorate - Municipal Manager	132	-	-	10,250	3,050	3,050	3,050	7,000	18,878	19,744
Vote 3 - Directorate - Chief Operations Officer	7,113	48	36,692	85,734	108,333	108,333	108,333	90,136	162,969	266,765
Vote 4 - Directorate - Chief Financial Officer	2,566	30,533	25,488	400	5,636	5,636	5,636	12,350	12,000	10,500
Vote 5 - Directorate - Corporate Services	4,540	-	-	7,784	41,506	41,506	41,506	15,100	22,100	20,200
Vote 6 - Directorate - Engineering Services	285,914	174,024	402,616	456,183	627,926	627,901	627,926	665,696	667,000	575,000
Vote 7 - Directorate - Development Planning	43,436	23,503	101,455	130,600	49,569	49,569	49,569	54,895	52,221	83,655
Vote 8 - Directorate - Health & Public Safety	13,428	23,317	6,358	2,750	10,925	10,925	10,925	9,800	12,500	25,200
Vote 9 - Directorate - Community Services	21,418	16,938	20,255	51,041	147,859	147,859	147,859	86,530	75,960	67,662
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	399,110	270,780	593,485	751,242	1,006,628	1,006,603	1,006,628	942,007	1,024,127	1,069,226
Total Capital Expenditure - Vote	399,110	270,780	593,485	751,242	1,006,628	1,006,603	1,006,628	942,007	1,024,127	1,069,226
Capital Expenditure - Standard										
Governance and administration	27,638	32,949	26,110	24,934	63,455	63,455	63,455	34,950	53,478	50,944
Executive and council	228	2,416	622	16,750	16,313	16,313	16,313	7,500	19,378	20,244
Budget and treasury office	27,410	30,533	25,488	400	5,636	5,636	5,636	12,350	12,000	10,500
Corporate services	-	-	-	7,784	41,506	41,506	41,506	15,100	22,100	20,200
Community and public safety	38,252	32,321	44,632	127,276	240,899	240,899	240,899	140,467	206,719	321,215
Community and social services	16,957	7,107	-	39,000	122,083	122,083	122,083	12,500	9,500	9,500
Sport and recreation	1,129	1,849	1,582	-	67	67	67	28,030	21,750	19,750
Public safety	10,757	22,481	6,358	2,750	9,973	9,973	9,973	9,800	12,500	25,200
Housing	7,113	48	36,692	85,526	107,825	107,825	107,825	90,136	162,969	266,765
Health	2,297	837	-	-	951	951	951	-	-	-
Economic and environmental services	113,544	77,511	246,316	315,641	337,895	337,895	337,895	262,895	245,221	271,655
Planning and development	28,666	23,503	101,008	130,600	48,132	48,132	48,132	54,895	52,221	83,655
Road transport	82,686	53,109	143,551	173,000	264,054	264,054	264,054	198,000	185,000	180,000
Environmental protection	2,192	899	1,757	12,041	25,709	25,709	25,709	10,000	8,000	8,000
Trading services	203,554	127,643	275,981	275,183	355,721	355,721	355,721	503,196	518,210	424,912
Electricity	57,802	35,882	65,683	61,329	102,663	102,663	102,663	152,999	160,500	166,500
Water	68,055	20,586	71,359	55,000	75,063	75,063	75,063	97,689	91,000	91,000
Waste water management	76,972	64,447	122,022	158,854	177,995	177,995	177,995	216,508	230,000	137,000
Waste management	725	6,728	16,916	-	-	-	-	36,000	36,710	30,412
Other	16,122	355	447	8,208	8,658	8,658	8,658	500	500	500
Total Capital Expenditure - Standard	399,110	270,780	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226
Funded by:										
National Government	205,794	180,824	515,570	676,426	796,299	796,299	796,299	671,925	707,288	735,371
Provincial Government	19,113	6,010	-	29,025	46,570	46,570	46,570	28,857	57,969	59,300
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	224,907	186,834	515,570	705,450	842,869	842,869	842,869	700,782	765,257	794,671
Public contributions & donations	800	730	-	-	-	-	-	-	-	-
Borrowing	53,728	17,674	18,146	-	-	-	-	-	-	-
Internally generated funds	119,675	65,542	59,769	45,792	163,759	163,759	163,759	241,226	258,871	274,555
Total Capital Funding	399,110	270,780	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226

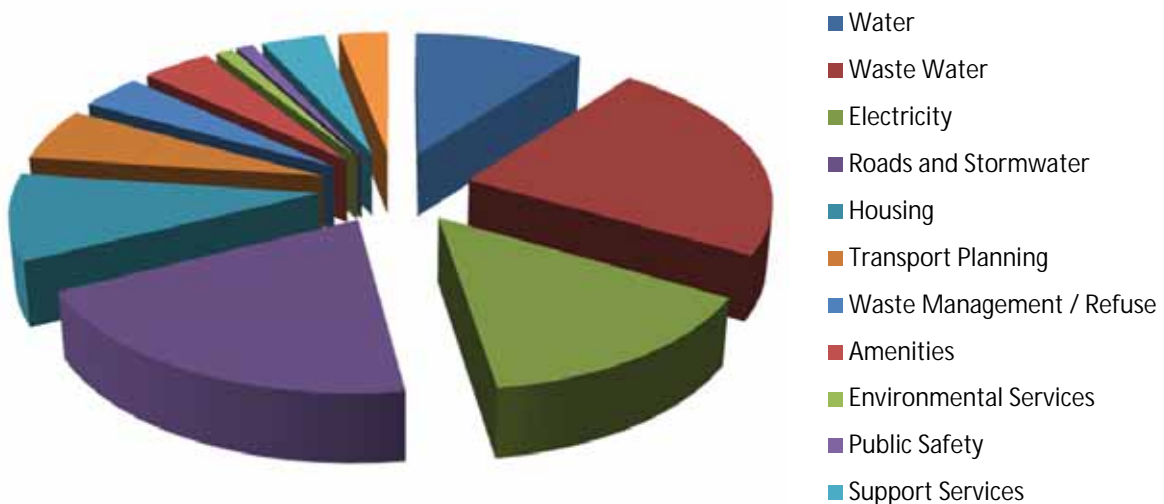
The capital programme is R942 million in the 2014/15 financial year and then R1 024 million and R1 069 million in the 2015/16 and 2016/17 financial years respectively.

The capital budget decreased by 6.4% compared to the 2013/14 revised budget. The decrease is attributable to the 2012/13 approved roll-overs being appropriated in the 2013/14 financial year.

TABLE 16 – List of Key Projects Per Service

Services	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
	<u>Draft Capital Budget</u>	<u>Draft Capital Budget</u>	<u>Draft Capital Budget</u>
Water	97,688,726	91,000,000	91,000,000
Waste Water	216,507,892	230,000,000	137,000,000
Electricity	134,699,000	142,500,000	148,500,000
Roads and Stormwater	188,000,000	155,000,000	150,000,000
Housing	89,636,108	162,468,500	266,264,685
Transport Planning	54,895,288	52,220,661	83,655,051
Waste Management / Refuse	36,000,000	36,710,100	30,412,415
Amenities	40,030,409	30,750,000	28,750,000
Environmental Services	10,000,000	8,000,000	8,000,000
Public Safety	9,800,000	12,500,000	25,200,000
Support Services	36,450,000	54,978,000	52,444,000
Other - BCM Fleet	28,300,000	48,000,000	48,000,000
	942,007,423	1,024,127,261	1,069,226,151

2014/2015 - 2016/2017 CAPITAL BUDGET PER SERVICE



ELECTRICITY

The institution is currently upgrading our electricity grid by building a new Queenspark Zoo Sub-station at a cost of R160 million to improve the energy capacity to the CBD and surrounding areas of East London central. In addition to this, we are planning a bulk electricity infrastructure upgrade amounting to R650 million, for the entire BCMM area to improve reliability of supply of the BCMM network for both domestic and commercial consumers. This project will be implemented over a period of 20 years in accordance with the Electricity Master Plan.

SANITATION

A massive multi-year upgrading project of the Umzonyana Treatment Works as part of the wastewater improvement process to the value of approximately R250 million is underway. It is envisaged that this will provide capacity to produce treated water for the supply zone that includes East London CBD and West Bank, potentially covering the proposed Rocklyff development. The work which is currently underway is the electrical, civil and mechanical engineering works and this project is planned to be completed in 2016/17.

The Zwelitsha Waste Water Treatment Works Upgrade, estimated to cost us R216 million will provide a centralized regional treatment facility for the Inland Region which will service the domestic and business community from Bhisho, Breidbach, Zwelitsha, Phakamisa, Schornville, Ginsberg, etc. The first phase of this project is expected to be completed in 2015/16. The project is divided into 6 phases, the final phase of which is expected to be completed in 2017/18.

This infrastructure investment continues to be a prerequisite for the construction of the R2 billion Provincial Government Office precinct in Bhisho and will contribute to the integration of King Williams Town and Bhisho.

The Quenera Waste Water Treatment Works for approximately R200m is progressing well and is envisaged to be completed by the end of the 2013/14 financial year. This project will provide more capacity for sewer treatment for future development in Gonubie, Mzamhohle and Nompumelelo areas. The Bufferstrip Bulk Sewer Upgrade will provide more sewer conveyance capacity for future growth within and around the Mdantsane area which includes areas such as the Mount Ruth Nodal Development zone. Both these projects are planned to be completed in the 2014/15 financial year.

A continuing challenge plaguing the city is the ever increasing cost of maintaining our existing infrastructure. This is due to a number of contributing factors, including urban migration which results in people seeking work opportunities in the city. Our road infrastructure is under immense pressure from heavy duty trucks that go through the city en route to either Port Elizabeth, Cape Town, Mthatha or Durban. In a focused effort to

improve the quality of the roads, maintenance will be undertaken in line with service maintenance plans which are envisaged to be ongoing.

ROADS

The Fleet Street upgrade totalling R89m will improve the condition of the major by-pass road used by freight and public transport passing through the city. This project is planned to be completed in early 2015/16 although it should be noted that challenges are being experienced with the performance of the appointed service provider who is being closely monitored and managed by the institution.

1.6 ANNUAL BUDGET TABLES

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the BCMM's 2014/15 budget and MTREF as approved by the Council. BCMM's entity, BCDA is currently not operational as the Board of Directors have not been constituted. As a result no budget has been prepared for the entity and BCMM has allocated a grant to BCDA for operational costs once the Board is appointed. (Refer to SA21).

Table 17: MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	453,306	522,514	580,100	648,742	675,014	675,014	675,014	797,180	887,203	987,389
Service charges	1,464,989	1,756,514	1,966,063	2,203,041	2,200,833	2,200,833	2,200,833	2,423,154	2,667,394	2,937,539
Investment revenue	32,573	58,737	83,980	77,940	77,940	77,940	77,940	79,596	79,596	81,764
Transfers recognised - operational	679,071	724,619	723,457	917,094	868,246	868,246	868,246	828,531	940,779	1,049,335
Other own revenue	176,928	368,433	578,299	598,351	594,620	594,620	594,620	634,985	672,557	715,075
Total Revenue (excluding capital transfers and contributions)	2,806,868	3,430,818	3,931,900	4,445,168	4,416,652	4,416,652	4,416,652	4,761,341	5,247,530	5,771,100
Employee costs	861,418	956,366	980,891	1,123,245	1,123,245	1,123,245	1,123,245	1,237,215	1,323,021	1,414,808
Remuneration of councillors	23,278	42,966	43,331	48,847	48,847	48,847	48,847	52,254	55,900	59,800
Depreciation & asset impairment	437,577	677,501	699,422	539,235	539,235	539,235	539,235	710,000	809,574	850,053
Finance charges	58,156	130,769	44,093	64,162	64,162	64,162	64,162	59,248	54,123	49,129
Materials and bulk purchases	771,253	915,387	1,040,113	1,135,789	1,110,931	1,110,931	1,110,931	1,201,856	1,300,246	1,406,715
Transfers and grants	19,910	13,741	21,001	246,488	221,488	221,488	221,488	204,013	224,894	248,087
Other expenditure	1,075,253	917,291	1,135,813	1,356,516	1,355,304	1,355,304	1,355,304	1,285,114	1,478,229	1,673,304
Total Expenditure	3,246,844	3,654,020	3,964,666	4,514,281	4,463,212	4,463,212	4,463,212	4,749,700	5,245,986	5,701,896
Surplus/(Deficit)	(439,977)	(223,202)	(32,767)	(69,113)	(46,560)	(46,560)	(46,560)	11,640	1,543	69,204
Transfers recognised - capital	232,734	187,131	515,570	705,450	842,410	842,410	842,410	700,782	765,257	794,671
Contributions recognised - capital & contributed	-	-	-	-	459	459	459	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(207,243)	(36,071)	482,804	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Share of surplus/ (deficit) of associate	(20,235)	(12,088)	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(227,478)	(48,159)	482,804	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Capital expenditure & funds sources										
Capital expenditure	399,110	217,464	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226
Transfers recognised - capital	224,907	151,001	515,570	705,450	842,869	842,869	842,869	700,782	765,257	794,671
Public contributions & donations	800	730	-	-	-	-	-	-	-	-
Borrowing	53,728	17,674	18,146	-	-	-	-	-	-	-
Internally generated funds	119,675	48,059	59,769	45,792	163,759	163,759	163,759	241,226	258,871	274,555
Total sources of capital funds	399,110	217,464	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226
Financial position										
Total current assets	1,220,128	2,134,390	2,578,302	2,116,068	2,029,231	2,029,231	1,971,155	2,651,937	3,441,053	4,330,710
Total non current assets	11,866,823	10,621,914	10,483,018	11,914,368	12,019,487	12,019,487	12,117,527	12,429,377	12,858,530	13,526,926
Total current liabilities	914,142	1,384,679	1,236,732	1,735,133	1,735,133	1,735,133	961,692	985,433	1,026,227	1,051,009
Total non current liabilities	976,467	1,011,697	992,782	1,039,138	1,039,138	1,039,138	1,039,138	1,091,135	1,099,508	1,108,509
Community wealth/Equity	11,196,382	10,359,927	10,831,805	11,256,165	11,274,447	12,047,888	12,086,493	13,004,746	14,173,848	15,698,118
Cash flows										
Net cash from (used) operating	338,852	597,097	1,171,425	1,194,159	1,352,810	1,352,810	1,352,810	1,439,866	1,594,747	1,732,719
Net cash from (used) investing	(393,902)	(215,310)	(574,849)	(751,242)	(1,006,628)	(1,006,628)	(1,006,628)	(942,007)	(1,024,127)	(1,069,226)
Net cash from (used) financing	235,791	399,970	(275,229)	(49,970)	(49,970)	(49,970)	(49,970)	(54,633)	(46,097)	(50,709)
Cash/cash equivalents at the year end	740,212	1,521,969	1,843,316	966,779	870,044	870,044	870,044	1,313,269	1,837,792	2,450,576
Cash backing/surplus reconciliation										
Cash and investments available	741,033	1,522,825	1,844,208	967,709	870,974	870,974	869,614	1,313,269	1,837,792	2,450,576
Application of cash and investments	396,167	740,948	420,687	559,950	550,724	(222,717)	(222,717)	(423,405)	(623,563)	(872,540)
Balance - surplus (shortfall)	344,866	781,877	1,423,521	407,759	320,250	1,093,691	1,092,331	1,736,674	2,461,355	3,323,116
Asset management										
Asset register summary (WDV)	11,795,435	10,561,972	10,420,267	11,848,298	11,953,417	11,953,417	12,360,987	12,360,987	12,783,310	13,444,186
Depreciation & asset impairment	437,577	677,501	699,422	539,235	539,235	539,235	710,000	710,000	809,574	850,053
Renewal of Existing Assets	-	-	-	77,800	128,762	128,762	128,762	539,821	547,471	477,405
Repairs and Maintenance	193,336	219,321	263,702	332,807	311,072	311,072	332,249	332,249	362,431	397,314
Free services										
Cost of Free Basic Services provided	139,538	156,090	176,450	197,804	197,804	197,804	186,713	186,713	208,270	231,399
Revenue cost of free services provided	193,039	215,505	244,767	273,582	273,582	273,582	242,215	242,215	269,755	300,516
Households below minimum service level										
Water:	7	6	4	4	3	2	2	2	1	1
Sanitation/sewerage:	48	4	44	41	39	37	19	19	19	19
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	2	2	2	2	2	2	2	2	2	2

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City'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. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. 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 municipality's budget is fully funded and cash-backed and will be generating a surplus in the two outer years of the MTREF period to ensure a more balanced funding mix for capital projects.
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. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18: MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard									
<i>Governance and administration</i>	883,278	1,198,653	1,532,480	1,581,582	1,594,242	1,570,970	1,769,219	1,844,667	1,927,246
Executive and council	8,145	23,219	3,345	38,373	25,397	25,397	34,833	31,148	31,148
Budget and treasury office	850,388	1,169,402	1,521,892	1,532,878	1,559,469	1,533,197	1,719,752	1,799,122	1,881,550
Corporate services	24,745	6,033	7,243	10,331	9,376	12,376	14,635	14,397	14,548
<i>Community and public safety</i>	231,245	207,958	190,460	302,645	265,495	302,483	215,350	350,744	481,695
Community and social services	24,674	18,230	19,163	15,325	15,325	15,325	19,285	17,738	19,075
Sport and recreation	2,666	2,664	3,858	4,655	4,655	4,655	5,179	5,601	6,128
Public safety	59,194	65,904	75,229	83,497	80,609	83,497	82,659	90,166	98,543
Housing	109,544	46,016	90,358	196,626	162,365	196,465	105,580	234,696	355,406
Health	35,167	75,144	1,851	2,540	2,540	2,540	2,648	2,542	2,544
<i>Economic and environmental services</i>	137,024	118,898	295,653	86,641	88,876	91,718	94,341	97,752	106,646
Planning and development	25,584	29,839	103,362	18,907	23,984	23,984	24,323	21,272	23,240
Road transport	109,239	88,332	191,943	67,396	64,554	67,396	69,658	76,096	82,997
Environmental protection	2,202	727	348	338	338	338	361	385	410
<i>Trading services</i>	1,773,494	2,077,263	2,412,458	2,454,328	2,448,068	2,449,976	2,660,510	2,930,392	3,229,336
Electricity	981,969	1,199,545	1,345,538	1,470,537	1,452,527	1,470,537	1,574,260	1,706,345	1,849,655
Water	295,140	327,477	401,252	371,623	387,181	373,623	442,171	507,274	581,952
Waste water management	276,827	302,258	388,639	294,333	297,020	294,333	316,424	348,954	384,828
Waste management	219,559	247,983	277,030	317,835	311,340	311,483	327,654	367,820	412,902
<i>Other</i>	14,561	15,178	16,419	725,422	862,841	868,262	722,702	789,231	820,848
Total Revenue - Standard	3,039,601	3,617,949	4,447,470	5,150,618	5,259,521	5,283,410	5,462,122	6,012,786	6,565,772
Expenditure - Standard									
<i>Governance and administration</i>	562,799	832,595	683,694	861,982	856,456	877,055	917,021	967,221	1,017,595
Executive and council	118,214	302,757	128,576	161,175	165,585	164,046	177,175	179,473	186,472
Budget and treasury office	231,662	308,794	304,717	366,847	364,251	369,725	381,616	405,634	431,601
Corporate services	212,923	221,044	250,401	333,960	326,621	343,284	358,231	382,114	399,522
<i>Community and public safety</i>	391,622	406,342	435,486	598,542	569,222	599,064	516,563	671,011	817,123
Community and social services	70,856	73,864	76,645	86,716	86,771	86,716	91,962	94,875	100,925
Sport and recreation	57,413	58,460	71,465	61,963	63,531	63,463	67,077	70,273	75,033
Public safety	119,911	158,301	169,684	192,555	197,010	193,305	198,663	211,588	225,267
Housing	81,782	52,083	89,318	225,605	188,705	223,743	128,988	262,468	381,987
Health	61,660	63,634	28,375	31,703	33,206	31,836	29,873	31,807	33,911
<i>Economic and environmental services</i>	497,628	509,920	721,695	607,231	620,741	615,340	822,108	906,356	964,501
Planning and development	149,659	162,364	178,110	200,113	215,438	208,221	202,735	215,440	227,148
Road transport	276,017	270,558	462,774	323,106	321,208	323,106	529,388	594,693	634,627
Environmental protection	71,952	76,998	80,812	84,013	84,096	84,013	89,985	96,224	102,726
<i>Trading services</i>	1,781,987	1,904,399	2,109,699	2,431,335	2,401,569	2,431,578	2,478,114	2,684,313	2,884,383
Electricity	915,286	1,070,704	1,230,196	1,367,293	1,319,513	1,367,935	1,410,105	1,518,334	1,627,044
Water	389,249	390,798	387,718	420,956	437,051	425,156	444,307	485,497	524,838
Waste water management	265,936	253,738	280,290	351,264	357,597	351,264	333,144	365,165	389,743
Waste management	211,516	189,159	211,496	291,822	287,409	287,222	290,558	315,317	342,758
<i>Other</i>	33,106	13,102	14,116	15,191	15,224	15,191	15,895	17,085	18,294
Total Expenditure - Standard	3,267,142	3,666,357	3,964,691	4,514,281	4,463,212	4,538,228	4,749,700	5,245,986	5,701,896
Surplus/(Deficit) for the year	(227,540)	(48,408)	482,779	636,337	796,310	745,182	712,422	766,800	863,875

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

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 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital).
3. As a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, and Waste Management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Water and Sanitation Services reflects a deficit which is cross-subsidized from rates and electricity in the 2014/15 financial year.

Table 19: MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Revenue by Vote									
Vote 1 - Directorate - Executive Support Services	15,449	3,742	1,104	-	285	285	979	-	-
Vote 2 - Directorate - Municipal Manager	7,431	212	3,296	38,373	25,397	25,397	34,833	31,148	31,148
Vote 3 - Directorate - Chief Operations Officer	110,233	46,249	90,611	196,626	160,031	197,131	109,776	237,036	356,406
Vote 4 - Directorate - Chief Financial Officer	850,388	1,169,402	1,521,892	1,532,878	1,559,469	1,533,197	1,719,752	1,799,122	1,881,550
Vote 5 - Directorate - Corporate Services	1,009	3,250	5,155	8,495	9,875	9,875	8,309	9,889	11,197
Vote 6 - Directorate - Engineering Services	1,625,241	1,870,922	2,279,385	2,142,457	2,140,691	2,144,457	2,335,908	2,565,718	2,819,679
Vote 7 - Directorate - Development Planning	42,550	46,746	122,390	47,412	52,204	52,204	54,774	55,515	60,641
Vote 8 - Directorate - Health & Public Safety	137,793	185,754	123,195	140,772	137,041	140,772	144,532	157,559	171,965
Vote 9 - Directorate - Community Services	249,259	269,755	300,399	338,154	331,659	331,802	352,479	391,543	438,515
Vote 10 - Directorate - Miscellaneous	247	21,919	43	705,450	842,869	848,290	700,782	765,257	794,671
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	3,039,601	3,617,949	4,447,470	5,150,618	5,259,521	5,283,410	5,462,122	6,012,786	6,565,772
Expenditure by Vote to be appropriated									
Vote 1 - Directorate - Executive Support Services	87,492	106,744	126,799	142,180	159,966	155,465	155,549	163,197	172,887
Vote 2 - Directorate - Municipal Manager	45,686	35,239	59,650	93,478	88,526	86,927	90,018	87,704	89,788
Vote 3 - Directorate - Chief Operations Officer	88,852	58,585	95,581	243,054	201,341	240,558	141,207	273,312	392,002
Vote 4 - Directorate - Chief Financial Officer	231,662	308,794	304,717	366,847	364,251	369,725	381,616	405,634	431,601
Vote 5 - Directorate - Corporate Services	80,462	88,825	98,171	144,577	129,590	147,894	161,132	176,479	179,599
Vote 6 - Directorate - Engineering Services	1,862,096	1,999,131	2,376,481	2,471,310	2,447,562	2,479,253	2,737,758	2,984,541	3,201,165
Vote 7 - Directorate - Development Planning	182,666	198,318	217,819	248,429	264,056	256,553	257,831	275,823	292,200
Vote 8 - Directorate - Health & Public Safety	196,260	243,535	220,959	256,793	261,580	256,677	260,864	277,860	295,904
Vote 9 - Directorate - Community Services	437,110	421,644	464,772	547,612	546,339	545,176	563,726	601,436	646,751
Vote 10 - Directorate - Miscellaneous	54,855	205,544	(256)	(0)	-	-	0	0	0
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	3,267,142	3,666,357	3,964,691	4,514,281	4,463,212	4,538,228	4,749,700	5,245,986	5,701,896
Surplus/(Deficit) for the year	(227,540)	(48,408)	482,779	636,337	796,310	745,182	712,422	766,800	863,875

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

1. 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 City. 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 electricity and water trading services.

Table 20: MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue By Source										
Property rates	452,694	521,931	579,427	647,203	673,475	673,475	673,475	795,457	885,283	985,251
Property rates - penalties & collection charges	612	584	673	1,539	1,539	1,539	1,539	1,723	1,921	2,138
Service charges - electricity revenue	924,518	1,137,198	1,265,868	1,411,111	1,393,101	1,393,101	1,393,101	1,511,514	1,639,993	1,779,392
Service charges - water revenue	200,158	239,552	271,026	309,154	322,413	322,413	322,413	370,613	425,279	488,007
Service charges - sanitation revenue	166,162	183,646	205,202	225,407	228,840	228,840	228,840	252,869	278,914	307,642
Service charges - refuse revenue	157,219	175,341	198,898	223,880	223,737	223,737	223,737	251,704	282,664	317,432
Service charges - other	16,932	20,778	25,068	33,489	32,742	32,742	32,742	36,454	40,545	45,066
Rental of facilities and equipment	14,107	14,620	15,485	15,480	15,480	15,480	15,480	17,013	18,629	20,362
Interest earned - external investments	32,573	58,737	83,980	77,940	77,940	77,940	77,940	77,491	79,596	81,764
Interest earned - outstanding debtors	21,202	23,920	22,204	26,736	26,736	26,736	26,736	29,383	32,175	35,167
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	7,321	5,456	5,980	12,930	8,553	8,553	8,553	9,400	10,293	11,250
Licences and permits	15,053	15,708	15,299	18,674	18,674	18,674	18,674	20,523	22,472	24,562
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	679,071	724,619	723,457	917,094	868,246	868,246	868,246	828,531	940,779	1,049,335
Other revenue	118,807	307,072	519,306	524,530	525,176	525,176	525,176	558,666	588,988	623,733
Gains on disposal of PPE	437	1,658	25	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2,806,868	3,430,818	3,931,900	4,445,168	4,416,652	4,416,652	4,416,652	4,761,341	5,247,530	5,771,100
Expenditure By Type										
Employee related costs	861,418	956,366	980,891	1,123,245	1,123,245	1,123,245	1,123,245	1,237,215	1,323,021	1,414,808
Remuneration of councillors	23,278	42,966	43,331	48,847	48,847	48,847	48,847	52,254	55,900	59,800
Debt impairment	210,998	58,207	106,770	184,345	184,345	184,345	184,345	203,074	223,598	245,958
Depreciation & asset impairment	437,577	677,501	699,422	539,235	539,235	539,235	539,235	710,000	809,574	850,053
Finance charges	58,156	130,769	44,093	64,162	64,162	64,162	64,162	59,248	54,123	49,129
Bulk purchases	771,253	915,387	1,040,113	1,135,789	1,110,931	1,110,931	1,110,931	1,201,856	1,300,246	1,406,715
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	5,908	6,840	7,763	10,009	10,009	10,009	10,009	19,909	21,622	23,438
Transfers and grants	19,910	13,741	21,001	246,488	221,488	221,488	221,488	204,013	224,894	248,087
Other expenditure	852,302	843,040	1,013,088	1,162,162	1,160,950	1,160,950	1,160,950	1,062,130	1,233,009	1,403,908
Loss on disposal of PPE	6,046	9,205	8,191	-	-	-	-	-	-	-
Total Expenditure	3,246,844	3,654,020	3,964,666	4,514,281	4,463,212	4,463,212	4,463,212	4,749,700	5,245,986	5,701,896
Surplus/(Deficit)	(439,977)	(223,202)	(32,767)	(69,113)	(46,560)	(46,560)	(46,560)	11,640	1,543	69,204
Transfers recognised - capital	232,734	187,131	515,570	705,450	842,410	842,410	842,410	700,782	765,257	794,671
Contributions recognised - capital	-	-	-	-	459	459	459	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(207,243)	(36,071)	482,804	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Taxation	62	249	25	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(207,305)	(36,320)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(207,305)	(36,320)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Share of surplus/ (deficit) of associate	(20,235)	(12,088)	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(227,540)	(48,408)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875

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

1. Total revenue is R4.4 billion in 2013/14 and escalates to R5.7 billion by 2016/17. This represents a year-on-year increase of 8 per cent for the 2014/15 financial year and 10 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R795,5 million in the 2014/15 financial year and increases to R985,3 million by 2016/17 which represents 17 per cent of the operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at zero percent, 11.3 per cent and 11.3 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R2.1 billion for the 2013/14 financial year and increasing to R2.9 billion by 2016/17. For the 2013/14 financial year services charges amount to 49 per cent of the total revenue base and fluctuates by 1 per cent per annum over the medium-term between 50 per cent and 51 per cent. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the grant receipts from national government increased by a mere 0.46 percent in the 2014/15 financial year however then decreases by 0.52 percent and 1.85 percent for the two outer years.
5. Bulk purchases have significantly increased in the past however appear to have plateaued in terms of consumption in the 2013/14 financial year in comparison to prior years. The amount has increased over the 2013/14 to 2016/17 period escalating from R1.1 billion to R1.4 billion. These average increases of 8.2 percent can be attributed to the increase in the cost of bulk electricity from Eskom and water from Amatola Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality. The institution has attempted to identify operational efficiencies in other expenditure items by undertaking a line by line analysis to determine where budgeted expenditure can be reduced. This has yielded beneficial results in that general expenditure has been reduced with the largest impact being telephone costs and consultants. Ongoing operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Directorate - Executive Support Services	20,564	2,416	622	6,500	11,826	11,826	11,826	500	500	500
Vote 2 - Directorate - Municipal Manager	132	-	-	10,250	3,050	3,050	3,050	7,000	18,878	19,744
Vote 3 - Directorate - Chief Operations Officer	7,113	48	36,692	85,734	108,333	108,333	108,333	90,136	162,969	266,765
Vote 4 - Directorate - Chief Financial Officer	2,566	30,533	25,488	400	5,636	5,636	5,636	12,350	12,000	10,500
Vote 5 - Directorate - Corporate Services	4,540	-	-	7,784	41,506	41,506	41,506	15,100	22,100	20,200
Vote 6 - Directorate - Engineering Services	285,914	138,192	402,616	456,183	627,926	627,926	627,926	665,696	667,000	575,000
Vote 7 - Directorate - Development Planning	43,436	23,503	101,455	130,600	49,569	49,569	49,569	54,895	52,221	83,655
Vote 8 - Directorate - Health & Public Safety	13,428	6,810	6,358	2,750	10,925	10,925	10,925	9,800	12,500	25,200
Vote 9 - Directorate - Community Services	21,418	15,962	20,255	51,041	147,859	147,859	147,859	86,530	75,960	67,662
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	399,110	217,464	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226
Single-year expenditure to be appropriated										
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services	-	-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Engineering Services	-	-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety	-	-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Community Services	-	-	-	-	-	-	-	-	-	-
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	399,110	217,464	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226
Capital Expenditure - Standard										
Governance and administration	27,638	32,949	26,110	24,934	63,455	63,455	63,455	34,950	53,478	50,944
Executive and council	228	2,416	622	16,750	16,313	16,313	16,313	7,500	19,378	20,244
Budget and treasury office	27,410	30,533	25,488	400	5,636	5,636	5,636	12,350	12,000	10,500
Corporate services	-	-	-	7,784	41,506	41,506	41,506	15,100	22,100	20,200
Community and public safety	38,252	15,381	44,632	127,276	240,899	240,899	240,899	140,467	206,719	321,215
Community and social services	16,957	6,675	-	39,000	122,083	122,083	122,083	12,500	9,500	9,500
Sport and recreation	1,129	1,849	1,582	-	67	67	67	28,030	21,750	19,750
Public safety	10,757	5,973	6,358	2,750	9,973	9,973	9,973	9,800	12,500	25,200
Housing	7,113	48	36,692	85,526	107,825	107,825	107,825	90,136	162,969	266,765
Health	2,297	837	-	-	951	951	951	-	-	-
Economic and environmental services	113,544	41,135	246,316	315,641	337,895	337,895	337,895	262,895	245,221	271,655
Planning and development	28,666	23,503	101,008	130,600	48,132	48,132	48,132	54,895	52,221	83,655
Road transport	82,686	17,276	143,551	173,000	264,054	264,054	264,054	198,000	185,000	180,000
Environmental protection	2,192	356	1,757	12,041	25,709	25,709	25,709	10,000	8,000	8,000
Trading services	203,554	127,643	275,981	275,183	355,721	355,721	355,721	503,196	518,210	424,912
Electricity	57,802	35,882	65,683	61,329	102,663	102,663	102,663	152,999	160,500	166,500
Water	68,055	20,586	71,359	55,000	75,063	75,063	75,063	97,689	91,000	91,000
Waste water management	76,972	64,447	122,022	158,854	177,995	177,995	177,995	216,508	230,000	137,000
Waste management	725	6,728	16,916	-	-	-	-	36,000	36,710	30,412
Other	16,122	355	447	8,208	8,658	8,658	8,658	500	500	500
Total Capital Expenditure - Standard	399,110	217,464	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226
Funded by:										
National Government	205,794	144,991	515,570	676,426	796,299	796,299	796,299	671,925	707,288	735,371
Provincial Government	19,113	6,010	-	29,025	46,570	46,570	46,570	28,857	57,969	59,300
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	224,907	151,001	515,570	705,450	842,869	842,869	842,869	700,782	765,257	794,671
Public contributions & donations	800	730	-	-	-	-	-	-	-	-
Borrowing	53,728	17,674	18,146	-	-	-	-	-	-	-
Internally generated funds	119,675	48,059	59,769	45,792	163,759	163,759	163,759	241,226	258,871	274,555
Total Capital Funding	399,110	217,464	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226

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

1. Table A5 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. In relation to multi-year appropriations, for 2013/14 R1,0 billion has been allocated. This allocation decreases to R942 million in 2014/15 and then steadily increases to R1,1 billion in 2016/17.
3. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, and internally generated funds from prior and current year surpluses. For 2013/14, capital transfers totals R842.9 million (83.7 percent) and decreases to R794.7 million by 2016/17 (74.3 percent).
4. It needs to be noted that the institution has made a strategic decision to utilize own funds to mainly replace existing infrastructure assets in the urban core of the city. The total amount of own funding is R241.2 million in 2014/15 increasing to R274.6 million in the 2016/17 financial year. The institution is commencing a program of renewing ageing infrastructure in areas that should supply the largest return for the city.
5. No new borrowing has been provided for until a long term financial plan has been finalized and sufficient operating surplus is available to allow for the repayments that will be required.

Table 22: MBRR Table A6 - Budgeted Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
ASSETS										
Current assets										
Cash	45,300	57,758	146,018	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Call investment deposits	695,947	1,464,211	1,697,298	886,779	790,044	790,044	790,044	1,233,269	1,757,792	2,370,576
Consumer debtors	302,407	458,787	596,219	928,937	938,835	938,835	938,835	1,160,451	1,408,259	1,665,640
Other debtors	39,042	36,505	67,100	82,262	82,262	82,262	82,262	90,203	98,188	108,000
Current portion of long-term receivables	12	13	14	10	10	10	14	14	14	14
Inventory	137,420	117,116	71,653	138,080	138,080	138,080	80,000	88,000	96,800	106,480
Total current assets	1,220,128	2,134,390	2,578,302	2,116,068	2,029,231	2,029,231	1,971,155	2,651,937	3,441,053	4,330,710
Non current assets										
Long-term receivables	70	57	43	60	60	60	60	60	60	60
Investments	820	857	892	930	930	930	930	-	-	-
Investment property	220,776	320,298	308,191	241,960	241,960	241,960	340,000	374,000	411,400	452,540
Investment in Associate	12,088	0	0	0	0	0	0	0	0	0
Property, plant and equipment	11,561,297	10,229,562	10,092,901	11,586,598	11,691,717	11,691,717	11,691,717	11,966,257	12,349,110	12,966,566
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-	-
Intangible	13,362	12,112	19,175	19,740	19,740	19,740	19,740	20,730	22,800	25,080
Other non-current assets	58,410	59,028	61,816	65,080	65,080	65,080	65,080	68,330	75,160	82,680
Total non current assets	11,866,823	10,621,914	10,483,018	11,914,368	12,019,487	12,019,487	12,117,527	12,429,377	12,858,530	13,526,926
TOTAL ASSETS	13,086,951	12,756,303	13,061,319	14,030,436	14,048,718	14,048,718	14,088,683	15,081,314	16,299,583	17,857,636
LIABILITIES										
Current liabilities										
Bank overdraft	1,034	-	-	-	-	-	1,360	-	-	-
Borrowing	45,760	41,997	51,657	54,633	54,633	54,633	54,633	54,633	46,097	50,709
Consumer deposits	33,454	36,920	45,519	44,670	44,670	44,670	44,670	49,140	54,050	60,000
Trade and other payables	717,065	1,191,840	1,022,144	1,498,150	1,498,150	724,709	724,709	737,100	774,300	773,300
Provisions	116,829	113,922	117,412	137,680	137,680	137,680	137,680	144,560	151,780	167,000
Total current liabilities	914,142	1,384,679	1,236,732	1,735,133	1,735,133	961,692	963,052	985,433	1,026,227	1,051,009
Non current liabilities										
Borrowing	646,504	605,246	601,148	544,028	544,028	544,028	544,028	546,515	500,418	449,709
Provisions	329,923	406,451	391,634	495,110	495,110	495,110	495,110	544,620	599,090	658,800
Total non current liabilities	976,427	1,011,697	992,782	1,039,138	1,039,138	1,039,138	1,039,138	1,091,135	1,099,508	1,108,509
TOTAL LIABILITIES	1,890,569	2,396,376	2,229,514	2,774,271	2,774,271	2,000,830	2,002,190	2,076,568	2,125,735	2,159,518
NET ASSETS	11,196,382	10,359,927	10,831,805	11,256,165	11,274,447	12,047,888	12,086,493	13,004,746	14,173,848	15,698,118
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	11,180,334	7,913,289	8,403,745	11,237,435	11,255,717	12,028,528	9,537,030	10,327,810	11,363,065	12,746,796
Reserves	16,048	2,446,638	2,428,060	18,730	18,730	19,360	2,549,463	2,676,936	2,810,783	2,951,322
Minorities' interests	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	11,196,382	10,359,927	10,831,805	11,256,165	11,274,447	12,047,888	12,086,493	13,004,746	14,173,848	15,698,118

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23: MBRR Table A7 - Budgeted Cash Flow Statement

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	1,968,302	2,408,347	2,832,825	3,200,877	3,219,888	3,219,888	3,219,888	3,577,250	3,922,306	4,305,521
Government - operating	911,805	722,264	719,567	917,094	868,246	868,246	868,246	828,531	940,779	1,049,335
Government - capital	-	186,251	515,570	705,450	842,869	842,869	842,869	700,782	765,257	794,671
Interest	53,776	82,656	106,184	104,676	104,676	104,676	104,676	106,874	111,770	116,930
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(2,536,375)	(2,619,536)	(2,819,542)	(3,423,288)	(3,397,219)	(3,397,219)	(3,397,219)	(3,510,310)	(3,866,348)	(4,236,522)
Finance charges	(58,656)	(70,499)	(67,259)	(64,162)	(64,162)	(64,162)	(64,162)	(59,248)	(54,123)	(49,129)
Transfers and Grants	-	(112,388)	(115,922)	(246,488)	(221,488)	(221,488)	(221,488)	(204,013)	(224,894)	(248,087)
NET CASH FROM/(USED) OPERATING ACTIVITIES	338,852	597,097	1,171,425	1,194,159	1,352,810	1,352,810	1,352,810	1,439,866	1,594,747	1,732,719
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	1,276	2,610	18,658	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	12	13	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	3,933	(37)	(36)	-	-	-	-	-	-	-
Payments										
Capital assets	(399,110)	(217,896)	(593,485)	(751,242)	(1,006,628)	(1,006,628)	(1,006,628)	(942,007)	(1,024,127)	(1,069,226)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(393,902)	(215,310)	(574,849)	(751,242)	(1,006,628)	(1,006,628)	(1,006,628)	(942,007)	(1,024,127)	(1,069,226)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	78,636	441,524	(289,390)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	3,079	3,466	8,599	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	154,076	(45,020)	5,561	(49,970)	(49,970)	(49,970)	(49,970)	(54,633)	(46,097)	(50,709)
NET CASH FROM/(USED) FINANCING ACTIVITIES	235,791	399,970	(275,229)	(49,970)	(49,970)	(49,970)	(49,970)	(54,633)	(46,097)	(50,709)
NET INCREASE/ (DECREASE) IN CASH HELD	180,741	781,756	321,347	392,947	296,212	296,212	296,212	443,225	524,523	612,784
Cash/cash equivalents at the year begin:	559,471	740,212	1,521,969	573,832	573,832	573,832	573,832	870,044	1,313,269	1,837,792
Cash/cash equivalents at the year end:	740,212	1,521,969	1,843,316	966,779	870,044	870,044	870,044	1,313,269	1,837,792	2,450,576

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City grew significantly over the prior financial periods.
4. The cash and cash equivalents increases from R870 million for the 2013/14 period escalating to R1,3 billion in the 2014/15 financial year and culminating in R2,4 billion in the 2016/17 financial year. The substantial increase from R1,3 billion to R2,4 billion can be attributed to the depreciation that is cash-backed and the city will release this funding in the near future when it's capacity to spend has achieved its desired level.

Table 24: MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available										
Cash/cash equivalents at the year end	740,212	1,521,969	1,843,316	966,779	870,044	870,044	870,044	1,313,269	1,837,792	2,450,576
Other current investments > 90 days	0	(0)	(0)	0	0	0	(1,359)	(0)	(0)	0
Non current assets - Investments	820	857	892	930	930	930	930	-	-	-
Cash and investments available:	741,033	1,522,825	1,844,208	967,709	870,974	870,974	869,614	1,313,269	1,837,792	2,450,576
Application of cash and investments										
Unspent conditional transfers	346,142	739,538	450,149	953,040	953,040	124,709	124,709	107,100	112,800	78,300
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	50,025	1,410	(29,462)	(393,090)	(402,316)	(347,426)	(347,426)	(530,505)	(736,363)	(950,840)
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
Total Application of cash and investments:	396,167	740,948	420,687	559,950	550,724	(222,717)	(222,717)	(423,405)	(623,563)	(872,540)
Surplus(shortfall)	344,866	781,877	1,423,521	407,759	320,250	1,093,691	1,092,331	1,736,674	2,461,355	3,323,116

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2012/13 the surplus improved from R345 million to R1,4 billion.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was funded with a slight surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 25: MBRR Table A9 - Asset Management

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE									
Total New Assets	399,110	217,464	593,485	673,442	877,867	877,867	402,186	476,657	591,821
Infrastructure - Road transport	102,767	37,593	253,915	183,000	264,054	264,054	110,000	90,000	80,000
Infrastructure - Electricity	57,930	45,177	55,173	61,329	98,663	98,663	45,500	50,500	40,500
Infrastructure - Water	65,281	62,613	74,565	—	—	—	—	—	—
Infrastructure - Sanitation	80,832	21,450	120,669	158,854	177,995	177,995	—	—	—
Infrastructure - Other	—	—	—	108,800	47,687	47,687	70,000	76,710	99,912
Infrastructure	306,810	166,835	504,323	511,983	588,399	588,399	225,500	217,210	220,412
Community	34,939	6,763	15,988	26,541	27,409	27,409	22,000	17,000	17,000
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	85,526	107,825	107,825	89,536	162,319	266,265
Other assets	52,346	40,639	73,175	49,392	154,233	154,233	65,150	80,128	88,144
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	5,014	3,227	—	—	—	—	—	—	—
Total Renewal of Existing Assets	—	—	—	77,800	128,762	128,762	539,821	547,471	477,405
Infrastructure - Road transport	—	—	—	—	—	—	88,000	95,000	100,000
Infrastructure - Electricity	—	—	—	—	—	—	89,199	92,000	103,000
Infrastructure - Water	—	—	—	45,000	75,063	75,063	97,689	91,000	91,000
Infrastructure - Sanitation	—	—	—	—	—	—	216,508	230,000	137,000
Infrastructure - Other	—	—	—	—	19,049	19,049	—	—	—
Infrastructure	—	—	—	45,000	94,112	94,112	491,396	508,000	436,000
Community	—	—	—	25,000	31,704	31,704	28,030	21,750	19,750
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	7,800	2,945	2,945	20,395	17,721	21,655
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Capital Expenditure	102,767	37,593	253,915	183,000	264,054	264,054	198,000	185,000	180,000
Infrastructure - Road transport	102,767	37,593	253,915	183,000	264,054	264,054	198,000	185,000	180,000
Infrastructure - Electricity	57,930	45,177	55,173	61,329	98,663	98,663	134,699	142,500	148,500
Infrastructure - Water	65,281	62,613	74,565	45,000	75,063	75,063	97,689	91,000	91,000
Infrastructure - Sanitation	80,832	21,450	120,669	158,854	177,995	177,995	216,508	230,000	137,000
Infrastructure - Other	—	—	—	108,800	66,736	66,736	70,000	76,710	99,912
Infrastructure	306,810	166,835	504,323	556,983	682,511	682,511	716,896	725,210	656,412
Community	34,939	6,763	15,988	51,541	59,114	59,114	50,030	38,750	36,750
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	85,526	107,825	107,825	89,536	162,319	266,265
Other assets	52,346	40,639	73,175	57,192	157,178	157,178	85,545	97,849	109,799
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	5,014	3,227	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	399,110	217,464	593,485	751,242	1,006,628	1,006,628	942,007	1,024,127	1,069,226
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	2,214,774	4,380,374	4,274,625	1,452,518	1,452,518	1,452,518	1,635,518	1,851,018	2,066,018
Infrastructure - Electricity	1,506,478	1,404,499	1,378,045	1,621,306	1,621,306	1,621,306	1,682,635	1,898,135	2,001,635
Infrastructure - Water	1,411,416	1,237,951	1,254,091	1,466,164	1,466,164	1,466,164	1,511,164	1,726,694	1,785,664
Infrastructure - Sanitation	1,167,009	1,125,476	1,139,469	1,554,682	1,554,682	1,554,682	1,713,536	1,929,036	2,128,036
Infrastructure - Other	—	—	—	4,874,544	4,874,544	4,874,544	3,860,823	3,372,316	3,139,319
Infrastructure	6,299,676	8,148,300	8,046,230	10,969,214	10,969,214	10,969,214	10,403,676	10,777,169	11,120,672
Community	221,217	629,330	585,067	361,946	361,946	361,946	415,737	415,737	415,737
Heritage assets	3,421	40,181	40,181	3,421	3,421	3,421	43,955	43,955	43,955
Investment properties	220,776	320,298	308,191	241,960	241,960	241,960	374,000	411,400	452,540
Other assets	5,036,982	1,411,752	1,421,423	252,017	357,136	357,136	1,102,889	1,112,249	1,386,202
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	13,362	12,112	19,175	19,740	19,740	19,740	20,730	22,800	25,080
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	11,795,435	10,561,972	10,420,267	11,848,298	11,953,417	11,953,417	12,360,987	12,783,310	13,444,186
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	437,577	677,501	699,422	539,235	539,235	539,235	710,000	809,574	850,053
Repairs and Maintenance by Asset Class	193,336	219,321	263,702	332,807	311,072	332,807	332,249	362,431	397,314
Infrastructure - Road transport	43,648	35,099	62,067	75,261	75,261	75,261	86,549	99,529	114,456
Infrastructure - Electricity	73,548	78,890	100,347	138,545	109,461	138,545	111,151	113,999	117,939
Infrastructure - Water	18,696	37,049	26,976	30,915	32,450	30,915	37,061	42,528	48,801
Infrastructure - Sanitation	17,790	19,208	19,486	22,541	27,541	22,541	25,287	27,891	30,754
Infrastructure - Other	3,452	15,821	11,948	17,910	17,910	17,910	20,136	22,613	25,395
Infrastructure	157,134	186,067	220,824	285,173	262,623	285,173	280,184	306,267	337,325
Community	15,668	14,857	19,435	14,952	15,660	14,952	16,749	17,944	19,227
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	20,535	18,397	23,443	32,682	32,790	32,682	35,315	37,926	40,732
TOTAL EXPENDITURE OTHER ITEMS	630,913	896,821	963,124	872,042	850,307	872,042	1,042,249	1,172,005	1,247,367
<i>Renewal of Existing Assets as % of total capex</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>10.4%</i>	<i>12.8%</i>	<i>12.8%</i>	<i>57.3%</i>	<i>53.5%</i>	<i>44.6%</i>
<i>Renewal of Existing Assets as % of deprecnⁿ</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>14.4%</i>	<i>23.9%</i>	<i>23.9%</i>	<i>76.0%</i>	<i>67.6%</i>	<i>56.2%</i>
<i>R&M as a % of PPE</i>	<i>1.7%</i>	<i>2.1%</i>	<i>2.6%</i>	<i>2.9%</i>	<i>2.7%</i>	<i>2.8%</i>	<i>2.8%</i>	<i>2.9%</i>	<i>3.1%</i>
<i>Renewal and R&M as a % of PPE</i>	<i>2.0%</i>	<i>2.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. BCMM has allocated 57,3 percent of its capital budget towards asset renewal and 2.8 percent for Repairs and Maintenance as a percentage of PPE, which is at current replacement cost and this grows to 3.1 percent of PPE in the outer year.
3. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. It should be borne in mind that Buffalo City Metropolitan Municipality budgets has valued certain of its assets on the revaluation model and therefore the above percentage allocations should be adjusted accordingly to reflect the increase in asset values due to different valuation methodologies. The city has taken a strategic decision to move in the direction of allocating 60% of its capital budget to replacing and/or refurbishment of existing infrastructure.

Table 26: MBRR Table A10 - Basic Service Delivery Measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
Water:									
Piped water inside dwelling	103,000	103,000	103,000	104,000	105,000	106,000	106,000	107,000	107,000
Piped water inside yard (but not in dwelling)	—	—	—	—	—	—	—	—	—
Using public tap (at least min. service level)	115,000	119,000	120,000	120,000	121,000	122,000	122,000	123,000	123,000
Other water supply (at least min. service level)	5,093	5,093	5,093	5,093	5,093	5,093	5,093	5,093	5,093
Minimum Service Level and Above sub-total	223,093	227,093	228,093	229,093	231,093	233,093	233,093	235,093	235,093
Using public tap (< min. service level)	1,400	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other water supply (< min. service level)	—	—	—	—	—	—	—	—	—
No water supply	6,000	5,000	3,000	3,000	2,000	1,000	1,000	—	—
Below Minimum Service Level sub-total	7,400	6,000	4,000	4,000	3,000	2,000	2,000	1,000	1,000
Total number of households	230,493	233,093	232,093	233,093	234,093	235,093	235,093	236,093	236,093
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	120,300	120,355	120,155	120,205	120,255	120,305	154,617	154,617	154,617
Flush toilet (with septic tank)	1,329	1,329	1,329	1,329	1,329	1,329	5,428	5,428	5,428
Chemical toilet	—	—	—	—	—	—	3,544	3,544	3,544
Pit toilet (ventilated)	17,695	21,529	21,930	24,230	26,230	28,885	41,009	41,009	41,009
Other toilet provisions (> min. service level)	—	—	405	555	705	—	—	—	—
Minimum Service Level and Above sub-total	139,324	143,213	143,819	146,319	148,519	150,519	204,598	204,598	204,598
Bucket toilet	—	—	—	—	—	—	—	—	—
Other toilet provisions (< min. service level)	—	—	—	—	—	—	835	835	835
No toilet provisions	48,118	4,229	43,623	41,123	38,923	36,923	18,135	18,135	18,135
Below Minimum Service Level sub-total	48,118	4,229	43,623	41,123	38,923	36,923	18,970	18,970	18,970
Total number of households	187,442	147,442	187,442	187,442	187,442	187,442	223,568	223,568	223,568
Energy:									
Electricity (at least min. service level)	10,000	10,000	9,000	8,000	8,000	8,000	8,846	8,846	8,846
Electricity - prepaid (min. service level)	107,000	105,000	106,000	107,000	107,000	107,000	113,245	113,245	113,245
Minimum Service Level and Above sub-total	117,000	115,000	115,000	115,000	115,000	115,000	122,091	122,091	122,091
Electricity (< min. service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
Total number of households	117,000	115,000	115,000	115,000	115,000	115,000	122,091	122,091	122,091
Refuse:									
Removed at least once a week	118,000	119,000	119,000	119,000	119,000	119,000	130,000	130,000	130,000
Minimum Service Level and Above sub-total	118,000	119,000	119,000	119,000	119,000	119,000	130,000	130,000	130,000
Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
Using communal refuse dump	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980
Using own refuse dump	2	2	2	2	2	2	2	2	2
Other rubbish disposal	1	1	1	1	1	1	1	1	1
No rubbish disposal	4	3	3	3	3	3	3	3	3
Below Minimum Service Level sub-total	1,987	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986
Total number of households	119,987	120,986	120,986	120,986	120,986	120,986	131,986	131,986	131,986
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	45,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Sanitation (free minimum level service)	45,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Electricity/other energy (50kwh per household per month)	45,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Refuse (removed at least once a week)	45,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	20,624	23,440	26,991	31,134	31,134	31,134	35,788	41,067	46,125
Sanitation (free sanitation service)	35,591	39,079	43,447	48,202	48,202	48,202	41,547	45,826	50,546
Electricity/other energy (50kwh per household per month)	24,901	28,256	32,070	35,277	35,277	35,277	38,276	41,529	45,059
Refuse (removed once a week)	58,422	65,315	73,942	83,191	83,191	83,191	71,102	79,847	89,669
Total cost of FBS provided (minimum social package)	139,538	156,090	176,450	197,804	197,804	197,804	186,713	208,270	231,399
Highest level of free service provided									
Property rates (R value threshold)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	14	14	14	14	14	14	14	14	14
Sanitation (Rand per household per month)	59	65	72	80	80	80	80	80	80
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	170	170	170	170	170	170	170	170	170
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	—	—	—	—	—	—	—	—	—
Property rates (other exemptions, reductions and rebates)	40,061	44,388	49,848	55,780	55,780	55,780	41,050	45,689	50,851
Water	20,624	23,440	26,991	31,134	31,134	31,134	35,788	41,067	47,125
Sanitation	35,591	39,079	43,447	48,202	48,202	48,202	41,547	45,826	50,546
Electricity/other energy	24,901	28,256	32,070	35,277	35,277	35,277	38,276	41,529	45,059
Refuse	58,422	65,315	73,942	83,191	83,191	83,191	71,102	79,847	89,669
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	13,440	15,027	18,469	19,998	19,998	19,998	14,453	15,797	17,266
Total revenue cost of free services provided (total social package)	193,039	215,505	244,767	273,582	273,582	273,582	242,215	269,755	300,516

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

Overview of the annual budget process

The Budget Steering Committee has been established in terms Section 53 of the MFMA and Municipal Budget Reporting Regulations.

The Budget Steering Committee consists of the City 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 City'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 IDP/Budget process overview

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

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

Section 53 of the Municipal Finance Management Act no 56 of 2003 subsection 1 (b) The Mayor of the Municipality must coordinate the annual revision of the IDP in terms of S34 of the MSA and the preparation of the annual budget and determine how the IDP is to be taken into account/ or revised for the purposes of the budget.

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

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

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

Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

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

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its integrated development plan. In compliance with this requirement Buffalo City Metropolitan Municipality adopted the plan on 31 July 2013.

Table 27: Key activities in the review of the 2014/15 IDP and MTREF Budget

ACTIVITY	TIMEFRAME	TIMEFRAME MET [YES/NO]	REASON FOR DEVIATION
Adoption of IDP/Budget/PMS process plan for 2014/2015	31 July 2013	Yes	N/A
Budget Steering Committee Meeting: <ul style="list-style-type: none"> • Consideration of 2012/13 roll over adjustment budget (excluding Conditional Grant Funded Projects) • 2014/15 MTREF Draft Budget parameters and consolidation of baseline information 	1 August 2013	Yes	N/A
Advertise adopted IDP/Budget/PMS Process Plan Publication of process plan on BCMM website	7 August 2013	Yes	N/A
IDP Representative Forum: <ul style="list-style-type: none"> • Presentation of process plan • Establishment of committees and consultation forums for budget processes 	16 August 2013	Yes	N/A
Advertise adopted IDP/Budget/PMS Process Plan Publication of process plan on BCMM website	7 August 2013	Yes	N/A
Submission of 2012/13 Annual Financial Statements and unaudited Annual Report and Performance Report	30 August 2013	Yes	N/A
Directorates IDP Meetings <ul style="list-style-type: none"> • To commence with situation analysis phase 	9-13 September 2013	Yes	N/A
IDP/Budget/PMS Technical Committee Meeting: <ul style="list-style-type: none"> • Preparation of the Mayoral Imbizo programme • Process updates 	11 September 2013	Yes	N/A
Mayoral Imbizo (Community consultation process)	16 - 20 September 2013	Yes	N/A
Budget Steering Committee Meeting: <ul style="list-style-type: none"> • Review 2014/15 Draft projections, proposed rates and service charges • Draft initial allocations to functions and priority areas for 2014/15 MTREF period 	30 September 2013	Yes	N/A

ACTIVITY	TIMEFRAME	TIMEFRAME MET [YES/NO]	REASON FOR DEVIATION
IDP/Budget/PMS Technical Committee Meeting: • Preparations for Strategic Planning Session	7 October 2013	Yes	N/A
IDP Cluster Meetings	8 – 10 October 2013	Yes	N/A
SDBIP 2013/14 1 st quarter reporting commences	10 October 2013	Yes	N/A
Top Management Meeting: • Consideration of 2012/13 roll over adjustment budget for Conditional Grant Funded Projects	14 October 2013	Yes	N/A
Budget Steering Committee Meeting: • Consideration of 2012/13 roll over adjustment budget for Conditional Grant Funded Projects	15 October 2013	Yes	N/A
Institutional Strategic Planning Session: • Review of strategic objectives for service delivery & development • Broad capital budget allocations	16 – 18 October 2013	Yes	N/A
IDP/PMS Portfolio Committee Meeting • Progress on IDP Process	22 October 2013	Yes	N/A
Metro-wide Intergovernmental Relations Session	28 October 2013	Yes	N/A
Table 2013/14 SDBIP 1 st quarter reports & MFMA Section 52 (d) report to Council	30 October 2013	Yes	N/A
Council meeting – approval of 2012/13 Roll-over Adjustment Budget for Conditional Grant Funded Projects	30 October 2013	Yes	N/A
IDP Representative Forum: • Presentation of draft 2014/15 IDP and MTREF Budget • Report on 2013/14 SDBIP 1 st Quarter performance	5 November 2013	Yes	Yes, meeting was postponed to 15 November 2013 N/A
IDP/IGR Cluster Meetings: • Confirmation of IDP Objectives, Strategies, Key Performance Indicators & targets	6 – 8 November 2013	Yes	N/A

ACTIVITY	TIMEFRAME	TIMEFRAME MET [YES/NO]	REASON FOR DEVIATION
Budget Workshops – with all Directorates	11 – 15 November 2013	Yes	N/A
<ul style="list-style-type: none"> • 2013/14 SDBIP 2nd quarter reporting commences • Institutional scorecard • Submission of 2013/14 Mid-year performance assessment report • MM and Section 57 Managers to be assessed 	16 January 2014	Yes	N/A
IDP/PMS Portfolio Committee Meeting	16 January 2014	Yes	Meeting rescheduled to 5 February 2014
IDP Technical Cluster Meetings <ul style="list-style-type: none"> • Confirmation of draft Projects and Programmes 	22-23 January 2013	Yes	N/A
Submission of 2013/14 SDBIP 2 nd quarter reports Section 72 Reports (Mid -year report) to the Executive Mayor	24 January 2014	Yes	N/A
Council Meeting: <ul style="list-style-type: none"> • Consider 2013/14 SDBIP 2nd quarter reports Section 72 Reports (Mid -year report) • Draft Annual Report 2012/13 	29 January 2014	Yes	However meeting rescheduled for 31 January 2014 due to a by-election that will take place on 29 Jan 2014
Council Workshop (all Cllrs, Directors and GMs): <ul style="list-style-type: none"> • Review and confirm 2014/15 Draft IDP and MTREF Budget • Budget Related Policy review 	30-31 January 2014	No	No, workshop rescheduled for 14-15 February 2014 due to Council meeting on 31 Jan 2014 then later to 11-13 March 2014
<ul style="list-style-type: none"> • Submit to National Treasury and Provincial Treasury 2013/14 SDBIP 2nd quarter reports and MFMA Section 52 (d). • Place 2013/14 SDBIP 2nd quarter reports and MFMA Section 52 (d) on BCMM website 	3 February 2014	Yes	N/A
Budget Steering Committee Meeting: <ul style="list-style-type: none"> • Consideration of 2013/14 Mid-year adjustment budget 	11 February 2014	Yes	N/A

ACTIVITY	TIMEFRAME	TIMEFRAME MET [YES/NO]	REASON FOR DEVIATION
Council Meeting: • Approve 2013/2014 Mid-year Adjustment Budget	26 February 2014	Yes	N/A
Submits to National Treasury 2013/2014 Mid-Year Adjustment Budget in terms of the National Treasury Reporting Requirements	3 March 2014	Yes	N/A
Technical Planning Session on Draft 2014/15 IDP and MTREF budget	6 – 8 March 2014	Yes	N/A
IDP and Budget Workshop for all Councillors, Traditional Leaders and Officials	13 – 15 March 2014	Yes	N/A
Council Meeting for the adoption of the: Draft 2014/15 IDP and MTREF Budget	26 March 2014		
IDP/Budget Road-shows (Community Consultations)	28 – 4 April 2014		
Council Open Day	8 April 2014		
State of the Metro Address [SOMA]	15 April 2014		
Budget Steering Committee	18 April 2014		
Council Meeting for the Adoption of the: Final 2014/15 IDP and MTREF Budget	30 April 2014		

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The review of the 2013/14 IDP started in September 2013 after the tabling to Council the IDP/Budget Process Plan and the Budget Time Schedule for the 2014/15 Draft MTREF.

The Metro's IDP is the principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly informs the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Performance Assessment and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each function/directorate had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2014/15 Service Delivery and Budget Implementation Plan. Business planning responds to the Metro's priority needs, reviewed strategic objectives and informs the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Executive Mayor after the approval of the Draft IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements on the 30 April 2014 (before elections) with the final IDP and Budget.

2.1.3 Community Consultation

The draft 2014/15 IDP Review and MTREF Budget will be tabled before Council on 26 March 2014. Thereafter the draft documents will be made available for community consultation on the municipality's website, and hard copies will be made available at customer care offices and municipal libraries.

IDP/Budget road shows to present the draft IDP and Budget would take place from 28 March – 4 April 2013.

TABLE 28 – Proposed Schedule of IDP/Budget Road Shows

DAY 1: FRIDAY, 28 MARCH 2014.

DAY	WARD	AREAS TO BE COVERED	VENUE & TIME
1 (a)	47	Quigney, Beach, E.L. CBD, Baysville,	City Hall 5.00 pm
(b)	3	Belgravia, Sellborne, Berea, Stoney Drift, Panmure, Braelynn, Southernwood	
(c)	4	Beacon Bay, Nahoon Valley Park, N6 Informal, Abbotsford, Dorchester Heights	
(d)	46	West Bank, Orange Grove, Greenfields, Airport/Santa, Sunnyridge, Leaches Bay, Sunset Bay	
(e)	31	Kaisers Beach, Sunny South, Shelford, Winterstrand, Kidd's Beach, Lillyvale, Igoda, Fort Grey, Bongweni, Ntenti, Bhompini, Ncera Village 1, Ncera Village 2, Ncera Village 3, Airport Phase 1, Ncera Village 9	Kidd's Beach Hall 3.00 pm
(f)	32	Thyusha, Dowu, Zikhova, Kampini, Mazikhanye, Ngqinisa, Weltina, Zweliyandila, Open Shaw, Kiwane, Twecwana, Kalkeni, Xesi, Dyam dyam, Phozi, Gqala, New Rest, Mpongo, Sandile, Tsaba, Xhamini, Ncera Village 4, Ncera Village 5, Ncera Village 6, Ncera Village 7	
(g)	33	Needs Camp, Welcome wood, Gwili gwili, Kuni, Twecana, Phumlani, Hill Village, Thembisa, Cornfield, Silverdale, Altile Village, Good Hope	

DAY 2: MONDAY, 31 MARCH 2014.

DAY	WARD	AREAS TO BE COVERED	VENUE & TIME
2(a)	1	Pefferville, Duncan Village	Gompo 5.00 pm
(b)	2	Gompo, Bhebhelele, St Peters Catholic Church, Clover Catholic Church (Dunga, Mzonyana)	
(c)	6	Parkridge, Eluxolweni	
(d)	7	C-Section, Gompo Town Area, Bhebhelele, D-Section	
(e)	8	Duncan village, Gompo, Dip, Gesini	
(f)	11	N.U. 2, 5	Indoor Sport Centre 5.00 pm
(g)	12	Mdantsane Unit 1, Mdantsane Zone, Nazo/ Smiling Valley	
(h)	14	Mdantsane NU 3 & 4	
(i)	26	Kwampundu, Ncalukeni, St Mary , Mzonkeshe, Nkqonqweni, Zikwaba, Kwetyana, Thorn Park, Sinqumeni, Ntsonkotha, Macleantown, Kwaseya, Esigqibeni, Newbright	
(j)	42	N.U. 1, 2	

DAY 3: TUESDAY, 1 APRIL 2014.

Day	Ward	Areas to be Covered	Venue & Time
3(a)	34	Dimbaza, Phola Park	Moses Twebe Community Hall 5.00 pm
(b)	36	Part of Dimbaza, Madakeni, Zabalaza, Nakani, Upper Mngqesha, Mzintshane, Pierie Mission, Gambushe, Pierie Trust, New Rest	
(c)	37	Tolofiyeni, King Williams Town, Westbank, Schornville	
(d)	38	Lenge, Bulembu, Anders Mission, Mantlaneni, Mamata, Mzantsi, Lieveldt, Mxaxo A, Mxaxo B, Nonkcampa, Gwaba, Zikhalini, Dikidikana, Lower Mngqesha, Khayelitsha	
(e)	35	King Williams Town, Balasi, Balasi Valley, Ethembeni, Zinyoka, Tyutyu Village	
(f)	39	Ginsberg, Bonke, Kwalini, Rhayi, Ngxwalane	KWT War Memorial Hall 5.00 pm
(g)	41	Zwelitsha 2,3,4,5,6,7 & 10	
(h)	43	Bisho, Tyutyu, Ncemera, Hanover	
(i)	44	Sweetwaters, Tshatshu, Breidbach	

DAY 4: WEDNESDAY, 2 APRIL 2014.

Day	Ward	Areas to be Covered	Venue & Time
4(a)	21	Fort Jackson, Golden Highway, Unit 13 & 15	N. U. 15 Community Hall 5.00 pm
(b)	22	N.U. 14, N.U. 16	
(c)	23	Unit 17, CC 18, Potsdam, Thambo Park, Blue rock, Raxanga, Nxamkwana	
(d)	24	Nxamkwana, Mntlabati, Mabaleni, Mbolompeni, Mncotsho, Luxomo, Nkqonqweni, Kanana, Khayelitsha, Khwezi Block 1, Khwezi Block 2, Msintsini	
(e)	25	Phakamisa, Zwelitsha zone 8, 9, Cliff	Ndevana Community 3.00 pm
(f)	40	Mlakalaka, Ndileka, Godidi, Mimosa, Qongqota, Ekuphumleni, Dongwe, Fort Murray, Tshabo 2	
(g)	45	Skobeni, Ilitha, Berlin, Tshabo 1	
(h)	49	Ndevana	

DAY 5: THURSDAY, 3 APRIL 2014.

(a)	30	Mdantsane NU 9 & 10	Carnegie Hall 5.00 pm
(d)	48	N.U.11a, 11b, N.U. 12	
(e)	50	N.U. 8, 10	
(f)	27	Kwelera, Gonubie, Nkwezana, Dwadwa, Sunrise on Sea	
(g)	28	Mzamomhle, Riegerton	
(h)	29	Nompumelelo, Ducats, Abbotsford	

DAY 6: FRIDAY, 4 APRIL 2014.

Day	Ward	Areas to be Covered	Venue & Time
6 (a)	5	Scenery Park	Clements Kadalie Hall 5.00 pm
(b)	9	Amalinda, Soccho, Soney Drift, Braelyn extension 8 & 10, C Section, Duncan Village, C Section extension, Chishurst, Cambridge	
(c)	10	Haven Hill South , Buffalo Flats, Alphendale, Vergenoeg, Egoli, East Bank, Ghost Town, Fynbos informal	
(d)	13	Reeston, Khayelitsha, Chicken Farm, Part of Scenery Park, Thembaletu, Eureka, Arnalton, Part of Highway Gardens, Dice, Hutchinson, Part of Biko Village	
(e)	15	Cambridge Town, Cambridge Township, Highgate, Amalinda, Braelyn ext 8, Morningside	City Hall 5.00 pm;
(f)	16	Amalinda, Haven Hills, Saxillby, Dawn, Amalinda Forest, Summerpride, Rosedale, Winchester Gardens	
(g)	18	Vincent, Bonnie Doon, Woodleigh, Bunkers Hill, Nahoon, Vincent Heights, Nahoon Mouth, Stirling, Nahoon Valley	
(h)	19	Buffalo Flats , Parkside, Pefferville, Second Creek, Mzamo Squatter Camp, New Rest	

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

- National Development Plan;
- Millennium Development Goals (MDGs);
- 12 Outcomes adopted by National Cabinet in January 2010;
 - BCMM Ward priorities;
 - Priorities from the Mayoral Lekgotla held on 16 – 18 October 2013;

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

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

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

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

National Spatial Development Perspective	National Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
<p>Government spending on fixed investment, beyond the constitutional obligation to provide basic services to all citizens, should therefore be focused on localities of economic growth and/ or economic potential in order to attract private-sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities</p>	<p>Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030</p> <p>Total employment should rise from 13 million to 24 million</p> <p>The proportion of adults working should rise from 41% to 61%</p> <p>GDP should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4% over the period</p> <p>GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices</p> <p>Public employment programmes should reach 1 million by 2015 and 2million people by 2030</p>	<p>Develop a global partnership for development</p>	<p>Decent employment through inclusive economic growth</p> <p>A skilled and capable workforce to support inclusive growth</p> <p>An efficient, competitive and responsive economic infrastructure network</p>	<p>To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality</p>
<p>Economic growth is a prerequisite for the achievement of other policy objectives, key among which would be poverty alleviation</p>	<p>By 2030, the number of households living below R418 a month per person (in 2009 rands) should fall from 39% to zero.</p> <p>The level of inequality as measured by the Gini co-efficient should fall from 0.7 in 2009 to 0.6 in 2030</p>	<p>Eradicate extreme poverty and hunger</p>	<p>Vibrant, equitable and sustainable rural communities and food security</p>	<p>To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality</p>

National Spatial Development Perspective	National Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
	<p>All children should have at least two years of pre-school education. This implies about 2 million places</p> <p>About 80% of schools and learners achieve 50% and above in literacy, mathematics and science in grades 3, 6, 9</p> <p>At least 80% of students should complete 12 years of schooling</p> <p>Increase the higher education participation rate from 17% to 30% by 2030</p> <p>Increase the number of students eligible to study maths and science at university to 450 000 per year</p>	<p>Achieve universal primary education</p>	<p>Improve the quality of basic education</p>	<p>To be a well-structured and capacitated institution that renders effective and efficient services to all by 2016.</p>
	<p>By 2030, life expectancy should reach at least 70 for both men and women</p> <p>Infant mortality rate should decline from 43 to 20 per 1000 live births and the under-five mortality rate should be less than 30 per 1000, from 104 today</p> <p>All HIV – positive people should be on treatment and preventive measures should be widely available.</p> <p>Reduce non-communicable diseases by 28% and deaths from drug abuse, road accidents and violence by 50%</p> <p>Everyone has access to an equal standard of basic health care regardless of their income</p>	<p>Reduce child mortality rate</p> <p>Improve maternal health</p> <p>Combat HIV/AIDS, malaria, and other diseases</p>	<p>Improve health and life expectancy</p>	<p>To produce sustainable infrastructure that support social and economic development</p>

National Spatial Development Perspective	National Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
<p>In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channeled into activity corridors and nodes that are adjacent to or link the main growth centres. Infrastructure investment and development spending should primarily support localities that will become major growth nodes in South Africa and the Southern African Development Community region to create regional gateways to the global economy</p>	<p>The proportion of people with access to electricity should rise from 70% in 2010 to 95% by 2030, with no grid options available for the rest.</p> <p>Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry.</p> <p>By 2030, most South Africans will have affordable access to services and quality environments.</p>		<p>Sustainable human settlements and improved quality of household life</p>	<p>To be a well-structured and capacitated institution that renders effective and efficient services to all by 2016</p>
<p>Efforts to address past and current social inequalities should focus on people not places. In localities where there are both high levels of poverty and development potential, this could</p>	<p>In 2030, people living in South Africa feel safe and have no fear of crime</p> <p>The Police Service is a well-resourced professional institution staffed by highly skilled officers who value their work, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence and respect the rights of all to equality and justice.</p>		<p>All people in South Africa protected and feel safe</p>	<p>To enhance and protect all environmental assets and natural resources</p>

National Spatial Development Perspective	National Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
<p>include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, government spending, beyond basic services, should focus on providing social transfers, human resource development and labour market intelligence. This will enable people to become more mobile and migrate, if they choose, to localities that are more likely to provide sustainable employment or other economic opportunities.</p>	<p>Ensure progressively and through multiple avenues that no one lives below a social floor.</p>			<p>within Buffalo City Metropolitan Municipality by 2016.</p>
			<p>A response and, accountable, effective and efficient local government system</p>	<p>To be an institutionally efficient and effective City that inclusively works with communities</p>
	<p>Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025 By 2030, an economy-wide carbon price</p>	<p>Ensure environmental sustainability</p>	<p>Protection and enhancement of environmental assets and natural resources</p>	<p>To enhance and protect all environmental assets and natural resources within Buffalo City Metropolitan Municipality</p>

National Spatial Development Perspective	National Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic Objectives
	<p>should be entrenched</p> <p>The installation of 5 million solar water heaters by 2030</p> <p>About 20 000 MW of renewable energy should be contracted by 2030</p>			by 2016
	<p>Intra-regional trade in Southern Africa should increase from 7% to 25% of trade by 2030</p> <p>South Africa's trade with regional neighbours should increase from 15% to 30%</p>		A better South Africa, a better and safer Africa and world	To produce sustainable infrastructure that support social and economic development
	<p>A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor</p> <p>A corruption-free society, a high adherence to ethics throughout society and a government that is accountable</p>		A development-orientated public service and inclusive citizenship	To be an institutionally efficient and effective City that inclusively works with communities

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

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

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

- Facilitate growth of SMME Sector;
- Facilitate retention and attraction of investors within BCMM;
- Infrastructure development for economic growth;
- To market the city as a tourist destination in partnership with other stakeholders

The 2014/15 Draft MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
BCMM 1: To be a financially sound organisation that efficiently manages its resources	<ul style="list-style-type: none"> Implementation of the Audit Improvement Plan towards attainment of an unqualified audit report Develop a legally compliant and efficient Supply Chain Management System Implement revenue enhancement strategies Valuation of Properties Maintain favourable cash management procedures Maintain long term borrowing below NT Threshold Accelerate implementation of grant/capital projects 	850,388	1,169,402	1,521,892	1,532,878	1,559,469	1,533,197	1,719,752	1,799,122	1,881,550
BCMM 2: To be an institutionally efficient and effective city that inclusively works with its communities	<ul style="list-style-type: none"> Promote 'vulnerable groups' rights within the Metro Optimise participation of communities in municipal decision making processes Improve communication with BCMM communities and beyond Enhance integrated planning through intergovernmental relations 	22,880	3,954	4,400	38,373	25,682	25,682	35,811	31,148	31,148

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
BCMM 3: To generate an enabling environment for an economy that is growing , diversifying , generating increasing number of sustainable employment	Implement skills development and capacity building programmes to grow and support BCMM economy	965	6,882	5,206	-	-	-	3,439	-	-
	Develop and implement economic development policies/initiative/programmes to promote and support growth									
	Implement the economic infrastructure and capacitation programme									
BCMM 4: To deliver sustainable infrastructure that supports social and economic	Implement lighting programmes to ensure adequate lighting coverage	1,777,307	1,978,954	2,487,223	3,091,946	3,195,796	3,242,082	3,197,800	3,623,526	4,031,397
	Implement an electrification programme to informal dwellings									
	Improve the condition of roads, stormwater system & associated structures to acceptable standards									
	Compliance of Water Treatment Works with SANS 241 requirements									
	Provide households with access to potable water									
	To provide integrated waste management services									
	Implement DVRI Business Plan									
	Rollout of electrification programme									
	To provide integrated waste management services									
	Provision of formal houses as part of Integrated Sustainable Human Settlements.									
	Implement the Disaster Management Policy Framework									
	Implement BCMM Crime prevention strategy and Traffic Safety Plan									
	Generate Local Spatial Development Frameworks									
	Implement land acquisition & transfer									
	Implement land release programme									
	Provide integrated and sustainable transport systems by implementing programmes and projects									
	Provision of basic level of sanitation to households									
	Deliver sustainable infrastructure that support social and economic development									
	Provision of adequate Fire & Rescue facilities in BCMM									

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	<ul style="list-style-type: none"> Creation of a functional organisational structure Reduce time taken to conclude disciplinary cases Improve health and safety of BCMM employees and Councillors Provision of ICT systems and infrastrucutre Development and implementation of employee performance management Improve time and attendance processes Target recruitment and selection processes in terms of BCMM's employment equity plan Train municipal employees 	1,009	3,250	5,155	8,495	9,875	9,875	8,309	9,889	11,197
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro	<ul style="list-style-type: none"> Implement Municipal Health Services Delivery Plan Implementation of integrated c environmental and coastal zone management plans Implement Climate Change Strategy To apply waste management hierarchy which favours waste minimisation. Construct new cells and rehabilitate existing cells 	387,052	455,508	423,594	478,926	468,699	472,574	497,011	549,102	610,480
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributi		3,039,601	3,617,949	4,447,470	5,150,618	5,259,521	5,283,410	5,462,122	6,012,786	6,565,772

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
BCMM 1: To be a financially sound organisation that efficiently manages its resources	Implementation of the Audit Improvement Plan towards attainment of an unqualified audit report	231,662	308,794	304,717	366,847	364,251	369,725	381,616	405,634	431,601
	Develop a legally compliant and efficient Supply Chain Management System									
	Implement revenue enhancement strategies									
	Valuation of Properties									
	Maintain favourable cash management procedures									
	Maintain long term borrowing below NT Threshold									
	Accelerate implementation of grant/capital projects									
BCMM 2: To be an institutionally efficient and effective city that inclusively works with its communities	Promote vulnerable groups' rights within the Metro	133,178	141,983	186,449	235,658	248,492	242,393	245,567	250,901	262,675
	Optimise participation of communities in municipal decision making processes									
	Improve communication with BCMM communities and beyond									
	Enhance integrated planning through intergovernmental relations									

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	+1 2015/16	+2 2016/17
R thousand BCMM 3: To generate an enabling environment for an economy that is growing , diversifying , generating increasing number of sustainable employment	Implement skills development and capacity building programmes to grow and support BCMM economy	18,059	25,791	22,977	35,028	40,049	36,491	24,278	22,032	22,995
	Develop and implement economic development policies/initiative/programmes to promote and support growth	—	—	—	—	—	—	—	—	—
BCMM 4: To deliver sustainable infrastructure that supports social and economic development	Implement the economic infrastructure and capacitation programme	—	—	—	—	—	—	—	—	—
	Implement lighting programmes to ensure adequate lighting coverage	2,150,113	2,423,448	2,666,622	2,927,765	2,872,910	2,939,872	3,112,518	3,511,644	3,862,371
	Implement an electrification programme to informal dwellings	—	—	—	—	—	—	—	—	—
	Improve the condition of roads, stormwater system & associated structures to acceptable standards	—	—	—	—	—	—	—	—	—
	Compliance of Water Treatment Works with SANS 241 requirements	—	—	—	—	—	—	—	—	—
	Provide households with access to potable water	—	—	—	—	—	—	—	—	—
	To provide integrated waste management services	—	—	—	—	—	—	—	—	—
	Implement DVRI Business Plan	—	—	—	—	—	—	—	—	—
	Rollout of electrification programme	—	—	—	—	—	—	—	—	—
	To provide integrated waste management services	—	—	—	—	—	—	—	—	—
	Provision of formal houses as part of Integrated Sustainable Human Settlements.	—	—	—	—	—	—	—	—	—
	Implement the Disaster Management Policy Framework	—	—	—	—	—	—	—	—	—
	Implement BCMM Crime prevention strategy and Traffic Safety Plan	—	—	—	—	—	—	—	—	—
	Generate Local Spatial Development Frameworks	—	—	—	—	—	—	—	—	—
	Implement land acquisition & transfer	—	—	—	—	—	—	—	—	—
	Implement land release programme	—	—	—	—	—	—	—	—	—
Provide integrated and sustainable transport systems by implementing programmes and projects	—	—	—	—	—	—	—	—	—	
Provision of basic level of sanitation to households	—	—	—	—	—	—	—	—	—	
Deliver sustainable infrastructure that support social and economic development	—	—	—	—	—	—	—	—	—	
Provision of adequate Fire & Rescue facilities in BCMM	—	—	—	—	—	—	—	—	—	

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Creation of a functional organisational structure	80,462	88,825	98,171	144,577	129,590	147,894	161,132	176,479	179,599
	Reduce time taken to conclude disciplinary cases									
	Improve health and safety of BCMM employees and Councillors									
	Provision of ICT systems and infrastructure									
	Development and implementation of employee performance management system									
	Improve time and attendance processes									
	Target recruitment and selection processes in terms of BCMM's employment equity plan									
	Train municipal employees									
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro Municipality by 2016	Implement Municipal Health Services Delivery Plan	633,370	665,179	685,731	804,406	807,919	801,852	824,589	879,296	942,654
	Implement Climate Change Strategy									
	To apply waste management hierarchy which favours waste minimisation.									
	Construct new cells and rehabilitate existing cells									
Allocations to other priorities										
Total Expenditure		3,246,844	3,654,020	3,964,666	4,514,281	4,463,212	4,538,228	4,749,700	5,245,986	5,701,896

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
BCMM 1: To be a financially sound organisation that efficiently manages its resources	Implementation of the Audit Improvement Plan towards attainment of an unqualified audit report	2,566	30,533	25,488	400	5,636	5,636	12,350	12,000	10,500
	Develop a legally compliant and efficient Supply Chain Management System									
	Implement revenue enhancement strategies									
	Valuation of Properties									
	Maintain favourable cash management procedures									
	Maintain long term borrowing below NT Threshold									
	Accelerate implementation of grant/capital projects									
BCMM 2: To be an institutionally efficient and effective city that inclusively works with its communities	Promote vulnerable groups' rights within the Metro	20,695	2,416	622	1,750	14,876	14,876	1,000	1,000	1,000
	Optimise participation of communities in municipal decision making processes									
	Improve communication with BCMM communities and beyond									
BCMM 3: To generate an enabling environment for an economy that is growing , diversifying , generating increasing number of sustainable employment	Implement skills development and capacity building programmes to grow and support BCMM economy	1,615	-	-	11,000	38	38	10,000	10,000	10,000
	Develop and implement economic development policies/initiative/programmes to promote and support growth both the 1st									
	Implement the economic infrastructure and capacitation programme									

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
BCMM 4: To deliver sustainable infrastructure that supports social and economic development	Implement lighting programmes to ensure adequate lighting coverage	369,693	184,514	567,375	730,308	944,573	944,573	903,557	979,027	1,027,526
	Implement an electrification programme to informal dwellings									
	Improve the condition of roads, stormwater system & associated structures to acceptable standards									
	Compliance of Water Treatment Works with SANS 241 requirements									
	Provide households with access to potable water									
	To provide integrated waste management services									
	Implement DVRI Business Plan									
	Rollout of electrification programme									
	To provide integrated waste management services									
	Provision of formal houses as part of Integrated Sustainable Human Settlements.									
	Implement the Disaster Management Policy Framework									
	Implement BCMM Crime prevention strategy and Traffic Safety Plan									
	Generate Local Spatial Development Frameworks									
	Implement land acquisition & transfer									
	Implement land release programme									
	Provide integrated and sustainable transport systems by implementing programmes and projects									
	Provision of basic level of sanitation to households									
	Deliver sustainable infrastructure that support social and economic development									
	Provision of adequate Fire & Rescue facilities in BCMM									

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

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Creation of a functional organisational structure	4,540	-	-	7,784	41,506	41,506	15,100	22,100	20,200
	Reduce time taken to conclude disciplinary cases									
	Improve health and safety of BCMM employees and Councillors									
	Provision of ICT systems and infrastructure									
	Development and implementation of employee performance management system									
	Improve time and attendance processes									
	Target recruitment and selection processes in terms of BCMM's employment equity plan									
	Train municipal employees									
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro	Implement Municipal Health Services Delivery Plan	-	-	-	-	-	-	-	-	-
	Implementation of integrated environmental and coastal zone management plans									
	Implement Climate Change Strategy									
	To apply waste management hierarchy which favours waste minimisation.									
	Construct new cells and rehabilitate existing cells									
Allocations to other priorities										
Total Capital Expenditure		399,110	217,464	593,485	751,242	1,006,628	1,006,628	942,007	1,024,127	1,069,226

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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. BCMM is developing a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

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

Table 33: MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
To ensure that water and sanitation systems are adequately resourced, well maintained and efficiently functioning by 2014	reduction in the water backlog in the number of consumer units with access to at least a potable water	220,000	224,000	0	226,000	228,000	230,000	220,832	223,568	
Sub-function 2 - (name)										
To ensure that water and sanitation systems are adequately resourced, well maintained and efficiently functioning by 2014	reduction in the sanitation backlog in the number of consumer units with access to at least a basic level of	139,324	143,213	0	146,519	148,519	1,505,519	203,598	205,598	
Sub-function 3 - (name)										
To provide an accessible all weather BCMM road network	Kilometers of existing roads maintained	57km	20km	0.0%	83km (Gravel) 26km (surface)	83km (Gravel) 30km (surface)	100km (Gravel) 30km (surface)	150km	200km	
Function 2 - (name)										
Sub-function 1 - (name)										
Implement an electricity management service that is inclusive, safe, reliable, efficient and adequately maintained	Number of new households (RDP) provided with electricity connections	1,000	1,200	0	350	1,500	1,500	1,499	1,501	

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 34 - Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating		A1-/A	A1-/A	A1-/A	A1-/A	A1-/A	A1-/A	A1-/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-3.0%	4.8%	1.0%	2.5%	2.6%	2.6%	2.6%	2.4%	1.9%	1.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-4.5%	6.5%	1.2%	3.2%	3.2%	3.2%	3.2%	2.9%	2.3%	2.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	45.3%	671.7%	-371.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	4028.6%	24.7%	24.8%	2904.6%	2904.6%	2810.1%	21.3%	20.4%	17.8%	15.2%
Liquidity											
Current Ratio	Current assets/current liabilities	1.3	1.5	2.1	1.2	1.2	2.1	2.0	2.7	3.4	4.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.5	1.5	0.8	0.8	1.4	1.3	2.0	2.7	3.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	1.1	1.5	0.6	0.5	0.9	0.9	1.3	1.8	2.3
Revenue Management											
Annual Debtors' Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.0%	91.0%	90.7%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%
Current Debtors' Collection Rate (Cash receipts % of Ratepayer & Other revenue)		94.0%	91.0%	90.7%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.2%	14.4%	16.9%	22.7%	23.1%	23.1%	23.1%	26.3%	28.7%	30.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	6.0%	12.2%	19.0%	9.7%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFGMA's c5(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		50.1%	29.7%	31.0%	56.4%	62.7%	69.0%	69.0%	48.0%	36.0%	28.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	202,212,061	184,089,641	186,726,282	186,522,696	145,120,407	145,120,407	145,120,407	159,443,792	175,180,894	192,471,248
	Total Cost of Losses (Rand '000)	86,460	97,545	113,420	121,529	103,615	103,615	103,615	119,263	131,035	181,312
	% Volume (units purchased and generated less units sold)/units purchased and generated	14%	13%	12%	10%	10%	10%	10%	10%	10%	10%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	27,640,562	30,873,948	29,289,197	24,054,946	27,824,737	27,824,737	27,824,737	26,624,737	25,424,737	24,224,737
	Total Cost of Losses (Rand '000)	92,324	105,000	102,924	95,498	102,673	102,673	102,673	98,245	93,817	89,389
	% Volume (units purchased and generated less units sold)/units purchased and generated	45%	47%	46%	35%	40%	40%	40%	35%	30%	25%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.7%	27.9%	24.9%	25.3%	25.4%	25.4%	25.4%	26.0%	25.2%	24.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.9%	29.1%	26.7%	26.4%	26.5%	26.5%	26.5%	27.1%	26.3%	25.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.9%	6.4%	6.7%	7.5%	7.0%	7.0%	7.0%	7.0%	6.9%	6.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17.7%	23.6%	18.9%	13.6%	13.7%	13.7%	13.7%	16.2%	16.5%	15.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	16.7	26.9	20.7	22.8	22.8	22.8	22.0	24.9	25.7	28.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.7%	21.6%	25.9%	35.3%	35.3%	35.3%	35.3%	38.6%	42.2%	45.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.6	7.6	8.3	3.9	3.5	3.5	3.5	5.0	6.4	7.9

2.3.1 Borrowing Management

The City has a credit rating of A- (Short Term) and A (Long Term) together with a low gearing ratio thus enabling the city to borrow capital to fund its revenue generating infrastructure.

However, the city adopts a conservative approach in its ability to borrow due to repayment constraints associated with operational surpluses.

The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF budget:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steadily decreasing from 2.4 per cent in 2014/15 to 1.8 per cent in 2016/17. This decrease can be attributed to the fact that no new loans are being entered into and that existing loans are being repaid.

2.3.2 Safety of Capital

- *The debt-to-equity ratio* over the MTREF period reduces from 20.4% in the 2014/15 period to 15.2% in the 2016/17 period. The ratio indicates a positive trend as debt is being reduced over the redemption period.

2.3.3 Liquidity

- *Current ratio* is for the 2014/15 MTREF is 2.7:1; 3.4:1 and 4.1:1 respectively. The city is in a position to repay its current liabilities and thus strives to maintain this ratio above the public sector norm of 1.5:1. Included in the current assets is the city's debt book which has a collection ratio of 92,8% and the recoverability of this is considered to be obtainable.
- *The liquidity ratio* for the 2014/15 MTREF is 2.0:1; 2.7:1 and 3.5:1 respectively. The city aims to maintain a consistent stock level over the MTREF period to adequately respond to emergency situations relating to service delivery considerations.

2.3.4 Revenue Management

- The city has adopted an aggressive Revenue Enhancement Strategy, which includes revenue generation, accuracy of meter reading, regular supplementary valuations, and ensuring all residents receive a correct bill that the city has rendered thereby contributing to the confidence of the consumers. The current collection rate of 92,8% in the 2013/14 year is expected to improve over the MTREF period to 93,8%.

2.3.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of statement, except for those that are under dispute. SMME's are paid bi-monthly. By applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance.

2.3.6 Other Indicators

- Employee costs as a percentage of operating revenue is remaining consistent at 26% for the MTREF period.
- Past performance and projections forward shows that Electricity distribution losses is kept constant at 10%.
- The City has established a Revenue Protection Unit, the main aim of this unit is to reduce the losses; however there is a limit to what can be done with limited resources in the short term and the extent to which losses can be limited.
- The overall average of non-revenue water amounts to 46% at 30 June 2013 and is planned to be reduced to 40% at 30 June 2014 (35% 2014/15).
- BCMM has developed a Water Conservation and Water Demand Management (WC/WDM) Strategy, which focuses primarily on reducing the level of non-revenue water to enhance both the financial viability of and water supply sustainability to BCM, is for the 5-year period 2014/2015 to 2019/2020 and requires some R200 million to implement over this period.
- The goals set in terms of this Strategy, are the following:
 - Reduction of non-revenue water:
 - Increased billed metered consumption:
 - Reduction of raw water treatment losses:
 - Ability to undertake detailed water balances:
 - Promotion of water use efficiency
- Repairs and maintenance as a percentage of total operating revenue is on average 7% over the 2014/15 MTREF period.

2.3.7 Free Basic Services: Basic Social Services Package for Indigent Households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. Only registered indigents qualify for the free basic services.

For the 2014/15 financial year 50 000 registered indigents have been provided for in the budget for all services (63 000 including provision of electricity by Eskom in rural areas). In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water (R59.65), and 50 kwh of electricity (R51.03).

Registered indigents are to receive the following monthly rebates in the 2014/15 financial year:

- Property Rates – R103.66 (based on a property value of R150 000)
- Refuse Removal – R155.93
- Sewerage Charges - R88.78
- Fire Levy – R36.50

2.3.8 Providing Clean Water and Managing Waste Water

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

The primary responsibility for Water Services Authority includes:

- **Ensuring access:** To ensure the realisation of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made.
- **Planning:** To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.
- **Regulation:** To regulate water services provision and Water Services Providers within the jurisdiction of the municipality and within the policy and regulatory frameworks set by DWAF through the enactment of by-laws and the regulation of contracts.
- **Provision:** To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

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

2.3.8.1 Blue Drop Status

The Department of Water Affairs as the regulator conducts an annual assessment for Water Treatment Works (Blue Drop) and Waste Water Treatment Works (Green Drop). An audit was conducted in February 2013 and the results thereof are still awaited. On the Blue Drop Report of 2012 BCMM received four Blue Drop Awards for the following Water Treatment Works:

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

2.3.8.2 Green Drop Status

The Green Drop audit was undertaken for the 2011/12 financial year and the results are awaited.

Currently the BCMM is faced with the following challenges:

Water

- Capacity of the existing treatment works is inadequate to cater for current and future water demands
- Aging water infrastructure
- High rate of non-revenue water, which is approximately 46%
- Total required funding to build new Water Treatment Works (Kei Road) and bulk pipe lines in KWT and Bhisho to meet housing backlogs and demand is R400 million.

The summary of total required funding to address the issue of bulk water conveyance and treatment works is detailed in the table below:

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

PROJECT	SHORT TERM (0-5YRS)	MEDIUM- TERM (5-10YRS)	LONG-TERM (10+YRS)
West Bank Bulk	R 61 949 412	R 130 043 834	R 73 256 280
Umzonyana Gravity	R 147 704 073	R 178 944 434	R 15 288 632
Mdantsane and Dawn Bulk	R 35 861 892	R 131 206 123	R 50 458 453
KWT- Bulk	R 205 154 307	R 71 265 043	R 123 814 081
Nahoon Dam supply augmentation	R 132 000 000	-	R 242 000 000
TOTAL	R 582 669 684	R 511 459 434	R 504 817 446

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

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

Sanitation

- Aging sanitation infrastructure whereby the remaining weighted useful life is eight years.
- Some of the Informal Settlements have been serviced with chemical toilets and have now been replaced with semi-permanent ablution facilities and this programme is ongoing under the urban sanitation programme.

- Bulk constraints such as system capacity, hydraulic and biological compliance remain within the conveyance and treatment works.

The summary of total required funding to address the issue of bulk sanitation and backlogs is detailed in the table below:

• **Table 36: Funding Required to address sanitation backlogs**

PROJECT NAME (DESCRIPTION)	TOTAL REQUIRED FUNDING (RAND) FOR SHORT AND LONG TERM
Rural Sanitation	R 320 000 000
Central & Reeston Catchment	R 615 000 000
Zwelitsha Regional Works Catchment	R 500 000 000
East Bank Catchment	R 120 000 000
West Bank Catchment	R 152 000 000
Gonubie Catchment	R 98 000 000
Mdantsane East Catchment	R 131 000 000
Potsdam Catchment(Mdantsane)	R 54 000 000
Berlin Catchment	R 3 500 000
Dimbaza Catchment	R 10 000 000
TOTAL	R 2 003 350 000

Bulk Sewerage Systems & Rural Sanitation

Sewerage systems in the City are well beyond their design lives, are in poor condition and are operating at capacity. The effect of this situation is that expansion of the city and the housing programme is now severely constrained and the environment is under threat from sewage spills and leakages. The provision of sanitation services is currently being undertaken as follows:

Rural

It is anticipated that the level of service for households outside of the Urban Edge will remain at current standards; namely communal standpipes and VIPs (or equivalent). Alternative sanitation technology options are however being investigated to optimise the operation and maintenance implications for BCMM.

The current rural sanitation backlog is 52 450 households. The total allocation for 2014/15 -2016/17 MTREF to address rural sanitation backlog mentioned above is R320 000 000.

Urban

The level of service for households within the urban edge will remain as per the current Policy, namely:

- Target level : erf connection and water borne sanitation; and
- Minimum level: yard connection and VIP (or equivalent).

Although the above is the level of service policy of BCMM, the target level of service is tending to be the default option provided.

Bulk Water Systems & Rural Water Backlog

The two main towns within BCMM (East London and King Williams Town and their surrounding areas) are experiencing growth at present and yet further growth is anticipated into the future. In addition, the low income housing programme being implemented by the Human Settlement Department will have great impact on the water supply infrastructure, requiring additional capacity to support this development.

In the light of the current operational constraints faced by King Williamstown and Gonubie, it is vital to ensure that sufficient resources are located towards the upgrading of the Water Treatment Works (WTW) capacity and bulk infrastructure conveyance.

In the consideration the current constraints in All Saints area of KWT and Gonubie an immediate intervention is required to address the issue.

The Water treatment Plants serving BCMM are operated at near capacity for the entire municipality and that is the alarming challenge and table below illustrate that further:

Table 37: Water Treatment Plants

Water treatment Plant (WTP)	Current Flows Peak Flows (Mℓ/d)	Design Capacity (Mℓ/d)	Proposed Capacity (Mℓ/d)
KWT	12.8	13	13
Laing	27	33	40
Nahoon	28	34	86
Umzonyana	111	120	120
Kei Road (new for KWT)	-	-	38

Currently the city is busy with the augmentation of Umzonyana Wastewater Treatment Works which will feed into the broader city network up to Mdantsane.

2.4 OVERVIEW OF BUDGET-RELATED POLICIES

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

2.4.1 Tariff Policy

In terms of Section 74(1) of the Municipal Systems Act No 32 of 2000, as amended, Council to adopt the draft tariffs policy on 26 March 2014.

2.4.2 Rates Policy

In terms of Section 3 of the Municipal Property Rates Act No. 6 of 2004, as amended, Council to adopt the draft rates policy on 26 March 2014.

2.4.3 Credit Control Policy

The Draft Credit Control and Debt Collection Policy to be adopted by Council on 26 March 2014.

2.4.4 Indigent Policy

The Draft Indigent policy to be adopted by Council in 26 March 2014.

2.4.5 Investment and Cash Management Policy

In terms of Section 13(2) of the Municipal Finance Management Act No. 56 of 2003, the municipality has adopted an investment and cash management policy. The policy was approved by Council on 29 May 2013.

2.4.6 Long-Term Borrowings Policy

A long-term borrowings policy has been developed in compliance with the Municipal Finance and Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations on Debt Disclosure The policy was approved by Council on 29 May 2013.

2.4.7 Supply Chain Management Policy

In terms of Section 111 of the Municipal Finance and Management Act No. 56 of 2003 the municipality must adopt a Supply Chain Management policy. The reviewed policy was approved by Council on 29 May 2013.

2.4.8 Asset Management Policy

The Asset Management policy was adopted on 29 May 2013 and provides guidance on the management of immovable assets (infrastructure, community facilities, public amenities, investment property and associated land and intangible assets). The objective of this policy is for the municipality to implement prevailing accounting standards; and apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good accounting practice.

2.4.9 Capital Infrastructure Investment Policy

The Capital Infrastructure Investment Policy was adopted on 29 May 2014 and the objective is the adequate maintenance of assets so as to provide a return on the city's investment.

2.4.10 Funding and Reserves Policy

The Funding and Reserves policy was adopted by Council on 29 May 2013 and is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets.

2.4.11 Policy on Long-Term Financial Planning

The Policy on Long Term Financial Planning was adopted by Council on 29 May 2013 and encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets.

2.4.12 Budget Implementation & Management Policy (Virement Policy)

The Budget Implementation & Management Policy (Virement Policy) was adopted by Council on 29 May 2013 and is to effectively and efficiently manage the budget transfers to ensure optimum service delivery.

All the above policies are available and can be viewed on Buffalo City Metropolitan Municipality's Website: www.buffalocity.gov.za.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

- The 2014/15 – 2016/17 annual budget and MTREF was prepared using 2012/13 financial year's audit outcome and lessons learned from the 2013/14 budget and adjustment budget as a base;
- The guidelines and assumptions as outlined in the MFMA Circulars, National and Provincial Government priorities, including making reference to the Municipal Reporting and Budget Regulations;

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

- Efficient revenue management, which aims to ensure a 94% (per cent) annual collection rate over the medium term for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Move from a flat-rate billing system to all consumers billed according to consumption;
- Implementation of an automated billing system as opposed to a manual meter reading process;
- Regular Supplementary Valuations performed.
- Implementation of a General Valuation every four years in terms of the Municipal Property Rates Act.
- Creating a conducive environment to attract potential investors.
- Review of the Spatial Development Plan to allow for human capital resources to be closer to economic and job opportunities.

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

- Our expenditure strategy is ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Plan to ensure maximum return to the municipality.
- Re-prioritisation of expenditure to ensure any inefficiencies are eliminated to allow for own-funded capital programme.
- Additional funding to be allocated to the maintenance of the infrastructure.

Table 38: 2013/2014 to 2016/2017 Budget Assumptions

DESCRIPTION	2013/2014	2014/2015	2015/2016	2016/2017
National Treasury Headline Inflation Forecasts	5.70%	5.80%	5.40%	5.40%
Salaries	7.00%	6.80%	6.40%	6.40%
Electricity Purchases	13.50%	8.06%	8.06%	8.06%
Water Purchases	9.30%	9.30%	9.30%	9.30%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R444.21	R495.54	R552.11	R615.28
Equitable Share Allocation	R653,660,000	R656,856,000	R654,044,000	R654,044,000
Bad Debt Provision	91.40%	92.00%	92.00%	92.00%
Rates	11.90%	0%	11.30%	11.30%
Refuse	12.90%	12.50%	12.30%	12.30%
Sewerage	10.90%	10.50%	10.30%	10.30%
Electricity	10.00%	8.50%	8.50%	8.50%
Water	15.35%	14.95%	14.75%	14.75%
Fire Levy	9.90%	9.50%	9.30%	9.30%
Sundry Income	9.90%	9.50%	9.30%	9.30%

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets for inflation is set to be 5,8%, however the institution is of the view that inflation will be well into the 6% level due to rising fuel, food baskets and the devaluation of the rand;
- Salaries are set to increase by 6,8% as promulgated by SALGA.
- Water bulk purchases are set to increase by 9,3% as negotiated with Amatola Water Board.
- Electricity bulk purchases are set to increase by 8,06% as per the guidelines received from NERSA.
- The city has adopted an aggressive approach with regards to budget on general expenses where drastic cuts have been made to travel and entertainment, telephones (50%) and consultants fees (35%).
- Repairs and maintenance has been budgeted 7% of the total operating expenditure. The city has recognized the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard.
- The city approved an Asset Management Policy in the 2012/13 financial year. It was felt that in preparing this policy that the most appropriate valuation model for our roads and stormwater infrastructure as well as municipal properties would be the revaluation approach. The reason for this approach being used was specifically to allow for additional funding to be accumulated to replace and/or refurbish these infrastructure assets in the future. It needs to be recognized that if this approach was not followed there would be significant risk to the national fiscus and by implication National Treasury to be able to allow for significant additional funding for the replacement of these assets in the future. It is further emphasized that this

approach is in line with National Treasury guidelines to ensure the institution remains financially viable. The resulting impact of this policy is a significant increase in depreciation being charged on an annual basis which is placing pressure on our operational budget and by inference our tariffs.

- The city has continued to offer the indigents the free basic subsidy package as indicated below:

Table 39: Indigent Subsidy Package

	Total Per Household 2013/2014	Total Per Household 2014/2015	Total Per Household 2015/2016	Total Per Household 2016/2017
Rates	92.97	103.66	115.38	128.41
Refuse	138.65	155.93	175.10	196.64
Sewerage	80.34	88.78	97.92	108.01
Fire Levy	33.33	36.50	39.89	43.60
Total Monthly Subsidy	345.28	384.86	428.29	476.66
Electricity - 50kwh p.m	47.04	51.03	55.37	60.08
Water - 6kl p.m.	51.89	59.65	68.45	78.54
Total Poor Relief	444.21	495.54	552.11	615.28

- The guidance received from National Treasury in respect of DoRA and fuel levy has been included in the 2014/15 MTREF budget. It is noted with some concern the declining nature of Equitable Share across the MTREF period, especially the 2016/17 year. The institution is concerned as to what impact this would have on the indigent subsidies mentioned above.

Table 40: Proposed tariff increases over the medium-term

DESCRIPTION	2013/2014	2014/2015	2015/2016	2016/2017
Rates	11.90%	0.00%	11.30%	11.30%
Refuse	12.90%	12.50%	12.30%	12.30%
Sewerage	10.90%	10.50%	10.30%	10.30%
Electricity	10.00%	8.50%	8.50%	8.50%
Water	15.35%	14.95%	14.75%	14.75%
Fire Levy	9.90%	9.50%	9.30%	9.30%
Sundry Income	9.90%	9.50%	9.30%	9.30%

- Rates:** The tariff increase for rates is zero because the institution has embarked on a general valuation exercise which is expected to be implemented on 1 July 2014 and this has realized an average 11% growth on the underlying property values.

- **Sanitation:** the increase in tariff is 10.5 % in the 2014/15 financial year reducing to 10.3% in the 2016/17 year. The tariff is charged on erf size and as a result the city is gearing towards charging sanitation services based on a combination of water consumption and a fixed rate.
- **Electricity:** The increase in tariff is 8.5% which is based on guidance received from Nersa.
- **Water:** National Treasury has provided guidance to municipalities requesting all trading services should be cost reflective. In order to ring-fence the service and ensure that it breakeven, the institution has undertaken a financial modelling exercise and phased in tariff increases to allow for breakeven and/or surpluses to occur in the outer years of the MTREF period. What continues to be of concern is the high water losses which the institution will endeavour to reduce in an attempt to reduce the tariff impact on consumers in the future. Further comments on this point have been raised previously in this report.

2.5.2 Credit rating outlook

Table 41: Credit rating outlook

Security class	Currency	Rating	Annual rating 2011/12	Previous Rating
Short term	Rand	A1-	June 2013	A1-
Long-term	Rand	A	June 2013	A
Outlook	Rand	Positive	June 2013	Positive

The service provider will engage with the City shortly to conduct an assessment of the 2012/2013 annual financial statements to review and issue a new credit rating for the City.

The rating definitions are:

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

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

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in financing arrangements to minimise its interest rate costs and risk. The average interest rate currently is 10.11%.

2.5.4 Collection rate for revenue services

The rate of revenue collection is currently at 92.8% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects.

A R203 million contribution towards bad debts was provided for in the MTREF and is based on an average collection ratio of 93.8%.

2.5.5 Growth in the tax base of the municipality

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

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

2.5.6 Salary and Wage increases

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

The agreement provides for a salary and wage increase based on the average CPI, plus 1.25 per cent for the 2014/15 financial year. A salary and wage increase of 6.80% is proposed.

2.5.7 Impact of National, Provincial and Local policies

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

- Accelerate Public Infrastructure Investment;
- Support for special economic zones and manufacturing incentives;
- Further expansion of public works programmes
- Investment in renewable energy
- Overhaul procurement and supply chain management
- Creating jobs and reduce poverty
- Skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

2.5.8 Ensuring maintenance of existing assets

Table 42: Provision for Repairs & Maintenance

Provision for Repairs and Maintenance	2013/2014	2014/2015	2015/2016	2016/2017
	Budget	Budget	Budget	Budget
Roads	65,425,736	75,239,597	86,525,536	99,504,367
% Increase on Previous Year	15.00%	15.00%	15.00%	15.00%
	9,813,860	11,285,940	12,978,830	14,925,655
Total	75,239,597	86,525,536	99,504,367	114,430,022
-				
-				
Refuse Service Tariff Income	223,880,217	251,704,249	282,663,871	317,431,528
% of Tariff Income	8.00%	8.00%	8.00%	8.00%
	17,910,417	20,136,340	22,613,110	25,394,522
-				
-				
Sewerage Service Tariff Income	225,407,383	252,868,652	278,914,123	307,642,278
% of Tariff Income	10.00%	10.00%	10.00%	10.00%
Total	22,540,738	25,286,865	27,891,412	30,764,228
-				
-				
Electricity Service Tariff Income	1,385,451,858	1,511,511,928	1,639,990,442	1,779,389,629
% of Tariff Income	10.00%	10.00%	10.00%	10.00%
	138,545,186	151,151,193	163,999,044	177,938,963
Transfer to Capital Re-Furbishment *		(40,000,000)	(50,000,000)	(60,000,000)
Total	138,545,186	111,151,193	113,999,044	117,938,963
Water Service Tariff Income	309,154,450	370,613,268	425,278,725	488,007,337
% of Tariff Income	10.00%	10.00%	10.00%	10.00%
Total	30,915,445	37,061,327	42,527,873	48,800,734
Services Repairs and Maintenance	285,151,383	280,161,261	306,535,805	337,328,468
Other Repairs and Maintenance	47,655,926	52,087,558	55,895,089	59,985,835
Operational Repairs & Maintenance	332,807,309	332,248,819	362,430,894	397,314,303

Repairs and maintenance has been budgeted 7% of the total operating expenditure. The city has recognized the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard.

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

It is anticipated that with the establishment of the Enterprise Project Management Office (EPMO) Office capital spending will improve in the MTEF period.

2.6 OVERVIEW OF BUDGET FUNDING

The 2014/15 MTREF budget is fully funded utilising receipts from the following funding sources:

- Own Funds
- Division of Revenue Act (National Revenue Fund) including Equitable Share
- Provincial Government
- Fuel levy
- Other Grants and subsidies

2.6.1 Proposed Tariff Increases over the Medium-term

The average proposed tariff increases for the 2014/15 MTREF on the different revenue categories is approximately 10%.

The table below reflects the proposed tariffs for the 2014/2015 MTREF period.

Table 43: Proposed tariff increases 2014/15 to 2016/17

DESCRIPTION	2014/2015	2015/2016	2016/2017
Rates	0.00%	11.30%	11.30%
Refuse	12.50%	12.30%	12.30%
Sewerage	10.50%	10.30%	10.30%
Electricity	8.50%	8.50%	8.50%
Water	14.95%	14.75%	14.75%
Fire Levy	9.50%	9.30%	9.30%
Sundry Income	9.50%	9.30%	9.30%

2.6.2 Detailed Investment

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

Table 44: SA15 – Detail Investment Information

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Parent municipality									
Securities - National Government	-	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	696,767	1,465,068	1,698,190	887,709	790,974	790,974	1,233,269	1,757,792	2,370,576
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
Municipality sub-total	696,767	1,465,068	1,698,190	887,709	790,974	790,974	1,233,269	1,757,792	2,370,576
Entities									
Securities - National Government	-	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	696,767	1,465,068	1,698,190	887,709	790,974	790,974	1,233,269	1,757,792	2,370,576

Table 45: SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
	Name of institution & investment ID												
Parent municipality													
RMB	Various	Short Term / Call	No	Variable	0.045	0	N/a	Various	308,317	19,373	-	-	327,690
Standard Bank	Various	Short Term / Call	No	Variable	0.045	0	N/a	Various	154,159	9,686	-	-	163,845
Stanlib	Various	Short Term / Call	No	Variable	5.2% - 5.34%	0	N/a	Various	154,159	9,686	-	-	163,845
ABSA	Various	Short Term / Call	No	Variable	0.045	0	N/a	Various	308,317	19,373	-	-	327,690
Netbank	Various	Short Term / Call	No	Variable	0.045	0	N/a	Various	308,317	19,373	-	-	327,690
Municipality sub-total									1,233,269	77,491	-	-	1,310,760

2.6.3 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 46: A5 - Sources of capital revenue over the MTREF

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:										
National Government	205,794	180,824	515,570	676,426	796,299	796,299	796,299	671,925	707,288	735,371
Provincial Government	19,113	6,010	-	29,025	46,570	46,570	46,570	28,857	57,969	59,300
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	224,907	186,834	515,570	705,450	842,869	842,869	842,869	700,782	765,257	794,671
Public contributions & donations	800	730	-	-	-	-	-	-	-	-
Borrowing	53,728	17,674	18,146	-	-	-	-	-	-	-
Internally generated funds	119,675	65,542	59,769	45,792	163,759	163,759	163,759	241,226	258,871	274,555
Total Capital Funding	399,110	270,780	593,485	751,242	1,006,628	1,006,628	1,006,628	942,007	1,024,127	1,069,226

2.6.4 Details of Borrowings

- The repayment of capital and interest (debt services costs) has substantially increased over the past three years. In the 2014/15 MTREF budget no projects are funded from borrowings. However BCMM is currently developing a long-term financial plan which covers a ten-year asset replacement and upgrading programme and this will inform external borrowing for income generating infrastructure assets from the current financial year and onwards.

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

Table 47: Table SA 17 - Detail of borrowings

Borrowing - Categorized by type R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality									
Long-Term Loans (annuity/reducing balance)	-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)	635,787	604,256	597,207	542,574	542,574	542,574	542,574	496,477	445,768
Local registered stock	10,000	-	-	-	-	-	-	-	-
Instalment Credit	-	-	-	-	-	-	-	-	-
Financial Leases	717	990	3,941	1,454	1,454	1,454	3,941	3,941	3,941
PPP liabilities	-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-	-	-	-	-	-	-
Marketable Bonds	-	-	-	-	-	-	-	-	-
Non-Marketable Bonds	-	-	-	-	-	-	-	-	-
Bankers Acceptances	-	-	-	-	-	-	-	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-	-
Municipality sub-total	646,503	605,246	601,148	544,028	544,028	544,028	546,515	500,418	449,709
Entities									
Long-Term Loans (annuity/reducing balance)	-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)	-	-	-	-	-	-	-	-	-
Local registered stock	-	-	-	-	-	-	-	-	-
Instalment Credit	-	-	-	-	-	-	-	-	-
Financial Leases	-	-	-	-	-	-	-	-	-
PPP liabilities	-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-	-	-	-	-	-	-
Marketable Bonds	-	-	-	-	-	-	-	-	-
Non-Marketable Bonds	-	-	-	-	-	-	-	-	-
Bankers Acceptances	-	-	-	-	-	-	-	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-	-
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	646,503	605,246	601,148	544,028	544,028	544,028	546,515	500,418	449,709

2.6.5 Capital Transfers and Grant Receipts

Table 48: Table SA 18 - Capital transfers and grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Transfers and Grants									
National Government:	288,670	652,686	542,474	676,426	796,299	796,299	671,925	707,288	735,371
Urban Settlement Development Grant	-	423,446	499,474	569,797	766,420	766,420	639,825	663,310	705,627
Infrastructure Skills Development Grant	-	-	-	100	100	100	100	100	-
Municipal Infrastructure (MIG)	193,192	-	-	-	-	-	-	-	-
Electricity Demand Side Management	4,000	4,000	10,000	-	4,579	4,579	-	-	-
Public Transport Infrastructure Grant	71,478	180,000	3,000	70,000	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	10,000	-	-	5,000	16,878	17,744
Integrated National Electrification Programme	20,000	26,895	30,000	26,329	25,000	25,000	27,000	27,000	12,000
Department of Water Affairs	-	18,345	-	-	-	-	-	-	-
Equitable Share	-	-	-	-	-	-	-	-	-
Finance Management Grant	-	-	-	-	-	-	-	-	-
Restructuring Grant	-	-	-	200	200	200	-	-	-

2.6.6 Cash Flow Management

BCMM is also projecting a favourable cash position, which currently projected to be R877 million at 30 June 2014 and is projected to be R1,3 billion at 30 June 2015 (2016: R2,4 billion).

Table 49: MBRR Table A7 - Budget cash flow statement

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	1,968,302	2,408,347	2,832,825	3,200,877	3,219,888	3,219,888	3,219,888	3,577,250	3,922,306	4,305,521
Government - operating	911,805	722,264	719,567	917,094	868,246	868,246	868,246	828,531	940,779	1,049,335
Government - capital	-	186,251	515,570	705,450	842,869	842,869	842,869	700,782	765,257	794,671
Interest	53,776	82,656	106,184	104,676	104,676	104,676	104,676	106,874	111,770	116,930
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(2,536,375)	(2,619,536)	(2,819,542)	(3,423,288)	(3,397,219)	(3,397,219)	(3,397,219)	(3,510,310)	(3,866,348)	(4,236,522)
Finance charges	(58,656)	(70,499)	(67,259)	(64,162)	(64,162)	(64,162)	(64,162)	(59,248)	(54,123)	(49,129)
Transfers and Grants	-	(112,388)	(115,922)	(246,488)	(221,488)	(221,488)	(221,488)	(204,013)	(224,894)	(248,087)
NET CASH FROM/(USED) OPERATING ACTIVITIES	338,852	597,097	1,171,425	1,194,159	1,352,810	1,352,810	1,352,810	1,439,866	1,594,747	1,732,719
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	1,276	2,610	18,658	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	12	13	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	3,933	(37)	(36)	-	-	-	-	-	-	-
Payments										
Capital assets	(399,110)	(217,896)	(593,485)	(751,242)	(1,006,628)	(1,006,628)	(1,006,628)	(942,007)	(1,024,127)	(1,069,226)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(393,902)	(215,310)	(574,849)	(751,242)	(1,006,628)	(1,006,628)	(1,006,628)	(942,007)	(1,024,127)	(1,069,226)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	78,636	441,524	(289,390)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	3,079	3,466	8,599	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	154,076	(45,020)	5,561	(49,970)	(49,970)	(49,970)	(49,970)	(54,633)	(46,097)	(50,709)
NET CASH FROM/(USED) FINANCING ACTIVITIES	235,791	399,970	(275,229)	(49,970)	(49,970)	(49,970)	(49,970)	(54,633)	(46,097)	(50,709)
NET INCREASE/ (DECREASE) IN CASH HELD	180,741	781,756	321,347	392,947	296,212	296,212	296,212	443,225	524,523	612,784
Cash/cash equivalents at the year begin:	559,471	740,212	1,521,969	573,832	573,832	573,832	573,832	870,044	1,313,269	1,837,792
Cash/cash equivalents at the year end:	740,212	1,521,969	1,843,316	966,779	870,044	870,044	870,044	1,313,269	1,837,792	2,450,576

2.6.7 Cash Backed Reserves/Accumulated Surplus Reconciliation

The table indicates the cash and investments available which increases from R1,3 billion in the 2014/15 financial year to R2,4 billion in the 2016/17 financial year. With the introduction of GRAP the institution was required to account for all assets, including those which had been implemented historically by both pre and post 1994 Governments. This resulted in a significant increase in the accumulated surplus associated with the take on of assets. Furthermore, the institution has implemented the revaluation model for accounting for roads and stormwater as well as municipal properties which has contributed further to additional surpluses. In analysing the accumulated depreciation associated with the identified infrastructure assets and comparing that to the net asset position of the institution it has been determined that there is currently a funding deficit of R10 billion required for the future replacement of infrastructure assets.

Table 50: MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available										
Cash/cash equivalents at the year end	740,212	1,521,969	1,843,316	966,779	870,044	870,044	870,044	1,313,269	1,837,792	2,450,576
Other current investments > 90 days	0	(0)	(0)	0	0	0	(1,359)	(0)	(0)	0
Non current assets - Investments	820	857	892	930	930	930	930	-	-	-
Cash and investments available:	741,033	1,522,825	1,844,208	967,709	870,974	870,974	869,614	1,313,269	1,837,792	2,450,576
Application of cash and investments										
Unspent conditional transfers	346,142	739,538	450,149	953,040	953,040	472,000	472,000	495,600	520,380	546,400
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	50,025	1,410	(29,462)	(393,090)	(402,316)	(353,010)	(918,809)	(530,505)	(736,363)	(950,840)
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
Total Application of cash and investments:	396,167	740,948	420,687	559,950	550,724	118,990	(446,809)	(34,905)	(215,983)	(404,440)
Surplus(shortfall)	344,866	781,877	1,423,521	407,759	320,250	751,984	1,316,423	1,348,174	2,053,775	2,855,016

2.6.8 Funding compliance measurement

From a cash flow perspective (cash outflow versus cash inflow) the budget is fully funded and is therefore credible. The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

Table 51: SA10 – Funding compliance measurement

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	740,212	1,521,969	1,843,316	966,779	870,044	870,044	870,044	1,313,269	1,837,792	2,450,576
Cash + investments at the yr end less applications - R'000	18(1)b	344,866	781,877	1,423,521	407,759	320,250	1,093,691	1,092,331	1,736,674	2,461,355	3,323,116
Cash year end/monthly employee/supplier payments	18(1)b	3.6	7.6	8.3	3.9	3.5	3.5	3.5	5.0	6.4	7.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(206,670)	(35,498)	483,377	1,126,301	1,286,274	1,286,274	1,286,274	1,185,721	1,237,584	1,358,875
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	12.8%	5.7%	6.0%	(5.2%)	(6.0%)	(6.0%)	6.0%	4.4%	4.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	94.0%	91.0%	90.7%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	10.9%	2.5%	4.2%	6.4%	6.4%	6.4%	6.4%	6.3%	6.3%	6.2%
Capital payments % of capital expenditure	18(1)c,19	100.0%	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	45.1%	664.3%	(371.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								100.5%	100.2%	100.2%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	45.1%	33.9%	52.4%	1.0%	0.0%	0.0%	22.5%	20.5%	17.7%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(18.1%)	(25.2%)	39.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.7%	2.1%	2.6%	2.9%	2.7%	2.7%	2.8%	2.8%	2.9%	3.1%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	10.4%	12.8%	12.8%	0.0%	57.3%	53.5%	44.6%

2.6.8.1 Cash/cash equivalent position

BCMM is also projecting a favourable cash position, which currently projected to be R877 million at 30 June 2014 and is projected to be R1,3 billion at 30 June 2015 (2016: R2,4 billion).

2.6.8.2 Cost Coverage

The city has the ability to cover its fixed operational costs for a period of 5 months in the 2014/15 financial year increasing to 7,9 months in the 2016/17 financial year. This is predominantly due to the favourable cash reserves.

2.6.8.3 Surplus/deficit excluding depreciation offsets

The city has adopted the approach to cash back its depreciation on a year-to-year basis in order to renew and/or refurbish its existing infrastructure assets. This has resulted in our cash holding in terms of its surplus (excluding depreciation offsets) to increase from R1,2 billion to R1,4 billion.

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

In order for the trading services to breakeven and/or generate a surplus the revenue income percentage increase is set above inflation ranging from 6% to 4,4% in the outer years. A contributing factor to this is properties that had previously erroneously been excluded from the general valuation roll which have now been identified and included contributing to additional revenue.

2.6.8.5 Cash receipts as a percentage of ratepayer and other revenue

The rate of revenue collection is currently at 92.8% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects.

2.6.8.6 Debt impairment expense as a percentage of billable revenue

A R203 million contribution towards bad debts was provided for in the MTREF and is based on an average collection ratio of 93.8 %.

2.6.8.7 Repairs and maintenance expenditure level

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

2.6.8.8 Asset renewal/rehabilitation expenditure level

Details of the City's strategy pertaining to asset management and repairs and maintenance is contained in SA34B.

2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 52: SA19 - Expenditure on transfers and grant programmes

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants:									
National Government:	512,107	590,562	661,669	706,873	686,958	686,958	698,929	698,821	688,808
Urban Settlement Development Grant	–	4,579	6,232	43,508	21,959	21,959	33,465	37,148	38,148
Neighbourhood Development Partnership Grant	–	–	–	–	–	–	–	–	–
Financial Management Grant	1,191	1,459	1,500	1,300	1,300	1,300	1,500	1,500	1,500
Expanded Public works Programme Incentive	–	–	930	2,705	3,259	3,259	1,890	–	–
Department of Water Affairs	5,524	1,712	1,126	–	–	–	–	–	–
Integrated National Electrification Programme	2,139	–	–	–	–	–	–	–	–
Equitable Share	500,200	582,812	650,616	653,660	653,660	653,660	656,674	653,273	641,160
Municipal Infrastructure Grant	2,289	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant	765	–	–	–	–	–	–	–	–
Infrastructure Skills Development Grant	–	–	1,265	5,700	6,780	6,780	5,400	6,900	8,000
Provincial Government:	114,310	47,061	55,722	207,426	178,208	178,208	122,746	238,630	357,331
Roads Subsidy - Provincial Roads	–	–	–	1,871	1,871	1,871	1,871	1,871	1,871
Dept of Environmental Affairs and Tourism	–	26	–	–	–	–	3,745	–	–
Department of Water Affairs	–	18,928	7,730	125	2,425	2,425	–	–	–
Local Government & Transitional Affairs	6,931	200	–	5,000	3,754	3,754	9,101	2,000	1,000
Health Subsidy - Primary Health Care	–	–	–	–	–	–	–	–	–
Health Subsidy - ATIC	–	–	73	2,522	2,522	2,522	2,522	2,522	2,522
Cooperative Governance and Traditional Affairs	–	–	–	–	–	–	1,049	–	–
Library Subsidy	–	–	–	3,638	3,638	3,638	3,638	3,638	3,638
Dept of Human Settlement	104,050	–	–	–	–	–	–	–	–
Dept Sport, Recreation, Arts and Culture (DSRC)	–	–	–	–	–	–	–	37	–
Dept of Land Affairs	3,328	50	1	300	3,300	3,300	777	–	–
Dept of Science and Technology	–	–	–	–	–	–	–	–	–
Accreditation Capacity Enhancement Grant	–	–	–	7,991	7,601	7,601	–	–	–
Human Settlement Development Grant	–	27,858	47,918	185,979	153,097	153,097	99,938	228,599	348,300
Office of the Premier	–	–	–	–	–	–	67	–	–
District Municipality:	–	–	1,754	–	–	–	–	–	–
Health Subsidy - Environmental Health	–	–	1,754	–	–	–	–	–	–
Other grant providers:	4,576	2,394	4,312	2,795	3,080	3,080	6,856	3,329	3,196
SETA - Skills Development	1,064	1,079	3,890	2,795	2,795	2,795	2,795	2,989	3,196
SETA - Councillor Training	–	–	–	–	–	–	–	–	–
Donor Funding - Leiden & Galve	967	421	414	–	285	285	136	–	–
Salaida	107	279	9	–	–	–	–	–	–
Trust Funds	1,120	16	–	–	–	–	2,715	–	–
Umsobomvu Youth Fund	–	–	–	–	–	–	710	–	–
BCMET Funding	138	281	–	–	–	–	–	–	–
Donor Funding - European Commission	1,168	318	–	–	–	–	500	340	–
DBSA	13	–	–	–	–	–	–	–	–
LOTTO	–	–	–	–	–	–	–	–	–
Vuna Award	–	–	–	–	–	–	–	–	–
SIDA	–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants	630,993	640,018	723,457	917,094	868,246	868,246	828,531	940,779	1,049,335

Table 52: SA19 - Expenditure on transfers and grant programmes (continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure of Transfers and Grants									
National Government:	207,066	180,391	509,146	676,426	796,299	796,299	671,925	707,288	735,371
Urban Settlement Development Grant	–	151,552	465,008	569,797	766,420	766,420	639,825	663,310	705,627
Infrastructure Skills Development Grant	–	–	655	100	100	100	100	100	–
Municipal Infrastructure (MIG)	184,649	2,987	–	–	–	–	–	–	–
Electricity Demand Side Management	3,998	3,927	10,071	–	4,579	4,579	–	–	–
Public Transport Infrastructure Grant	1,272	1,283	133	70,000	–	–	–	–	–
Neighbourhood Development Partnership Grant	216	–	–	10,000	–	–	5,000	16,878	17,744
Integrated National Electrification Programme	16,906	20,641	33,278	26,329	25,000	25,000	27,000	27,000	12,000
Department of Water Affairs	24	–	–	–	–	–	–	–	–
Equitable Share	–	–	–	–	–	–	–	–	–
Finance Management Grant	–	–	–	–	–	–	–	–	–
European Commission	–	–	–	200	200	200	–	–	–
Provincial Government:	17,558	6,443	6,220	29,025	44,711	44,711	28,857	57,969	59,300
Disaster Relief Fund	156	198	–	–	–	–	–	–	–
Human Settlement Development Grant	–	4,100	6,220	29,025	32,551	32,551	18,600	44,900	59,300
Human Settlement Development Grant - Dept of Human Settlement	–	–	–	–	–	–	10,069	13,069	–
Dept Sport, Recreation, Arts and Culture (DSRAC)	6,325	–	–	–	–	–	–	–	–
Local Government, Transitional Affairs & Housing	10,943	1,219	–	–	9,860	9,860	–	–	–
Dept of Land Affairs	–	–	–	–	300	300	189	–	–
Provincial Treasury	–	–	–	–	2,000	2,000	–	–	–
Dept of Environmental Affairs and Tourism	134	342	–	–	–	–	–	–	–
Dept of Science and Technology	–	–	–	–	–	–	–	–	–
Office of the Premier	–	150	–	–	–	–	–	–	–
	–	433	–	–	–	–	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
Amatola District Municipality	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Other grant providers:	1,082	730	205	–	1,859	1,859	–	–	–
BCMETS Funding	3	–	205	–	1,400	1,400	–	–	–
Public Funding	283	–	–	–	–	–	–	–	–
SIDA	–	–	–	–	–	–	–	–	–
ECDC	348	–	–	–	–	–	–	–	–
European Commission	–	–	–	–	–	–	–	–	–
Liedon	449	730	–	–	459	459	–	–	–
Total capital expenditure of Transfers and Grants	225,707	187,564	515,570	705,450	842,869	842,869	700,782	765,257	794,671
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	856,700	827,581	1,239,027	1,622,544	1,711,115	1,711,115	1,529,313	1,706,036	1,844,006

Table 53: SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	182,783	130,094	67,401	-	-	-	-	-	-
Current year receipts	498,527	581,254	647,124	706,873	686,958	686,958	698,929	698,821	688,808
Conditions met - transferred to revenue	551,216	711,349	712,891	706,873	686,958	686,958	698,929	698,821	688,808
Conditions still to be met - transferred to liabilities	130,094	(1)	1,634	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	19,181	31,945	171,470	-	-	-	-	-	-
Current year receipts	136,748	146,363	5,831	207,426	178,208	178,208	122,746	238,630	357,331
Conditions met - transferred to revenue	123,984	6,839	6,439	207,426	178,208	178,208	122,746	238,630	357,331
Conditions still to be met - transferred to liabilities	31,945	171,470	170,861	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	16,515	16,500	15,249	-	-	-	-	-	-
Current year receipts	3,855	5,181	3,656	2,795	3,080	3,080	6,856	3,329	3,196
Conditions met - transferred to revenue	3,871	6,432	4,127	2,795	3,080	3,080	6,856	3,329	3,196
Conditions still to be met - transferred to liabilities	16,500	15,249	14,778	-	-	-	-	-	-
Total operating transfers and grants revenue	679,071	724,619	723,457	917,094	868,246	868,246	828,531	940,779	1,049,335
Total operating transfers and grants - CTBM	178,539	186,718	187,274	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	63,071	89,801	216,773	-	-	-	-	-	-
Current year receipts	288,670	652,686	542,474	676,426	796,299	796,299	671,925	707,288	735,371
Conditions met - transferred to revenue	198,209	154,313	509,146	676,426	796,299	796,299	671,925	707,288	735,371
Conditions still to be met - transferred to liabilities	153,531	588,175	250,101	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	23,025	11,948	10,727	-	-	-	-	-	-
Current year receipts	354	30,463	6,220	29,025	44,711	44,711	28,857	57,969	59,300
Conditions met - transferred to revenue	11,431	31,684	6,220	29,025	44,711	44,711	28,857	57,969	59,300
Conditions still to be met - transferred to liabilities	11,948	10,727	10,727	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	1,979	1,979	1,979	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	1,979	1,979	1,979	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	14,612	144	67	-	-	-	-	-	-
Current year receipts	800	760	205	-	1,859	1,859	-	-	-
Conditions met - transferred to revenue	15,267	837	205	-	1,859	1,859	-	-	-
Conditions still to be met - transferred to liabilities	144	67	67	-	-	-	-	-	-
Total capital transfers and grants revenue	224,907	186,834	515,570	705,450	842,869	842,869	700,782	765,257	794,671
Total capital transfers and grants - CTBM	167,603	600,948	262,875	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	903,979	911,454	1,239,027	1,622,544	1,711,115	1,711,115	1,529,313	1,706,036	1,844,006
TOTAL TRANSFERS AND GRANTS - CTBM	346,142	787,666	450,149	-	-	-	-	-	-

2.8 COUNCILLOR AND EMPLOYEE BENEFITS

Table 54: SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	14,529	30,978	26,569	29,331	29,331	29,331	31,286	33,476	35,819
Pension and UIF Contributions	1,313	1,855	2,627	3,105	3,105	3,105	3,303	3,522	3,756
Medical Aid Contributions	875	795	1,031	1,129	1,129	1,129	1,524	1,631	1,745
Motor Vehicle Allowance	5,312	7,076	10,414	12,064	12,064	12,064	12,907	13,811	14,778
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	1,249	2,262	2,690	3,218	3,218	3,218	3,234	3,460	3,703
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	23,278	42,966	43,331	48,847	48,847	48,847	52,254	55,900	59,800
% increase		84.6%	0.9%	12.7%	0.0%	-	7.0%	7.0%	7.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	6,214	5,840	4,154	8,146	8,146	8,146	8,717	9,327	9,980
Pension and UIF Contributions	816	854	590	1,483	1,489	1,489	1,580	1,678	1,783
Medical Aid Contributions	214	79	48	192	192	192	205	220	235
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	1,044	884	651	1,821	2,128	2,128	2,277	2,436	2,607
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	36	36	4	77	77	77	77	77	77
Other benefits and allowances	2,033	2,039	1,267	1,496	1,512	1,512	1,621	1,731	1,852
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	33	36	38
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	10,357	9,733	6,715	13,215	13,544	13,544	14,510	15,505	16,572
% increase		(6.0%)	(31.0%)	96.8%	2.5%	-	7.1%	6.9%	6.9%
Other Municipal Staff									
Basic Salaries and Wages	533,152	596,333	606,290	718,190	711,427	711,427	775,458	829,748	887,839
Pension and UIF Contributions	105,925	115,507	118,568	134,192	135,515	135,515	144,765	154,649	165,201
Medical Aid Contributions	37,451	40,331	42,170	51,856	53,261	53,261	57,614	61,647	65,963
Overtime	44,861	50,916	62,099	53,355	53,391	53,391	57,128	61,127	65,406
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	16,478	17,834	16,766	23,265	23,884	23,884	25,328	27,101	28,998
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	3,590	3,734	3,504	7,057	7,189	7,189	7,313	7,313	7,313
Other benefits and allowances	77,998	84,466	90,687	101,557	103,661	103,661	125,372	134,122	143,482
Payments in lieu of leave	-	25,320	20,868	5,681	5,681	5,681	13,000	13,910	14,884
Long service awards	10,888	12,194	13,225	14,876	15,692	15,692	16,727	17,898	19,151
Post-retirement benefit obligations	32,665	-	24,583	-	-	-	-	-	-
Sub Total - Other Municipal Staff	863,010	946,633	998,760	1,110,029	1,109,701	1,109,701	1,222,705	1,307,516	1,398,236
% increase		9.7%	5.5%	11.1%	(0.0%)	-	10.2%	6.9%	6.9%
Total Parent Municipality	896,645	999,331	1,048,806	1,172,092	1,172,092	1,172,092	1,289,469	1,378,920	1,474,608

Table 55: SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<u>Councillors</u>						
Speaker	554,269	98,907	276,208			929,384
Chief Whip	521,774	21,574	328,060			871,408
Executive Mayor	695,699	21,574	444,010			1,161,283
Deputy Executive Mayor	556,559	57,440	315,385			929,384
Executive Committee	4,695,967	605,431	2,541,275			7,842,674
Total for all other councillors	22,306,923	3,429,204	11,377,206			37,113,333
Total Councillors	29,331,191	4,234,131	15,282,144			48,847,465
<u>Senior Managers of the Municipality</u>						
✓ Municipal Manager (MM)	977,194	241,002	357,798	–		1,575,995
✓ Director of Financial Services	881,135	177,619	308,551	–		1,367,305
✓ Director of Engineering Services	854,945	181,787	352,294	–		1,389,026
✓ Director of Public Safety and Health	854,945	155,751	404,331	–		1,415,027
✓ Director Of Community Services	854,945	171,875	369,962	–		1,396,782
✓ Other	4,293,487	980,742	2,091,584	–		7,365,813
<i>List of each official with packages >= senior manager</i>						
Total Senior Managers of the Municipality	8,716,652	1,908,776	3,884,520	–		14,509,948

Table 56: SA24 – summary of personnel numbers

Summary of Personnel Numbers	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	117	–	117	117	–	117	117	–	117
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	10	–	10	10	–	10	10	–	10
Other Managers	38	20	18	39	21	18	39	22	17
Professionals	160	160	–	161	161	–	165	165	–
Finance	67	67	–	67	67	–	67	67	–
Spatial/town planning	10	10	–	10	10	–	10	10	–
Information Technology	3	3	–	3	3	–	3	3	–
Roads	3	3	–	3	3	–	3	3	–
Electricity	8	8	–	8	8	–	8	8	–
Water	5	5	–	5	5	–	5	5	–
Sanitation	4	4	–	4	4	–	4	4	–
Refuse	1	1	–	1	1	–	1	1	–
Other	59	59	–	60	60	–	64	64	–
Technicians	290	290	–	285	285	–	289	289	–
Finance	9	9	–	9	9	–	9	9	–
Spatial/town planning	15	15	–	15	15	–	15	15	–
Information Technology	13	13	–	13	13	–	13	13	–
Roads	6	6	–	6	6	–	6	6	–
Electricity	10	10	–	10	10	–	10	10	–
Water	27	27	–	27	27	–	27	27	–
Sanitation	16	16	–	16	16	–	16	16	–
Refuse	7	7	–	7	7	–	7	7	–
Other	187	187	–	182	182	–	186	186	–
Clerks (Clerical and administrative)	1,151	1,117	34	1,177	1,142	35	1,184	1,149	35
Service and sales workers	865	864	1	890	878	12	893	881	12
Skilled agricultural and fishery workers	214	214	–	213	213	–	213	213	–
Craft and related trades	383	383	–	383	383	–	383	383	–
Plant and Machine Operators	750	750	–	750	750	–	752	752	–
Elementary Occupations	1,416	1,416	–	1,415	1,415	–	1,416	1,416	–
TOTAL PERSONNEL NUMBERS	5,394	5,214	180	5,440	5,248	192	5,461	5,270	191
% increase				0.9%	0.7%	6.7%	0.4%	0.4%	(0.5%)
Total municipal employees headcount	5,277	5,214	63	5,323	5,248	75	5,344	5,270	74
Finance personnel headcount	614	602	12	634	622	12	635	623	12
Human Resources personnel headcount	184	180	4	187	183	4	191	179	12

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 57: SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source															
Property rates	664,490	536	(965)	(197)	(1,117)	12,691	15,603	18,003	19,203	20,404	22,804	24,004	795,457	885,283	985,251
Property rates - penalties & collection charges	74	75	75	73	73	75	166	191	204	217	242	255	1,723	1,921	2,138
Service charges - electricity revenue	49,903	190,065	125,890	117,299	115,709	110,531	104,275	120,318	128,339	136,360	152,402	160,424	1,511,514	1,639,993	1,779,392
Service charges - water revenue	779	58,256	12,462	37,800	31,989	24,797	26,589	30,680	32,725	34,770	38,861	40,906	370,613	425,279	488,007
Service charges - sanitation revenue	21,230	20,399	19,305	19,467	18,844	18,513	17,564	20,266	21,617	22,969	25,671	27,022	252,869	278,914	307,642
Service charges - refuse revenue	18,946	18,918	18,624	18,808	19,351	18,880	17,963	20,727	22,108	23,490	26,254	27,635	251,704	282,664	317,432
Service charges - other	3,788	2,037	2,056	1,876	2,289	3,750	2,685	3,099	3,305	3,512	3,925	4,131	36,454	40,545	45,066
Rental of facilities and equipment	829	811	740	923	900	805	1,561	1,801	1,921	2,041	2,281	2,401	17,013	18,629	20,362
Interest earned - external investments	582	7,038	7,060	6,745	6,628	6,591	5,570	6,427	6,856	7,284	8,141	8,569	77,491	79,596	81,764
Interest earned - outstanding debtors	1,896	1,802	1,678	2,124	2,221	2,318	2,254	2,601	2,775	2,948	3,295	3,468	29,383	32,175	35,167
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	647	536	453	302	636	263	853	984	1,050	1,116	1,247	1,313	9,400	10,293	11,250
Licences and permits	1,278	1,049	1,059	1,377	1,237	1,029	1,754	2,024	2,159	2,294	2,564	2,699	20,523	22,472	24,562
Agency services	-	-	-	-	-	-	0	0	0	0	0	0	(0)	-	-
Transfers recognised - operational	272,358	2	1,092	2,082	26,411	203,723	41,972	48,430	51,658	54,887	61,344	64,573	828,531	940,779	1,049,335
Other revenue	24,776	126,997	12,570	23,101	25,368	126,690	28,491	32,875	35,066	37,258	41,641	43,833	558,666	588,988	623,733
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	1,061,576	428,520	202,101	231,780	250,541	530,656	267,302	308,425	328,987	349,548	390,672	411,233	4,761,341	5,247,530	5,771,100
Expenditure By Type															
Employee related costs	82,489	86,932	83,834	84,777	86,935	89,198	93,996	108,457	115,688	122,918	137,379	144,610	1,237,215	1,323,021	1,414,808
Remuneration of councillors	3,617	3,618	3,605	3,612	3,574	3,574	3,985	4,598	4,905	5,211	5,824	6,131	52,254	55,900	59,800
Debt impairment	-	-	-	-	-	-	26,400	30,461	32,492	34,523	38,584	40,615	203,074	225,598	245,958
Depreciation & asset impairment	-	1	-	-	-	-	92,300	106,500	113,600	120,700	134,900	142,000	710,000	809,574	850,053
Finance charges	-	-	-	-	-	-	7,702	8,887	9,480	10,072	11,257	11,850	59,248	54,123	49,129
Bulk purchases	255	269,186	69,903	84,716	81,908	77,048	80,449	92,826	99,014	105,203	117,579	123,768	1,201,856	1,300,246	1,406,715
Other materials	-	-	-	-	-	-	0	0	0	0	0	0	(0)	-	-
Contracted services	818	1,366	2,002	1,291	526	204	1,781	2,056	2,193	2,330	2,604	2,741	19,909	21,622	23,438
Transfers and grants	521	9,321	10,685	11,138	10,972	15,021	19,026	21,953	23,417	24,880	27,807	29,271	204,013	224,894	248,087
Other expenditure	26,530	76,794	71,165	90,336	108,486	87,300	78,198	90,228	96,243	102,258	114,289	120,304	1,062,130	1,233,009	1,403,908
Loss on disposal of PPE	-	-	-	-	-	-	0	0	0	0	0	0	(0)	-	-
Total Expenditure	114,231	447,219	241,193	275,870	292,401	272,345	403,837	465,966	497,031	528,095	590,224	621,288	4,749,700	5,245,986	5,701,896
Surplus/(Deficit)	947,345	(18,698)	(39,093)	(44,090)	(41,860)	258,311	(136,536)	(157,541)	(168,044)	(178,547)	(199,552)	(210,055)	11,640	1,543	69,204
Transfers recognised - capital	(0)	14	(0)	(0)	(0)	(0)	91,100	105,115	112,123	119,131	133,146	140,154	700,782	765,257	794,671
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	947,345	(18,685)	(39,093)	(44,090)	(41,860)	258,311	(45,436)	(52,426)	(55,921)	(59,416)	(66,406)	(69,901)	712,422	766,800	863,875
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	947,345	(18,685)	(39,093)	(44,090)	(41,860)	258,311	(45,436)	(52,426)	(55,921)	(59,416)	(66,406)	(69,901)	712,422	766,800	863,875

Table 58: SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote															
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	127	147	157	166	186	196	979	-	-
Vote 2 - Directorate - Municipal Manager	-	-	780	1,052	3,120	1,729	3,660	4,223	4,504	4,786	5,349	5,630	34,833	31,148	31,148
Vote 3 - Directorate - Chief Operations Officer	-	-	29	-	22,195	16,999	9,172	10,583	11,288	11,994	13,405	14,110	109,776	237,036	356,406
Vote 4 - Directorate - Chief Financial Officer	841,923	125,935	11,642	16,573	22,203	253,802	58,198	67,151	71,628	76,104	85,058	89,535	1,719,752	1,799,122	1,881,550
Vote 5 - Directorate - Corporate Services	-	2	191	0	674	373	919	1,060	1,131	1,202	1,343	1,414	8,309	9,889	11,197
Vote 6 - Directorate - Engineering Services	141,153	271,089	161,345	177,748	170,456	197,008	132,575	170,933	190,042	209,221	247,578	266,757	2,335,908	2,565,718	2,819,679
Vote 7 - Directorate - Development Planning	1,289	2,790	2,534	2,313	3,279	3,306	5,104	5,889	6,282	6,675	7,460	7,853	54,774	55,515	60,641
Vote 8 - Directorate - Health & Public Safety	22,116	8,728	6,078	13,531	8,249	14,239	9,307	10,739	11,455	12,170	13,602	14,318	144,532	157,559	171,965
Vote 9 - Directorate - Community Services	55,093	19,991	19,501	20,563	20,364	43,199	22,590	26,065	27,803	29,541	33,016	34,754	352,479	391,543	438,515
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	116,750	116,750	116,820	116,820	116,820	116,820	700,782	765,257	794,671
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	1,061,576	428,534	202,101	231,780	250,541	530,656	358,402	413,540	441,110	468,679	523,818	551,387	5,462,122	6,012,786	6,565,772
Expenditure by Vote to be appropriated															
Vote 1 - Directorate - Executive Support Services	8,338	11,420	9,955	10,114	12,177	16,942	11,258	12,990	13,856	14,722	16,455	17,321	155,549	163,197	172,887
Vote 2 - Directorate - Municipal Manager	1,998	15,093	6,199	4,093	10,474	4,553	6,189	7,141	7,617	8,093	9,045	9,521	90,018	87,704	89,788
Vote 3 - Directorate - Chief Operations Officer	2,067	4,175	10,783	11,994	18,100	11,178	10,778	12,437	13,266	14,095	15,753	16,582	141,207	273,312	392,002
Vote 4 - Directorate - Chief Financial Officer	13,596	26,272	20,673	26,382	24,777	22,317	32,188	37,140	39,616	42,092	47,044	49,520	381,616	405,634	431,601
Vote 5 - Directorate - Corporate Services	6,287	7,207	9,359	7,874	9,602	8,260	14,631	16,881	18,007	19,132	21,383	22,508	161,132	176,479	179,599
Vote 6 - Directorate - Engineering Services	30,788	321,139	117,196	144,192	146,949	137,048	239,258	276,067	294,471	312,876	349,685	368,089	2,737,758	2,984,541	3,201,165
Vote 7 - Directorate - Development Planning	9,434	10,171	11,544	14,260	14,626	13,683	23,935	27,617	29,458	31,299	34,981	36,823	257,831	275,823	292,200
Vote 8 - Directorate - Health & Public Safety	15,292	17,252	17,897	18,713	18,936	18,834	20,012	23,091	24,630	26,170	29,249	30,788	260,864	277,860	295,904
Vote 9 - Directorate - Community Services	26,430	34,489	37,588	38,248	36,759	39,530	45,589	52,602	56,109	59,616	66,629	70,136	563,726	601,436	646,751
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	0	0	0	0
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	114,231	447,219	241,193	275,870	292,401	272,345	403,837	465,966	497,031	528,095	590,224	621,288	4,749,700	5,245,986	5,701,896
Surplus/(Deficit) before assoc.	947,345	(18,685)	(39,093)	(44,090)	(41,860)	258,311	(45,436)	(52,426)	(55,921)	(59,416)	(66,406)	(69,901)	712,422	766,800	863,875
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	947,345	(18,685)	(39,093)	(44,090)	(41,860)	258,311	(45,436)	(52,426)	(55,921)	(59,416)	(66,406)	(69,901)	712,422	766,800	863,875

Table 59: SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard															
<i>Governance and administration</i>	842,013	126,032	12,732	17,718	26,184	256,370	63,462	73,225	78,107	82,989	92,752	97,634	1,769,219	1,844,667	1,927,246
Executive and council	-	-	780	1,052	3,120	1,729	3,660	4,223	4,504	4,786	5,349	5,630	34,833	31,148	31,148
Budget and treasury office	841,923	125,935	11,642	16,573	22,203	253,802	58,198	67,151	71,628	76,104	85,058	89,535	1,719,752	1,799,122	1,881,550
Corporate services	90	97	310	93	861	838	1,605	1,852	1,975	2,099	2,346	2,469	14,635	14,397	14,548
<i>Community and public safety</i>	14,036	5,828	5,543	6,939	28,161	28,074	16,480	19,015	20,283	21,551	24,086	25,354	215,350	350,744	481,695
Community and social services	794	782	706	1,208	726	669	1,872	2,160	2,304	2,448	2,736	2,880	19,285	17,738	19,075
Sport and recreation	176	175	108	348	230	184	514	594	633	673	752	792	5,179	5,601	6,128
Public safety	13,063	4,866	4,726	5,379	5,057	10,594	5,067	5,846	6,236	6,626	7,405	7,795	82,659	90,166	98,543
Housing	4	4	4	3	22,127	16,628	8,685	10,022	10,690	11,358	12,694	13,362	105,580	234,696	355,406
Health	-	1	-	-	21	-	341	394	420	446	499	525	2,648	2,542	2,544
<i>Economic and environmental services</i>	10,305	5,056	2,443	10,427	5,094	5,283	7,245	8,360	8,917	9,475	10,589	11,147	94,341	97,752	106,646
Planning and development	1,094	959	888	2,005	1,681	1,534	2,101	2,424	2,586	2,747	3,071	3,232	24,323	21,272	23,240
Road transport	9,203	4,084	1,543	8,408	3,386	3,739	5,108	5,894	6,287	6,680	7,466	7,859	69,658	76,096	82,997
Environmental protection	8	13	12	13	27	11	36	42	44	47	53	55	361	385	410
<i>Trading services</i>	195,221	290,080	179,991	196,696	189,668	239,293	178,043	205,434	219,130	232,826	260,217	273,912	2,660,510	2,930,392	3,229,336
Electricity	72,627	190,576	127,718	118,685	117,870	121,464	107,292	123,798	132,051	140,304	156,811	165,064	1,574,260	1,706,345	1,849,655
Water	25,293	58,588	12,754	38,439	32,175	40,487	30,477	35,165	37,510	39,854	44,543	46,887	442,171	507,274	581,952
Waste water management	43,185	21,894	20,844	20,579	20,242	35,007	20,108	23,201	24,748	26,295	29,388	30,935	316,424	348,954	384,828
Waste management	54,116	19,021	18,675	18,993	19,380	42,336	20,167	23,270	24,821	26,373	29,475	31,027	327,654	367,820	412,902
<i>Other</i>	-	1,538	1,391	-	1,435	1,636	93,171	107,505	114,672	121,839	136,173	143,340	722,702	789,231	820,848
Total Revenue - Standard	1,061,576	428,534	202,101	231,780	250,541	530,656	358,402	413,540	441,110	468,679	523,818	551,387	5,462,122	6,012,786	6,565,772

Table 59: SA27 - Budgeted monthly revenue and expenditure (standard classification) (continued)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure - Standard																
<i>Governance and administration</i>	35,554	65,672	54,041	56,562	65,790	61,575	75,118	86,674	92,452	98,231	109,787	115,565	917,021	967,221	1,017,595	
Executive and council	7,274	22,840	12,497	9,850	16,893	16,154	11,917	13,750	14,667	15,583	17,417	18,333	177,175	179,473	186,472	
Budget and treasury office	13,596	26,272	20,673	26,382	24,777	22,317	32,188	37,140	39,616	42,092	47,044	49,520	381,616	405,634	431,601	
Corporate services	14,684	16,560	20,871	20,331	24,120	23,104	31,013	35,784	38,170	40,555	45,327	47,712	358,231	382,114	399,522	
<i>Community and public safety</i>	25,065	30,711	36,915	40,001	45,956	39,182	38,835	44,810	47,797	50,784	56,759	59,746	516,563	671,011	817,123	
Community and social services	5,206	6,347	6,099	6,571	6,151	6,482	7,164	8,266	8,817	9,368	10,470	11,021	91,962	94,875	100,925	
Sport and recreation	4,809	5,170	4,852	5,342	5,186	5,250	4,741	5,470	5,835	6,200	6,929	7,294	67,077	70,273	75,033	
Public safety	11,404	13,425	14,047	14,629	14,481	14,841	15,059	17,375	18,534	19,692	22,009	23,167	198,663	211,588	225,267	
Housing	1,590	3,724	10,000	11,424	17,572	10,703	9,617	11,096	11,836	12,576	14,055	14,795	128,988	262,468	381,987	
Health	2,056	2,044	1,918	2,035	2,566	1,907	2,255	2,602	2,776	2,949	3,296	3,470	29,873	31,807	33,911	
<i>Economic and environmental services</i>	19,263	25,240	23,882	29,644	36,185	32,869	85,153	98,254	104,804	111,354	124,455	131,005	822,108	906,356	964,501	
Planning and development	6,584	6,665	7,365	9,594	9,048	9,311	20,042	23,126	24,667	26,209	29,292	30,834	202,735	215,440	227,148	
Road transport	5,957	11,697	8,520	11,338	19,697	16,007	59,302	68,426	72,987	77,549	86,673	91,234	529,388	594,693	634,627	
Environmental protection	6,722	6,879	7,997	8,712	7,441	7,552	5,809	6,702	7,149	7,596	8,490	8,936	89,985	96,224	102,726	
<i>Trading services</i>	33,304	324,358	125,515	148,472	143,344	137,594	203,518	234,829	250,484	266,139	297,450	313,105	2,478,114	2,684,313	2,884,383	
Electricity	7,088	261,795	66,907	88,969	85,044	80,115	106,624	123,028	131,230	139,432	155,836	164,038	1,410,105	1,518,334	1,627,044	
Water	10,037	35,228	29,858	29,116	27,589	27,812	37,007	42,700	45,547	48,393	54,087	56,933	444,307	485,497	524,838	
Waste water management	7,258	12,028	11,781	14,559	14,677	13,327	33,737	38,927	41,522	44,117	49,308	51,903	333,144	365,165	389,743	
Waste management	8,921	15,308	16,969	15,828	16,034	16,340	26,150	30,174	32,185	34,197	38,220	40,231	290,558	315,317	342,758	
<i>Other</i>	1,045	1,237	840	1,191	1,125	1,124	1,213	1,400	1,493	1,586	1,773	1,866	15,895	17,085	18,294	
Total Expenditure - Standard	114,231	447,219	241,193	275,870	292,401	272,345	403,837	465,966	497,031	528,095	590,224	621,288	4,749,700	5,245,986	5,701,896	
Surplus/(Deficit) before assoc.	947,345	(18,685)	(39,093)	(44,090)	(41,860)	258,311	(45,436)	(52,426)	(55,921)	(59,416)	(66,406)	(69,901)	712,422	766,800	863,875	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	947,345	(18,685)	(39,093)	(44,090)	(41,860)	258,311	(45,436)	(52,426)	(55,921)	(59,416)	(66,406)	(69,901)	712,422	766,800	863,875	

Table 60: SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - Directorate - Executive Support Services	-	394	539	2,850	3,010	8,172	171	4,071	1,788	2,478	16,958	(39,932)	500	500	500
Vote 2 - Directorate - Municipal Manager	-	16	10	-	-	-	-	3	5	22	68	6,877	7,000	18,878	19,744
Vote 3 - Directorate - Chief Operations Officer	-	3,970	1,280	2,255	1,272	2,976	221	574	1,534	2,307	3,521	70,226	90,136	162,969	266,765
Vote 4 - Directorate - Chief Financial Officer	4	217	223	603	391	653	163	1,080	1,063	683	1,762	5,508	12,350	12,000	10,500
Vote 5 - Directorate - Corporate Services	-	7	121	678	49	562	265	138	(111)	223	385	12,783	15,100	22,100	20,200
Vote 6 - Directorate - Engineering Services	1,685	15,340	12,837	31,631	23,926	24,715	12,747	14,415	28,672	39,655	32,772	427,300	665,696	667,000	575,000
Vote 7 - Directorate - Development Planning	74	926	1,836	1,704	3,573	4,893	1,344	3,062	3,115	4,838	5,564	23,968	54,895	52,221	83,655
Vote 8 - Directorate - Health & Public Safety	69	1,117	1,791	2,028	1,853	3,963	1,618	4,355	982	2,366	2,989	(13,330)	9,800	12,500	25,200
Vote 9 - Directorate - Community Services	43	1,370	459	325	517	1,689	173	616	666	620	1,091	78,961	86,530	75,960	67,662
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Directorate 11 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Directorate 12 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Directorate 13 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Directorate 14 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Directorate 15 - Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1,874	23,357	19,095	42,074	34,592	47,624	16,702	28,314	37,714	53,193	65,110	572,360	942,007	1,024,127	1,069,226

Table 61: SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard															
<i>Governance and administration</i>	4	618	884	4,131	3,450	9,388	598	5,289	2,741	3,385	19,105	(14,642)	34,950	53,478	50,944
Executive and council	-	394	539	2,850	3,010	8,172	171	4,071	1,788	2,478	16,958	(32,932)	7,500	19,378	20,244
Budget and treasury office	4	217	223	603	391	653	163	1,080	1,063	683	1,762	5,508	12,350	12,000	10,500
Corporate services	-	7	121	678	49	562	265	138	(111)	223	385	12,783	15,100	22,100	20,200
<i>Community and public safety</i>	112	6,263	2,806	3,998	2,905	7,158	1,518	3,462	3,811	4,604	7,410	96,418	140,467	206,719	321,215
Community and social services	-	632	925	1,389	1,058	1,877	1,074	1,392	1,464	1,344	2,385	(1,049)	12,500	9,500	9,500
Sport and recreation	69	291	146	47	89	656	72	890	226	345	509	24,691	28,030	21,750	19,750
Public safety	-	1,369	420	308	482	1,558	129	498	101	562	867	3,507	9,800	12,500	25,200
Housing	-	3,970	1,280	2,241	1,272	2,946	221	574	1,534	2,307	3,521	70,271	90,136	162,969	266,765
Health	43	1	37	4	5	122	22	109	485	46	129	(1,002)	-	-	-
<i>Economic and environmental services</i>	338	5,379	9,965	7,778	13,596	12,552	5,223	7,499	15,826	20,061	22,900	141,778	262,895	245,221	271,655
Planning and development	74	933	1,778	1,704	3,473	4,921	1,295	3,274	3,138	4,861	4,790	24,655	54,895	52,221	83,655
Road transport	265	4,329	8,019	5,739	9,941	7,467	3,869	2,492	12,611	14,878	18,042	110,347	198,000	185,000	180,000
Environmental protection	-	117	169	335	181	163	60	1,733	78	322	67	6,775	10,000	8,000	8,000
<i>Trading services</i>	1,420	11,089	5,365	19,485	14,471	18,478	8,354	11,941	14,871	21,496	14,278	361,948	503,196	518,210	424,912
Electricity	21	20	172	4,753	3,086	4,578	4,188	4,855	3,351	8,889	5,403	113,682	152,999	160,500	166,500
Water	1,003	5,417	2,678	1,084	2,497	8,400	8,163	3,685	5,715	6,508	5,541	46,998	97,689	91,000	91,000
Waste water management	396	5,575	1,962	13,401	8,362	4,233	(4,408)	3,061	6,592	5,744	3,306	168,285	216,508	230,000	137,000
Waste management	-	77	552	247	526	1,267	412	340	(786)	355	28	32,983	36,000	36,710	30,412
<i>Other</i>	-	9	74	6,682	170	48	1,008	123	465	3,647	1,416	(13,142)	500	500	500
Total Capital Expenditure - Standard	1,874	23,357	19,095	42,074	34,592	47,624	16,702	28,314	37,714	53,193	65,110	572,360	942,007	1,024,127	1,069,226
Funded by:															
National Government	-	-	-	-	-	-	-	-	-	-	-	671,925	671,925	707,288	735,371
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	28,857	28,857	57,969	59,300
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	700,782	700,782	765,257	794,671
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	241,226	241,226	258,871	274,555
Total Capital Funding	-	-	-	-	-	-	-	-	-	-	-	942,007	942,007	1,024,127	1,069,226

Table 62: SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16
Cash Receipts By Source													1		
Property rates	621,298	501	(903)	(185)	(1,044)	11,866	14,589	16,833	17,955	19,077	21,322	22,444	743,753	827,739	921,210
Property rates - penalties & collection charges	70	70	71	69	68	70	155	179	191	203	227	239	1,611	1,796	1,999
Service charges - electricity revenue	46,659	177,710	117,707	109,674	108,188	103,346	97,497	112,497	119,997	127,497	142,496	149,996	1,413,266	1,533,393	1,663,731
Service charges - water revenue	728	54,469	11,652	35,343	29,910	23,185	24,861	28,685	30,598	32,510	36,335	38,247	346,523	397,636	456,287
Service charges - sanitation revenue	19,850	19,073	18,051	18,202	17,619	17,310	16,423	18,949	20,212	21,476	24,002	25,265	236,432	260,785	287,646
Service charges - refuse revenue	17,714	17,688	17,413	17,586	18,094	17,652	16,795	19,379	20,671	21,963	24,547	25,839	235,343	264,291	296,798
Service charges - other	3,542	1,905	1,923	1,754	2,140	3,506	2,511	2,897	3,090	3,283	3,670	3,863	34,084	37,910	42,137
Rental of facilities and equipment	775	759	692	863	842	752	1,459	1,684	1,796	1,908	2,133	2,245	15,907	17,418	19,038
Interest earned - external investments	582	7,038	7,060	6,745	6,628	6,591	5,570	6,427	6,856	7,284	8,141	8,569	77,491	79,596	81,764
Interest earned - outstanding debtors	1,896	1,802	1,678	2,124	2,221	2,318	2,254	2,601	2,775	2,948	3,295	3,468	29,383	32,175	35,167
Dividends received	-	-	-	-	-	-	0	0	0	0	0	0	0	-	-
Fines	605	501	424	282	595	246	798	920	982	1,043	1,166	1,227	8,789	9,624	10,519
Licences and permits	1,195	981	990	1,287	1,157	962	1,640	1,892	2,019	2,145	2,397	2,523	19,189	21,012	22,966
Agency services	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0
Transfer receipts - operational	272,358	2	1,092	2,082	26,411	203,723	41,972	48,430	51,658	54,887	61,344	64,573	828,531	940,779	1,049,335
Other revenue	23,166	118,742	11,753	21,599	23,719	118,455	26,639	30,738	32,787	34,836	38,934	40,984	522,352	550,704	583,191
Cash Receipts by Source	1,010,438	401,241	189,603	217,426	236,548	509,984	253,164	292,112	311,586	331,061	370,009	389,483	4,512,655	4,974,856	5,471,786
Other Cash Flows by Source															
Transfer receipts - capital	(0)	14	(0)	(0)	(0)	(0)	91,100	105,115	112,123	119,131	133,146	140,154	700,782	765,257	794,671
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	1,010,438	401,255	189,603	217,426	236,548	509,984	344,264	397,227	423,709	450,191	503,155	529,637	5,213,437	5,740,112	6,266,457

Table 62: SA30 - Budgeted monthly cash flow (continued)

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Payments by Type																
Employee related costs	78,365	82,586	79,642	80,538	82,588	84,738	89,297	103,035	109,904	116,773	130,510	137,379	1,175,354	1,256,870	1,344,068	
Remuneration of councillors	3,617	3,618	3,605	3,612	3,574	3,574	3,985	4,598	4,905	5,211	5,824	6,131	52,254	55,900	59,800	
Finance charges	-	-	-	-	-	-	7,702	8,887	9,480	10,072	11,257	11,850	59,248	54,123	49,129	
Bulk purchases - Electricity	255	269,186	69,903	84,716	81,908	77,048	58,037	66,965	71,430	75,894	84,823	89,287	1,029,452	1,111,808	1,200,753	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	22,413	25,861	27,585	29,309	32,757	34,481	172,404	188,437	205,962	
Other materials	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	
Contracted services	768	1,284	1,882	1,214	494	191	1,675	1,932	2,061	2,190	2,447	2,576	18,715	20,324	22,032	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	521	9,321	10,685	11,138	10,972	15,021	19,026	21,953	23,417	24,880	27,807	29,271	204,013	224,894	248,087	
Other expenditure	26,540	76,799	71,228	90,353	108,515	87,301	78,181	90,209	96,223	102,237	114,265	120,279	1,062,130	1,233,009	1,403,908	
Cash Payments by Type	110,068	442,795	236,945	271,571	288,051	267,873	280,315	323,440	345,003	366,566	409,691	431,254	3,773,571	4,145,365	4,533,738	
Other Cash Flows/Payments by Type																
Capital assets	84,781	80,071	51,810	64,057	67,825	42,390	62,738	65,941	78,469	131,881	103,621	108,425	942,007	1,024,127	1,069,226	
Repayment of borrowing	-	-	15,653	-	-	10,897	-	-	16,392	-	-	11,691	54,633	46,097	50,709	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	194,848	522,865	304,408	335,628	355,876	321,160	343,053	389,381	439,865	498,447	513,312	551,369	4,770,211	5,215,589	5,653,673	
NET INCREASE/(DECREASE) IN CASH HELD	815,589	(121,610)	(114,805)	(118,202)	(119,328)	188,824	1,211	7,847	(16,155)	(48,256)	(10,157)	(21,733)	443,225	524,523	612,784	
Cash/cash equivalents at the month/year begin:	870,044	1,685,633	1,564,023	1,449,218	1,331,016	1,211,688	1,400,512	1,401,723	1,409,570	1,393,414	1,345,159	1,335,002	870,044	1,313,269	1,837,792	
Cash/cash equivalents at the month/year end:	1,685,633	1,564,023	1,449,218	1,331,016	1,211,688	1,400,512	1,401,723	1,409,570	1,393,414	1,345,159	1,335,002	1,313,269	1,313,269	1,837,792	2,450,576	

2.10 ANNUAL BUDGET AND SDBIP'S – INTERNAL DEPARTMENTS

In terms of Section 53(1)(c)(ii) the Mayor of a Municipality must take all reasonable steps to ensure that the municipality's Service Delivery and Budget Implementation Plan is approved by the Mayor within 28 days after the approval of the budget.

Once the draft budget has been approved by Council on 26 March 2014, the Service Delivery Budget and Implementation Plan will be submitted to the Mayor for consideration and approval by Council.

2.11 ANNUAL BUDGET AND SDBIPS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS

The Buffalo City Metropolitan Municipality entity being Buffalo City Development Agency (BCDA) is currently not operational. The entity needs to be restructured in terms of a legal form and is currently in the process of recruiting individuals with the required skills to serve on the strategic guiding body of this entity.

2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years) unless MFMA Section 33 has been complied with. In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Chief Financial Officer.

2.13 CAPITAL EXPENDITURE DETAILS

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

Table 63- SA 34a - Capital expenditure on new assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	306,810	166,835	504,323	511,983	588,399	588,399	225,500	217,210	220,412
Infrastructure - Road transport	102,767	37,593	253,915	183,000	264,054	264,054	110,000	90,000	80,000
Roads, Pavements & Bridges	91,956	31,311	234,904	183,000	264,054	264,054	110,000	90,000	80,000
Storm water	10,811	6,282	19,011	-	-	-	-	-	-
Infrastructure - Electricity	57,930	45,177	55,173	61,329	98,663	98,663	45,500	50,500	40,500
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	49,857	29,416	55,173	61,329	98,663	98,663	45,500	50,500	40,500
Street Lighting	8,072	15,761	-	-	-	-	-	-	-
Infrastructure - Water	65,281	62,613	74,565	-	-	-	-	-	-
Dams & Reservoirs	8,870	12,606	-	-	-	-	-	-	-
Water purification	33,113	-	1,068	-	-	-	-	-	-
Reticulation	23,298	50,008	73,497	-	-	-	-	-	-
Infrastructure - Sanitation	80,832	21,450	120,669	158,854	177,995	177,995	-	-	-
Reticulation	72,349	21,424	120,669	158,854	177,995	177,995	-	-	-
Sewerage purification	8,483	26	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	108,800	47,687	47,687	70,000	76,710	99,912
Waste Management	-	-	-	1,000	11,848	11,848	36,000	36,710	30,412
Transportation	-	-	-	96,800	28,852	28,852	24,000	30,000	59,500
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	11,000	6,987	6,987	10,000	10,000	10,000
Community	34,939	6,763	15,988	26,541	27,409	27,409	22,000	17,000	17,000
Parks & gardens	-	-	-	3,000	3,000	3,000	2,000	-	-
Sportsfields & stadia	16,820	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	15,274	6,763	5,340	10,000	(1,900)	(1,900)	10,000	9,000	9,000
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	834	-	-	-	-	-	-
Fire, safety & emergency	836	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	628	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	956	-	-	-	-	-	10,000	8,000	8,000
Social rental housing	-	-	-	-	-	-	-	-	-
Other	426	-	9,814	13,541	26,309	26,309	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

Table 63 - SA 34a - Capital expenditure on new assets by asset class (continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Investment properties	-	-	-	85,526	107,825	107,825	89,536	162,319	266,265
Housing development	-	-	-	85,526	107,825	107,825	89,536	162,319	266,265
Other	-	-	-	-	-	-	-	-	-
Other assets	52,346	40,639	73,175	49,392	154,233	154,233	65,150	80,128	88,144
General vehicles	16,353	1,671	26,091	8,750	15,542	15,542	18,600	18,000	18,400
Specialised vehicles	7,333	8,014	-	-	55,790	55,790	4,000	4,000	4,000
Plant & equipment	14,212	12,433	9,749	-	8,343	8,343	3,500	3,500	12,300
Computers - hardware/equipment	5,652	6,864	-	-	-	-	-	-	-
Furniture and other office equipment	1,680	101	8,409	9,142	45,467	45,467	28,550	37,750	35,700
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	5,993	5,993	-	-	-
Civic Land and Buildings	-	-	18,678	21,500	18,100	18,100	5,500	-	-
Other Buildings	5,234	11,555	-	-	-	-	-	-	-
Other Land	1,300	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	582	-	10,248	10,000	5,000	5,000	5,000	16,878	17,744
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	5,014	3,227	-	-	-	-	-	-	-
Computers - software & programming	5,014	3,227	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	399,110	217,464	593,485	673,442	877,867	877,867	402,186	476,657	591,821
Specialised vehicles	7,333	8,014	-	-	55,790	55,790	4,000	4,000	4,000
Refuse	-	8,014	-	-	51,790	51,790	-	-	-
Fire	7,333	-	-	-	4,000	4,000	4,000	4,000	4,000
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

Table 64 - SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	45,000	94,112	94,112	491,396	508,000	436,000
Infrastructure - Road transport	-	-	-	-	-	-	88,000	95,000	100,000
Roads, Pavements & Bridges	-	-	-	-	-	-	88,000	95,000	100,000
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	89,199	92,000	108,000
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	89,199	92,000	108,000
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	45,000	75,063	75,063	97,689	91,000	91,000
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	45,000	75,063	75,063	97,689	91,000	91,000
Infrastructure - Sanitation	-	-	-	-	-	-	216,508	230,000	137,000
Reticulation	-	-	-	-	-	-	216,508	230,000	137,000
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	19,049	19,049	-	-	-
Waste Management	-	-	-	-	19,049	19,049	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	25,000	31,704	31,704	28,030	21,750	19,750
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	25,000	30,627	30,627	24,792	13,750	9,750
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	1,077	1,077	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	3,239	8,000	10,000
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

Table 64 - SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	7,800	2,945	2,945	20,395	17,721	21,655
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	7,800	2,945	2,945	20,395	17,721	21,655
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	-	-	-	77,800	128,762	128,762	539,821	547,471	477,405
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	10.4%	12.8%	12.8%	57.3%	53.5%	44.6%
Renewal of Existing Assets as % of deprecn*	0.0%	0.0%	0.0%	14.4%	23.9%	23.9%	76.0%	67.6%	56.2%

Table 65 - SA34c - Repairs and maintenance expenditure by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	157,134	186,067	220,824	285,173	262,623	285,173	280,184	306,561	337,355
Infrastructure - Road transport	43,648	35,099	62,067	75,261	75,261	75,261	86,549	99,529	114,456
Roads, Pavements & Bridges	37,635	30,059	55,427	67,870	67,870	67,870	78,604	90,988	105,275
Storm water	6,012	5,040	6,640	7,391	7,391	7,391	7,945	8,541	9,182
Infrastructure - Electricity	73,548	78,890	100,347	138,545	109,461	138,545	111,151	113,999	117,939
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	70,511	75,685	97,551	134,694	105,610	134,694	107,011	109,548	113,154
Street Lighting	3,036	3,205	2,796	3,851	3,851	3,851	4,140	4,451	4,785
Infrastructure - Water	18,696	37,049	26,976	30,915	32,450	30,915	37,061	42,528	48,801
Dams & Reservoirs	866	944	1,021	1,110	1,110	1,110	1,194	1,283	1,379
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	17,830	36,105	25,955	29,805	31,340	29,805	35,868	41,245	47,421
Infrastructure - Sanitation	17,790	19,208	19,486	22,541	27,541	22,541	25,287	27,891	30,764
Reticulation	17,790	19,208	19,486	22,541	27,541	22,541	25,287	27,891	30,764
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	3,452	15,821	11,948	17,910	17,910	17,910	20,136	22,613	25,395
Waste Management	3,452	15,821	11,948	17,910	17,910	17,910	20,136	22,613	25,395
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	15,668	14,857	19,435	14,952	15,660	14,952	16,749	17,944	19,227
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	1,185	420	407	482	482	482	516	553	593
Swimming pools	320	334	328	359	359	359	385	413	442
Community halls	1,391	1,400	398	539	539	539	562	586	611
Libraries	680	680	155	248	248	248	265	283	302
Recreational facilities	2,438	2,844	11,065	2,672	2,672	2,672	3,069	3,291	3,528
Fire, safety & emergency	768	947	991	1,532	2,032	1,532	2,180	2,338	2,509
Security and policing	1,133	1,282	1,518	1,692	2,048	1,692	1,960	2,101	2,251
Buses	1,255	1,270	474	2,353	2,353	2,353	2,491	2,672	2,866
Clinics	1,730	1,105	24	250	101	250	101	107	113
Museums & Art Galleries	309	369	32	63	63	63	67	71	75
Cemeteries	179	267	233	304	304	304	339	364	391
Social rental housing	-	-	-	-	-	-	-	-	-
Other	4,279	3,939	3,810	4,457	4,457	4,457	4,815	5,167	5,546
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

Table 65 - SA34c - Repairs and maintenance expenditure by asset class (continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	20,535	18,397	23,443	32,682	32,790	32,682	35,315	37,926	40,732
General vehicles	465	682	764	1,390	1,390	1,390	1,594	1,706	1,825
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	165	403	816	922	922	922	991	1,065	1,145
Furniture and other office equipment	0	2	3	14	14	14	15	16	17
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	645	679	738	812	812	812	868	934	1,004
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	1,474	1,646	8,091	9,133	9,133	9,133	9,818	10,554	11,346
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	17,786	14,984	13,031	20,412	20,519	20,412	22,028	23,651	25,395
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	193,336	219,321	263,702	332,807	311,072	332,807	332,249	362,431	397,314
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
R&M as a % of PPE	1.7%	2.1%	2.6%	2.9%	2.7%	2.8%	2.8%	2.9%	3.1%
R&M as % Operating Expenditure	6.0%	6.0%	6.7%	7.4%	7.0%	7.3%	7.0%	6.9%	7.0%

Table 66 - SA35 - Future financial implications of the capital budget

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
Capital expenditure							
Vote 1 - Directorate - Executive Support Services	500	500	500				
Vote 2 - Directorate - Municipal Manager	7,000	18,878	19,744				
Vote 3 - Directorate - Chief Operations Officer	90,136	162,969	266,765				
Vote 4 - Directorate - Chief Financial Officer	12,350	12,000	10,500				
Vote 5 - Directorate - Corporate Services	15,100	22,100	20,200				
Vote 6 - Directorate - Engineering Services	665,696	667,000	575,000				
Vote 7 - Directorate - Development Planning	54,895	52,221	83,655				
Vote 8 - Directorate - Health & Public Safety	9,800	12,500	25,200				
Vote 9 - Directorate - Community Services	86,530	75,960	67,662				
Vote 10 - Directorate - Miscellaneous	-	-	-				
Vote 11 - Directorate 11 - Vacant	-	-	-				
Vote 12 - Directorate 12 - Vacant	-	-	-				
Vote 13 - Directorate 13 - Vacant	-	-	-				
Vote 14 - Directorate 14 - Vacant	-	-	-				
Vote 15 - Directorate 15 - Vacant	-	-	-				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	942,007	1,024,127	1,069,226	-	-	-	-

Table 67 - SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	Asset Class 3	Asset Sub-Class 3	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
					Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality:											
<i>List all capital projects grouped by Municipal Vote</i>											
Vote 1 - Executive Support Services	2010 Projects	Community	Stadiums	18,635	622	-	-	-	-	Various	Renewal
	Mayoral Projects	Community	Infrastructure	1,655	-	-	-	-	-	Various	Renewal
	Building Upgrade	Buildings	Buildings(Councillors Offices)	205	-	-	-	-	-	Various	Renewal
	Office Furniture & Equipment	Other Assets	Office Equipment	23	-	1,500	500	500	500	Various	New
	Other	Other Assets	Other Assets	46	-	-	-	-	-	Various	New
Vote 2 - Municipal Manager's Office	Office Furniture & Equipment	Other Assets	Office Equipment	132	-	250	500	500	500	Various	New
	Computer Equipment	Other Assets	Computers	-	-	-	1,500	1,500	1,500	Various	New
	Other	Other Assets	Other Assets	-	-	10,000	5,000	16,878	17,744	Various	New
Vote 3 - Chief Operation's Officer	Housing	Housing	Housing	7,113	36,692	83,426	79,568	149,400	266,265	Various	New
	Office Furniture & Equipment	Other Assets	Office Equipment	-	-	-	500	500	500	Various	New
	DVRI	Other Assets	Other Assets	-	-	2,308	10,069	13,069	-	Various	New
Vote 4 - Directorate of Finance	Building Upgrade	Buildings	Buildings(KWT & Mdt Offices)	1,369	25,488	-	350	-	-	Various	New
	Computer Equipment	Other Assets	Computers / CCTV Cameras	629	-	-	1,500	1,500	-	Various	New
	Office Furniture & Equipment	Other Assets	Office Equipment	398	-	400	500	500	500	Various	New
	Asset Replacements	Other Assets	Other Assets	170	-	-	10,000	10,000	10,000	Various	New
Vote 5 - Directorate of Corporate Services	Computer Equipment	Other Assets	Computers	4,152	-	7,700	10,000	20,000	18,700	Various	New
	Office Furniture & Equipment	Other Assets	Office Equipment	388	-	-	500	500	500	Various	New
	Other	Other Assets	Other Assets	-	-	-	2,500	-	-	Various	New
	Building Upgrade	Other Assets	Office Equipment	-	-	84	2,100	1,600	1,000	Various	Renewal

Table 67 - SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
					Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand		3	3								
Vote 6 - Directorate of Engineering Services											
Roads	Infrastructure	Roads	82,686	143,551	173,000	198,000	185,000	180,000	Various	New & Renewal	
Sewerage	Infrastructure	Sewerage	79,512	122,022	156,854	216,508	230,000	137,000	Various	New & Renewal	
Electricity	Infrastructure	Electricity reticulation	57,802	65,683	61,329	134,699	142,500	148,500	Various	New & Renewal	
Street Lighting	Infrastructure	Street Lighting	-	-	-	-	-	-	Various	New & Renewal	
Vehicles	Other Assets	Vehicles	115	-	-	-	-	-	Various	New	
Water	Infrastructure	Water reticulation	65,515	71,359	57,000	97,689	91,000	91,000	Various	New & Renewal	
Computer Equipment	Other Assets	Computers	-	-	-	-	-	-	Various	New	
Office Furniture & Equipment	Other Assets	Office Equipment	284	-	-	500	500	500	Various	New	
Building Upgrade	Other Assets	Buildings	-	-	-	-	-	-	Various	New & Renewal	
BCMM Fleet	Vehicles	Vehicles	-	-	8,000	18,300	18,000	18,000	Various	New	
Vote 7 - Directorate of Development											
Land	Infrastructure	Land	1,319	-	20,000	5,500	-	-	Various	New & Renewal	
Transportation Infrastructure	Infrastructure	Parks, Bus terminals & Taxi ranks	35,738	101,008	96,800	24,000	30,000	59,500	Various	New & Renewal	
Office Furniture & Equipment	Other Assets	Office Equipment	315	-	-	500	500	500	Various	New	
Markets	Other Assets	Buildings	4,449	-	-	-	-	-	Various	New & Renewal	
LED	Other Assets	LED	1,615	-	11,000	10,000	10,000	10,000	Various	New & Renewal	
Other	Other Assets	City Hall and Payments Hall	-	-	7,800	5,000	-	-	Various	New & Renewal	
Other	Other Assets	Market	-	447	-	9,895	11,721	13,655	Various	New & Renewal	
Vote 8 - Directorate of Health & Public Works											
Land & Buildings	Other Assets	Land & Buildings/ Fire Stations	4,739	-	750	-	-	4,000	Various	New & Renewal	
Land & Buildings	Other Assets	Land & Buildings/ Traffic Buildings	-	-	1,500	3,200	6,000	8,200	Various	New & Renewal	
Clinics	Community	Clinics	1,602	-	-	-	-	-	Various	New & Renewal	
Vehicles	Other Assets	Vehicles	185	-	-	-	-	-	Various	New & Renewal	
Office Furniture & Equipment	Other Assets	Office Equipment	374	-	-	500	500	500	Various	New & Renewal	
Plant & Equipment	Other Assets	Plant & Equipment	695	6,358	-	2,100	2,000	4,200	Various	New & Renewal	
Computer Equipment	Other Assets	Computers	41	-	500	-	-	-	Various	New & Renewal	
Other	Other Assets	Other Assets	-	-	-	-	-	2,300	Various	New & Renewal	
Specialised Vehicles	Other Assets	Vehicles(Fire Engines)	5,792	-	-	4,000	4,000	6,000	Various	New	
Vote 9 - Directorate of Community Services											
Refuse	Community	Refuse	494	16,916	1,000	36,000	36,710	30,412	0	New	
Sportsfields	Community	Sportsfields	993	-	25,000	23,030	11,250	9,750	0	Renewal	
Halls	Community	Halls	13,294	-	10,000	10,000	9,000	9,000	0	Renewal	
Recreational Facilities	Community	Recreational Facilities	705	-	3,000	3,000	8,000	10,000	0	New & Renewal	
Other	Other Assets	Other Assets	2,192	-	-	-	-	-	0	New	
Office Furniture & Equipment	Other Assets	Office Equipment	65	1,582	-	500	500	500	0	New	
Computer Equipment	Other Assets	Computers	397	-	-	-	-	-	0	New	
Plant & equipment	Other Assets	Cemeteries	3,190	1,757	12,041	10,000	8,000	8,000	0	New & Renewal	
Sportsfields	Community	Swimming Pool	88	-	-	2,000	2,500	-	0	New & Renewal	
Parks	Community	Parks	-	-	-	2,000	-	-	0	New & Renewal	
Vehicles	Other Assets	Vehicles	-	-	-	-	-	-	0	New	
Specialised Vehicles	Other Assets	Specialised Vehicles(Refuse Trucks)	-	-	-	-	-	-	0	New	
Parent Capital expenditure			399,110	593,485	751,242	942,007	1,024,127	1,069,226			

Table 68 - SA37 – Projects Delayed from the Previous Financial Year

Municipal Vote/Capital project	Project name	Asset Class 3	Asset Sub-Class 3	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
				Original Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>		<i>Examples</i>	<i>Examples</i>					
Vote 3 - Chief Operation's Officer								
	0 Reeston Phase 3 Stage 2 -P1 & P3	Housing	Housing	10,000	10,000	5,000	-	-
	Mdantsane Zone 18 CC Phase 2 - P1 & P3	Housing	Housing	2,000	2,000	2,000	-	-
	Manyano & Thembelihle Phase 2 - P1 & P3	Housing	Housing	8,000	4,642	4,000	-	-
	Second Creek (Turn Key) - P1 & P3	Housing	Housing	8,000	4,000	1,000	-	-
	Block Yard TRA - P 1& P3	Housing	Housing	1,000	1,000	300	-	-
	DVRI Pilot Project (Mekeni, Haven Hills, Competition Site) P1 & P3	Housing	Housing	2,500	2,500	270	-	-
	Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	Housing	Housing	7,412	1,077	1,000	-	-
Vote 6 - Directorate of Engineering Services								
	West Bank Restitution	Roads	Roads	15,000	15,000	2,000	-	-
	Bufferstrip Sanitation	Waste Water	Waste Water	5,400	5,400	2,900	-	-
	Eastern Beach Sewers	Waste Water	Waste Water	5,000	5,000	450	-	-
	E.L Sewer Diversion Centre	Waste Water	Waste Water	26,500	26,500	10,000	-	-
	Reeston Phase 3 Bulk Service Sewer	Waste Water	Waste Water	26,500	26,500	22,500	-	-
	Waste Water Treatment Capacity Zwelitsha	Waste Water	Waste Water	26,500	26,500	11,800	-	-
Vote 9 - Directorate of Community Services								
	Development of Community Parks(Inland, Midlands and Coastal)	Community and social services	Parks	2,000	2,000	1,900	-	-
	Development and Upgrading of Cemeteries(Inland, Midland and Coastal)	Environmental Protection	Cemeteries	5,000	5,000	2,500	-	-
	Development and Upgrading of Community Halls	Community and social services	Halls	4,000	4,000	800	-	-
	Redevelopment of Mdantsane NU 2 Swimming Pools & Upgrading of W	Community and social services	Swimming Pool	3,000	3,000	2,998	-	-
	Upgrading of Esplanade	Community and social services	Amenities	2,000	2,000	1,600	-	-
	Upgrading of Aquarium	Community and social services	Amenities	750	750	750	-	-
Entities: <i>List all capital projects grouped by Municipal Entity</i>								
Entity Name <i>Project name</i>								

2.14 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting

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

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has trained ten (10) interns. Of the ten (10) interns, two (2) have been appointed permanently employed since 2013.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the draft 2014/15 MTREF in March 2014 in compliance with MFMA, Section 53(1)(c).

6. Annual Report

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

7. National Treasury Competency Programme

BCMM senior management have already undergone training as required in the National Treasury Competency Programme and has now ventured into cascading this programme down to junior managerial levels of staff.

8. Policies

Policies are available on the BCMM website at www.buffalocity.gov.za

9. Councillors Remuneration

Remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

2.15 OTHER SUPPORTING DOCUMENTS

Table 69 - Table SA1 - Supporting detail to budgeted financial performance

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	469,811	544,082	602,194	674,843	701,115	701,115	701,115	826,221	919,584	1,023,497
less Revenue Foregone	17,117	22,152	22,767	27,640	27,640	27,640	27,640	30,764	34,301	38,246
Net Property Rates	452,694	521,931	579,427	647,203	673,475	673,475	673,475	795,457	885,283	985,251
Service charges - electricity revenue										
Total Service charges - electricity revenue	924,518	1,137,198	1,265,868	1,411,111	1,393,101	1,393,101	1,393,101	1,511,514	1,639,993	1,779,392
less Revenue Foregone	-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue	924,518	1,137,198	1,265,868	1,411,111	1,393,101	1,393,101	1,393,101	1,511,514	1,639,993	1,779,392
Service charges - water revenue										
Total Service charges - water revenue	200,158	239,552	271,026	309,154	322,413	322,413	322,413	370,613	425,279	488,007
less Revenue Foregone	-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue	200,158	239,552	271,026	309,154	322,413	322,413	322,413	370,613	425,279	488,007
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	166,162	183,646	205,202	225,407	228,840	228,840	228,840	252,869	278,914	307,642
less Revenue Foregone	-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue	166,162	183,646	205,202	225,407	228,840	228,840	228,840	252,869	278,914	307,642
Service charges - refuse revenue										
Total refuse removal revenue	157,219	175,341	198,898	223,880	223,737	223,737	223,737	251,704	282,664	317,432
Total landfill revenue	-	-	-	-	-	-	-	-	-	-
less Revenue Foregone	-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue	157,219	175,341	198,898	223,880	223,737	223,737	223,737	251,704	282,664	317,432
Other Revenue by source										
Fuel Levy	-	170,477	317,781	343,412	343,412	343,412	343,412	361,639	375,787	393,084
Electricity vending station commission	13,667	14,174	15,572	17,953	17,953	17,953	17,953	19,731	21,605	23,615
Fire Levy charges	36,458	40,781	46,279	50,265	51,753	51,753	51,753	56,669	61,939	67,700
Plan approval fees	4,566	4,459	5,165	8,175	8,175	8,175	8,175	8,984	9,837	10,752
Reconnection fees	7,177	247	3,446	11,471	11,471	11,471	11,471	12,606	13,804	15,088
Electricity service connection fees	6,850	6,930	8,553	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Vehicle registration	28,048	28,802	30,696	35,194	35,194	35,194	35,194	38,678	42,352	46,291
Other revenue	22,041	41,201	91,814	48,061	47,219	47,219	47,219	50,359	53,663	57,204
Internal transfers - Recoveries	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
Total 'Other' Revenue	118,807	307,072	519,306	524,530	525,176	525,176	525,176	558,666	588,988	623,733

Table 69 - Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	539,367	602,172	610,444	726,336	719,573	719,573	719,573	784,174	839,075	897,819
Pension and UIF Contributions	101,282	110,356	112,547	129,029	130,296	130,296	130,296	139,337	149,025	159,392
Medical Aid Contributions	37,665	40,410	42,218	52,048	53,453	53,453	53,453	57,820	61,867	66,198
Overtime	44,861	50,916	62,099	53,355	53,391	53,391	53,391	57,128	61,127	65,406
Performance Bonus	44,539	50,148	49,567	58,764	59,342	59,342	59,342	63,498	67,943	72,699
Motor Vehicle Allowance	17,522	18,718	17,417	25,087	26,012	26,012	26,012	27,605	29,537	31,605
Cellphone Allowance	-	-	-	-	-	-	-	-	-	-
Housing Allowances	3,626	3,770	3,509	7,134	7,266	7,266	7,266	7,390	7,390	7,390
Other benefits and allowances	40,951	42,362	48,998	50,935	52,538	52,538	52,538	70,502	75,212	80,228
Payments in lieu of leave	20,716	25,320	20,868	5,681	5,681	5,681	5,681	13,000	13,910	14,884
Long service awards	10,888	12,194	13,225	14,876	15,692	15,692	15,692	16,760	17,934	19,189
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-	-
sub-total	861,418	956,366	980,891	1,123,245	1,123,245	1,123,245	1,123,245	1,237,215	1,323,021	1,414,808
Less: Employees costs capitalised to PPE	-	-	-	-	-	-	-	-	-	-
Total Employee related costs	861,418	956,366	980,891	1,123,245	1,123,245	1,123,245	1,123,245	1,237,215	1,323,021	1,414,808
Contributions recognised - capital										
Total Contributions recognised - capital	-	-	-	-	459	459	459	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	437,577	677,501	699,422	539,235	539,235	539,235	539,235	710,000	809,574	850,053
Lease amortisation	-	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	437,577	677,501	699,422	539,235	539,235	539,235	539,235	710,000	809,574	850,053
Bulk purchases										
Electricity Bulk Purchases	634,092	787,947	900,089	975,200	953,196	953,196	953,196	1,029,452	1,111,808	1,200,753
Water Bulk Purchases	137,161	127,440	140,025	160,589	157,735	157,735	157,735	172,404	188,437	205,962
Total bulk purchases	771,253	915,387	1,040,113	1,135,789	1,110,931	1,110,931	1,110,931	1,201,856	1,300,246	1,406,715
Transfers and grants										
Cash transfers and grants	17,823	13,741	19,364	29,947	29,947	29,947	29,947	23,951	24,684	25,461
Non-cash transfers and grants	2,086	-	1,637	216,541	191,541	191,541	191,541	180,062	200,210	222,626
Total transfers and grants	19,910	13,741	21,001	246,488	221,488	221,488	221,488	204,013	224,894	248,087
Contracted services										
List services provided by contract	-	-	-	-	-	-	-	-	-	-
Contractor Payments	2,329	1,910	2,692	3,004	3,004	3,004	3,004	3,274	3,556	3,855
Co-Operatives Contracts	-	-	-	-	-	-	-	-	-	-
Grass mowing	1,250	3,338	2,515	2,758	2,758	2,758	2,758	3,006	3,265	3,539
Landfill Contractor	-	-	-	-	-	-	-	-	-	-
One-man contracts	2,321	1,592	2,557	4,072	4,072	4,072	4,072	13,439	14,595	15,821
Refuse Removal Contracts	-	-	-	-	-	-	-	-	-	-
Transfer Contract	7	-	-	174	174	174	174	190	206	223
sub-total	5,908	6,840	7,763	10,009	10,009	10,009	10,009	19,909	21,622	23,438

Table 69 - Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Allocations to organs of state:										
Electricity	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total contracted services	5,908	6,840	7,763	10,009	10,009	10,009	10,009	19,909	21,622	23,438
Other Expenditure By Type										
Collection costs	20,518	19,746	21,440	25,248	25,248	25,248	25,248	27,520	29,887	32,398
Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-	-
Consultant fees	22,381	20,986	21,705	33,696	34,580	34,580	34,580	18,090	18,090	18,090
Audit fees	(826)	7,329	9,219	9,004	9,004	9,004	9,004	9,814	10,658	11,553
General expenses	219,615	174,606	239,053	218,124	241,984	241,984	241,984	229,616	232,754	236,102
List Other Expenditure by Type										
Repairs and Maintenance	193,336	219,321	263,702	332,807	311,072	311,072	311,072	332,249	362,431	397,314
Chemicals and disinfectants	8,656	12,663	11,573	14,334	14,543	14,543	14,543	12,692	13,784	14,942
Departmental electricity costs	36,440	42,240	44,876	47,747	47,294	47,294	47,294	47,020	50,782	54,845
Essential user costs	10,472	11,863	13,029	14,903	14,903	14,903	14,903	13,466	14,624	15,852
Diesel fuel oil and petrol	24,807	30,790	40,327	36,753	37,140	37,140	37,140	49,753	53,235	56,962
Hired plant	22,089	25,217	21,320	18,808	18,798	18,798	18,798	18,243	18,243	18,243
Insurance	12,360	15,521	15,859	25,686	25,686	25,686	25,686	27,610	30,371	33,408
Levies - SALGA	4,534	9,500	9,800	10,300	10,300	10,300	10,300	10,300	10,800	11,300
Levies - Skills development	7,083	7,599	9,193	11,176	11,176	11,176	11,176	12,242	13,091	13,999
Poor relief	114,703	98,647	94,920	-	-	-	-	-	-	-
Departmental refuse removal costs	10,567	1,505	1,504	1,897	1,922	1,922	1,922	1,635	1,840	2,066
Rental - Offices (Trust Bank)	3,994	6,881	6,894	7,926	9,146	9,146	9,146	9,200	9,991	10,830
Departmental sanitary costs	3,856	3,844	3,059	4,108	4,133	4,133	4,133	5,981	6,609	7,290
Telephones	17,686	20,466	20,499	17,218	16,868	16,868	16,868	14,366	14,366	14,366
Travel and subsistence allowances	4,845	6,197	6,840	5,388	5,884	5,884	5,884	4,972	4,972	4,972
Departmental water costs	2,906	3,906	5,162	5,540	5,540	5,540	5,540	6,389	7,345	8,428
Housing Projects	103,225	31,956	48,765	189,467	164,989	164,989	164,989	103,488	234,599	355,300
Operating Projects	33,926	61,460	74,816	132,032	150,741	150,741	150,741	107,484	94,538	85,648
RDP housing	(24,871)	10,799	29,535	-	-	-	-	-	-	-
Landfill rehab	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total 'Other' Expenditure	852,302	843,040	1,013,088	1,162,162	1,160,950	1,160,950	1,160,950	1,062,130	1,233,009	1,403,908
Repairs and Maintenance										
Employee related costs	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-	-
Other Expenditure	193,336	219,321	263,702	332,807	311,072	311,072	311,072	332,249	362,431	397,314
Total Repairs and Maintenance Expenditure	193,336	219,321	263,702	332,807	311,072	311,072	311,072	332,249	362,431	397,314

Table 70 - Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Directorate - Executive Support	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Chief Operations	Vote 4 - Directorate - Chief Financial	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Engineering Services	Vote 7 - Directorate - Development Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Community Services	Vote 10 - Directorate Miscellaneous	Vote 11 - Directorate 11 - Vacant	Total
R thousand												
Revenue By Source												
Property rates	-	-	-	795,457	-	-	-	-	-	-	795,457	1,590,915
Property rates - penalties & collection charges	-	-	-	1,723	-	-	-	-	-	-	1,723	3,445
Service charges - electricity revenue	-	-	-	-	-	1,511,514	-	-	-	-	1,511,514	3,023,028
Service charges - water revenue	-	-	-	-	-	370,613	-	-	-	-	370,613	741,227
Service charges - sanitation revenue	-	-	-	-	-	252,869	-	-	-	-	252,869	505,737
Service charges - refuse revenue	-	-	-	-	-	-	-	-	251,704	-	251,704	503,408
Service charges - other	-	-	-	740	-	32,109	-	-	3,605	-	36,454	72,908
Rental of facilities and equipment	-	-	89	-	-	-	10,994	-	5,931	-	17,013	34,026
Interest earned - external investments	-	-	-	77,491	-	-	-	-	-	-	77,491	154,982
Interest earned - outstanding debtors	-	-	-	29,383	-	-	-	-	-	-	29,383	58,766
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	9,237	163	-	9,400	18,800
Licences and permits	-	-	-	-	-	-	-	20,391	131	-	20,523	41,045
Agency services	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	383,298	1	24,636	39,740	97,647	13,345	-	558,666	1,117,331
Transfers recognised - operational	979	34,833	109,688	431,660	8,309	144,167	4,040	17,258	77,599	-	828,531	1,657,062
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	979	34,833	109,776	1,719,752	8,309	2,335,908	54,774	144,532	352,479	-	4,761,341	9,522,681
Expenditure By Type												
Employee related costs	47,114	20,078	21,142	151,729	90,413	317,456	93,610	204,331	291,342	-	1,237,215	2,474,430
Remuneration of councillors	52,254	-	-	-	-	-	-	-	-	-	52,254	104,509
Debt impairment	-	-	-	46,869	-	108,828	-	-	47,377	-	203,074	406,148
Depreciation & asset impairment	1,575	503	851	3,320	6,144	600,552	83,609	5,319	8,127	-	710,000	1,420,000
Finance charges	-	-	-	-	-	51,987	2,506	2,465	2,289	-	59,248	118,496
Bulk purchases	-	-	-	-	-	1,201,856	-	-	-	-	1,201,856	2,403,712
Other materials	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	4,970	-	-	14,940	-	19,909	39,819
Transfers and grants	12,389	-	-	41,050	-	49,202	-	14,614	86,758	-	204,013	408,026
Other expenditure	42,216	69,437	119,215	138,648	64,574	402,907	78,105	34,135	112,893	-	1,062,130	2,124,261
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	155,549	90,018	141,207	381,616	161,132	2,737,758	257,831	260,864	563,726	-	4,749,700	9,499,401
Surplus/(Deficit)												
Transfers recognised - capital	-	6,500	89,536	-	100	486,896	44,500	3,000	70,250	-	700,782	1,401,563
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(154,570)	(48,686)	58,105	1,338,136	(152,723)	85,045	(158,557)	(113,332)	(140,997)	-	712,422	1,424,844

Table 71 - Table SA3 – Supporting detail to Statement of Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days	695,947	1,464,211	1,697,298	886,779	790,044	790,044	790,044	1,233,269	1,757,792	2,370,576
Other current investments > 90 days	–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	695,947	1,464,211	1,697,298	886,779	790,044	790,044	790,044	1,233,269	1,757,792	2,370,576
Consumer debtors										
Consumer debtors	834,337	987,684	1,161,336	1,459,178	1,469,076	1,469,076	1,469,076	1,629,586	1,807,752	1,988,527
Less: Provision for debt impairment	(531,930)	(528,897)	(565,117)	(530,241)	(530,241)	(530,241)	(530,241)	(469,135)	(399,493)	(322,887)
Total Consumer debtors	302,407	458,787	596,219	928,937	938,835	938,835	938,835	1,160,451	1,408,259	1,665,640
Debt impairment provision										
Balance at the beginning of the year	347,274	531,930	528,897	583,896	583,896	583,896	583,896	530,241	469,135	399,493
Contributions to the provision	211,019	58,231	106,794	184,345	184,345	184,345	184,345	203,074	223,598	245,958
Bad debts written off	(26,363)	(61,264)	(70,574)	(238,000)	(238,000)	(238,000)	(238,000)	(264,180)	(293,240)	(322,564)
Balance at end of year	531,930	528,897	565,117	530,241	530,241	530,241	530,241	469,135	399,493	322,887
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	19,023,110	21,053,722	21,580,827	21,049,738	21,154,857	21,154,857	21,154,857	21,949,738	22,849,738	23,992,225
Leases recognised as PPE	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	7,461,813	10,824,160	11,487,926	9,463,140	9,463,140	9,463,140	9,463,140	9,983,481	10,500,628	11,025,659
Total Property, plant and equipment (PPE)	11,561,297	10,229,562	10,092,901	11,586,598	11,691,717	11,691,717	11,691,717	11,966,257	12,349,110	12,966,566
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	45,760	41,997	51,657	54,633	54,633	54,633	54,633	54,633	46,097	50,709
Total Current liabilities - Borrowing	45,760	41,997	51,657	54,633	54,633	54,633	54,633	54,633	46,097	50,709
Trade and other payables										
Trade and other creditors	370,923	452,302	571,986	545,110	545,110	600,000	600,000	630,000	661,500	695,000
Unspent conditional transfers	346,142	739,538	450,149	953,040	953,040	124,709	124,709	107,100	112,800	78,300
VAT	–	–	10	–	–	–	–	–	–	–
Total Trade and other payables	717,065	1,191,840	1,022,144	1,498,150	1,498,150	724,709	724,709	737,100	774,300	773,300
Non current liabilities - Borrowing										
Borrowing	645,787	604,256	597,207	542,574	542,574	542,574	542,574	542,574	496,477	445,768
Finance leases (including PPP asset element)	717	990	3,941	1,454	1,454	1,454	1,454	3,941	3,941	3,941
Total Non current liabilities - Borrowing	646,504	605,246	601,148	544,028	544,028	544,028	544,028	546,515	500,418	449,709
Provisions - non-current										
Retirement benefits	280,764	341,426	341,563	412,610	412,610	412,610	412,610	453,870	499,260	549,000
List other major provision items	–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation	49,056	64,922	49,969	82,500	82,500	82,500	82,500	90,750	99,830	109,800
Other	103	103	103	–	–	–	–	–	–	–
Total Provisions - non-current	329,923	406,451	391,634	495,110	495,110	495,110	495,110	544,620	599,090	658,800
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	11,187,981	11,180,335	7,913,289	11,018,934	11,237,435	11,255,717	12,028,528	9,537,030	10,327,810	11,363,065
GRAP adjustments	(645,685)	(3,205,897)	–	–	–	–	–	–	–	–
Restated balance	10,542,296	7,974,438	7,913,289	11,018,934	11,237,435	11,255,717	12,028,528	9,537,030	10,327,810	11,363,065
Surplus/(Deficit)	(227,540)	(48,408)	482,779	636,337	796,310	796,310	796,310	712,422	766,800	863,875
Appropriations to Reserves	–	–	–	–	–	–	–	–	–	–
Transfers from Reserves	–	–	–	–	–	–	–	–	–	–
Depreciation offsets	573	573	573	489,964	489,964	489,964	489,964	473,299	470,784	495,000
Other adjustments	865,005	(13,314)	7,104	(907,800)	(1,267,992)	(513,463)	(3,777,772)	(394,941)	(202,329)	24,855
Accumulated Surplus/(Deficit)	11,180,334	7,913,289	8,403,745	11,237,435	11,255,717	12,028,528	9,537,030	10,327,810	11,363,065	12,746,796
Reserves										
Housing Development Fund	–	–	–	–	–	–	–	–	–	–
Capital replacement	–	–	–	–	–	–	–	–	–	–
Self-insurance	–	–	–	–	–	–	–	–	–	–
Other reserves	–	–	–	–	–	–	–	–	–	–
Revaluation	16,048	2,446,638	2,428,060	18,730	18,730	19,360	2,549,463	2,676,936	2,810,783	2,951,322
Total Reserves	16,048	2,446,638	2,428,060	18,730	18,730	19,360	2,549,463	2,676,936	2,810,783	2,951,322
TOTAL COMMUNITY WEALTH/EQUITY	11,196,382	10,359,927	10,831,805	11,256,165	11,274,447	12,047,888	12,086,493	13,004,746	14,173,848	15,698,118

Table 72 - Table SA9 – Social, Economic and Demographic Statistics and Assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population		660	702	724	-	755	-	755	-	-	-
Females aged 5 - 14	Statistic SA 2011 Census (Figures to be maintained till there is another official count in the form of Community Survey or another Census)	69	69	65	-	60	-	60	-	-	-
Males aged 5 - 14		68	69	66	-	62	-	62	-	-	-
Females aged 15 - 34		117	141	136	-	140	-	140	-	-	-
Males aged 15 - 34		130	128	146	-	134	-	134	-	-	-
Unemployment		98	158	112	-	188	-	188	-	-	-
Monthly household income (no. of households)											
No income		-	-	-	-	38,023	38,023	38,023	-	-	-
R1 - R1 600		-	-	-	-	11,650	11,650	11,650	-	-	-
R1 601 - R3 200		-	-	-	-	15,660	15,660	15,660	-	-	-
R3 201 - R6 400	Statistic SA 2011 Census (Figures to be maintained till there is another official count in the form of Community Survey or another Census)	-	-	-	-	41,421	41,421	41,421	-	-	-
R6 401 - R12 800		-	-	-	-	38,047	38,047	38,047	-	-	-
R12 801 - R25 600		-	-	-	-	24,916	24,916	24,916	-	-	-
R25 601 - R51 200		-	-	-	-	19,986	19,986	19,986	-	-	-
R52 201 - R102 400		-	-	-	-	17,765	17,765	17,765	-	-	-
R102 401 - R204 800		-	-	-	-	11,058	11,058	11,058	-	-	-
R204 801 - R409 600		-	-	-	-	3,448	3,448	3,448	-	-	-
R409 601 - R819 200		-	-	-	-	918	918	918	-	-	-
> R819 200		-	-	-	-	668	668	668	-	-	-
Poverty profiles (no. of households)											
< R2 060 per household per month		-	-	-	0.00	0.00	54240.00	54240.00	0.00	0.00	0.00
Insert description		-	-	-	0.00	0.00	<R2 400	<R2 400	0.00	0.00	0.00
Household/demographics (000)											
Number of people in municipal area		659,531	701,889	724,309	-	755	755	755	-	-	-
Number of poor people in municipal area	Statistic SA 2011 Census	174,611	166,874	136,833	-	189	189	189	-	-	-
Number of households in municipal area		155,726	194,065	208,389	-	224	224	224	-	-	-
Number of poor households in municipal area	N/A	N/A	N/A	N/A	62	54	54	54	-	-	-
Definition of poor household (R per month)	N/A	N/A	N/A	N/A	<R2 020	<R2 400	<R2 400	<R2 400	-	-	-
Housing statistics											
Formal	Statistic SA 2011 Census	112,294	120,566	156,679	-	162,310	162,310	162,310	-	-	-
Informal		43,022	58,090	45,601	-	49,856	49,856	49,856	-	-	-
Total number of households		155,316	178,656	202,280	-	212,166	212,166	212,166	-	-	-
Dwellings provided by municipality		-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s		-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector		-	-	-	-	-	-	-	-	-	-
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)					-1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest rate - borrowing					11.7%	11.5%	10.5%	0.0%	0.0%	0.0%	0.0%
Interest rate - investment					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration increases					6.4%	8.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (electricity)					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates											
Property tax/service charges					0.0%	93.0%	93.0%	0.0%	0.0%	0.0%	0.0%
Rental of facilities & equipment					0.0%	101.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Interest - external investments					0.0%	134.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Interest - debtors					0.0%	99.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 73 - Table SA32- List of External Mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
EXPENDITURE					
Amatola Water	Yrs	30	Bulk Water Supply	04 December 2030	6,321,843
De Huys Laundrette	Yrs	3	Service to laundry of towels, pillows, sheets, bathmats, duvet covers	21 September 2015	92 625. 60
Konika Minolta	Mths	Month to month	Maintenance of photocopier - Mdantsane Halls Booking Office	Contract expired	8 - this is an
Konika Minolta	Yrs	3	Maintenance of photocopier - Art Dept	30.04.2014	12 - this is an
Konika Minolta	Yrs	3	Maintenance of photocopier - Ref.	29.06.2014	12 - this is an
NRG Office Supplies	Yrs	5	Maintenance of photocopier - Admin	08.05.2016	18 - this is an
Steiner Hygiene	Yrs	2	Rental hygiene units - Central Library	28.02.2015	92
Steiner Hygiene	Yrs	2	Rental hygiene units - Carnegie Hall	30.05.2014	36
Steiner Hygiene	Yrs	2	Rental hygiene units - Gonubie Library	30.09.2014	8
Steiner Hygiene	Yrs	2	Rental hygiene units - Mdantsane Library	30.06.2014	11
Red Alert	Yrs	1	Monitoring of alarm - B/Bay Library	30.06.2014	6
Red Alert	Yrs	1	Monitoring of alarm - Gonubie Library	30.06.2014	5
Livewire Security	Mths	Month to month	Monitoring of alarms - Central, Cambridge, Braeslyn, Gompo Libraries	No contract in place	2
Hartwig & Henderson	Mths	Month to month	Monitoring of alarm - Vincent Library	No contract in place	1
ADT Security	Mths	Month to month	Monitoring of alarm - Parkside Library	No contract in place	1
Nyati Security	Quarte	On-going	Monitoring of alarm - Kidds Beach Library	No contract in place	1
Otis	Yrs	20	Maintenance of lift - Central Library	01 March 2021	-
B.B. Telesystems	Quarte	1	Maintenance of switchboard - Central Library	30.06.2014	1
CSX Customer Services	Yrs	1	Maintenance of microfiche reader - Central Library	31.08.2014	13
Allied Business Solutions	Yrs	0	Maintenance of photocopier - Buffalo Flats Library	00 January 1900	10
Wienk Family Trust	Yrs	On-going	Rental premises - Greenfields Library	31.01.2013	291
Rentokil	Yrs	Month to month	Rental & maintenance of Hygiene units	month to month	R3,600
Evergreen	Yrs	Month to month	Rental & maintenance of Plants	month to month	R6,889.90
Live Wire	Yrs	Month to month	Armed Response & Alarm monitoring	month to month	R3,404.76
Live Wire	Yrs	Month to month	Armed Response & Alarm monitoring	month to month	R3,004.32
Live Wire	Yrs	Month to month	Armed Response & Alarm monitoring	month to month	R3,392.88
NASHUA SERIAL NO. KA 257020115	UT ST	0	COPIER MACHINE	EXPIRED	4275.00 3MON
BIDVEST STEINER	ONTHLY	MONTHLY	SHE BIN PEDAL	month to month	4845.24 YEAR
RED ALERT (LIBRARIES)	ONTHLY	MONTHLY	ALARM MONITORING	month to month	25575.36 YEAR
RED ALERT (HALLS)	QUARTE	QUARTLEY	ALARM MONITORING	Quarterly	19105.80 YEAR
RENTOKIL	ONTHLY	MONTHLY	SANITARY DISPOSAL	month to month	5444.28 YEAR
EVERGREEN INDOOR GARDENS	ONTHLY	MONTHLY	MAINTENANCE FOR PLANTS	month to month	4358.40 YEAR
Magna BC	Yrs	2	Meter Reading Hard/Software	30 June 2014	3,000
Bidvest / Lithotech	Yrs	3	Printing of Statements	01 October 2014	5,252
Itec	Yrs	3	Leasing of Photocopier Machine	2016	2,082
Xerox t/a Aloe Business solutions	Yrs	3	Leasing of Photocopier Machine	2016	3,181
Nashua	Yrs	5	Leasing of Photocopier Machine	2016	1,598
ECDC	Yrs	5	Leasing of operating building	31 August 2015	923
Slip knot investments Trust Centre Building	Yrs	5	Leasing of operating building	31 August 2016	34,469
EC Services	Yrs	3	Disconnection and reconnection of electrical supply	31 January 2016	25,852
Morgan Creek Properties 158 Pty Ltd	Yrs	3	Rental - office accommodation	31 July 2015	7,672
Gravett Schoeman Van Rensburg & Moodley Inc.	Yrs	3	Debt Collection	17 June 2014	4
Bax Kaplan Attorneys	Yrs	3	Debt Collection	17 June 2014	643
Smith Tabata Attorneys	Yrs	3	Debt Collection	17 June 2014	9
REVENUE	0	0		00 January 1900	-
Burmeister and Company	Yrs	50	Lease of Land and building	30 June 2041	25,927
Shell S.A. (pty) LTD	Yrs	20	Lease of Land and building	31 August 2014	822
MTN BEACON BAY WATER RESERVOIR 182	Yrs	5	Lease of Land and building	30 June 2014	51
PF Properties(adjacent to aquarium)	Yrs	50	Lease of Land and building	30 November 2043	2,101
FERRUCCI BROTHERS CC	Yrs	50	Lease of Land and building	30 November 2043	33,118
MTN GONUBIE ERF 323	Yrs	5	Lease of Land and building	31 May 2015	225
MTN KWT Fort	Yrs	5	Lease of Land and building	28 February 2014	132
MTN (greenfields) erf 18870	Yrs	5	Lease of Land and building	30 June 2014	162
Jet Stores 28261	Yrs	25	Lease of Land and building	31 March 2018	5,213
DAKS INTERNATIONAL	Yrs	5	Lease of Land and building	31 December 2016	1,600
Denrays Kwikspaar	Yrs	10	Lease of Land and building	31 January 2016	23
FNB East london	Yrs	10	Lease of Land and building	28 February 2016	19
Major Square	Yrs	10	Lease of Land and building	30 September 2016	21
Jesus Christ Ministry Movement	Yrs	5	Lease of Land and building	31 January 2016	14
Aerosat	Yrs	1	Lease of Land and building	30 September 2014	10
ITHEMBALETHU DAY CARE CENTRE	Yrs	5	Lease of Land and building	31 October 2015	14
Winter Rose Rugby F.C.	Yrs	25	Lease of Land and building	31 October 2022	58
Gonubie Sports Club	Yrs	25	Lease of Land and building	30 September 2024	105
Hamilton Club	Yrs	24	Lease of Land and building	31 December 2020	1
ABBORTSFORD SPORTS CLUB	Yrs	5	Lease of Land and building	30 March 2016	14
cambridge Junior School	Yrs	9	Lease of Land and building	31 December 2020	14
Typos Bowling Club	Yrs	25	Lease of Land and building	31 March 2022	51
E.L Surf Life saving Club	Yrs	5	Lease of Land and building	01 March 2016	14
Border Cricket Board	Yrs	21	Lease of Land and building	31 December 2020	52
Border Badminton	Yrs	20	Lease of Land and building	31 July 2015	27
Buffalo Club	Yrs	24	Lease of Land and building	31 December 2020	1
Stirling High School	Yrs	30	Lease of Land and building	31 January 2025	53
Noom da Ploom Trading	Yrs	5	Lease of Land and building	31 October 2015	11
Masibambane Home Based Care	Yrs	10	Lease of Land and building	30 September 2022	49
Parkside Day Care and Pre Primary	Yrs	5	Lease of Land and building	30 June 2017	15
Paynigh Property Investment	Yrs	10	Lease of Land and building	28 February 2017	28
Nolukhanyo Daycare Centre	Yrs	5	Lease of Land and building	31 May 2017	15
MTN	Yrs	10	Lease of Land and building	30 October 2017	24
Cambridge Sports Club	Yrs	24	Lease of Land and building	31 December 2020	169
KINVEST (Pty) Ltd	Yrs	10	Lease of Land and building	31 October 2020	38
KAYSER BEACH COMMUNITY	Yrs	4	Lease of Land and building	31 December 2015	14
EASTERN CAPE SOFTBALL FEDERATION	Yrs	5	Lease of Land and building	31 August 2018	22

2.16 CITY MANAGER’S QUALITY CERTIFICATE

I **ANDILE FANI**, City Manager of Buffalo City Metropolitan Municipality, hereby certify that the draft 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 draft annual budget and supporting documents are consistent with the draft Integrated Development Plan of the municipality.

Print Name **ANDILE FANI**

City Manager of Buffalo City Metropolitan Municipality (EC 125)

Signature _____

Date _____