

SENQU

MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

2014/2015 TO 2016/2017



ANNUAL BUDGET OF
SENQU
MUNICIPALITY

2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GDP	Gross domestic product	NERSA	National Electricity Regulator South Africa
IDP	Integrated Development Strategy	PMS	Performance Management System
KPA	Key Performance Area	PPE	Property Plant and Equipment
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
LED	Local Economic Development		
MFMA	Municipal Financial Management Act Programme		
MIG	Municipal Infrastructure Grant		



Part 1 – Annual Budget

1.1 Mayor's Report

It gives me great pleasure to submit the 2014/2015 Medium Term Revenue and Expenditure Framework (The MTREF or Budget) to the Council for consideration.

The world economy has gone through its deepest recession in over 70 years, but recovered slightly in the past year with the market on the JSE reaching new record levels. It is an indication that South Africa's economy has continued to grow. Real growth in Gross Domestic Product (GDP) moderated to an annualised rate of 0,7 percent quarter-on-quarter in Q3 2013 from 3,2 percent in the second quarter and is expected to recover somewhat to 2,7 percent and to 3,2 percent in 2014 and 2015 respectively. The South African annual inflation rate accelerated to 5,9 percent in February 2014 from 5,8 percent in the previous month, on higher health, fuel and petrol cost.

Senqu Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts is the high unemployment rate, which directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidised services. For the budget year we are providing for free services to the indigent an amount of R14,8 million and over the MTREF an amount of R48,2 million. This amount excludes the revenue foregone in the respect of water and sanitation services.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The new National Development Plan (NDP) sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2030. Local Government is required to incorporate the objectives of the NDP and the National Growth Path in its budgets. I am certain that our future budgets will focus more on these new strategic objectives of National Government.

The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Senqu Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities. During February 2014 the Council and Management did an extensive review of its past performance in order to put strategies in place for the future. During this process critical issues were identified to be addressed in this- and future budgets and I will discuss them later in this report.

When compiling a MTREF one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was to budget conservatively on especially collection rates for rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue. We never, and still, believed in expenditure wish lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe we are in a financially sound position and our aim is to keep it as such.



It is important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 30 days.

Although we are in a financially sound position, we always consider the need for quality- and extended service delivery as well as affordability of the services to our communities, and we benchmark our tariffs to ensure it is on par with that of our peers. In general, we propose tariff increases of 8 percent in line with National Treasury's directives and we are still awaiting direction on the allowed increases for electricity due to ESCOM's tariff increases and which is beyond the municipality's control.

It is the function of the municipality to see what is going on at ground level. There is poverty, under development and disgruntled communities. It is our duty to look at all services, regardless of whose core function it is as people come to the municipality looking for answers and especially from politicians. It is important to look at co-operative governance and co-ordinate all activities around service delivery; guided by the community needs gathered during the outreach.

A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. The electricity network has improved though there is still room for improvement against the draw backs of the losses of electricity in Sterkspruit due to recent unrests.

In spite of what has been done, there are poverty stricken areas which have resulted in a high crime rate which can directly be linked to the high unemployment rate, and a key challenge is to assist in creating an environment for job creation, which is also a national government priority.

In local government we have crafted LED days involving government departments and stakeholders so that at the end of the day as the municipality we should be able to link our programs to those of other spheres of government for a better service delivery. I also want us as a municipality to look at our weak and strong points and commit ourselves at delivering better services so that even when we fall short on funds we make it a point that we go an extra mile to source out funds. I acknowledge the fact that as a municipality we have to look at our financial viability, but we also have to work hard collectively to ensure the delivery of services without compromise.

The importance of communication cannot be over emphasized. We are sitting with the recent unrests in Sterkspruit which could probably to a large degree have been averted if communication channels were better. Public participation in our municipality should be effective, we should go to communities for follow ups, have slots on the radio stations to improve the communication to the public. As an example if a community member has won an award of any kind, especially those that have a provincial and national recognition, then it should be printed on our newsletter.

In an attempt to improve communication within our wards, Council resolved that all new community halls should provide office space for the ward councilor where such councilor can meet with the people in that ward. It will take time to implement due to financial constraints but at least we are starting the process.



We must all work together to achieve a clean audit in the coming year. The support of both politicians and staff are needed to insure that unauthorised, irregular and wasteful expenditure is eliminated so that our deeds match our words for a clean audit.

The National Treasury is rolling out a new Standard Chart of Accounts (SCOA) for municipalities. This will standardise all expenditure votes across all municipalities as well as create a link to the Provincial-and National expenditure votes. It is envisaged that spending up to a ward level will be reported on and is a further measure to ensure an equitable division of funds to our communities. The pilot program with identified municipalities is currently being implemented for this budget and we are required to start with preparing for the implementation in the next budget cycle.

Staff must be held accountable as there is a correlation between staff discipline and poor service delivery and staff discipline. All Directors are challenged to turn the issue around. Discipline should not be regarded as a punitive measure but rather a corrective measure that enables the organisation to become more productive.

Proper service delivery requires a skilled labour force and we must ensure that we train and retain skills. We should furthermore develop a retention strategy for scarce skills. We should also assist our staff within our legal means, especially in the area of HIV and AIDS.

The importance of the oversight role of Council can't be over emphasised. The Oversight Committee is there to deal with the issue of over and under spending. They must be harsh with the administration if they don't spend. Community, public participation and customer care must also be prioritised.

Some of the key issues identified during our IDP consultation processes and following our strategic planning are listed below:

1. Roads – As one of the main economic drivers within a region and as a tool to bring services to community members the Senqu Municipal Council puts great emphasis on this aspect. Climate change is leading to roads and bridges becoming rapidly eroded. When it rains children can't access schools. Priority areas are places with no approach roads. On the capital budget an amount of R14,4 million has been provided for road - and bridge projects for the budget year and R59,7 million over the MTREF period.

2. Multi-Purpose Recreational Facilities – As a means to ensure that proper communication can take place and to ensure that community members and Councillors have a communal area to conduct their activities in a noble manner the building of Multi-Purpose Recreational Facilities has been prioritised with R3,1 million placed on the capital budget for new Multi-Purpose Recreational Facilities and R10 million over the MTREF period.

3. Cemeteries – The dignity of Community members including those who have passed is and will remain an important consideration for the Senqu Municipal Council. For the budget year an amount of R2,6 million for new cemeteries have been budgeted for and a total of R8,2 million has been allocated over the MTREF period.

4. Solid Waste Sites – In an effort to create a healthy environment in which the residents of Senqu can prosper, solid waste sites to the amount of R4,55 million for the budget year and R9,23 the MTREF period has been prioritised to improve the overall surroundings of Senqu Municipality.



5. Special Programmes and Sports Facilities - A lack of recreational facilities are mentioned in every ward and the youth don't feel that Senqu Municipality are doing enough for them. An amount of R600 000 has been budgeted for the Special Programmes Unit which will focus on the youth, disability, women, sport en HIV/AIDS. An additional amount of R130 000 has also been budget for to focus specifically on HIV/AIDS programmes. An amount of R17 million is also budgeted on the capital budget for sports facilities over the MTREF period.

6. Tourism and LED Initiatives – It is Important to create an environment where the residents of Senqu Municipality can prosper and to attract external investments within our municipality, thus an amount of R530 000 for LED and R530 000 for tourism have been budgeted for in the budget year and a total of R3,39 million over the MTREF period for both LED and Tourism activities.

As mentioned above, this budget is very much based on submissions by our communities during the IDP process, Our capital budget totals R54 million for the budget year and R176 million for the MTREF. A total of 19 percent, or R33,9 million, of the capital budget over the MTREF, and 17 percent for the budget year, is funded from our own cash-backed Capital Replacement Reserve (or CRR), and despite this the CRR remains in a healthy cash-backed position. The other capital is funded from National grants through the Municipal Infrastructure Grant (or MIG as it is generally known).

Finally, I would like to thank the Community, the Councillors and all officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives.

Thank you.



1.2 Draft Council Resolutions

(The following resolutions must be taken at the final budget approval. It is listed here as required by the Regulations)

It is recommended that the Council approves and adopts the following resolutions for the annual budget:

The Council of Senqu Municipality, acting in terms of section 16 of the Municipal Finance Management Act, (Act 56 of 2003) tables and approves:

- 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.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts the following tariffs and related policy changes as attached in the budget documentation, with effect from 1 July 2014:
 - 2.1. the tariffs for property rates and any related policy changes;
 - 2.2. the tariffs for electricity and any related policy changes;
 - 2.3. the tariffs for solid waste services and any related policy changes; and
 - 2.4. the summary of policy changes.
3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts with effect from 1 July 2014 the tariffs for other services, as set out in the attached budget documentation.
4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.



- 4.2. That the Draft budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003).

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan.

National Treasury's MFMA Circulars No. 70 and 72 were mainly used to guide the compilation of the 2014/15 MTREF. The Medium Term Budget Policy Statement (MTBPS) 2013 notes that over the past four and a half years government has steered the country through the worst global recession in 70 years and that the South African economy is projected to grow by 2.1 per cent in 2013 while the GDP growth is expected to reach 3.5 per cent by 2016.

The key directions provided by the National Treasury are that municipal revenues and cash flows are expected to remain under pressure in 2014/2015 and therefore municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities will further have to carefully consider the affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure, municipalities will have to identify inefficiencies and eliminate non-priority spending.

Specific strategies and interventions required by local government in achieving economic stability and higher levels of growth as outlined in the MTBPS include, among others:

- 1) Expanding public sector investment in infrastructure;
- 2) Sustainable job creation;
- 3) Municipalities must act as catalysts for economic growth;
- 4) Securing inclusive growth;
- 5) Implementing the National Development Plan; and
- 6) Building an efficient developmental state.

In addressing the key considerations contained in National Treasury's MFMA Circular No. 70 the following are highlighted in the budget:

- The municipality, through its budget, acknowledges that the capital programme needs a balanced funding structure addressing not only backlogs in services, but also invests in new infrastructure as well as renewing current infrastructure.
- Tariff increases were kept as low as possible to ensure affordability thereof, whilst keeping in mind the cost of delivering services of a high quality.
- The municipality recognizes the importance of cash reserves and therefore strives to maintain a cost coverage ratio of 4 at all times.
- The municipality contributes to job creation by participating fully in the Expanded Public Works Programme (EPWP) as well as internship programmes.
- The municipality gives priority to a lean, integrated, stable and corruption free organisation.



The municipality is in a healthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is achieving this objective while also maintaining a balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimised.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15 MTREF (R'000)

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2013/14	2014/15	2015/16	2016/17
Total Operating Revenue	189 133	205 009	232 812	238 995
Total Operating Expenditure	156 024	189 613	197 310	205 557
<i>Surplus/(Deficit) for the year</i>	33 108	15 396	35 502	33 438
Total Capital Expenditure	70 490	54 006	70 739	51 281

Total operating revenue has grown by 8,39 per cent or 15,877 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 13,56 and 2,66 per cent respectively, equating to a total revenue growth of R49,862 million over the MTREF when compared to the 2013/14 financial year. The main reason for the significant annual movement in revenue, as indicated above, is the changes in operating and capital grants from National- and Provincial Departments.

Total operating expenditure for the 2014/15 financial year has been appropriated at R189,613 million and translates into a budgeted deficit of R29,218 million before capital transfers. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 21,53 per cent in the 2014/15 budget and by 4,06 and 4,18 per cent for each of the respective outer years of the MTREF. The operating deficit, before capital grant transfers, for the two outer years decreases to R11,790 million for the 2015/2016 financial year and then increases to a deficit of R16,691 in 2016/2017. Again, the main reasons for the significant annual movement in expenditure, as indicated above, are the changes in operating and capital grants from National- and Provincial Departments, salary increases and higher general expenditure.

The municipality remains committed to a large capital programme with a significant portion funded by grants from National Government.

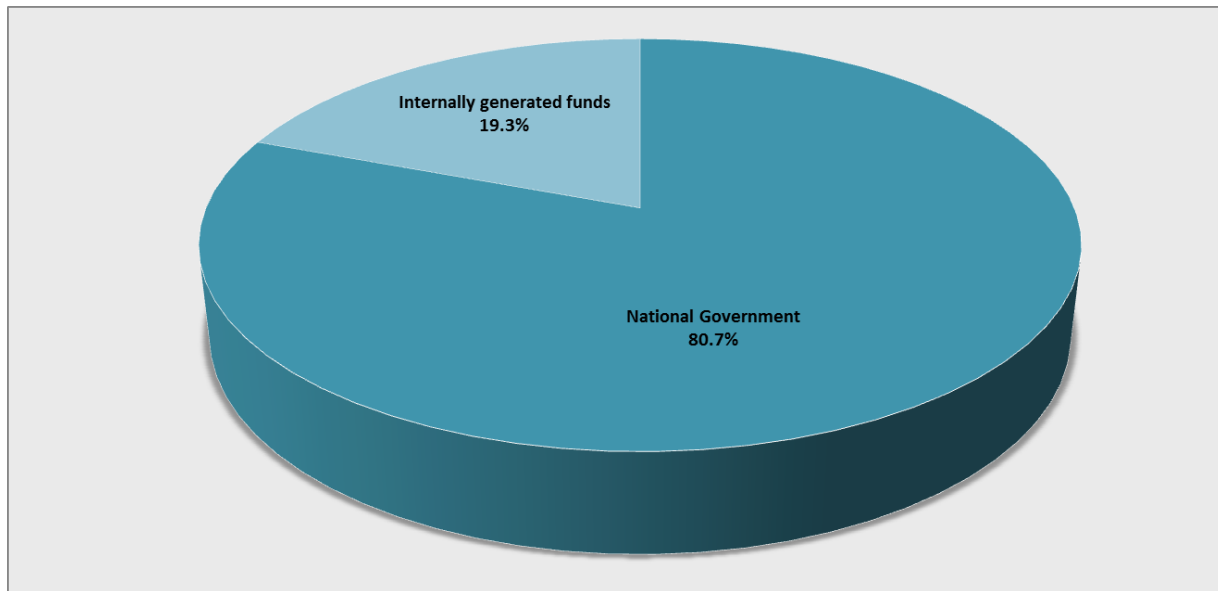


Table 2 Total Capital Funding of the 2014/15 MTREF (R'000)

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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:								
National Government	14 514	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Provincial Government	105	-	-	-	-	-	-	-
Transfers recognised - capital	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Borrowing	16 481	-	-	-	-	-	-	-
Internally generated funds	577	15 388	22 942	26 125	28 401	9 392	23 448	1 152
Total Capital Funding	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281

The capital budget of R54 million for 2014/15 is 23,38 per cent less when compared to the 2013/14 Adjustment Budget. The capital programme increases to R70,7 million in the 2015/16 financial year which is mainly the result of new infrastructure for roads and electricity. In 2016/17 the capital expenditure decrease to R51,2 million.

A portion of the capital budget will be funded from own revenue (R33,99 million or 19,3%) over the MTREF with no anticipated borrowings and the main funding source being Grants to the value of R142 million (80,7%).

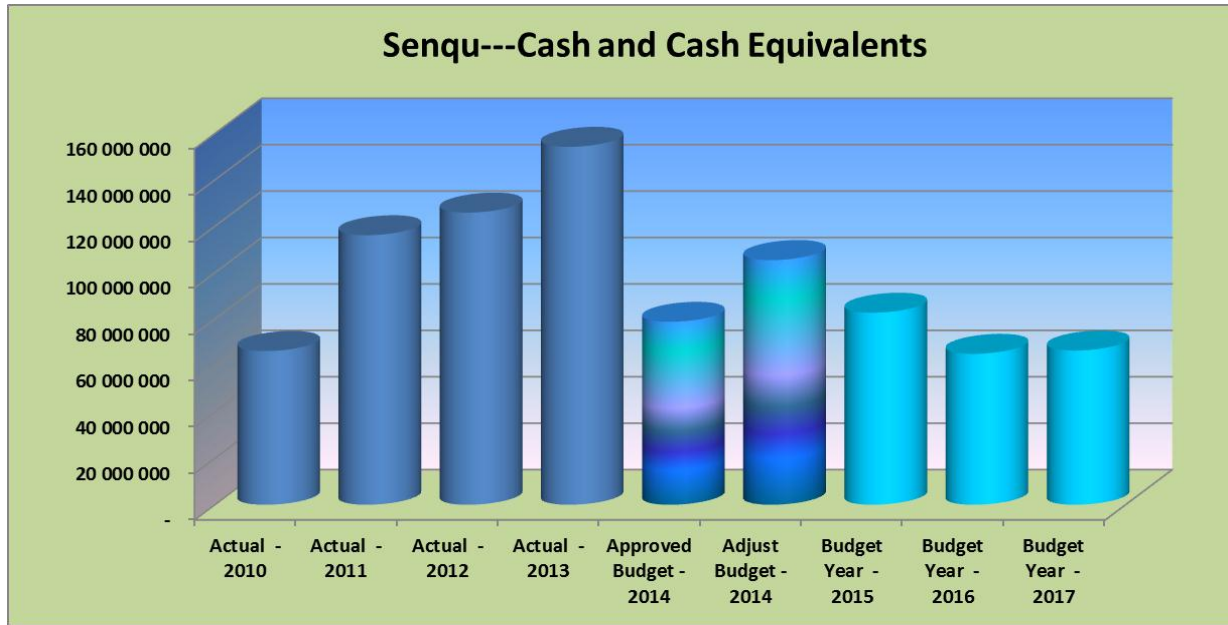


As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

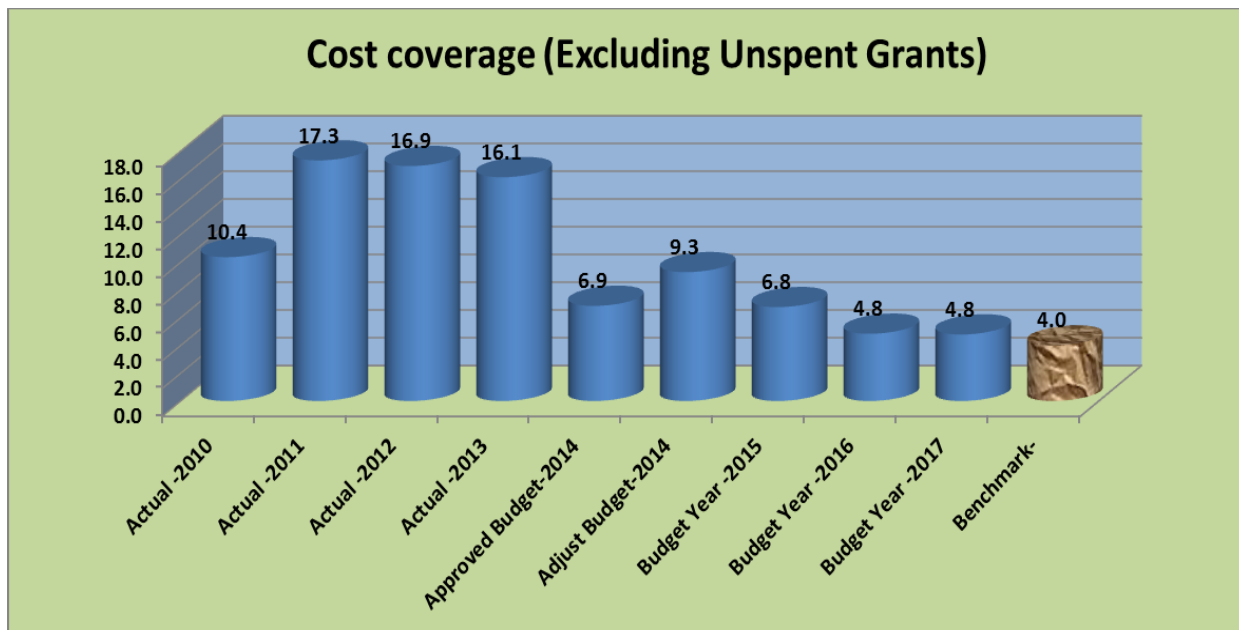


The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

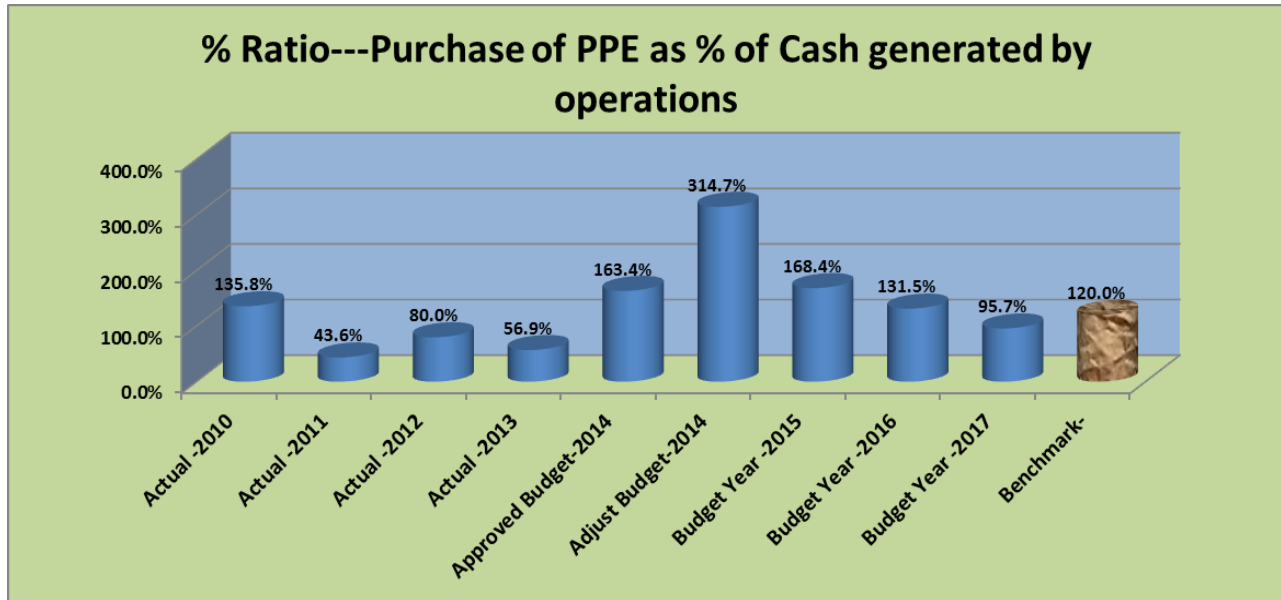
A projected decline in cash resources is evident through the implementation of the current proposed budget.



This decline in cash will further result in a decline in the cost coverage ratio of the municipality although it is still above the benchmark of 4 over the entire MTREF.



As a rule of thumb, capital expenditure should not exceed the cash generated by operations (including capital transfers) in order to maintain cash reserves. It is clear that the municipality's capital program is above the 100% mark as well as the 120% benchmark for municipalities in the Western Cape (Unfortunately the Eastern Cape does not have similar benchmarks as yet and for that reason it is being compared to the Western Cape Provincial Treasury's model). The benchmark for the municipalities is set at 120%. This figure is higher than 100% due to the fact that municipalities are encouraged to finance long term infrastructure projects through external funding to ensure that the user of the respective infrastructure projects pays for the use thereof.

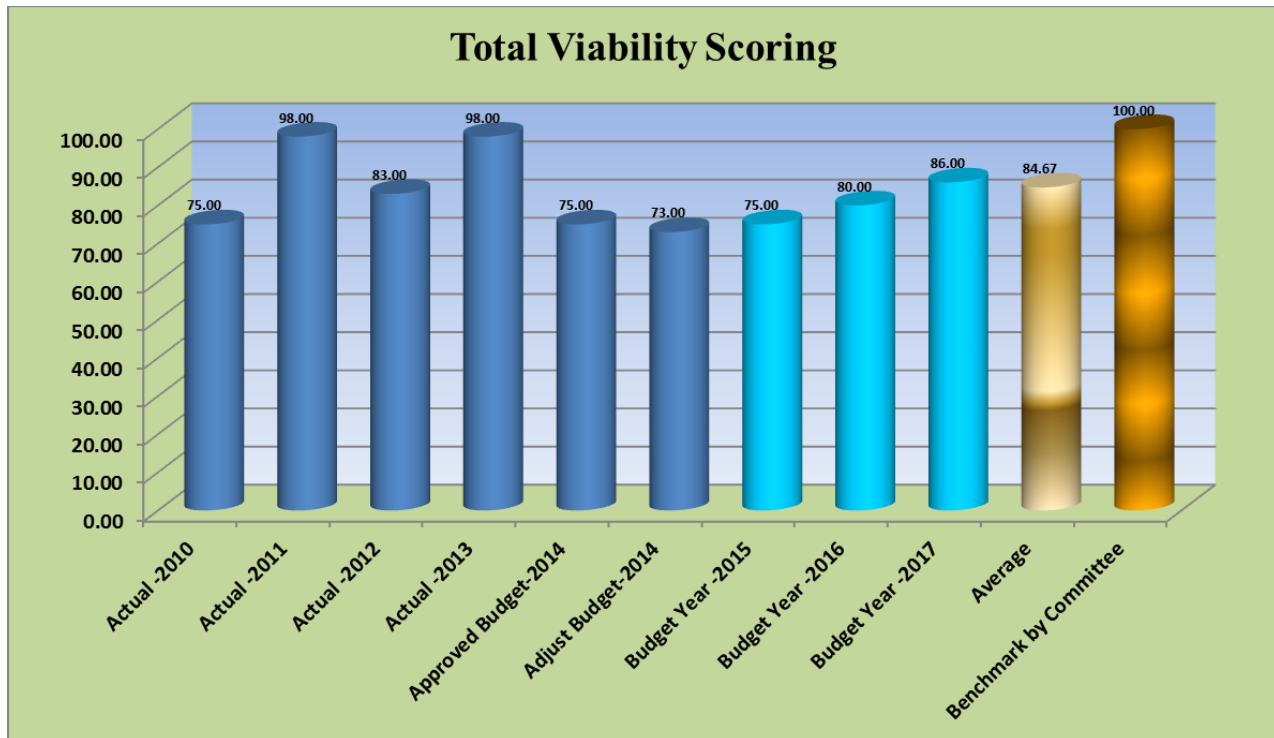


The municipality reviews its viability ratios on a continuous basis to ensure that all approved budgets support the long term financial viability of Senqu Municipality. These viability measurement indicators are purely of a financial nature as derived from the annual financial statements and various budgets and were developed in order to determine key areas which will assist the municipality in financial viability.

The ratios include the following:

1) Acid Test Ratio
2) Payment Level (Excluding write-off of bad debts)
3) Cash Generated from Operations as % of Revenue
4) Purchase of PPE as % of Cash Generated
5) Cost Coverage (Excluding Unspent Grants)
6) Debtors Turnover (days) (Before impairment)
7) Long-term debt as % of Revenue
8) Debt servicing cost to Revenue
9) Short-term debt as % of Cash
10) Cash Funded Budget over MTREF

As depicted below, the viability scoring of Senqu municipality is sound and compares with the best of the municipalities in the Western Cape. The only problem area is debtors which have a negative impact on the scoring for “Debtors turnover days” as well as “Payment level scoring”. The ability of the municipality not to collect outstanding debt will have a direct effect on the cash flow of the Municipality and its ability to fully meet its future financial obligations as well as to fund its own capital infrastructure program.



1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) “An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years’ surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years.”



In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. 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.

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

Table 3 Summary of revenue classified by main revenue source

Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2014/15	+1 2015/16	+2 2016/17
Revenue By Source								
Property rates	4 197	4 001	4 312	4 612	4 298	4 521	4 755	5 000
Service charges - electricity revenue	12 156	18 003	22 763	19 499	19 658	21 113	22 861	24 754
Service charges - refuse revenue	1 749	1 948	2 504	2 223	2 223	2 271	2 315	2 354
Rental of facilities and equipment	375	570	424	278	278	295	312	331
Interest earned - external investments	4 915	6 790	7 476	7 000	7 000	7 420	7 865	8 337
Interest earned - outstanding debtors	885	882	1 092	843	843	901	963	1 029
Fines	69	50	65	60	60	64	67	71
Licences and permits	814	1 348	1 380	1 140	1 140	1 208	1 281	1 358
Agency services	600	912	1 989	1 802	2 102	2 228	2 362	2 504
Transfers recognised - operational	103 353	106 224	108 818	106 932	109 077	119 988	142 330	142 694
Other revenue	1 132	747	5 844	371	365	387	410	434
Total Revenue (excluding capital transfers and contributions)	130 246	141 476	156 668	144 760	147 043	160 395	185 521	188 866

The percentage revenue from own sources increases during the budget year, mainly as a result of higher operational grants and especially the Equitable Share which is now being calculated based on the 2011 census. In the two outer years of the MTREF the increases in revenue is 15% and 1,8% respectively. Total revenue foregone through indigent subsidies and rebates is estimated at R14,85 million for the 2014/2015 financial year. In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.



Table 4 Summary of revenue classified by municipal vote (including capital transfers)

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
Revenue by Vote									
Vote 1 - Executive & Council	2 675	2 526	4 836	5 571	5 571	5 571	6 907	7 208	7 559
Vote 2 - Planning & Development	5 079	2 212	10 554	1 287	3 032	3 032	893	345	242
Vote 3 - Corporate Services	81	115	2 285	56	56	56	60	63	67
Vote 4 - Budget & Treasury	70 569	83 133	93 178	96 102	95 788	95 788	106 931	128 953	129 707
Vote 5 - Road Transport	34 350	28 763	15 387	25 212	37 986	37 986	39 952	40 254	42 669
Vote 6 - Waste Water Management	-	7 150	-	-	-	-	-	-	-
Vote 7 - Housing	10 118	7 944	579	21	415	415	440	466	494
Vote 9 - Community & Social Services	1 283	1 879	4 151	5 382	4 797	4 797	4 891	5 113	5 412
Vote 10 - Sport & Recreation	-	3 306	3 095	4 793	5 366	5 366	5 688	6 029	6 391
Vote 11 - Public Safety	25	68	20	25	25	25	26	28	29
Vote 12 - Electricity	15 830	22 563	30 116	28 761	28 612	28 612	31 104	34 994	36 966
Vote 13 - Waste Management	4 854	5 458	7 190	7 904	7 484	7 484	8 118	9 358	9 458
Total Revenue by Vote	144 865	165 116	171 391	175 115	189 133	189 133	205 009	232 812	238 995

Table 5 Percentage growth in revenue base by main revenue source

Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year	%	Budget Year	%	Budget Year	%
			2014/15		+1 2015/16		+2 2016/17	
Revenue By Source								
Property rates	4 298	2.9%	4 521	2.8%	4 755	2.6%	5 000	2.6%
Service charges - electricity revenue	19 658	13.4%	21 113	13.2%	22 861	12.3%	24 754	13.1%
Service charges - refuse revenue	2 223	15%	2 271	14%	2 315	12%	2 354	12%
Rental of facilities and equipment	278	0.2%	295	0.2%	312	0.2%	331	0.2%
Interest earned - external investments	7 000	4.8%	7 420	4.6%	7 865	4.2%	8 337	4.4%
Interest earned - outstanding debtors	843	0.6%	901	0.6%	963	0.5%	1 029	0.5%
Fines	60	0.0%	64	0.0%	67	0.0%	71	0.0%
Licences and permits	1 140	0.8%	1 208	0.8%	1 281	0.7%	1 358	0.7%
Agency services	2 102	14%	2 228	14%	2 362	13%	2 504	13%
Transfers recognised - operational	109 077	74.2%	119 988	74.8%	142 330	76.7%	142 694	75.6%
Other revenue	365	0.2%	387	0.2%	410	0.2%	434	0.2%
Total Revenue (excluding capital transfers and contributions)	147 043	100%	160 395	100%	185 521	100%	188 866	100%
Total Revenue from Rates and Service Charges	26 178	17.8%	27 905	17.4%	29 931	16.1%	32 108	17.0%



Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Western Cape, the percentage is relatively low and is a clear indication of the level of unemployment in the municipal area. Rates and service charge revenues comprise between 16 and 18 per cent of the total revenue mix over the MTREF period. In the 2013/14 financial year, revenue from rates and services charges amounts to R26,178 million or 17,8 per cent of total revenue mix. This increases to an estimated R 27,9 million (17,4%), R29,931 million (16,1%) and R32,108 million (17%) in the respective financial years of the MTREF.

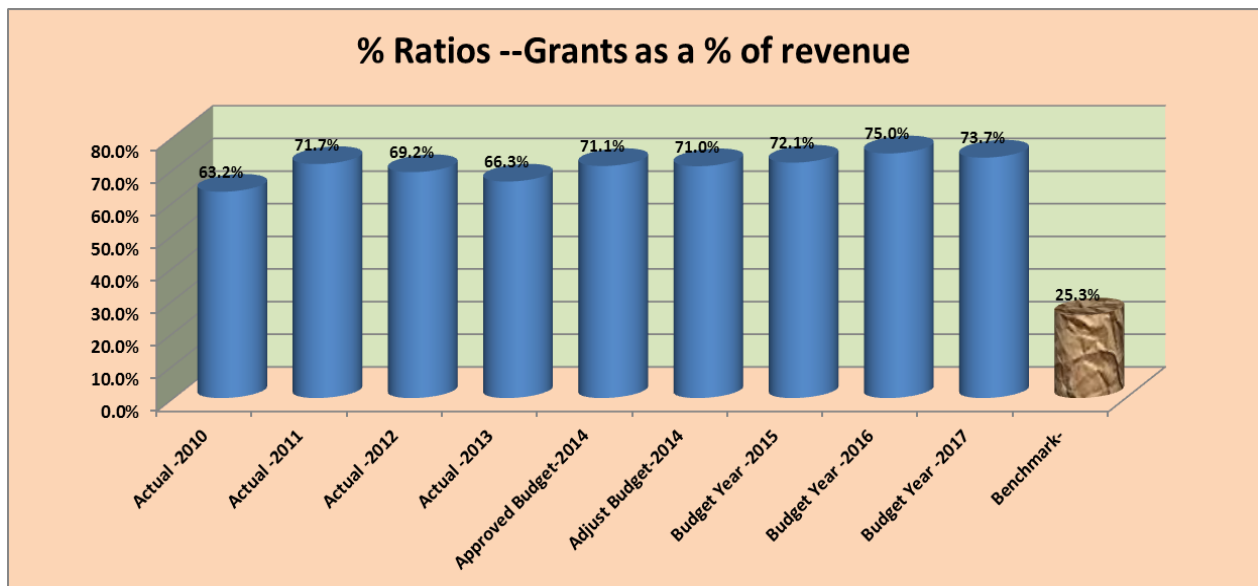
The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Revenue foregone, (mainly to the indigent) is estimated to equal about 34,8 per cent of billable revenue, placing a strain on revenue sources.

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on the market value of the property to the maximum of R60 000
2	50 kWh free electricity per month
3	Free refuse x 4 removals per month

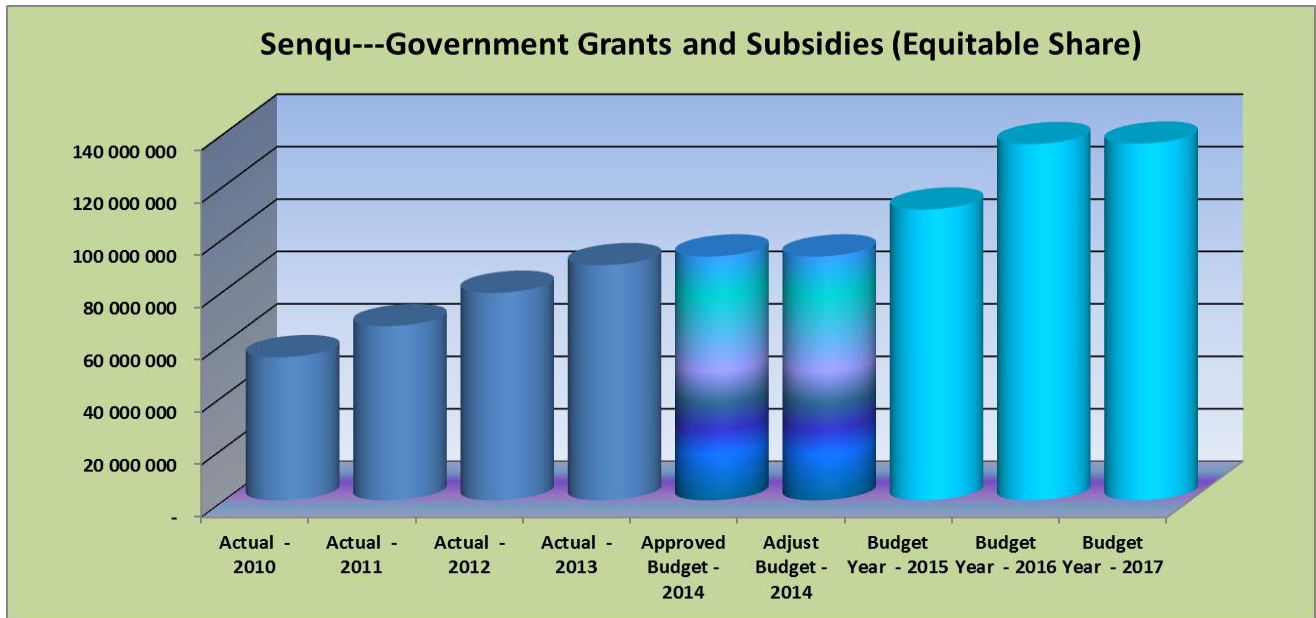
Interest on investments, despite the relative low interest rates, is the 2nd largest revenue source, (excluding grants) which is a clear indication of the municipality’s cash flow management. It is expected that interest rates will rise over the next year in order to assist in curbing inflation. Property rates is the 3rd largest revenue source totaling 2,8 per cent or R4,5 million rand and increases to R5 million (2,6 per cent) by 2016/17.

As can be seen from the graph below the municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget. This is mainly as a result of the high unemployment rate in the area and the focus on job creation should be a priority.

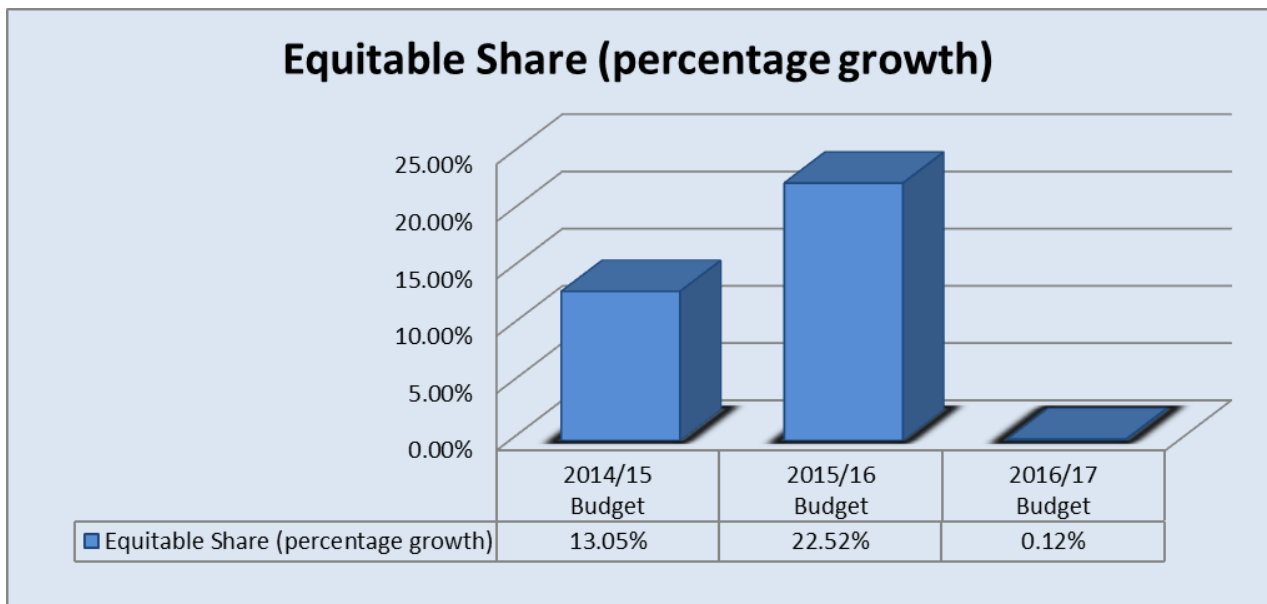




Operating grants and transfers totals R109 million in the 2013/14 financial year and increases to R143 million by 2016/17. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.



The National Treasury revised the equitable share formula and also updated the data with that of the census of 2011. Note that the year-on-year growth for the 2014/15 financial year is 13 per cent (R110,94 million) and then quickens significantly to 22,5 per cent (R135,92 million) in the 2015/16 financial year with only a slight increase for 2016/17 (R136,09 million).





The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant):

Table 6 Operating Transfers and Grant Receipts

Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	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:	105 618	105 831	118 039	140 680	140 954
Equitable share	93 052	93 052	104 535	129 232	129 100
Finance Management	1 550	1 550	1 600	1 650	1 700
Nat Gov: Neighbourhood Dev Partners	1 287	1 500	893	345	242
Nat Gov: Councillor Remuneration	5 081	5 081	6 407	6 691	6 991
Municipal Systems Improvement	890	890	934	967	1 018
Municipal Infrastructure (MIG)	1 598	1 598	1 694	1 795	1 903
Nat Gov: EPWP Incentive Grant	2 160	2 160	1 976	-	-
Provincial Government:	1 315	3 247	1 949	1 649	1 740
Prov Gov: Housing - Hillside 1 000	-	400	424	449	476
Clean Audit	-	-	325	-	-
Libraries	1 315	1 315	1 200	1 200	1 264
DEDEAT - Alien Vegetation	-	1 532	-	-	-
Total operating expenditure of Transfers and Grants:	106 932	109 077	119 988	142 330	142 694

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper limit of the South African Reserve Bank’s inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are beyond the mentioned inflation target but at least less than applied for. Given that these tariff increases are determined by an external agency, the impact it has on the municipality’s electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality’s future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt is about 15 per cent of the revenue for rates, service charges, interest on debtors and rent of facilities on credit, and equates to R4,3 million in 2013/2014 increasing to R5,4 million in 2016/2017. Past experience indicates that this percentage should not be more than 10 per cent, however, a cautionary approach is taken in this budget due to the signs of economic stress being experienced by the community.



It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based are as follows:

Table 7 Comparison of proposed rates to be levied for the 2014/15 financial year

	2013/2014	2014/2015
	%	%
On total value of property		
Vacant Land as defined in Rates Policy		
Residential Properties	0.5100	0.5406
Commercial/ Business Properties	0.6100	0.6466
Industrial Properties	0.6100	0.6466
Public Service Infrastructure Properties	0.5100	0.5406
Public Benefits Organisation Properties	0.0000	0.0000
Agricultural Properties used for Agricultural Purpose	0.1300	0.1378
Agricultural Properties used for Commercial / Industrial Purposes	0.2600	0.2756
Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	0.2600	0.2756
Agricultural Properties not used for Any Purpose/ Purpose Unknown to Municipality	0.5100	0.5406
State- Owned Properties that Provide Local Services	0.5100	0.5406
State/ Owned Properties that Provide Regional/ Municipal District-Wide Services	0.5100	0.5406
State/ Owned Properties that Provide Provincial/ National Services	0.5100	0.5406
Municipal Properties	0.0000	0.0000
Vacant Properties	0.8000	0.8480



All rates were increased by 6% over the MTREF. These increases are within the 6.0 per cent upper limit of the South African Reserve Bank's inflation target.

1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

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

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

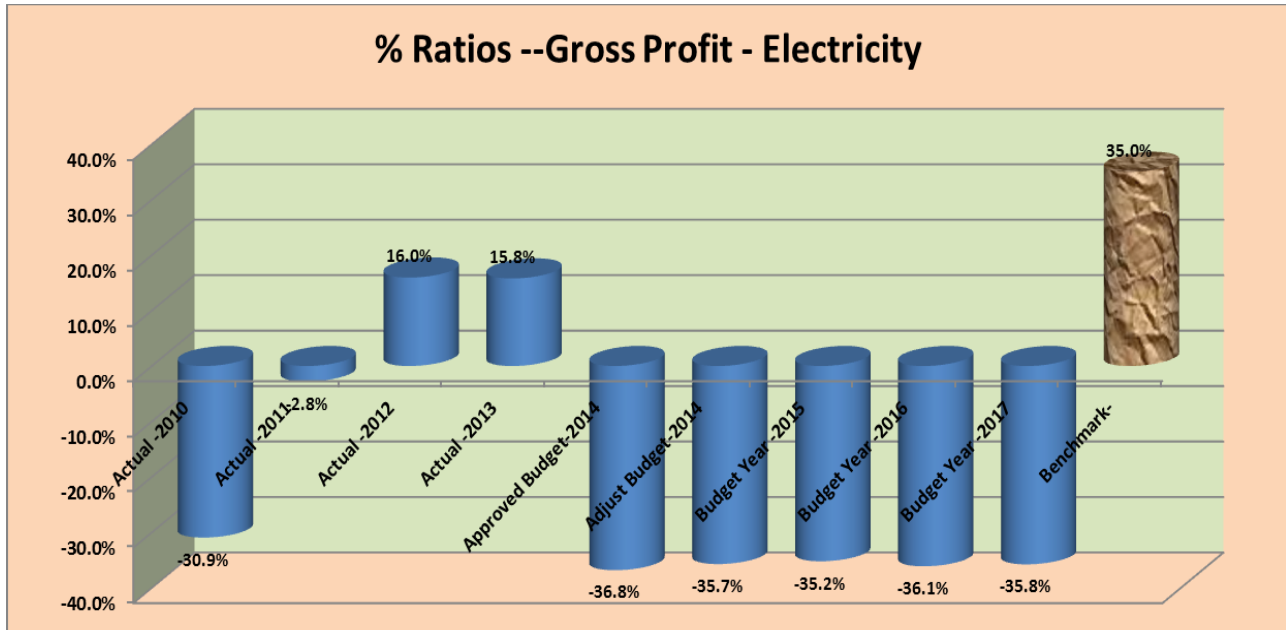
The JGDM held a Water-and Sanitation Indaba from 27 March 2012 to 29 March 2012 and determined that the best model for the provision of the Water-and Sanitation functions is that the District Municipality provides the service itself, but that the local municipalities only assist with the provision of financial functions on an agency basis. This was implemented on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A nominal rate increase of 8.06 per cent was proposed to municipalities and will be effective from 1 July 2014.

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs.

The gross profit (GP) on electricity is negative, whereas a good benchmark is a profit of 35%. The main reason for this negative GP is the high electricity losses, which, as can be seen from the graph below, came down significantly to result in a gross profit of 16% in 2012, but due to the situation in Sterkspruit the percentage decreases again.



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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by vote								
Electricity Services	12 156	18 003	22 763	19 499	19 658	21 113	22 861	24 754
Expenditure by vote								
Electricity Services	12 495	15 130	19 167	26 677	26 677	28 545	31 116	33 606
Surplus/(Deficit) for the year	(338)	2 872	3 596	(7 179)	(7 020)	(7 432)	(8 255)	(8 852)
Nett Profit Margin	-2.78%	15.96%	15.80%	-36.82%	-35.71%	-35.20%	-36.11%	-35.76%

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



Table 8 Comparison between current electricity charges and increases

	2013 / 14	2014 / 15
	R	R
Domestic (Pre-paid metering)		
Basic / Availability Charge – per month	0	0
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.73	0.79
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.89	0.96
Energy Charge – per Unit (kWh) (351 - 600kWh)	1.3888	1.5027
Energy Charge – per Unit (kWh) (> 600kWh)	1.5182	1.6427
Domestic : Demand 0 -60 Amp (Credit Metering)		
Basic / Availability Charge -per month	106.25	114.96
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.7	0.8
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.8474	0.9169
Energy Charge – per Unit (kWh) (351 - 600kWh)	1.1416	1.2352
Energy Charge – per Unit (kWh) (> 600kWh)	1.311	1.419
Domestic : Demand 60 Amp + (Credit Metering)		
Basic / Availability Charge -per month	265.29	287.04
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.7	0.76
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.8474	0.9169
Energy Charge – per Unit (kWh) (351 - 600kWh)	1.1416	1.2352
Energy Charge – per Unit (kWh) (> 600kWh)	1.3111	1.4186
Commercial (Pre -paid metering)		
Energy Charge -per Unit (KWh) consumed	1.5182	1.6427
Commercial: Small / Medium - (Credit Metering)		
Basic / Availability Charge - per month	305.8	330.9
Energy Charge - per unit (KWh) consumed	1.1901	1.2877
Commercial: Large - (Credit Metering)		
Basic / Availability Charge - per month	901.64	975.57
Energy Charge - per unit (KWh) consumed	1.2122	1.3116
Network Charge - per unit (KVA) consumed	48.66	52.65



	2013 / 14	2014 / 15
	R	R
Farms		
Basic / Availability Charge per month	305.8	330.9
Energy Charge -per Unit (KWh) consumed	1.1901	1.2877
Network Charge - per Unit	48.66	52.65
Consumer Deposits (to be paid prior to connection)		
Domestic / Residential	1200	1298
Business / Commercial (Small / Medium): 0 - 60 Amp	3000	3246
Business / Commercial / Industrial: 60 -150 Amp	8200	8872
Businesses / Commercial / Industrial: 150 Amp +	15000	16230
Other		
New Connection (to be paid in advance)	Labour & Material Cost + 30%	Labour & Material Cost + 30%
Re - connecting existing connection	300	325
Re - connecting (after default / dis-connection)	330	357
Test Meter (Not Refundable)	300	325

A proposed increase of 8,2 per cent on all tariffs is factored into the MTREF. This increase is above the 6 per cent upper limit of the South African Reserve Bank's inflation target. However, this increase is beyond the control of the municipality as it is prescribed by NERSA.

1.4.4 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a loss which indicates that the tariffs are not yet cost reflective. The projected losses on the service are R5,5 million, R5,44 million and R6,5 million over the MTREF period. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role in the projected losses. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.



Despite the losses as indicated above, a general 6 percent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.

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

Table 9 Comparison between current waste removal fees and increases

	2013/2014	2014/2015
	R	R
Domestic Consumers (per month for one removal per week)	100	106
Additional removal (per load or part thereof)	100	106
Commercial Consumers (per month for two removals per week)	214	227
Additional removal (per load or part thereof)	214	227
Government Departments (Schools, hotels, SAPS, prison, hospitals, etc) (per month for two removals per week)	1 269	1 345
Additional removal (per load or part thereof)	214	227
Garden Refuse (per load) (to be paid in advance)	214	227
Building Rubble (per load) (to be paid in advance)	371	393
Cleaning of erven	214	227



Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Table 10 Impact of tariff increases on households

Description	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Budget Year 2014/15	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent		% incr.			
Monthly Account for Household - 'Middle Income Range'					
Rates and services charges:					
Property rates	618.72	-	652.75	688.65	729.97
Electricity: Basic levy	109.23	-	115.24	121.58	128.87
Electricity: Consumption	1 746.72	-	1 842.79	1 944.14	2 060.79
Refuse removal	107.85	-	113.78	120.04	127.24
sub-total	2 582.52	5.5%	2 724.56	2 874.41	3 046.87
VAT on Services	-	-	-	-	-
Total large household bill:	2 582.52	5.5%	2 724.56	2 874.41	3 046.87
% increase/-decrease	-		5.5%	5.5%	6.0%
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	148.95	-	157.14	165.78	175.73
Electricity: Basic levy	109.85	-	115.89	122.26	129.60
Electricity: Consumption	777.01	-	819.75	864.83	916.72
Refuse removal	107.64	-	113.56	119.81	127.00
sub-total	1 143.45	5.5%	1 206.34	1 272.69	1 349.05
VAT on Services	-	-	-	-	-
Total small household bill:	1 143.45	5.5%	1 206.34	1 272.69	1 349.05
% increase/-decrease	-		5.5%	5.5%	6.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services					
Rates and services charges:					
Property rates	95.90	-	101.17	106.74	113.14
Electricity: Consumption	299.80	-	316.29	333.68	353.71
sub-total	395.70	5.5%	417.46	440.42	466.85
VAT on Services	-	-	-	-	-
Total small household bill:	395.70	5.5%	417.46	440.42	466.85
% increase/-decrease	-		5.5%	5.5%	6.0%



1.5 Operating Expenditure Framework

Municipalities were once again reminded by the National Treasury that given on-going economic pressures, the revenue side of municipal budgets will continue to be constrained, so they will need to make some very tough decisions on the expenditure side of the budget. Priority still needs to be given:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that public investments, services, regulations and incentives are focused in defined spatial areas (spatial targeting) to optimise overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality’s revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants;
- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme; and
- To implement cost containment measures

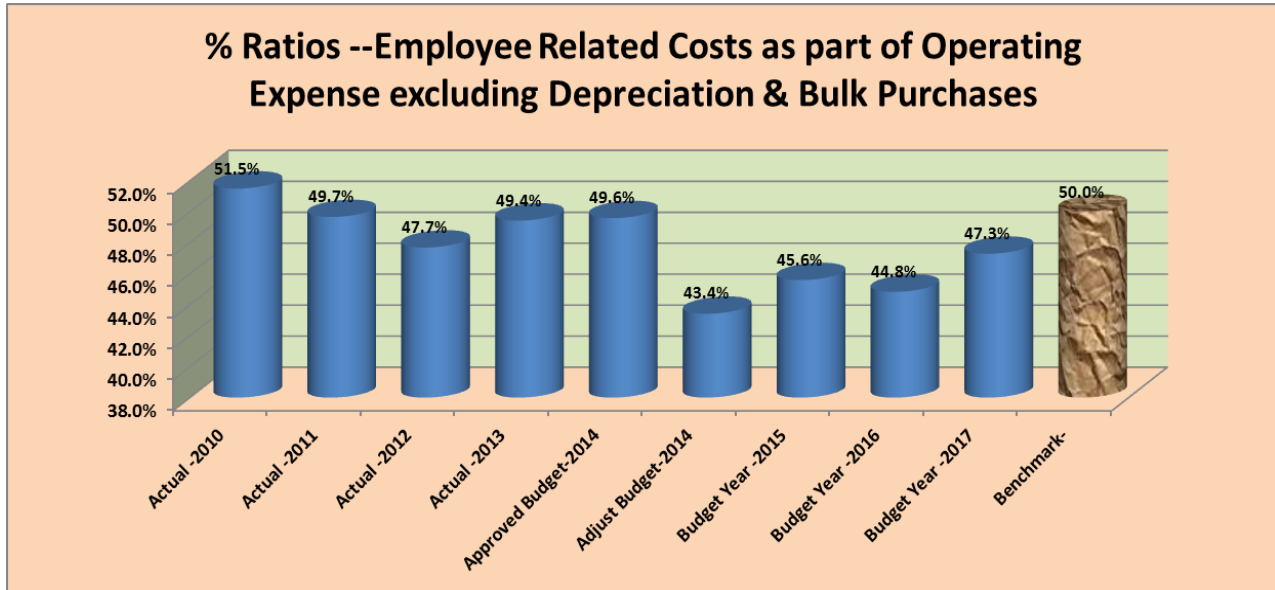
The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

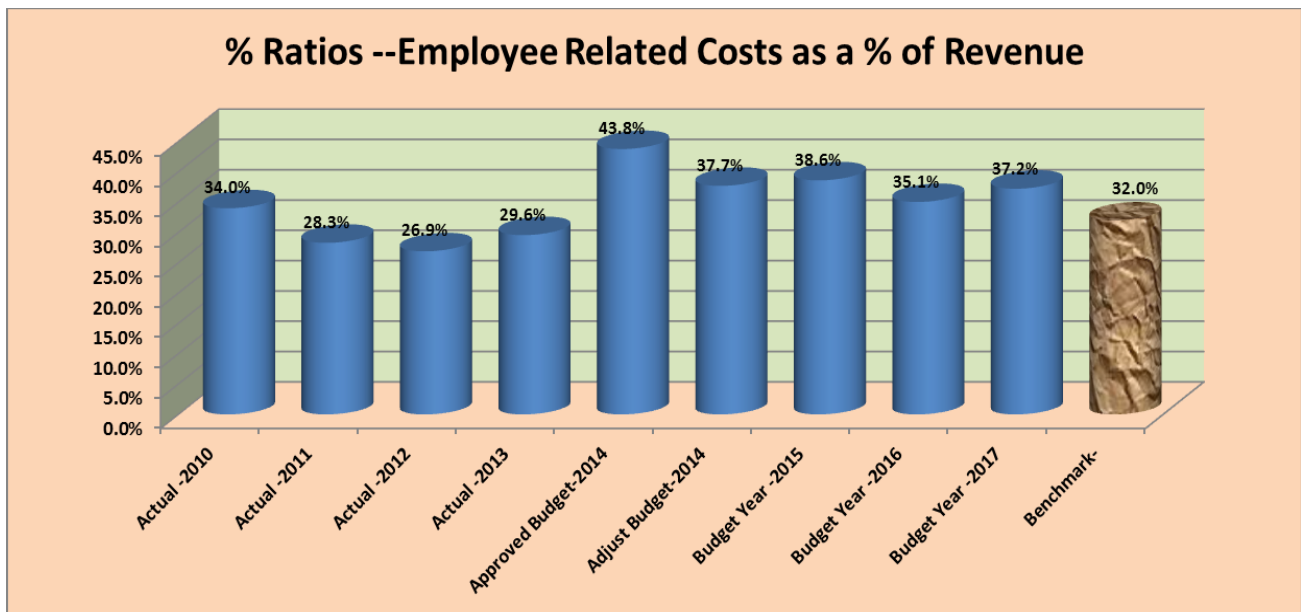
Description	2011/12	2012/13	Current Year	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type								
Employee related costs	26 261	30 716	39 839	57 313	49 405	55 967	60 439	65 270
Remuneration of councillors	7 159	8 464	9 036	9 635	9 843	10 630	11 481	12 399
Debt impairment	829	2 694	5 093	4 270	4 270	4 569	4 980	5 379
Depreciation & asset impairment	10 480	11 931	13 437	15 224	15 550	17 105	18 815	20 695
Finance charges	1 566	1 259	1 147	1 639	1 639	1 679	1 710	1 738
Bulk purchases	12 495	15 130	19 167	26 677	26 677	28 545	31 116	33 606
Transfers and grants	799	732	333	334	334	150	150	150
Other expenditure	48 441	46 819	39 739	42 373	48 306	70 969	68 619	66 321
Loss on disposal of PPE	447	85	993	-	-	-	-	-
Total Expenditure	108 477	117 831	128 785	157 465	156 024	189 613	197 310	205 557



The budgeted allocation for employee related costs for the 2014/15 financial year totals R55,97 million, which equals 29,5 per cent of the total operating expenditure. This percentage increases to 30,6 in 2015/2016 and 31,8 in 2016/2017 due to vacant posts which have subsequently been filled. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is below the benchmarking figure set between the municipalities in the Western Cape. When compared to revenue, the employee related figure remains above the set benchmark during the MTREF as illustrated below:



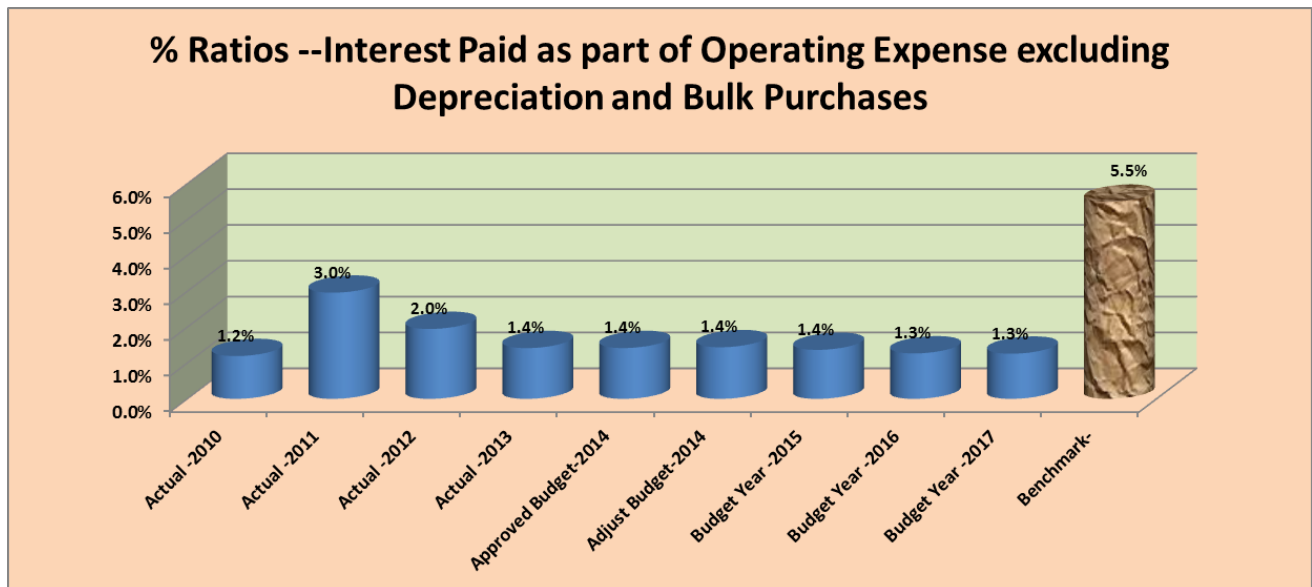


The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R4,57 million and escalates to R5,38 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.

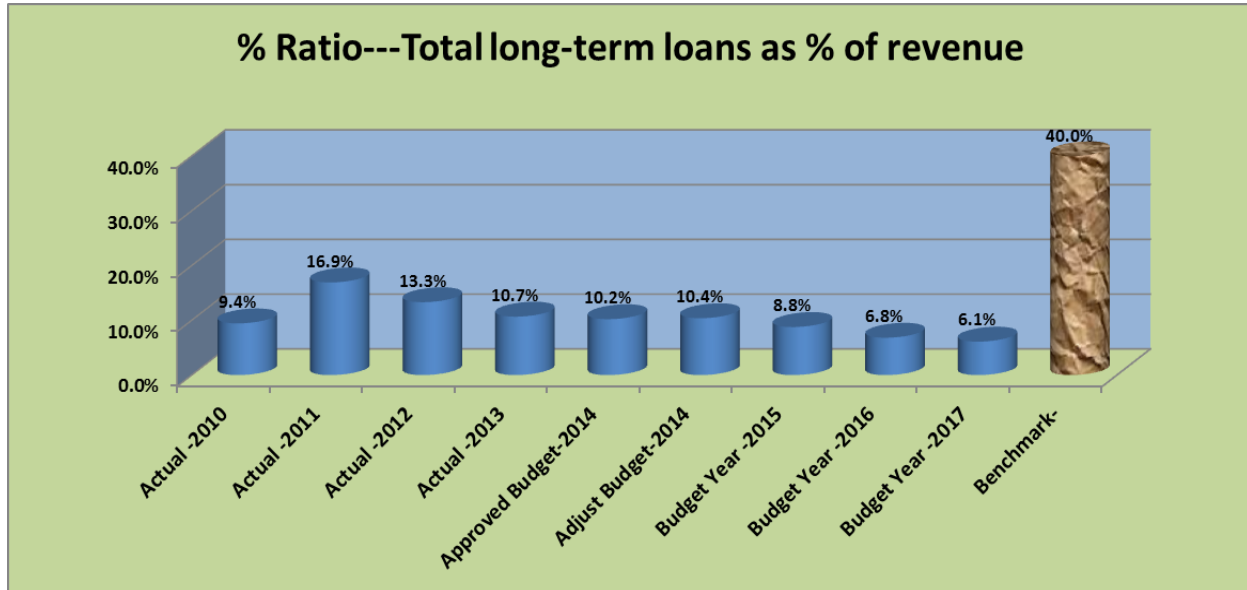
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R17,1 million for the 2014/15 financial and equates to 9 per cent of the total operating expenditure. The appropriation increases to R18,8 million in 2015/16 and R20,7 million in 2016/2017. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 10,6 per cent of the expenditure. The average for local municipalities in recent research is 11,76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0,9 per cent (R1,68 million) of operating expenditure excluding annual redemption for 2014/15 and increases to R1,74 million by 2016/17. If depreciation and bulk purchases are excluded in order to compare the municipality to the set benchmark, the results are as below and is well below the average





The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. This is also illustrated in the graph below by the ratio between external borrowing and revenue that indicates that the ratio also falls well beneath the set benchmark of 40% over the MTREF period.

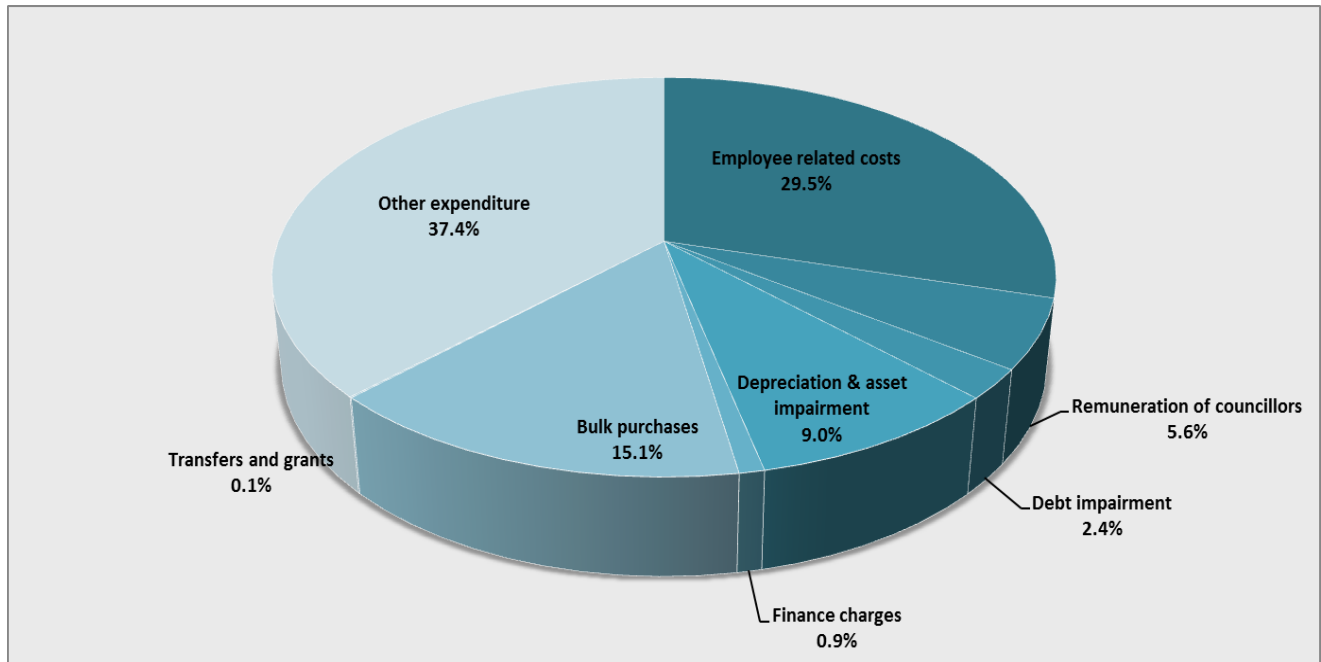


Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represents 15,1 per cent of expenditure. This percentage increase slightly over the MTREF at 15,8 per cent during 2015/16 and 16,3 per cent during 2016/17. If depreciation is excluded, the percentage is 15,8 per cent for the budget year and increasing to 17,4 per cent and 18,2 per cent in the outer years. This falls beneath the benchmark of 30 per cent for municipalities in a recent benchmarking research.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Main operational expenditure categories for the 2014/15 financial year (R'000)



1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital programme and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2014/15 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2014/15 Capital Budget should be allocated to the renewal of existing assets.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.



Table 12 Repairs and maintenance per 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation & asset impairment	10 480	11 931	13 437	15 224	15 550	17 105	18 815	20 695
Repairs and Maintenance by Asset Class	2 703	3 405	2 554	3 212	3 537	8 478	13 732	13 406
<i>Infrastructure - Road transport</i>	568	1 052	386	610	460	2 257	8 740	9 635
<i>Infrastructure - Electricity</i>	367	787	556	495	705	745	805	869
<i>Infrastructure - Water</i>	–	1	–	4	4	4	5	5
<i>Infrastructure - Other</i>	8	30	37	40	40	43	47	50
Infrastructure	943	1 870	979	1 149	1 209	3 049	9 596	10 560
Community	197	47	24	73	73	2 652	1 664	177
Other assets	1 564	1 488	1 552	1 989	2 255	2 777	2 472	2 669
TOTAL EXPENDITURE OTHER ITEMS	13 183	15 336	15 991	18 436	19 087	25 583	32 546	34 100

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality’s Indigent Policy. The target is to register all indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality’s unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The income foregone as a result of free basic services totals R14,85 million in the budget year and increasing to R16,04 million and R17,33 million in the outer years of the MTREF.



1.6 Capital expenditure

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

Table 13 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	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 3 - Corporate Services	-	-	-	4 000	-	-	-	-
Vote 5 - Road Transport	-	-	-	18 554	9 720	13 163	19 362	20 975
Vote 9 - Community & Social Services	-	-	-	-	-	5 200	9 210	1 240
Vote 10 - Sport & Recreation	-	-	-	4 793	4 366	-	-	-
Vote 12 - Electricity	-	-	-	1 508	-	-	-	-
Vote 13 - Waste Management	-	-	-	-	-	4 552	4 682	-
Capital multi-year expenditure sub-total	-	-	-	28 855	14 086	22 915	33 254	22 215
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	1 289	102	714	1 625	825	1 770	70	-
Vote 2 - Planning & Development	1 071	837	7 319	100	270	1 190	-	-
Vote 3 - Corporate Services	9 546	6 011	2 191	400	9 700	6 950	1 500	-
Vote 4 - Budget & Treasury	615	467	330	500	500	800	750	400
Vote 5 - Road Transport	16 705	27 716	18 947	7 160	28 074	3 653	12 617	11 020
Vote 7 - Housing	-	-	-	-	-	490	1 095	1 160
Vote 9 - Community & Social Services	111	89	2 868	7 850	6 255	1 870	3 260	3 621
Vote 10 - Sport & Recreation	-	2 374	2 781	-	1 000	8 818	2 325	5 875
Vote 11 - Public Safety	-	-	-	1 100	900	100	250	250
Vote 12 - Electricity	2 229	1 317	775	3 920	4 450	4 130	14 938	3 880
Vote 13 - Waste Management	112	117	1 741	4 970	4 430	1 320	680	2 860
Capital single-year expenditure sub-total	31 677	39 029	37 665	27 625	56 404	31 091	37 485	29 066
Total Capital Expenditure - Vote	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281



The following table provides more information on the breakdown of the capital budget.

Table 14 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	31 677	39 029	37 227	52 980	67 490	53 406	69 239	49 781
Infrastructure - Road transport	15 934	17 347	8 512	19 554	30 765	14 406	21 053	25 975
Infrastructure - Electricity	1 149	3 606	711	4 908	3 710	2 450	13 238	3 500
Infrastructure - Other	382	10 245	1 027	1 750	2 549	4 552	4 682	-
Infrastructure	17 466	31 197	10 250	26 212	37 024	21 408	38 973	29 475
Community	-	-	12 282	10 443	9 931	15 788	13 035	9 236
Other assets	14 130	7 763	14 670	16 325	20 535	16 210	17 231	11 070
Intangibles	82	68	24	-	-	-	-	-
Total Renewal of Existing Assets	-	-	439	3 500	3 000	600	1 500	1 500
Community	-	-	439	2 100	1 600	-	1 500	1 500
Other assets	-	-	-	1 400	1 400	600	-	-
Total Capital Expenditure								
Infrastructure - Road transport	15 934	17 347	8 512	19 554	30 765	14 406	21 053	25 975
Infrastructure - Electricity	1 149	3 606	711	4 908	3 710	2 450	13 238	3 500
Infrastructure - Other	382	10 245	1 027	1 750	2 549	4 552	4 682	-
Infrastructure	17 466	31 197	10 250	26 212	37 024	21 408	38 973	29 475
Community	-	-	12 721	12 543	11 531	15 788	14 535	10 736
Other assets	14 130	7 763	14 670	17 725	21 935	16 810	17 231	11 070
Intangibles	82	68	24	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281

Much emphasis was placed on roads as one of the main economic drivers within the region. An amount of R14.4 million for road - and bridge projects were budgeted for and R 61,4 million over the MTREF period.

The allocation to Multi-Purpose Recreational Facilities amounts to R10 million over the MTREF, of which R3,1 million is allocated to the 2014/2015 financial year. R8,2 million is allocated towards cemeteries over the MTREF and R17 million to sports facilities. A further R9,23 million is allocated to Solid waste sites and a total of R3,39 million of the MTRTEF period for both LED and Tourism activities. .



1.7 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 municipality's 2014/15 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands								
Financial Performance								
Property rates	4 197	4 001	4 312	4 612	4 298	4 521	4 755	5 000
Service charges	13 905	19 951	25 267	21 721	21 880	23 384	25 176	27 108
Investment revenue	4 915	6 790	7 476	7 000	7 000	7 420	7 865	8 337
Transfers recognised - operational	103 353	106 224	108 818	106 932	109 077	119 988	142 330	142 694
Other own revenue	3 875	4 510	10 794	4 494	4 788	5 082	5 395	5 727
Total Revenue (excluding capital transfers and contributions)	130 246	141 476	156 668	144 760	147 043	160 395	185 521	188 866
Employee costs	26 261	30 716	39 839	57 313	49 405	55 967	60 439	65 270
Remuneration of councillors	7 159	8 464	9 036	9 635	9 843	10 630	11 481	12 399
Depreciation & asset impairment	10 480	11 931	13 437	15 224	15 550	17 105	18 815	20 695
Finance charges	1 566	1 259	1 147	1 639	1 639	1 679	1 710	1 738
Materials and bulk purchases	12 495	15 130	19 167	26 677	26 677	28 545	31 116	33 606
Transfers and grants	799	732	333	334	334	150	150	150
Other expenditure	49 717	49 598	45 825	46 643	52 576	75 537	73 599	71 700
Total Expenditure	108 477	117 831	128 785	157 465	156 024	189 613	197 310	205 557
Surplus/(Deficit)	21 769	23 644	27 882	(12 705)	(8 981)	(29 218)	(11 790)	(16 691)
Transfers recognised - capital	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Surplus/(Deficit) for the year	36 388	47 285	42 606	17 650	33 108	15 396	35 502	33 438
Capital expenditure & funds sources								
Capital expenditure	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281
Transfers recognised - capital	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Internally generated funds	577	15 388	22 942	26 125	28 401	9 392	23 448	1 152
Total sources of capital funds	15 196	39 029	37 665	56 480	70 490	54 006	70 739	51 281



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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands								
Financial position								
Total current assets	129 322	146 232	173 044	103 083	125 844	104 649	88 561	91 776
Total non current assets	160 576	186 278	211 703	273 561	266 642	303 543	355 467	386 054
Total current liabilities	37 836	26 697	36 689	17 536	9 166	9 954	10 810	11 740
Total non current liabilities	28 226	30 567	29 786	31 884	31 940	31 461	30 940	30 373
Community wealth/Equity	223 836	275 246	318 272	327 224	351 380	366 776	402 278	435 716
Cash flows								
Net cash from (used) operating	72 647	48 808	66 173	34 559	22 401	32 072	53 814	53 568
Net cash from (used) investing	(30 896)	(38 802)	(37 429)	(56 480)	(70 490)	(54 006)	(70 739)	(51 281)
Net cash from (used) financing	8 123	(255)	(388)	(856)	(716)	(745)	(805)	(869)
Cash/cash equivalents at the year end	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Cash backing/surplus reconciliation								
Cash and investments available	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Application of cash and investments	71 108	90 706	129 904	65 607	102 610	81 614	64 300	66 065
Balance - surplus (shortfall)	45 038	35 192	24 349	13 239	2 838	1 155	738	392
Asset management								
Asset register summary (WDV)	158 939	187 680	211 703	271 832	266 672	303 543	355 467	386 054
Depreciation & asset impairment	10 480	11 931	13 437	15 224	15 550	17 105	18 815	20 695
Renewal of Existing Assets	-	-	439	3 500	3 000	600	1 500	1 500
Repairs and Maintenance	2 703	3 405	2 554	3 212	3 537	8 478	13 732	13 406
Free services								
Cost of Free Basic Services provided	8 337	11 044	-	12 021	12 021	12 983	14 022	15 143
Revenue cost of free services provided	9 189	12 968	-	13 439	13 439	14 246	15 101	16 007
Households below minimum service level								
Energy:	-	-	-	7	7	7	7	7
Refuse:	31	31	-	33	33	33	33	33



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The accumulated surplus 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 indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.



Table 16 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard								
<i>Governance and administration</i>	73 325	85 774	100 299	101 730	101 416	113 897	136 224	137 333
Executive and council	2 675	2 526	4 836	5 571	5 571	6 907	7 208	7 559
Budget and treasury office	70 569	83 133	93 178	96 102	95 788	106 931	128 953	129 707
Corporate services	81	115	2 285	56	56	60	63	67
<i>Community and public safety</i>	11 426	13 197	7 844	11 229	11 303	11 787	12 423	13 160
Community and social services	1 283	1 879	4 151	5 382	4 797	4 891	5 113	5 412
Sport and recreation	-	3 306	3 095	4 793	5 366	5 688	6 029	6 391
Public safety	25	68	20	1 033	725	768	814	863
Housing	10 118	7 944	579	21	415	440	466	494
<i>Economic and environmental services</i>	39 430	30 975	25 941	26 499	41 018	40 845	40 599	42 911
Planning and development	5 079	2 212	10 554	1 287	3 032	893	345	242
Road transport	34 350	28 763	15 387	25 212	37 986	39 952	40 254	42 669
<i>Trading services</i>	20 684	35 171	37 306	35 657	35 396	38 480	43 566	45 590
Electricity	15 830	22 563	30 116	27 753	27 912	30 362	34 208	36 132
Waste water management	-	7 150	-	-	-	-	-	-
Waste management	4 854	5 458	7 190	7 904	7 484	8 118	9 358	9 458
Total Revenue - Standard	144 865	165 116	171 391	175 115	189 133	205 009	232 812	238 995



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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure - Standard								
Governance and administration	23 962	34 159	43 088	47 788	52 726	63 693	65 879	69 131
Executive and council	14 736	20 223	19 370	20 442	22 759	26 675	27 344	27 742
Budget and treasury office	6 748	7 318	12 887	15 707	16 325	20 650	21 892	23 536
Corporate services	2 478	6 618	10 831	11 639	13 642	16 369	16 644	17 852
Community and public safety	16 472	12 423	7 642	13 125	11 214	23 978	14 978	13 244
Community and social services	5 122	5 073	5 864	10 182	8 133	11 192	10 814	10 035
Sport and recreation	193	47	122	348	528	430	471	516
Public safety	355	328	242	637	717	766	804	870
Housing	10 733	6 975	1 414	1 958	1 835	11 590	2 888	1 823
Health	68	-	-	-	-	-	-	-
Economic and environmental services	41 582	39 996	38 451	45 454	42 278	51 734	60 286	64 097
Planning and development	8 577	6 841	9 732	12 479	12 712	13 555	11 555	12 171
Road transport	33 005	33 155	28 719	32 975	29 566	38 178	48 731	51 926
Trading services	26 461	31 254	39 604	51 098	49 805	50 208	56 166	59 085
Electricity	18 283	22 495	29 203	35 883	36 344	35 696	40 377	42 001
Water	-	(246)	-	-	-	-	-	-
Waste water management	462	753	78	827	827	903	991	1 084
Waste management	7 716	8 251	10 323	14 387	12 634	13 609	14 799	16 000
Total Expenditure - Standard	108 477	117 831	128 785	157 465	156 024	189 613	197 310	205 557
Surplus/(Deficit) for the year	36 388	47 285	42 606	17 650	33 108	15 396	35 502	33 438

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. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.



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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Electricity	(2 453)	67	912	(8 130)	(8 432)	(5 334)	(6 169)	(5 869)
Water	-	246	-	-	-	-	-	-
Waste water management	(462)	6 397	(78)	(827)	(827)	(903)	(991)	(1 084)
Waste management	(2 862)	(2 794)	(3 133)	(6 483)	(5 150)	(5 491)	(5 441)	(6 542)

The table highlights that this is not the case for Electricity, Waste Management (Refuse) and Waste Water Management (Storm water) functions over the MTREF. As already noted above, the municipality is 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.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



Table 17 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Revenue by Vote								
Vote 1 - Executive & Council	2 675	2 526	4 836	5 571	5 571	6 907	7 208	7 559
Vote 2 - Planning & Development	5 079	2 212	10 554	1 287	3 032	893	345	242
Vote 3 - Corporate Services	81	115	2 285	56	56	60	63	67
Vote 4 - Budget & Treasury	70 569	83 133	93 178	96 102	95 788	106 931	128 953	129 707
Vote 5 - Road Transport	34 350	28 763	15 387	25 212	37 986	39 952	40 254	42 669
Vote 6 - Waste Water Management	-	7 150	-	-	-	-	-	-
Vote 7 - Housing	10 118	7 944	579	21	415	440	466	494
Vote 9 - Community & Social Services	1 283	1 879	4 151	5 382	4 797	4 891	5 113	5 412
Vote 10 - Sport & Recreation	-	3 306	3 095	4 793	5 366	5 688	6 029	6 391
Vote 11 - Public Safety	25	68	20	25	25	26	28	29
Vote 12 - Electricity	15 830	22 563	30 116	28 761	28 612	31 104	34 994	36 966
Vote 13 - Waste Management	4 854	5 458	7 190	7 904	7 484	8 118	9 358	9 458
Total Revenue by Vote	144 865	165 116	171 391	175 115	189 133	205 009	232 812	238 995
Expenditure by Vote to be appropriated								
Vote 1 - Executive & Council	14 736	20 223	19 370	20 442	22 759	26 675	27 344	27 742
Vote 2 - Planning & Development	8 577	6 841	9 732	12 479	12 712	13 555	11 555	12 171
Vote 3 - Corporate Services	2 478	6 618	10 831	11 639	13 642	16 369	16 644	17 852
Vote 4 - Budget & Treasury	6 748	7 318	12 887	15 707	16 325	20 650	21 892	23 536
Vote 5 - Road Transport	33 005	33 155	28 719	32 975	29 566	38 178	48 731	51 926
Vote 6 - Waste Water Management	462	753	78	827	827	903	991	1 084
Vote 7 - Housing	10 733	6 975	1 414	1 958	1 835	11 590	2 888	1 823
Vote 8 - Health	68	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	5 122	5 073	5 864	10 182	8 133	11 192	10 814	10 035
Vote 10 - Sport & Recreation	193	47	122	348	528	430	471	516
Vote 11 - Public Safety	5	3	18	67	67	73	52	57
Vote 12 - Electricity	18 633	22 820	29 428	36 454	36 994	36 389	41 129	42 813
Vote 13 - Waste Management	7 716	8 251	10 323	14 387	12 634	13 609	14 799	16 000
Vote 14 - Water	-	(246)	-	-	-	-	-	-
Total Expenditure by Vote	108 477	117 831	128 785	157 465	156 024	189 613	197 310	205 557
Surplus/(Deficit) for the year	36 388	47 285	42 606	17 650	33 108	15 396	35 502	33 438



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 Municipality. This means it is possible to present the operating surplus or deficit of a vote.



Table 18 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source								
Property rates	4 197	4 001	4 312	4 612	4 298	4 521	4 755	5 000
Service charges - electricity revenue	12 156	18 003	22 763	19 499	19 658	21 113	22 861	24 754
Service charges - refuse revenue	1 749	1 948	2 504	2 223	2 223	2 271	2 315	2 354
Rental of facilities and equipment	375	570	424	278	278	295	312	331
Interest earned - external investments	4 915	6 790	7 476	7 000	7 000	7 420	7 865	8 337
Interest earned - outstanding debtors	885	882	1 092	843	843	901	963	1 029
Fines	69	50	65	60	60	64	67	71
Licences and permits	814	1 348	1 380	1 140	1 140	1 208	1 281	1 358
Agency services	600	912	1 989	1 802	2 102	2 228	2 362	2 504
Transfers recognised - operational	103 353	106 224	108 818	106 932	109 077	119 988	142 330	142 694
Other revenue	1 132	747	5 844	371	365	387	410	434
Total Revenue (excluding capital transfers and contributions)	130 246	141 476	156 668	144 760	147 043	160 395	185 521	188 866
Expenditure By Type								
Employee related costs	26 261	30 716	39 839	57 313	49 405	55 967	60 439	65 270
Remuneration of councillors	7 159	8 464	9 036	9 635	9 843	10 630	11 481	12 399
Debt impairment	829	2 694	5 093	4 270	4 270	4 569	4 980	5 379
Depreciation & asset impairment	10 480	11 931	13 437	15 224	15 550	17 105	18 815	20 695
Finance charges	1 566	1 259	1 147	1 639	1 639	1 679	1 710	1 738
Bulk purchases	12 495	15 130	19 167	26 677	26 677	28 545	31 116	33 606
Transfers and grants	799	732	333	334	334	150	150	150
Other expenditure	48 441	46 819	39 739	42 373	48 306	70 969	68 619	66 321
Loss on disposal of PPE	447	85	993	-	-	-	-	-
Total Expenditure	108 477	117 831	128 785	157 465	156 024	189 613	197 310	205 557
Surplus/(Deficit)	21 769	23 644	27 882	(12 705)	(8 981)	(29 218)	(11 790)	(16 691)
Transfers recognised - capital	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Surplus/(Deficit) for the year	36 388	47 285	42 606	17 650	33 108	15 396	35 502	33 438

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

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.



Table 19 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	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 3 - Corporate Services	-	-	-	4 000	-	-	-	-
Vote 5 - Road Transport	-	-	-	18 554	9 720	13 163	19 362	20 975
Vote 9 - Community & Social Services	-	-	-	-	-	5 200	9 210	1 240
Vote 10 - Sport & Recreation	-	-	-	4 793	4 366	-	-	-
Vote 12 - Electricity	-	-	-	1 508	-	-	-	-
Vote 13 - Waste Management	-	-	-	-	-	4 552	4 682	-
Capital multi-year expenditure sub-total	-	-	-	28 855	14 086	22 915	33 254	22 215
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	1 289	102	714	1 625	825	1 770	70	-
Vote 2 - Planning & Development	1 071	837	7 319	100	270	1 190	-	-
Vote 3 - Corporate Services	9 546	6 011	2 191	400	9 700	6 950	1 500	-
Vote 4 - Budget & Treasury	615	467	330	500	500	800	750	400
Vote 5 - Road Transport	16 705	27 716	18 947	7 160	28 074	3 653	12 617	11 020
Vote 7 - Housing	-	-	-	-	-	490	1 095	1 160
Vote 9 - Community & Social Services	111	89	2 868	7 850	6 255	1 870	3 260	3 621
Vote 10 - Sport & Recreation	-	2 374	2 781	-	1 000	8 818	2 325	5 875
Vote 11 - Public Safety	-	-	-	1 100	900	100	250	250
Vote 12 - Electricity	2 229	1 317	775	3 920	4 450	4 130	14 938	3 880
Vote 13 - Waste Management	112	117	1 741	4 970	4 430	1 320	680	2 860
Capital single-year expenditure sub-total	31 677	39 029	37 665	27 625	56 404	31 091	37 485	29 066
Total Capital Expenditure - Vote	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281



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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard								
Governance and administration	11 450	6 579	3 235	6 525	11 025	9 520	2 320	400
Executive and council	1 289	102	714	1 625	825	1 770	70	-
Budget and treasury office	615	467	330	500	500	800	750	400
Corporate services	9 546	6 011	2 191	4 400	9 700	6 950	1 500	-
Community and public safety	111	2 462	5 649	13 743	12 521	16 478	16 140	12 146
Community and social services	111	89	2 868	7 850	6 255	7 070	12 470	4 860
Sport and recreation	-	2 374	2 781	4 793	5 366	8 818	2 325	5 875
Public safety	-	-	-	1 100	900	100	250	250
Housing	-	-	-	-	-	490	1 095	1 160
Economic and environmental services	17 776	28 553	26 265	25 814	38 064	18 006	31 979	31 995
Planning and development	1 071	837	7 319	100	270	1 190	-	-
Road transport	16 705	27 716	18 947	25 714	37 794	16 816	31 979	31 995
Trading services	2 341	1 434	2 517	10 398	8 880	10 002	20 300	6 740
Electricity	2 229	1 317	775	5 428	4 450	4 130	14 938	3 880
Waste management	112	117	1 741	4 970	4 430	5 872	5 362	2 860
Total Capital Expenditure - Standard	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281
Funded by:								
National Government	14 514	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Provincial Government	105	-	-	-	-	-	-	-
Transfers recognised - capital	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Borrowing	16 481	-	-	-	-	-	-	-
Internally generated funds	577	15 388	22 942	26 125	28 401	9 392	23 448	1 152
Total Capital Funding	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281

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

1. Table A5 is a breakdown of the capital program 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.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.



Table 20 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
ASSETS								
Current assets								
Cash	2 276	904	1 177	500	1 177	1 200	1 200	1 200
Call investment deposits	113 870	124 993	153 076	78 346	104 271	81 568	63 838	65 257
Consumer debtors	4 626	15 046	13 272	11 867	14 064	14 915	15 861	16 891
Other debtors	3 382	1 767	1 766	7 330	2 323	2 555	2 811	3 092
Current portion of long-term receivables	14	-	-	-	-	-	-	-
Inventory	5 154	3 521	3 752	5 041	4 010	4 411	4 852	5 337
Total current assets	129 322	146 232	173 044	103 083	125 844	104 649	88 561	91 776
Non current assets								
Investment property	12 549	10 262	10 262	12 549	10 262	10 262	10 262	10 262
Property, plant and equipment	146 090	177 155	201 258	259 362	256 199	293 148	345 125	375 769
Intangible	300	263	181	215	181	133	80	22
Other non-current assets	1 637	(1 402)	2	1 436	-	-	-	-
Total non current assets	160 576	186 278	211 703	273 561	266 642	303 543	355 467	386 054
TOTAL ASSETS	289 898	332 510	384 746	376 644	392 486	408 192	444 029	477 829
LIABILITIES								
Current liabilities								
Borrowing	778	798	791	971	827	893	965	1 042
Consumer deposits	342	533	949	575	1 024	1 106	1 194	1 290
Trade and other payables	25 426	20 467	29 470	3 565	1 837	1 984	2 142	2 314
Provisions	11 290	4 899	5 478	12 425	5 478	5 971	6 508	7 094
Total current liabilities	37 836	26 697	36 689	17 536	9 166	9 954	10 810	11 740
Non current liabilities								
Borrowing	15 703	15 237	14 439	13 367	13 612	12 719	11 754	10 712
Provisions	12 523	15 330	15 346	18 517	18 328	18 743	19 186	19 661
Total non current liabilities	28 226	30 567	29 786	31 884	31 940	31 461	30 940	30 373
TOTAL LIABILITIES	66 062	57 264	66 474	49 421	41 106	41 416	41 751	42 113
NET ASSETS	223 836	275 246	318 272	327 224	351 380	366 776	402 278	435 716
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	160 193	186 318	203 134	246 194	235 173	268 585	320 450	351 075
Reserves	63 643	88 928	115 138	81 030	116 208	98 191	81 828	84 640
TOTAL COMMUNITY WEALTH/EQUITY	223 836	275 246	318 272	327 224	351 380	366 776	402 278	435 716



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 21 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	46 976	29 570	35 066	28 531	25 118	31 003	33 162	35 495
Government - operating	114 648	99 922	107 591	106 932	108 464	119 988	142 330	142 694
Government - capital	14 619	23 641	26 799	30 355	42 089	44 614	47 291	50 129
Interest	4 915	6 790	7 476	7 843	7 843	8 321	8 828	9 366
Payments								
Suppliers and employees	(106 146)	(109 123)	(109 280)	(137 130)	(159 141)	(170 026)	(175 937)	(182 227)
Finance charges	(1 566)	(1 259)	(1 147)	(1 639)	(1 639)	(1 679)	(1 710)	(1 738)
Transfers and Grants	(799)	(732)	(333)	(334)	(334)	(150)	(150)	(150)
NET CASH FROM/(USED) OPERATING ACTIVITIES	72 647	48 808	66 173	34 559	22 401	32 072	53 814	53 568
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	764	213	236	-	-	-	-	-
Decrease (Increase) in non-current debtors	17	14	-	-	-	-	-	-
Payments								
Capital assets	(31 677)	(39 029)	(37 665)	(56 480)	(70 490)	(54 006)	(70 739)	(51 281)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(30 896)	(38 802)	(37 429)	(56 480)	(70 490)	(54 006)	(70 739)	(51 281)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	8 473	282	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(21)	191	417	43	75	82	88	96
Payments								
Repayment of borrowing	(329)	(728)	(805)	(899)	(791)	(827)	(893)	(965)
NET CASH FROM/(USED) FINANCING ACTIVITIES	8 123	(255)	(388)	(856)	(716)	(745)	(805)	(869)
NET INCREASE/ (DECREASE) IN CASH HELD	49 875	9 751	28 356	(22 777)	(48 805)	(22 680)	(17 730)	1 418
Cash/cash equivalents at the year begin:	66 272	116 147	125 897	101 623	154 253	105 448	82 768	65 038
Cash/cash equivalents at the year end:	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457

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. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.



Table 22 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	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	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Cash and investments available:	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Application of cash and investments								
Unspent conditional transfers	23 490	17 318	27 825	-	-	-	-	-
Other working capital requirements	(15 180)	(14 320)	(11 417)	(14 202)	(11 455)	(14 435)	(15 386)	(16 433)
Reserves to be backed by cash/investments	62 798	87 707	113 496	79 809	114 065	96 049	79 686	82 498
Total Application of cash and investments:	71 108	90 706	129 904	65 607	102 610	81 614	64 300	66 065
Surplus(shortfall)	45 038	35 192	24 349	13 239	2 838	1 155	738	392

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”. The municipality’s budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. 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 23 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	31 677	39 029	37 227	52 980	67 490	53 406	69 239	49 781
Infrastructure - Road transport	15 934	17 347	8 512	19 554	30 765	14 406	21 053	25 975
Infrastructure - Electricity	1 149	3 606	711	4 908	3 710	2 450	13 238	3 500
Infrastructure - Other	382	10 245	1 027	1 750	2 549	4 552	4 682	-
Infrastructure	17 466	31 197	10 250	26 212	37 024	21 408	38 973	29 475
Community	-	-	12 282	10 443	9 931	15 788	13 035	9 236
Other assets	14 130	7 763	14 670	16 325	20 535	16 210	17 231	11 070
Intangibles	82	68	24	-	-	-	-	-
Total Renewal of Existing Assets	-	-	439	3 500	3 000	600	1 500	1 500
Community	-	-	439	2 100	1 600	-	1 500	1 500
Other assets	-	-	-	1 400	1 400	600	-	-
Total Capital Expenditure								
Infrastructure - Road transport	15 934	17 347	8 512	19 554	30 765	14 406	21 053	25 975
Infrastructure - Electricity	1 149	3 606	711	4 908	3 710	2 450	13 238	3 500
Infrastructure - Other	382	10 245	1 027	1 750	2 549	4 552	4 682	-
Infrastructure	17 466	31 197	10 250	26 212	37 024	21 408	38 973	29 475
Community	-	-	12 721	12 543	11 531	15 788	14 535	10 736
Other assets	14 130	7 763	14 670	17 725	21 935	16 810	17 231	11 070
Intangibles	82	68	24	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281
ASSET REGISTER SUMMARY - PPE (WDV)								
Infrastructure - Road transport	76 867	89 509	88 586	107 126	107 959	109 853	117 175	128 048
Infrastructure - Electricity	4 577	8 021	8 305	16 148	11 672	13 945	26 988	30 274
Infrastructure - Other	3 232	13 327	14 202	11 400	16 583	20 627	24 751	24 137
Infrastructure	84 676	110 857	111 094	134 673	136 214	144 425	168 915	182 460
Community	9	1 116	11 452	42 575	22 836	38 620	53 154	63 890
Investment properties	12 549	10 262	10 262	12 549	10 262	10 262	10 262	10 262
Other assets	61 404	65 182	78 713	81 820	97 178	110 103	123 056	129 420
Intangibles	300	263	181	215	181	133	80	22
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	158 939	187 680	211 703	271 832	266 672	303 543	355 467	386 054



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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment	10 480	11 931	13 437	15 224	15 550	17 105	18 815	20 695
Repairs and Maintenance by Asset Class	2 703	3 405	2 554	3 212	3 537	8 478	13 732	13 406
Infrastructure - Road transport	568	1 052	386	610	460	2 257	8 740	9 635
Infrastructure - Electricity	367	787	556	495	705	745	805	869
Infrastructure - Water	-	1	-	4	4	4	5	5
Infrastructure - Other	8	30	37	40	40	43	47	50
Infrastructure	943	1 870	979	1 149	1 209	3 049	9 596	10 560
Community	197	47	24	73	73	2 652	1 664	177
Other assets	1 564	1 488	1 552	1 989	2 255	2 777	2 472	2 669
TOTAL EXPENDITURE OTHER ITEMS	13 183	15 336	15 991	18 436	19 087	25 583	32 546	34 100
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	1.2%	6.2%	4.3%	1.1%	2.1%	2.9%
<i>Renewal of Existing Assets as % of deprechn"</i>	0.0%	0.0%	3.3%	23.0%	19.3%	3.5%	8.0%	7.2%
<i>R&M as a % of PPE</i>	1.9%	1.9%	1.3%	1.2%	1.4%	2.9%	4.0%	3.6%
<i>Renewal and R&M as a % of PPE</i>	2.0%	2.0%	1.0%	2.0%	2.0%	3.0%	4.0%	4.0%

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. 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. The Municipality does not meet both these recommendations.



Table 24 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets								
Energy:								
Electricity (at least min.service level)	34 802	34 802	-	29 869	29 869	29 869	29 869	29 869
Electricity - prepaid (min.service level)	1 149	1 149	-	986	986	986	986	986
Other water supply (at least min.service level)	35 951	35 951	-	30 855	30 855	30 855	30 855	30 855
Other energy sources	-	-	-	7 191	7 191	7 191	7 191	7 191
No water supply	-	-	-	7 191	7 191	7 191	7 191	7 191
Below Minimum Service Level sub-total	35 951	35 951	-	38 046	38 046	38 046	38 046	38 046
Refuse:								
Removed at least once a week	4 715	4 715	-	4 756	4 756	4 756	4 780	4 803
Other water supply (at least min.service level)	4 715	4 715	-	4 756	4 756	4 756	4 780	4 803
Using communal refuse dump	31 236	31 236	-	33 290	33 290	33 290	33 266	33 243
No water supply	31 236	31 236	-	33 290	33 290	33 290	33 266	33 243
Below Minimum Service Level sub-total	35 951	35 951	-	38 046	38 046	38 046	38 046	38 046
Households receiving Free Basic Service								
Electricity/other energy (50kwh per household per month)	6 968	5 914	-	-	-	6 505	6 700	6 901
Refuse (removed at least once a week)	2 245	2 545	-	-	-	2 799	2 883	2 970
Cost of Free Basic Services provided (R'000)								
Water (6 kilolitres per household per month)	1 093	1 491	-	-	-	-	-	-
Sanitation (free sanitation service)	1 724	2 355	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	3 121	4 014	-	7 755	7 755	8 376	9 046	9 770
Refuse (removed once a week)	2 399	3 183	-	4 266	4 266	4 607	4 976	5 374
Total cost of FBS provided (minimum social package)	8 337	11 044	-	12 021	12 021	12 983	14 022	15 143
Highest level of free service provided								
Property rates (R value threshold)	65 000	65 000	-	60 000	60 000	60 000	60 000	60 000
Electricity (kw h per household per month)	50	50	-	50	50	50	50	50
Refuse (average litres per week)	140	140	-	140	140	140	140	140
Revenue cost of free services provided (R'000)								
Property rates (R15 000 threshold rebate)	852	1 924	-	1 054	1 054	1 117	1 184	1 255
rebates)	-	-	-	364	364	386	409	434
Water	1 093	1 491	-	-	-	-	-	-
Sanitation	1 724	2 355	-	-	-	-	-	-
Electricity/other energy	3 121	4 014	-	7 755	7 755	8 221	8 714	9 237
Refuse	2 399	3 183	-	4 266	4 266	4 522	4 793	5 081
Total revenue cost of free services provided (total social package)	9 189	12 968	-	13 439	13 439	14 246	15 101	16 007



Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

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

2.1.1 IDP and Service Delivery and Budget Implementation Plan

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.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2013. Key dates applicable to the process were:



Time Frames	Mayor and Council	Administration - Municipality and Entity
<p>July – August 2013</p>	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process</p> <p>MFMA s 53</p> <p>IDP & Budget Steering Committee Meeting to discuss draft IDP & Budget process plan 20 August 2013</p> <p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year 31 August 2013.</p> <p>MFMA s 21,22, 23;</p> <p>MSA s 34, Ch 4 as amended</p>	<p>Accounting officers and senior officials of municipality begin planning for next three-year budget</p> <p>MFMA s 68, 77</p>
<p>September - November</p>	<p>Advertise IDP & Budget review deadlines 6 September 2013</p> <p>IDP Representative Forum to discuss process plan and review analysis 18 September 2013</p> <p>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans September – October 2012</p>	<p>Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics,</p>



Time Frames	Mayor and Council	Administration - Municipality and Entity
	<p>ExCo outreach 1 September to 30 October 2013</p> <p>IDP Representative Forum to discuss and finalise outreach issues 26 November 2013</p>	<p>water, electricity, roads, etc)</p> <p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p>MFMA s 35, 36, 42; MTBPS</p> <p>Accounting officer reviews and drafts initial changes to IDP</p> <p>MSA s 34</p>
December	<p>Council finalises tariff (rates and service charges) policies for next financial year</p> <p>MSA s 74, 75</p>	<p>Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's</p>



Time Frames	Mayor and Council	Administration - Municipality and Entity
January	<p>Municipal strategic session 14-17 January 2014</p>	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)</p> <p>MFMA s 36</p>
February	<p>IGR Meeting to discuss project proposals and budgets with sector departments 13 February 2014</p> <p>IDP and Budget Steering Committee 19 February 2014</p>	<p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and</p>



Time Frames	Mayor and Council	Administration - Municipality and Entity
		<p>annual report</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year</p> <p>MFMA s 37(2)</p>
March	<p>IDP Rep Forum to discuss draft IDP 5 March 2014</p> <p>IDP & Budget Steering Committee meeting to develop draft high level SDBIP 13 March 2014</p> <p>Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year</p> <p>MFMA s 16, 22, 23, 87; MSA s 34</p> <p>31 March 2014</p>	<p>Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March</p> <p>MFMA s 42</p>
April - May	<p>Directors to meet with departments and draft departmental SDBIP's 5-23 April 2014</p> <p>Public hearings on the budget 17 April to 5 May 2014, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor</p>	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed 1 April 2013</p> <p>MFMA s 22 & 37; MSA Ch 4 as amended</p>



Time Frames	Mayor and Council	Administration - Municipality and Entity
	<p>to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration MFMA s 23, 24; MSA Ch 4 as amended</p> <p>IDP & Budget Steering committee meetings to discuss SDBIP and budget submissions 6 May 2014</p> <p>IDP Representative Forum to discuss draft PMS targets 8 May 2014</p> <p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc</p> <p>MFMA s 21</p> <p>Council to consider approval of budget and plans at least 30 days before start of budget year, 31 May 2014.</p> <p>MFMA s 23, 24; MSA Ch 4 as amended</p> <p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year 31 May 2014</p> <p>MFMA s 16, 24, 26, 53</p>	<p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p> <p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p>



Time Frames	Mayor and Council	Administration - Municipality and Entity
<p>June</p>	<p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA 26 June 2014.</p> <p>Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to Council 30 June 2014, MEC for local government and makes public within 14 days after approval 14 July 2014.</p> <p>MFMA s 53; MSA s 38-45, 57(2)</p> <p>Council must finalise a system of delegations.</p> <p>MFMA s 59, 79, 82; MSA s 59-65</p>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA (14 June 2014).</p> <p>MFMA s 69; MSA s 57</p> <p>Accounting officers of municipality publishes adopted budget and plans 14 July 2014</p> <p>MFMA s 75, 87</p>
<p>Abbreviations: IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan</p>		

This is the fourth review of the 2011 – 2016 IDP as adopted by Council in May 2011. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August.

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



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

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 Review 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 department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Community Consultation

A full consultation process will be carried out during April 2014. During this process members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget to be approved by Council at the end of May 2014.

2.2 Overview of alignment of annual budget with IDP

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

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

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



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

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



Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	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	Budget Year	Budget Year +1	Budget Year +2
R thousand										
To promote and instil good governance practices within Senqu municipality, To promote and instil a culture of performance management in Senqu municipality, To promote and instil good governance practices within Senqu municipality, To promote and instil good governance practices within Senqu municipality, To promote and instill holistic planning practices within the Senqu Municipality, To promote interactive communication with customers around service delivery issues, To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	Risk, compliance and Performance management, Oversight, Governance, IDP, Communication and Public participation, mainstreaming	GG01, GG02, GG03, GG04, GG05, GG06, GG07	2 675	2 526	4 836	5 571	5 571	6 907	7 208	7 559
To provide sustainable infrastructure develop by improving and building housing infrastructure and land administration/building control	Housing, SPATIAL PLANNING -	BSD04, BSD05	10 118	7 944	579	21	415	440	466	494
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	34 350	28 763	15 387	25 212	37 986	39 952	40 254	42 669
To provide efficient and economical refuse collection and recycling services	WASTE MANAGEMENT - 09	BSD12	4 854	5 458	7 190	7 904	7 484	8 118	9 358	9 458
To maintain and upgrade the existing network	ELECTRICITY	BSD02	15 830	22 563	30 116	27 753	27 912	30 362	34 208	36 132
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity		-	7 150	-	-	-	-	-	-
To increase the number and length of stay of foreign and domestic tourists in Senqu municipal area by 2017, Making the municipal area more attractive to investors, tourists and individuals, Create an conducive environment for existing, new and start-up business, Support income generating activities for the poor	TOURISM - LED01, ECONOMIC TRANSFORMATION - 02, SMME - 03, CWP - 04	LED01, LED02, LED03, LED04	5 079	2 212	10 554	1 287	3 032	893	345	242
To provide and maintain community facilities, To provide reading and study material, To provide and maintain parks and open spaces creating a pleasant environment for communities	COMMUNITY HALLS - BSD06, CEMETRIES - BSD07, LIBRARIES - BSD09, PARKS AND PUBLIC OPEN SPACES - BSD10	BSD06, BSD07, BSD09, BSD10	1 283	1 879	4 151	5 382	4 797	4 891	5 113	5 412
To provide basic sport and recreation facilities within the identified community areas	SPORTS AND RECREATION FACILITIES - BSD08	BSD08	-	3 306	3 095	4 793	5 366	5 688	6 029	6 391
To comply with the MFMA prescriptions of supply chain management, To manage, control and maintain all municipal assets according to MFMA regulations and good assets management practices, To become a financial viable municipality that is able to account, report on all monies spent for service delivery purposes, To ensure good payroll management and implementation	SUPPLY CHAIN - MFMV01, ASSET MANAGEMENT - MFMV02, FINANCIAL MANAGEMENT - FMV03, PAYROLL - FMV04	FMV01, FMV02, FMV03, FMV04	70 569	83 133	93 178	96 102	95 788	106 931	128 953	129 707
To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To promote effective and inspiring governance, To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To build a healthy, competent and effective workforce, To promote fair fair Labour Practices, To eliminate the number of litigations against the municipality, To ensure coherent and transparent decision making within the municipality	SKILLS DEVELOPMENT - MTID01, EMPLOYMENT EQUITY - MTID02, RECRUITMENT & SELECTION - MTID03, EMPLOYEE WELLNESS PROGRAMME - MTID04, LOCAL LABOUR FORUM - MTID 05, LEGAL SERVICES - MTID06, BUILDINGS - MTID07, ADMINISTRATION - MTID08	MTID01, MTID02, MTID03, MTID04, MTID05, MTID06, MTID07, MTID08	81	115	2 285	56	56	60	63	67
To manage commonages within Senqu Municipality, To maintain and upgrade the existing network	COMMONAGES - BSD11, PUBLIC LIGHTING - BSD03	BSD11, BSD03	25	68	20	1 033	725	768	814	863
Total Revenue (excluding capital transfers and contributions)			144 865	165 116	171 391	175 115	189 133	205 009	232 812	238 995



Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	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	Budget Year	Budget Year +1	Budget Year +2	
R thousand											
To promote and instill good governance practices within Senqu municipality, To promote and instill a culture of performance management in Senqu municipality, To promote and instill good governance practices within Senqu municipality, To promote and instill good governance practices within Senqu municipality, To promote and instill holistic planning practices within the Senqu Municipality, To promote interactive communication with customers around service delivery issues, To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	Risk, compliance and Performance management, Oversight, Governance, IDP, Communication and Public participation, mainstreaming	GG01, GG02, GG03, GG04, GG05, GG06, GG07	14 736	20 223	19 370	20 442	22 759	26 675	27 344	27 742	
To provide sustainable infrastructure develop by improving and building housing infrastructure and land administration/building control	Housing, SPATIAL PLANNING -	BSD04, BSD05	10 733	6 975	1 414	1 958	1 835	11 590	2 888	1 823	
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	33 005	33 155	28 719	32 975	29 566	38 178	48 731	51 926	
To provide efficient and economical refuse collection and recycling services	WASTE MANAGEMENT - 09	BSD12	7 716	8 251	10 323	14 387	12 634	13 609	14 799	16 000	
To maintain and upgrade the existing network	ELECTRICITY	BSD02	18 283	22 495	29 203	35 883	36 344	35 696	40 377	42 001	
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	462	307	78	827	827	903	991	1 084	
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.		68	200	-	-	-	-	-	-	
To increase the number and length of stay of foreign and domestic tourists in Senqu municipal area by 2017, Making the municipal area more attractive to investors, tourists and individuals, Create an conducive environment for existing, new and start-up business, Support income generating activities for the poor	TOURISM - LED01, ECONOMIC TRANSFORMATION - 02, SMME - 03, CWP - 04	LED01, LED02, LED03, LED04	8 577	6 841	9 732	12 479	12 712	13 555	11 555	12 171	
To provide and maintain community facilities, To provide reading and study material, To provide and maintain parks and open spaces creating a pleasant environment for communities	COMMUNITY HALLS - BSD06, CEMETRIES - BSD07, LIBRARIES - BSD09, PARKS AND PUBLIC OPEN SPACES - BSD10	BSD06, BSD07, BSD09, BSD10	5 122	5 073	5 864	10 182	8 133	11 192	10 814	10 035	
To provide basic sport and recreation facilities within the identified community areas	SPORTS AND RECREATION FACILITIES - BSD08	BSD08	193	47	122	348	528	430	471	516	
To comply with the MFMA prescriptions of supply chain management, To manage, control and maintain all municipal assets according to MFMA regulations and good assets management practices, To become a financial viable municipality that is able to account, report on all monies spent for service delivery purposes, To ensure good payroll management and implementation	SUPPLY CHAIN - MFMV01, ASSET MANAGEMENT - MFMV02, FINANCIAL MANGEMENT - FMV03, PAYROLL - FMV04	FMV01, FMV02, FMV03, FMV04	6 748	7 318	12 887	15 707	16 325	20 650	21 892	23 536	
To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To promote effective and inspiring governance, To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To build a healthy, competent and effective workforce, To promote fair fair Labour Practices, To eliminate the number of litigations against the municipality, To ensure coherent and transparent decision making within the municipality	SKILLS DEVELOPMENT - MTID01, EMPLOYMENT EQUITY - MTID02, RERUITMENT & SELECTION - MTID03, EMPLOYEE WELLNESS PROGRAMME - MTID04, LOCAL LABOUR FORUM - MTID05, LEGAL SERICES - MTID06, BUILDINGS - MTID07, ADMINISTRATION - MTID08	MTID01, MTID02, MTID03, MTID04, MTID05, MTID06, MTID07, MTID08	2 478	6 618	10 831	11 639	13 642	16 369	16 644	17 852	
To manage commonages within Senqu Municipality, To maintain and upgrade the existing network	COMMONAGES - BSD11, PUBLIC LIGHTING - BSD03	BSD11, BSD03	355	328	242	637	717	766	804	870	
Total Expenditure			108 477	117 831	128 785	157 465	156 024	189 613	197 310	205 557	



Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2	
R thousand											
To promote and instil good governance practices within Senqu municipality, To promote and instil a culture of performance management in Senqu municipality, To promote and instil good governance practices within Senqu municipality, To promote and instil holistic planning practices within the Senqu Municipality, To promote interactive communication with customers around service delivery issues, To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	Risk, compliance and Performance management, Oversight, Governance, IDP, Communication and Public participation, mainstreaming	GG01, GG02, GG03, GG04, GG05, GG06, GG07	1 289	102	714	1 625	825	1 770	70	-	
To provide sustainable infrastructure develop by improving and building housing infrastructure and land administration/building control	Housing, SPATIAL PLANNING -	BSD04, BSD05	-	-	-	-	-	490	1 095	1 160	
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	16 705	27 716	18 947	25 714	37 794	16 816	31 979	31 995	
To provide efficient and economical refuse collection and recycling services	WASTE MANAGEMENT - 09	BSD12	112	117	1 741	4 970	4 430	5 872	5 362	2 860	
To maintain and upgrade the existing network	ELECTRICITY	BSD02	2 229	1 317	775	3 920	3 750	3 030	13 400	380	
To increase the number and length of stay of foreign and domestic tourists in Senqu municipal area by 2017, Making the municipal area more attractive to investors, tourists and individuals, Create an conducive environment for existing, new and start-up business, Support income generating activities for the poor	TOURISM - LED01, ECONOMIC TRANSFORMATION - 02, SMME - 03, CWP - 04	LED01, LED02, LED03, LED04	1 071	837	7 319	100	270	1 190	-	-	
To provide and maintain community facilities, To provide reading and study material, To provide and maintain parks and open spaces creating a pleasant environment for communities	COMMUNITY HALLS - BSD06, CEMETRIES - BSD07, LIBRARIES - BSD09, PARKS AND PUBLIC OPEN SPACES - BSD10	BSD06, BSD07, BSD09, BSD10	111	89	2 868	7 850	6 255	7 070	12 470	4 860	
To provide basic sport and recreation facilities within the identified community areas	SPORTS AND RECREATION FACILITIES - BSD08	BSD08	-	2 374	2 781	4 793	5 366	8 818	2 325	5 875	
To comply with the MFMA prescriptions of supply chain management, To manage, control and maintain all municipal assets according to MFMA regulations and good assets management practices, To become a financial viable municipality that is able to account, report on all monies spent for service delivery purposes, To ensure good payroll management and implementation	SUPPLY CHAIN - MFMV01, ASSET MANAGEMENT - MFMV02, FINANCIAL MANGEMENT - FMV03, PAYROLL - FMV04	FMV01, FMV02, FMV03, FMV04	615	467	330	500	500	800	750	400	
To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To promote effective and inspiring governance, To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To build a healthy, competent and effective workforce, To promote fair fair Labour Practices, To eliminate the number of litigations against the municipality, To ensure coherent and transparent decision making within the municipality	SKILLS DEVELOPMENT - MTID01, EMPLOYMENT EQUITY - MTID02, RERUITMENT & SELECTION - MTID03, EMPLOYEE WELLNESS PROGRAMME - MTID04, LOCAL LABOUR FORUM - MTID 05, LEGAL SERICES - MTID06, BUILDINGS - MTID07, ADMINISTRATION - MTID08	MTID01, MTID02, MTID03, MTID04, MTID05, MTID06, MTID07, MTID08	9 546	6 011	2 191	4 400	9 700	6 950	1 500	-	
To manage commonages within Senqu Municipality, To maintain and upgrade the existing network	COMMONAGES - BSD11, PUBLIC LIGHTING - BSD03	BSD11, BSD03	-	-	-	2 608	1 600	1 200	1 788	3 750	
Total Capital Expenditure			31 677	39 029	37 665	56 480	70 490	54 006	70 739	51 281	

**Measurable performance objectives and indicators**

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

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

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



Table 28 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 &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 3 - Corporate Services									
Function 1 - Buildings									
Sub-function 1 - Other Buildings									
Building	Completion of project	563	-	-	4 000	9 000	-	-	-
Extension Offices	Completion of project	-	-	-	-	-	4 500	-	-
Office Renovations	Completion of project	-	-	-	-	-	1 500	1 500	-
Vote5 - Road Transport									
Function 1 - Roads									
Sub-function 1 - Acces Roads									
Construction Access Roads: Wards 1, 2 & 3	Completion of project to the specification of the engineers	-	482	349	-	-	-	-	-
Access Roads	Completion of project to the specification of the engineers	-	1 022	1 811	18 554	9 720	1 159	2 377	9 935
Constr Access Roads Wards 7,8,9&12 (Ph 4)	Completion of project to the specification of the engineers	-	-	2 340	-	6 195	-	-	-
Access Roads Ward 15	Completion of project to the specification of the engineers	-	-	-	-	3 790	-	-	-
Roads Ward 19	Completion of project to the specification of the engineers	-	-	-	-	3 500	-	-	-
Roads & Street Paving Ward 1	Completion of project to the specification of the engineers	-	-	-	-	2 000	752	739	-
Access Roads (Maqolweni)	Completion of project to the specification of the engineers	-	-	-	-	-	821	1 680	860
Access Roads (Mbobo)	Completion of project to the specification of the engineers	-	-	-	-	-	605	1 255	650
Access Roads 7, 8, 9 & 12 (Ph 4c)	Completion of project to the specification of the engineers	-	-	-	-	-	2 731	3 058	6 300
Sub-function 2 - Surfaced Roads									
Surfaced Roads	Completion of project to the specification of the engineers	-	2 914	-	-	3 685	-	-	-
Roads & Streets (Ph 1)	Completion of project to the specification of the engineers	-	-	-	-	-	2 140	2 102	-
Roads & Streets (Ph 2)	Completion of project to the specification of the engineers	-	-	-	-	-	1 820	3 607	1 789
Roads & Streets (Ph 1) (MUN FUND)	Completion of project to the specification of the engineers	-	-	-	-	-	-	1 691	-
Function 2 - Taxi Ranks									
Sub-function 1 - Taxi Ranks									
Sterkspruit Taxi Rank	Fully functional taxi rank	270	10 127	1 027	-	1 219	-	-	-
Function 3 - Bridges									
Sub-function 1 - Bridges									
Bridges	Completion of project to the specification of the engineers	-	-	1 572	1 000	712	-	-	-
Box Culvert River Crossing	Completion of project to the specification of the engineers	-	-	-	-	-	1 668	1 639	-
Pedestrian Bridge	Completion of project to the specification of the engineers	-	-	-	-	-	1 466	2 906	1 441
Bridge (Magqadanyana to Danger's Hook JSS)	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	2 500
Bridge (Majuba to Bullfontein)	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	2 500
Function 4 - Buildings									
Sub-function 1 - Other Buildings									
Renovation BE Traffic Station	Renovation of Traffic Station to specifications	-	-	-	1 400	1 400	-	-	-
Vote6 - Waste Water Management									
Function 1 - Storm Water									
Sub-function 1 - Infrastructure									
Khwezi Storm Water (Phase II)	Acceptable stormwater drainage system	13 648	12 488	-	-	-	-	-	-



Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote9 - Community & Social Services									
Function 1 - Community Halls									
Sub-function 1 - Buildings									
Community Halls	Completion of the hall to specifications	-	-	1 942	2 850	1 797	3 170	6 900	-
Renovations: Community Halls	Renovation of the hall to specifications	-	-	439	2 100	1 600	-	1 500	1 500
Community Hall - Ward 3	Renovation of the hall to specifications	-	-	-	-	-	170	-	-
Community Hall - Ward 9	Renovation of the hall to specifications	-	-	-	-	-	1 000	2 300	-
Community Hall - Ward 12	Renovation of the hall to specifications	-	-	-	-	-	1 000	2 300	-
Community Hall - Ward 18	Renovation of the hall to specifications	-	-	-	-	-	1 000	2 300	-
Function 2 - Cemeteries									
Sub-function 1 - Cemeteries									
Cemeteries	Completion of the cemeteries to specifications	-	-	286	900	1 368	-	-	2 121
Fencing: Cemeteries	Fencing of the cemeteries to specifications	-	-	-	1 400	1 000	1 200	1 000	-
Cemeteries - Ward 3 (Musong)	Completion of the cemeteries to specifications	-	-	-	-	-	400	350	-
Cemeteries - Ward 3 (Qhoboshane)	Completion of the cemeteries to specifications	-	-	-	-	-	400	350	-
Cemeteries - Ward 6	Completion of the cemeteries to specifications	-	-	-	-	-	400	350	-
Cemeteries - Ward 10	Completion of the cemeteries to specifications	-	-	-	-	-	200	-	-
Cemeteries - Ward 11	Completion of the cemeteries to specifications	-	-	-	-	-	200	-	-
Cemeteries Ward All	Completion of the cemeteries to specifications	-	-	-	-	-	1 000	1 260	1 240
Vote10 - Sport & Recreation									
Function 1 - Sport Facilities									
Sub-function 1 - Sport Facilities									
Sport Facilities	Fully functional sport facilities	-	2 374	2 781	4 793	4 366	-	-	-
Upgrading Sport Facility-Barkly East	Upgrading of sport facilities	-	-	-	-	1 000	-	-	-
Sport Field Lighting - Ward 10	Fully functional sport facilities	-	-	-	-	-	709	-	-
Sport Field Ward 2	Fully functional sport facilities	-	-	-	-	-	-	-	2 700
Sport Field Ward 13	Fully functional sport facilities	-	-	-	-	-	-	2 325	3 175
Sport Field - Ward 19	Fully functional sport facilities	-	-	-	-	-	8 109	-	-
Vote12 - Electricity									
Function 1 - Electricity distribution									
Sub-function 1 - Infrastructure									
Transmission & Reticulation	Completion of project to satisfy specifications of the engineers	1 149	1 232	711	3 400	3 010	1 350	11 700	-
Vote13 - Waste Management									
Function 1 - Refuse									
Sub-function 1 - Waste sites Infrastructure									
Solid Waste Sites	Completion of project to satisfy specifications of the engineers	112	117	-	1 250	830	-	-	-
Solid Waste site - Ward 10	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	1 808	1 926	-
Solid Waste site - Ward 11	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	1 563	1 570	-
Solid Waste site - Ward 15	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	592	594	-
Solid Waste site - Ward 16	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	589	592	-

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF. (Derived from the National Treasury formats which is different from the Western Cape Provincial Treasury's formats).

Table 29 MBRR 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management									
Credit Rating		-	-	-	-	-	-	-	-
Capital Charges to Operating Expenditure	Interest & Principal Paid	1.7%	1.7%	1.5%	1.6%	1.6%	1.3%	1.3%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of	7.0%	5.6%	4.1%	6.7%	6.4%	6.2%	6.0%	5.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure	49.7%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital									
Gearing	Long Term Borrowing/ Funds &	24.7%	17.1%	12.5%	16.5%	11.7%	13.0%	14.4%	12.7%
Liquidity									
Current Ratio	Current assets/current liabilities	3.4	5.5	4.7	5.9	13.7	10.5	8.2	7.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90	3.4	5.5	4.7	5.9	13.7	10.5	8.2	7.8
Liquidity Ratio	Monetary Assets/Current	3.1	4.7	4.2	4.5	11.5	8.3	6.0	5.7
Revenue Management									
Annual Debtors Collection Rate (Payment Level)	Last 12 Mths Receipts/Last 12	0.0%	213.8%	103.9%	86.9%	92.6%	81.1%	94.0%	93.9%
Current Debtors Collection Rate (Cash receipts)		213.7%	103.9%	86.9%	92.6%	81.1%	94.0%	93.9%	93.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to	6.2%	11.9%	9.6%	13.3%	11.1%	10.9%	10.1%	10.6%
Creditors Management									
Creditors to Cash and Investments		1.7%	2.5%	1.1%	4.5%	1.7%	2.4%	3.3%	3.5%
Other Indicators									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	5 562	3 674	5 276	-	-	-	-	-
	Total Cost of Losses (Rand '000)	2 986	2 255	3 947	-	-	-	-	-
	% Volume (units purchased and	23.9%	14.9%	20.6%	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue -	20.2%	21.7%	25.4%	39.6%	33.6%	34.9%	32.6%	34.6%
Remuneration	Total remuneration/(Total	25.7%	27.7%	31.2%	46.2%	40.3%	41.5%	38.8%	41.1%
Repairs & Maintenance	R&M/(Total Revenue excluding	2.1%	2.4%	1.6%	2.2%	2.4%	5.3%	7.4%	7.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital	9.2%	9.3%	9.3%	11.6%	11.7%	11.7%	11.1%	11.9%
IDP regulation financial viability indicators									
i. Debt coverage	(Total Operating Revenue -	3.6	4.3	5.5	4.4	4.4	4.2	4.2	4.5
ii. O/S Service Debtors to Revenue	Total outstanding service	43.4%	68.6%	50.1%	72.1%	61.9%	62.0%	61.7%	61.6%
iii. Cost coverage	(Available cash + Investments)/monthly fix ed	20.4	19.6	20.6	8.2	11.4	7.7	5.7	5.5

Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality’s debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

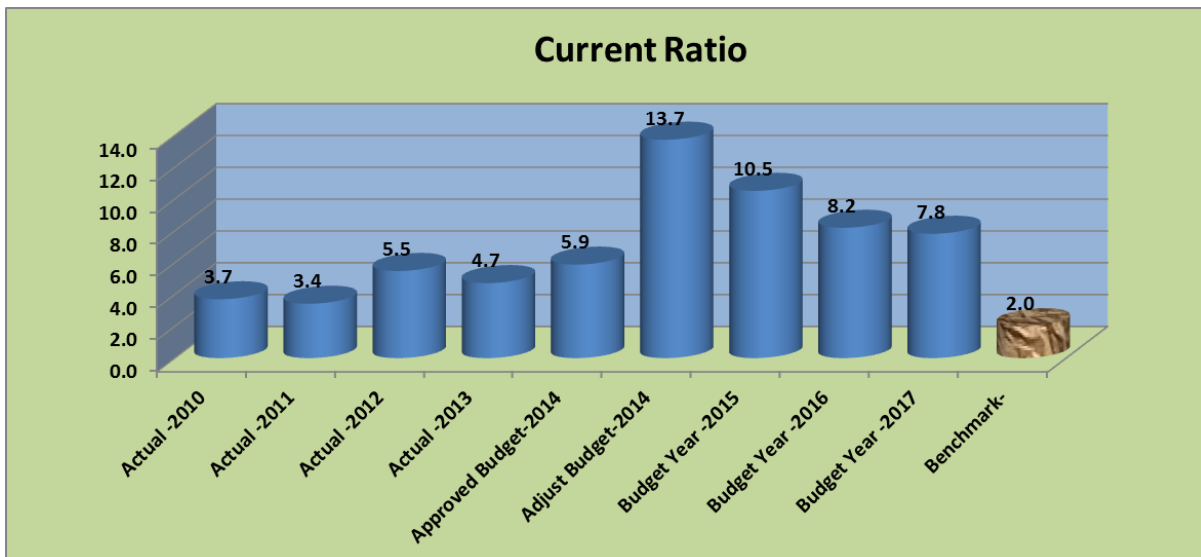
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 1,6 per cent in 2013/14 to 1,3 per cent in 2016/17. This decrease can mainly be attributed to an increase in operating expenditure over the MTREF resulting in the ratio declining over the period.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

2.2.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. A ratio in the region of 50% is a general benchmark and the municipality is currently on 11,7 per cent and increasing to 12,7 per cent by 2016/2017. This is again a clear indication of the municipality’s financial strength.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted below. There are however a rapid decline as a result of the declining cash resources at the Senqu Municipality.



- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything



below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 11,5 and this ratio is projected to decline to 5,7 in 2016/17. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 23,9 per cent in the 2010/11 financial year to 14,9 per cent in 2011/12. The municipality invested in infrastructure to reduce this high level, and the fruits of such investment were already obvious in the year of implementation i.e. 2010/2011. In 2012/13 electricity distribution losses however increased to 20,6 per cent. Reductions are expected for the current year and the MTREF period and the target is to bring this down to a more acceptable level of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 34 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Repairs and maintenance as percentage of operating revenue is increasing owing directly to cost drivers such as bulk purchases and employee costs. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.



2.3 Overview of budget related-policies

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

2.3.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 94 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.3.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.



2.3.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. The policy was reviewed in 2012 and an amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.3.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in August 2009 and was amended on 16 February 2011 in respect of both Operating and Capital Budget Fund Transfers.

2.3.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy were amended by Council in January 2011. The Policy was again reviewed in 14 May 2012. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Senqu Municipality strives to maintain a cost coverage ratio of 4 at all times, which is well above the norm in local government.

2.3.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).



2.4 Overview of budget assumptions

2.4.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, the economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2014 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2014/15 MTREF.

Fiscal year	2012	2013	2014	2015	2015
	Actual	Estimate		Forecast	
CPI Inflation	5.7%	5.9%	5.6%	5.4%	5.4%

Source: Medium Term Budget Policy Statement 2013

A weak currency resulting in significant increases in the Rand price of imports (i.e. oil) is placing pressure on the CPI inflation rate.

2.4.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. This could be attributed to the numerous violent protest actions in the various sectors of the South African economy. Most recently, the mining and agricultural sectors were negatively affected by these actions. This made South Africa less attractive to foreign investors and now, unlike in the past, South Africa is not seen as the most attractive investment country on the Africa continent.

Interest rates for borrowing and investment of funds

On 30 January 2014 the South African Reserve Bank increased its lending rate by 50 basis points. It is expected that interest rates will be increased further in the near future to ensure that inflation targets remain within the upper limits of 6 per cent.



2.4.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

2.4.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, 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.

2.4.6 Salary increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014).

Considering that municipalities will be preparing and finalising their respective 2014/15 MTREF for tabling as per the MFMA prior to the announcement of the final CPI for the relevant period, municipalities must provide for assumed budget growth as it relates to employee related costs.

In this regard municipalities were advised that the average CPI for the period November 2012 to October 2013 is 5.8 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement.

Municipalities were therefore advised by the National Treasury to provide for increases related to salaries and wages as follows:

- 2014/15 Financial Year – 6.8 per cent (5.8 per cent plus 1 per cent)
- 2015/16 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)
- 2016/17 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)

2.4.7 Impact of national, provincial and local policies

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

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

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

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.5 Overview of budget funding

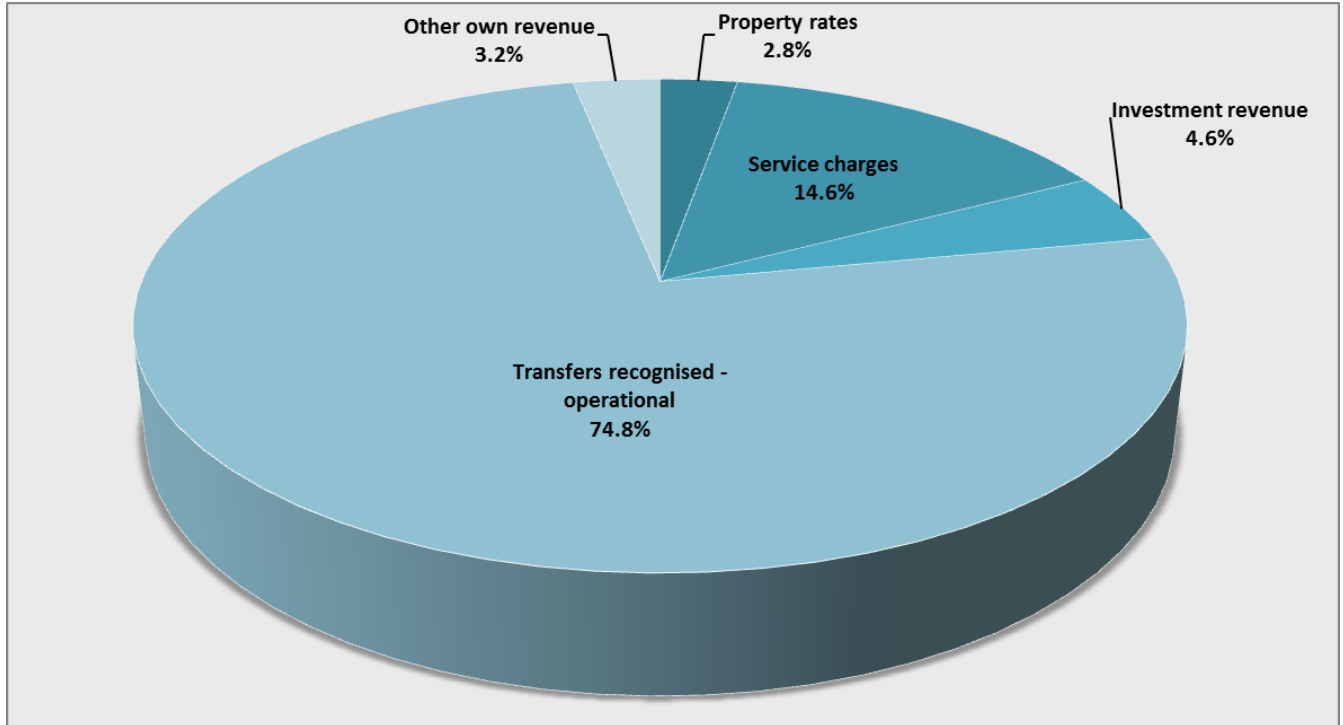
2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 30 Operating revenue over medium-term

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year		Budget Year		Budget Year	
	2014/15	%	+1 2015/16	%	+2 2016/17	%
Property rates	4 521	2.8%	4 755	2.6%	5 000	2.6%
Service charges	23 384	14.6%	25 176	13.6%	27 108	14.4%
Investment revenue	7 420	4.6%	7 865	4.2%	8 337	4.4%
Transfers recognised - operational	119 988	74.8%	142 330	76.7%	142 694	75.6%
Other own revenue	5 082	3.2%	5 395	2.9%	5 727	3.0%
Total Revenue (excluding capital transfers and contributions)	160 395	100%	185 521	100%	188 866	100%
Total Expenditure	189 613		197 310		205 557	
Surplus/(Deficit)	(29 218)		(11 790)		(16 691)	

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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



Table 31 MBRR 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Parent municipality								
Deposits - Bank	113 870	124 993	153 076	78 346	104 271	81 568	63 838	65 257
Total:	113 870	124 993	153 076	78 346	104 271	81 568	63 838	65 257

Table 32 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Monetary value	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months		Rand thousand		
Parent municipality					
Standard Bank 38 848 973 1 - 005	32 day	32 day	27 629	2 765	30 394
Standard Bank 38 848 606 6 - 001	Call Deposit	Call Deposit	3 276	328	3 604
Standard Bank 38 848 916 2 - 002	Call Deposit	Call Deposit	43 243	4 327	47 570
TOTAL INVESTMENTS AND INTEREST			74 148	7 420	81 568

2.5.2 Cash Flow Management

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

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



Table 33 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	46 976	29 570	35 066	28 531	25 118	31 003	33 162	35 495
Government - operating	114 648	99 922	107 591	106 932	108 464	119 988	142 330	142 694
Government - capital	14 619	23 641	26 799	30 355	42 089	44 614	47 291	50 129
Interest	4 915	6 790	7 476	7 843	7 843	8 321	8 828	9 366
Payments								
Suppliers and employees	(106 146)	(109 123)	(109 280)	(137 130)	(159 141)	(170 026)	(175 937)	(182 227)
Finance charges	(1 566)	(1 259)	(1 147)	(1 639)	(1 639)	(1 679)	(1 710)	(1 738)
Transfers and Grants	(799)	(732)	(333)	(334)	(334)	(150)	(150)	(150)
NET CASH FROM/(USED) OPERATING ACTIVITIES	72 647	48 808	66 173	34 559	22 401	32 072	53 814	53 568
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	764	213	236	-	-	-	-	-
Decrease (Increase) in non-current debtors	17	14	-	-	-	-	-	-
Payments								
Capital assets	(31 677)	(39 029)	(37 665)	(56 480)	(70 490)	(54 006)	(70 739)	(51 281)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(30 896)	(38 802)	(37 429)	(56 480)	(70 490)	(54 006)	(70 739)	(51 281)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	8 473	282	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(21)	191	417	43	75	82	88	96
Payments								
Repayment of borrowing	(329)	(728)	(805)	(899)	(791)	(827)	(893)	(965)
NET CASH FROM/(USED) FINANCING ACTIVITIES	8 123	(255)	(388)	(856)	(716)	(745)	(805)	(869)
NET INCREASE/ (DECREASE) IN CASH HELD	49 875	9 751	28 356	(22 777)	(48 805)	(22 680)	(17 730)	1 418
Cash/cash equivalents at the year begin:	66 272	116 147	125 897	101 623	154 253	105 448	82 768	65 038
Cash/cash equivalents at the year end:	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?



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

Table 34 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	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	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Cash and investments available:	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Application of cash and investments								
Unspent conditional transfers	23 490	17 318	27 825	-	-	-	-	-
Other working capital requirements	(15 180)	(14 320)	(11 417)	(14 202)	(11 455)	(14 435)	(15 386)	(16 433)
Reserves to be backed by cash/investments	62 798	87 707	113 496	79 809	114 065	96 049	79 686	82 498
Total Application of cash and investments:	71 108	90 706	129 904	65 607	102 610	81 614	64 300	66 065
Surplus(shortfall)	45 038	35 192	24 349	13 239	2 838	1 155	738	392

From the above table it can be seen that the cash and investments available total R82,768 million in the 2014/15 financial year and decrease to R66,457 million by 2016/17. Although there is a sharp decline, the municipality is still cash funded over the MTREF.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month’s operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality’s levels are for 7 months.



- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality’s cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR SA10 – Funding compliance measurement

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	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	116 147	125 897	154 253	78 846	105 448	82 768	65 038	66 457
Cash + investments at the yr end less applications - R'000	45 038	35 192	24 349	13 239	2 838	1 155	738	392
Cash year end/monthly employee/supplier payments	20.4	19.6	20.6	8.2	11.4	7.7	5.7	5.5
Surplus/(Deficit) excluding depreciation offsets: R'000	36 388	47 285	42 606	17 650	33 108	15 396	35 502	33 438
Service charge rev % change - macro CPIX target exclusive	N.A.	26.3%	17.5%	(17.0%)	(6.6%)	0.6%	1.3%	1.3%
Cash receipts % of Ratepayer & Other revenue	213.7%	103.9%	86.9%	92.6%	81.1%	94.0%	93.9%	93.8%
Debt impairment expense as a % of total billable revenue	4.5%	11.0%	17.0%	16.0%	16.1%	16.2%	16.5%	16.6%
Capital payments % of capital expenditure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	49.7%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations						100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	N.A.	109.6%	(10.6%)	27.6%	(14.6%)	6.6%	6.9%	7.0%
Long term receivables % change - incr(decr)	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	1.9%	1.9%	1.3%	1.2%	1.4%	2.9%	4.0%	3.6%
Asset renewal % of capital budget	0.0%	0.0%	1.2%	6.2%	4.3%	1.1%	2.1%	2.9%

2.5.4.1 Cash/cash equivalent position

The Municipality’s forecast cash position was discussed as part of the budgeted cash flow statement. A ‘positive’ cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality’s forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R82,8 million, R65 million and R66,5 million for each respective financial year.



2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is, at 7,7, well above the benchmark indicators.

2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a surplus of R15,4 million, R35,5 million and R33,4 million.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is less than forecasted CPIX for the respective financial years of the 2014/15 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.



2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 15 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is not within the accepted leading practice.

2.5.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

2.5.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.5.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained elsewhere in this report.



2.5.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.



2.6 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:								
Operating expenditure of Transfers and Grants								
National Government:	75 464	86 270	105 836	105 618	105 831	118 039	140 680	140 954
Equitable share	64 714	76 964	85 187	93 052	93 052	104 535	129 232	129 100
Finance Management	1 200	1 396	1 500	1 550	1 550	1 600	1 650	1 700
Nat Gov: Neighbourhood Dev Partners	5 009	2 115	10 554	1 287	1 500	893	345	242
Nat Gov: Councillor Remuneration	1 778	2 226	4 536	5 081	5 081	6 407	6 691	6 991
Municipal Systems Improvement	714	790	800	890	890	934	967	1 018
Municipal Infrastructure (MIG)	960	1 155	1 401	1 598	1 598	1 694	1 795	1 903
Nat Gov: EPWP Incentive Grant	1 088	1 625	1 857	2 160	2 160	1 976	-	-
Provincial Government:	26 943	18 587	2 983	1 315	3 247	1 949	1 649	1 740
Prov Gov: Housing	-	496	430	-	-	-	-	-
Prov Gov: Housing - Hillside 1 000	9 607	5 763	131	-	400	424	449	476
Prov Gov: Housing - Lady Grey 1 000	366	-	-	-	-	-	-	-
Prov Gov: Revitalization of the second econo	-	97	-	-	-	-	-	-
Clean Audit	-	146	95	-	-	325	-	-
Implementation Ownership	135	-	-	-	-	-	-	-
Libraries	-	-	1 200	1 315	1 315	1 200	1 200	1 264
DEDEAT - Alien Vegetation	-	-	-	-	1 532	-	-	-
Internet Communication system	294	-	-	-	-	-	-	-
Greenest Municipality	200	-	500	-	-	-	-	-
Prov Gov: Musong Road	15 591	12 085	627	-	-	-	-	-
Local Elections	750	-	-	-	-	-	-	-
District Municipality:	946	1 366	-	-	-	-	-	-
District: IDP	50	-	-	-	-	-	-	-
District: Libraries	660	1 279	-	-	-	-	-	-
District: Tourism	20	-	-	-	-	-	-	-
Joe Gqabi DM - District Call Centre	-	87	-	-	-	-	-	-
Support Programme	216	-	-	-	-	-	-	-
Total operating expenditure of Transfers and G	103 353	106 224	108 818	106 932	109 077	119 988	142 330	142 694
Capital expenditure of Transfers and Grants								
National Government:	14 514	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Municipal Infrastructure (MIG)	14 514	23 641	14 548	30 355	42 089	44 614	47 291	50 129
Dept Sport & Recreation	-	-	175	-	-	-	-	-
Provincial Government:	105	-	-	-	-	-	-	-
Traffic Test Station (Sterkspruit)	105	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Gran	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
TOTAL EXPENDITURE OF TRANSFERS AND G	117 972	129 864	123 541	137 288	151 166	164 602	189 621	192 823



Table 37 MBRR 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:								
National Government:								
Balance unspent at beginning of the year	8 467	873	562	-	213	-	-	-
Current year receipts	67 870	85 960	105 486	105 618	105 618	118 039	140 680	140 954
Conditions met - transferred to revenue	75 464	86 270	105 836	105 618	105 831	118 039	140 680	140 954
Conditions still to be met - transferred to liabilities	873	562	213	-	-	-	-	-
Provincial Government:								
Balance unspent at beginning of the year	2 742	6 986	1 288	-	400	-	-	-
Current year receipts	31 187	12 889	2 094	1 315	2 847	1 949	1 649	1 740
Conditions met - transferred to revenue	26 943	18 587	2 983	1 315	3 247	1 949	1 649	1 740
Conditions still to be met - transferred to liabilities	6 986	1 288	400	-	-	-	-	-
District Municipality:								
Balance unspent at beginning of the year	185	161	-	-	-	-	-	-
Current year receipts	923	1 205	-	-	-	-	-	-
Conditions met - transferred to revenue	946	1 366	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	161	-	-	-	-	-	-	-
Total operating transfers and grants revenue	103 353	106 224	108 818	106 932	109 077	119 988	142 330	142 694
Total operating transfers and grants - CTBM	8 020	1 850	613	-	-	-	-	-
Capital transfers and grants:								
National Government:								
Balance unspent at beginning of the year	(342)	(342)	(342)	-	11 734	-	-	-
Current year receipts	14 514	23 641	26 799	30 355	30 355	44 614	47 291	50 129
Conditions met - transferred to revenue	14 514	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Conditions still to be met - transferred to liabilities	(342)	(342)	11 734	-	-	-	-	-
Provincial Government:								
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-
Current year receipts	105	-	-	-	-	-	-	-
Conditions met - transferred to revenue	105	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	14 619	23 641	14 723	30 355	42 089	44 614	47 291	50 129
Total capital transfers and grants - CTBM	(342)	(342)	11 734	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	117 972	129 864	123 541	137 288	151 166	164 602	189 621	192 823
TOTAL TRANSFERS AND GRANTS - CTBM	7 678	1 508	12 347	-	-	-	-	-



2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Table 38 Allocations and Grants made by the municipality

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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Cash Transfers to Organisations								
<i>Grants and donations in aid</i>	799	732	333	334	334	150	150	150
Total Cash Transfers To Organisations	799	732	333	334	334	150	150	150
TOTAL CASH TRANSFERS AND GRANTS	799	732	333	334	334	150	150	150
TOTAL TRANSFERS AND GRANTS	799	732	333	334	334	150	150	150



2.8 Councilor and employee benefits

Table 39 MBRR SA22 - Summary of councilor 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	G	H	I
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	6 693	5 992	6 329	8 937	8 937	9 652	10 424	11 258
Cellphone Allowance	365	438	461	502	710	767	828	894
Other benefits and allowances	101	2 034	2 246	196	196	212	229	247
Sub Total - Councillors	7 159	8 464	9 036	9 635	9 843	10 630	11 481	12 399
% increase		18.2%	6.8%	6.6%	2.2%	8.0%	8.0%	8.0%
Senior Managers of the Municipality								
Basic Salaries and Wages	5 084	5 434	5 954	6 132	6 132	6 548	6 967	7 413
Pension and UIF Contributions	-	-	113	-	-	-	-	-
Performance Bonus	2 005	1 376	-	1 384	1 384	1 478	1 573	1 673
Motor Vehicle Allowance	291	293	324	-	-	-	-	-
Cellphone Allowance	65	78	82	95	95	102	108	115
Housing Allowances	-	30	8	-	-	-	-	-
Other benefits and allowances	9	9	-	607	607	648	689	734
Sub Total - Senior Managers of Municipality	7 454	7 220	6 479	8 218	8 218	8 776	9 338	9 935
% increase		(3.1%)	(10.3%)	26.8%	-	6.8%	6.4%	6.4%
Other Municipal Staff								
Basic Salaries and Wages	12 546	14 695	21 674	27 861	27 180	31 789	34 437	37 304
Pension and UIF Contributions	2 149	2 611	3 999	6 767	4 361	7 029	7 591	8 199
Medical Aid Contributions	2 380	2 629	3 068	10 734	3 723	4 769	5 146	5 552
Overtime	451	482	483	587	746	-	-	-
Performance Bonus	641	1 090	2 994	1 035	2 824	3 204	3 484	3 788
Cellphone Allowance	62	84	23	185	198	265	288	313
Housing Allowances	17	(12)	23	31	19	-	-	-
Other benefits and allowances	97	189	358	90	214	135	156	180
Payments in lieu of leave	314	1 491	530	1 578	1 652	-	-	-
Long service awards	149	237	209	226	270	-	-	-
Sub Total - Other Municipal Staff	18 807	23 495	33 360	49 095	41 187	47 191	51 102	55 335
% increase		24.9%	42.0%	47.2%	(16.1%)	14.6%	8.3%	8.3%
Total Parent Municipality	33 420	39 180	48 876	66 947	59 248	66 597	71 920	77 669
		17.2%	24.7%	37.0%	(11.5%)	12.4%	8.0%	8.0%
TOTAL SALARY, ALLOWANCES & BENEFITS	33 420	39 180	48 876	66 947	59 248	66 597	71 920	77 669
% increase		17.2%	24.7%	37.0%	(11.5%)	12.4%	8.0%	8.0%
TOTAL MANAGERS AND STAFF	26 261	30 716	39 839	57 313	49 405	55 967	60 439	65 270



Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Allowances	Performance Bonuses	Total Package 2.
Rand per annum				
<u>Councillors</u>				
Speaker	591 219	41 055	-	632 274
Chief Whip	304 848	25 610	-	330 457
Executive Mayor	739 025	41 055	-	780 080
Executive Committee	1 524 238	128 049	-	1 652 287
Total for all other councillors	6 492 340	742 684	-	7 235 024
Total Councillors	9 651 669	978 453		10 630 122
<u>Senior Managers of the Municipality</u>				
Municipal Manager (MM)	1 141 348	335 336	280 570	1 757 254
Chief Finance Officer	1 197 696	19 000	231 172	1 447 868
Deputy City Manager - Planning and Development	1 057 732	39 962	208 562	1 306 256
Deputy City Manager - Procurement & Infrastructure	1 102 315	116 000	231 480	1 449 795
Deputy City Manager - Health, Safety & Social Issues	851 448	70 000	175 075	1 096 523
Deputy City Manager - Corporate & Human Resources	825 000	117 000	178 980	1 120 980
Total Senior Managers of the Municipality	6 175 539	697 298	1 305 839	8 178 676
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	15 827 208	1 675 751	1 305 839	18 808 799



Table 41 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14		Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities								
Councillors (Political Office Bearers plus Other Councillors)	37	–	37	37	–	37	–	37
Municipal employees								
Municipal Manager and Senior Managers	6	–	6	6	–	6	–	6
Other Managers	8	–	8	8	–	8	–	8
Professionals	32	30	6	32	30	32	30	6
<i>Finance</i>	5	4	1	5	4	5	4	1
<i>Spatial/town planning</i>	2	2	–	2	2	2	2	–
<i>Information Technology</i>	2	2	–	2	2	2	2	–
<i>Roads</i>	1	1	–	1	1	1	1	–
<i>Electricity</i>	1	–	1	1	–	1	–	1
<i>Refuse</i>	4	4	4	4	4	4	4	4
<i>Other</i>	17	17	–	17	17	17	17	–
Technicians	3	2	1	3	2	3	2	1
<i>Roads</i>	1	–	1	1	–	1	–	1
<i>Electricity</i>	2	2	–	2	2	2	2	–
Clerks (Clerical and administrative)	44	44	–	44	44	44	44	–
Service and sales workers	–	–	–	7	7	7	7	–
Craft and related trades	8	8	–	–	–	–	–	–
Plant and Machine Operators	12	12	–	8	8	8	8	–
Elementary Occupations	96	96	–	12	12	12	12	–
TOTAL PERSONNEL NUMBERS	246	192	58	157	103	157	103	58
% increase				(36.2%)	(46.4%)	–	–	–
Total municipal employees headcount	27	26	1					
Finance personnel headcount	3	2	1	27	26	27	26	1
Human Resources personnel headcount				3	2	3	2	1

2.9 Monthly targets for revenue, expenditure and cash flow



Table 42 MBRR 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	5 387	(79)	(79)	(79)	(79)	(79)	(79)	(79)	(79)	(79)	(79)	(79)	4 521	4 755	5 000	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	1 759	1 759	1 759	1 759	1 759	1 759	1 759	1 759	1 759	1 759	1 759	1 759	21 113	22 861	24 754	
Service charges - refuse revenue	189	189	189	189	189	189	189	189	189	189	189	189	2 271	2 315	2 354	
Rental of facilities and equipment	25	25	25	25	25	25	25	25	25	25	25	25	295	312	331	
Interest earned - external investments	618	618	618	618	618	618	618	618	618	618	618	618	7 420	7 865	8 337	
Interest earned - outstanding debtors	75	75	75	75	75	75	75	75	75	75	75	75	901	963	1 029	
Fines	5	5	5	5	5	5	5	5	5	5	5	5	64	67	71	
Licences and permits	101	101	101	101	101	101	101	101	101	101	101	101	1 208	1 281	1 358	
Agency services	186	186	186	186	186	186	186	186	186	186	186	186	2 228	2 362	2 504	
Transfers recognised - operational	43 272	4 376	1 439	3 613	35 298	1 547	934	13	28 923	272	300	-	119 988	142 330	142 694	
Other revenue	32	32	32	32	32	32	32	32	32	32	32	32	387	410	434	
Total Revenue (excluding capital transfers and contributions)	51 649	7 288	4 350	6 525	38 210	4 459	3 846	2 925	31 835	3 184	3 212	2 912	160 395	185 521	188 866	
Expenditure By Type																
Employee related costs	4 274	4 274	4 274	4 274	8 956	4 274	4 274	4 274	4 274	4 274	4 274	4 274	55 967	60 439	65 270	
Remuneration of councillors	886	886	886	886	886	886	886	886	886	886	886	886	10 630	11 481	12 399	
Debt impairment	381	381	381	381	381	381	381	381	381	381	381	381	4 569	4 980	5 379	
Depreciation & asset impairment	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	17 105	18 815	20 695	
Finance charges	45	45	221	45	45	443	45	45	221	45	45	430	1 679	1 710	1 738	
Bulk purchases	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	28 545	31 116	33 606	
Transfers and grants	13	13	13	13	13	13	13	13	13	13	13	13	150	150	150	
Other expenditure	2 496	2 972	9 652	3 581	3 218	19 367	4 133	3 881	8 411	2 956	3 249	7 050	70 969	68 619	66 321	
Total Expenditure	11 899	12 375	19 230	12 984	17 303	29 167	13 536	13 284	17 989	12 359	12 652	16 837	189 613	197 310	205 557	
Surplus/(Deficit)	39 751	(5 087)	(14 880)	(6 459)	20 907	(24 708)	(9 690)	(10 358)	13 846	(9 175)	(9 440)	(13 925)	(29 218)	(11 790)	(16 691)	
Transfers recognised - capital	21 103	-	704	-	6 210	6 826	-	352	2 243	7 178	-	-	44 614	47 291	50 129	
Surplus/(Deficit)	60 854	(5 087)	(14 176)	(6 459)	27 116	(17 883)	(9 690)	(10 006)	16 089	(1 997)	(9 440)	(13 925)	15 396	35 502	33 438	



Table 43 MBRR 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 - Executive & Council	2 561	-	-	-	2 197	-	500	-	1 648	-	-	-	6 907	7 208	7 559
Vote 2 - Planning & Development	-	893	-	-	-	-	-	-	-	-	-	-	893	345	242
Vote 3 - Corporate Services	5	5	5	5	5	5	5	5	5	5	5	5	60	63	67
Vote 4 - Budget & Treasury	41 099	3 706	673	3 600	29 292	673	1 107	673	24 089	673	673	673	106 931	128 953	129 707
Vote 5 - Road Transport	17 054	194	1 745	194	5 155	6 636	194	475	1 986	5 929	194	194	39 952	40 254	42 669
Vote 7 - Housing	1	1	425	1	1	1	1	1	1	1	1	1	440	466	494
Vote 9 - Community & Social Services	1 615	28	81	328	495	841	28	55	497	568	328	28	4 891	5 113	5 412
Vote 10 - Sport & Recreation	2 690	-	90	-	792	870	-	45	286	915	-	-	5 688	6 029	6 391
Vote 11 - Public Safety	2	2	2	2	2	2	2	2	2	2	2	2	26	28	29
Vote 12 - Electricity	5 348	2 094	1 816	2 053	4 646	1 918	1 804	1 810	4 083	1 923	1 804	1 804	31 104	34 994	36 966
Vote 13 - Waste Management	2 376	364	218	341	1 833	338	204	211	1 481	345	204	204	8 118	9 358	9 458
Total Revenue by Vote	72 752	7 288	5 054	6 525	44 419	11 285	3 846	3 277	34 078	10 362	3 212	2 912	205 009	232 812	238 995
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	1 807	1 850	2 894	1 807	2 213	3 087	1 807	1 807	2 894	1 807	1 807	2 894	26 675	27 344	27 742
Vote 2 - Planning & Development	444	459	1 520	632	1 029	1 651	1 684	1 432	2 101	904	1 197	499	13 555	11 555	12 171
Vote 3 - Corporate Services	949	994	1 677	1 449	1 405	2 391	949	949	1 502	949	949	2 203	16 369	16 644	17 852
Vote 4 - Budget & Treasury	1 120	1 147	2 294	1 433	2 966	2 619	1 433	1 433	1 982	1 120	1 120	1 982	20 650	21 892	23 536
Vote 5 - Road Transport	2 871	3 037	3 577	2 871	3 607	3 578	2 871	2 871	3 577	2 871	2 871	3 578	38 178	48 731	51 926
Vote 6 - Waste Water Management	54	54	118	54	54	118	54	54	118	54	54	118	903	991	1 084
Vote 7 - Housing	95	95	484	95	164	9 311	95	95	484	95	95	484	11 590	2 888	1 823
Vote 9 - Community & Social Services	610	667	2 086	610	1 021	2 086	610	610	836	610	610	836	11 192	10 814	10 035
Vote 10 - Sport & Recreation	29	34	48	29	29	48	29	29	48	29	29	48	430	471	516
Vote 11 - Public Safety	6	6	6	6	6	6	6	6	6	6	6	6	73	52	57
Vote 12 - Electricity	2 865	2 957	3 404	2 919	3 078	3 152	2 919	2 919	3 350	2 865	2 865	3 098	36 389	41 129	42 813
Vote 13 - Waste Management	1 049	1 074	1 120	1 080	1 732	1 120	1 080	1 080	1 089	1 049	1 049	1 089	13 609	14 799	16 000
Total Expenditure by Vote	11 899	12 375	19 230	12 984	17 303	29 167	13 536	13 284	17 989	12 359	12 652	16 837	189 613	197 310	205 557
Surplus/(Deficit)	60 854	(5 087)	(14 176)	(6 459)	27 116	(17 883)	(9 690)	(10 006)	16 089	(1 997)	(9 440)	(13 925)	15 396	35 502	33 438



Table 44 MBRR 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>	43 665	3 711	678	3 605	31 494	678	1 612	678	25 742	678	678	678	113 897	136 224	137 333	
Executive and council	2 561	-	-	-	2 197	-	500	-	1 648	-	-	-	6 907	7 208	7 559	
Budget and treasury office	41 099	3 706	673	3 600	29 292	673	1 107	673	24 089	673	673	673	106 931	128 953	129 707	
Corporate services	5	5	5	5	5	5	5	5	5	5	5	5	60	63	67	
<i>Community and public safety</i>	4 309	32	598	332	1 290	1 715	32	103	786	1 486	332	774	11 787	12 423	13 160	
Community and social services	1 615	28	81	328	495	841	28	55	497	568	328	28	4 891	5 113	5 412	
Sport and recreation	2 690	-	90	-	792	870	-	45	286	915	-	-	5 688	6 029	6 391	
Public safety	2	2	2	2	2	2	2	2	2	2	2	744	768	814	863	
Housing	1	1	425	1	1	1	1	1	1	1	1	1	440	466	494	
<i>Economic and environmental services</i>	17 054	1 087	1 745	194	5 155	6 636	194	475	1 986	5 929	194	194	40 845	40 599	42 911	
Planning and development	-	893	-	-	-	-	-	-	-	-	-	-	893	345	242	
Road transport	17 054	194	1 745	194	5 155	6 636	194	475	1 986	5 929	194	194	39 952	40 254	42 669	
<i>Trading services</i>	7 724	2 458	2 034	2 394	6 479	2 256	2 008	2 021	5 563	2 269	2 008	1 266	38 480	43 566	45 590	
Electricity	5 348	2 094	1 816	2 053	4 646	1 918	1 804	1 810	4 083	1 923	1 804	1 062	30 362	34 208	36 132	
Waste management	2 376	364	218	341	1 833	338	204	211	1 481	345	204	204	8 118	9 358	9 458	
Total Revenue - Standard	72 752	7 288	5 054	6 525	44 419	11 285	3 846	3 277	34 078	10 362	3 212	2 912	205 009	232 812	238 995	
Expenditure - Standard																
<i>Governance and administration</i>	3 877	3 991	6 866	4 689	6 584	8 097	4 189	4 189	6 379	3 877	3 877	7 080	63 693	65 879	69 131	
Executive and council	1 807	1 850	2 894	1 807	2 213	3 087	1 807	1 807	2 894	1 807	1 807	2 894	26 675	27 344	27 742	
Budget and treasury office	1 120	1 147	2 294	1 433	2 966	2 619	1 433	1 433	1 982	1 120	1 120	1 982	20 650	21 892	23 536	
Corporate services	949	994	1 677	1 449	1 405	2 391	949	949	1 502	949	949	2 203	16 369	16 644	17 852	
<i>Community and public safety</i>	740	802	2 624	740	1 220	11 451	740	740	1 374	740	740	2 068	23 978	14 978	13 244	
Community and social services	610	667	2 086	610	1 021	2 086	610	610	836	610	610	836	11 192	10 814	10 035	
Sport and recreation	29	34	48	29	29	48	29	29	48	29	29	48	430	471	516	
Public safety	6	6	6	6	6	6	6	6	6	6	6	699	766	804	870	
Housing	95	95	484	95	164	9 311	95	95	484	95	95	484	11 590	2 888	1 823	
<i>Economic and environmental services</i>	3 315	3 497	5 098	3 503	4 635	5 229	4 555	4 303	5 678	3 775	4 068	4 078	51 734	60 286	64 097	
Planning and development	444	459	1 520	632	1 029	1 651	1 684	1 432	2 101	904	1 197	499	13 555	11 555	12 171	
Road transport	2 871	3 037	3 577	2 871	3 607	3 578	2 871	2 871	3 577	2 871	2 871	3 578	38 178	48 731	51 926	
<i>Trading services</i>	3 967	4 085	4 642	4 052	4 864	4 390	4 052	4 052	4 557	3 967	3 967	3 612	50 208	56 166	59 085	
Electricity	2 865	2 957	3 404	2 919	3 078	3 152	2 919	2 919	3 350	2 865	2 865	2 405	35 696	40 377	42 001	
Waste water management	54	54	118	54	54	118	54	54	118	54	54	118	903	991	1 084	
Waste management	1 049	1 074	1 120	1 080	1 732	1 120	1 080	1 080	1 089	1 049	1 049	1 089	13 609	14 799	16 000	
Total Expenditure - Standard	11 899	12 375	19 230	12 984	17 303	29 167	13 536	13 284	17 989	12 359	12 652	16 837	189 613	197 310	205 557	
Surplus/(Deficit)	60 854	(5 087)	(14 176)	(6 459)	27 116	(17 883)	(9 690)	(10 006)	16 089	(1 997)	(9 440)	(13 925)	15 396	35 502	33 438	



Table 45 MBRR 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 5 - Road Transport	-	-	-	3 103	-	3 103	-	251	3 103	251	3 103	251	13 163	19 362	20 975	
Vote 9 - Community & Social Services	-	-	-	1 050	-	1 050	-	500	1 050	500	1 050	-	5 200	9 210	1 240	
Vote 13 - Waste Management	-	-	-	991	-	991	589	-	991	-	991	-	4 552	4 682	-	
Capital multi-year expenditure sub-total	-	-	-	5 143	-	5 143	589	751	5 143	751	5 143	251	22 915	33 254	22 215	
Single-year expenditure to be appropriated																
Vote 1 - Executive & Council	-	-	1 770	-	-	-	-	-	-	-	-	-	1 770	70	-	
Vote 2 - Planning & Development	-	-	920	-	270	-	-	-	-	-	-	-	1 190	-	-	
Vote 3 - Corporate Services	-	-	650	300	3 000	1 500	1 500	-	-	-	-	-	6 950	1 500	-	
Vote 4 - Budget & Treasury	-	-	800	-	-	-	-	-	-	-	-	-	800	750	400	
Vote 5 - Road Transport	25	25	895	1 126	25	486	25	25	486	25	486	25	3 653	12 617	11 020	
Vote 7 - Housing	-	-	490	-	-	-	-	-	-	-	-	-	490	1 095	1 160	
Vote 9 - Community & Social Services	-	-	-	543	-	443	-	-	443	-	443	-	1 870	3 260	3 621	
Vote 10 - Sport & Recreation	-	-	-	2 204	-	2 204	-	-	2 204	-	2 204	-	8 818	2 325	5 875	
Vote 11 - Public Safety	-	-	-	25	-	25	-	-	25	-	25	-	100	250	250	
Vote 12 - Electricity	-	-	938	1 325	518	125	488	-	613	-	125	-	4 130	14 938	3 880	
Vote 13 - Waste Management	-	-	500	820	-	-	-	-	-	-	-	-	1 320	680	2 860	
Capital single-year expenditure sub-total	25	25	6 963	6 343	3 813	4 783	2 013	25	3 770	25	3 283	25	31 091	37 485	29 066	
Total Capital Expenditure	25	25	6 963	11 486	3 813	9 926	2 602	776	8 914	776	8 426	276	54 006	70 739	51 281	



Table 46 MBRR 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>	-	-	3 220	300	3 000	1 500	1 500	-	-	-	-	-	9 520	2 320	400
Executive and council	-	-	1 770	-	-	-	-	-	-	-	-	-	1 770	70	-
Budget and treasury office	-	-	800	-	-	-	-	-	-	-	-	-	800	750	400
Corporate services	-	-	650	300	3 000	1 500	1 500	-	-	-	-	-	6 950	1 500	-
<i>Community and public safety</i>	-	-	490	3 822	-	3 722	-	500	3 722	500	3 722	-	16 478	16 140	12 146
Community and social services	-	-	-	1 593	-	1 493	-	500	1 493	500	1 493	-	7 070	12 470	4 860
Sport and recreation	-	-	-	2 204	-	2 204	-	-	2 204	-	2 204	-	8 818	2 325	5 875
Public safety	-	-	-	25	-	25	-	-	25	-	25	-	100	250	250
Housing	-	-	490	-	-	-	-	-	-	-	-	-	490	1 095	1 160
<i>Economic and environmental services</i>	25	25	1 815	4 228	295	3 588	25	276	3 588	276	3 588	276	18 006	31 979	31 995
Planning and development	-	-	920	-	270	-	-	-	-	-	-	-	1 190	-	-
Road transport	25	25	895	4 228	25	3 588	25	276	3 588	276	3 588	276	16 816	31 979	31 995
<i>Trading services</i>	-	-	1 438	3 136	518	1 116	1 077	-	1 603	-	1 116	-	10 002	20 300	6 740
Electricity	-	-	938	1 325	518	125	488	-	613	-	125	-	4 130	14 938	3 880
Waste management	-	-	500	1 811	-	991	589	-	991	-	991	-	5 872	5 362	2 860
Total Capital Expenditure - Standard	25	25	6 963	11 486	3 813	9 926	2 602	776	8 914	776	8 426	276	54 006	70 739	51 281
Funded by:															
National Government	21	21	5 752	9 489	3 150	8 200	2 149	641	7 364	641	6 961	228	44 614	47 291	50 129
Transfers recognised - capital	21	21	5 752	9 489	3 150	8 200	2 149	641	7 364	641	6 961	228	44 614	47 291	50 129
Internally generated funds	4	4	1 211	1 997	663	1 726	452	135	1 550	135	1 465	48	9 392	23 448	1 152
Total Capital Funding	25	25	6 963	11 486	3 813	9 926	2 602	776	8 914	776	8 426	276	54 006	70 739	51 281



Table 47 MBRR 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	3 620	(53)	(53)	(53)	(53)	(53)	(53)	(53)	(53)	(53)	(53)	(53)	3 038	3 328	3 500
Service charges - electricity revenue	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	18 913	21 147	22 897
Service charges - refuse revenue	142	142	142	142	142	142	142	142	142	142	142	142	1 703	1 736	1 766
Rental of facilities and equipment	24	24	24	24	24	24	24	24	24	24	24	24	292	309	328
Interest earned - external investments	618	618	618	618	618	618	618	618	618	618	618	618	7 420	7 865	8 337
Interest earned - outstanding debtors	49	49	49	49	49	49	49	49	49	49	49	49	586	626	669
Fines	5	5	5	5	5	5	5	5	5	5	5	5	64	67	71
Licences and permits	101	101	101	101	101	101	101	101	101	101	101	101	1 208	1 281	1 358
Agency services	186	186	186	186	186	186	186	186	186	186	186	186	2 228	2 362	2 504
Transfer receipts - operational	43 272	4 376	1 439	3 613	35 298	1 547	934	13	28 923	272	300	-	119 988	142 330	142 694
Other revenue	32	32	32	32	32	32	32	32	32	32	32	32	387	410	434
Cash Receipts by Source	49 625	7 057	4 119	6 294	37 978	4 228	3 614	2 694	31 604	2 953	2 980	2 681	155 826	181 461	184 558
Other Cash Flows by Source															
Transfer receipts - capital	21 103	-	704	-	6 210	6 826	-	352	2 243	7 178	-	-	44 614	47 291	50 129
Increase (decrease) in consumer deposits	7	7	7	7	7	7	7	7	7	7	7	7	82	88	96
Total Cash Receipts by Source	70 735	7 063	4 830	6 300	44 195	11 060	3 621	3 053	33 853	10 137	2 987	2 688	200 523	228 840	234 782
Cash Payments by Type															
Employee related costs	4 464	4 464	4 464	4 464	6 864	4 464	4 464	4 464	4 464	4 464	4 464	4 464	55 967	60 439	65 270
Remuneration of councillors	886	886	886	886	886	886	886	886	886	886	886	886	10 630	11 481	12 399
Finance charges	140	140	140	140	140	140	140	140	140	140	140	140	1 679	1 710	1 738
Bulk purchases - Electricity	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	2 379	28 545	31 116	33 606
Transfers and grants - other	13	13	13	13	13	13	13	13	13	13	13	13	150	150	150
Other expenditure	5 950	5 950	5 950	5 950	5 950	5 950	5 950	5 950	5 950	5 950	5 950	5 950	71 398	70 042	67 955
Cash Payments by Type	13 831	13 831	13 831	13 831	16 231	13 831	13 831	13 831	13 831	13 831	13 831	13 831	168 369	174 938	181 118
Other Cash Flows/Payments by Type															
Capital assets	25	25	6 963	11 486	3 813	9 926	2 602	776	8 914	776	8 426	276	54 006	70 739	51 281
Repayment of borrowing	-	-	414	-	-	-	-	-	414	-	-	-	827	893	965
Total Cash Payments by Type	13 856	13 856	21 207	25 317	20 043	23 757	16 433	14 606	23 158	14 606	22 257	14 106	223 202	246 571	233 364
NET INCREASE/(DECREASE) IN CASH HELD	56 879	(6 792)	(16 377)	(19 016)	24 151	(12 697)	(12 811)	(11 554)	10 695	(4 469)	(19 270)	(11 419)	(22 680)	(17 730)	1 418
Cash/cash equivalents at the month/year begin:	105 448	162 327	155 535	139 158	120 141	144 293	131 596	118 785	107 231	117 926	113 457	94 187	105 448	82 768	65 038
Cash/cash equivalents at the month/year end:	162 327	155 535	139 158	120 141	144 293	131 596	118 785	107 231	117 926	113 457	94 187	82 768	82 768	65 038	66 457



2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). 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 Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.



Table 48 MBRR SA34a - 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	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	17 466	31 197	10 250	26 212	37 024	21 408	38 973	29 475
Infrastructure - Road transport	15 934	17 347	8 512	19 554	30 765	14 406	21 053	25 975
<i>Roads, Pavements & Bridges</i>	2 287	15 867	6 071	19 554	30 765	14 406	21 053	25 975
<i>Storm water</i>	13 648	1 480	2 441	-	-	-	-	-
Infrastructure - Electricity	1 149	3 606	711	4 908	3 710	2 450	13 238	3 500
<i>Transmission & Reticulation</i>	1 149	3 606	711	3 400	3 010	1 350	11 700	-
<i>Street Lighting</i>	-	-	-	1 508	700	1 100	1 538	3 500
Infrastructure - Other	382	10 245	1 027	1 750	2 549	4 552	4 682	-
<i>Waste Management</i>	112	117	-	1 750	1 330	4 552	4 682	-
<i>Transportation</i>	270	10 127	1 027	-	-	-	-	-
<i>Other</i>	-	-	-	-	1 219	-	-	-
Community	-	-	12 282	10 443	9 931	15 788	13 035	9 236
Parks & gardens	-	-	-	500	400	-	500	-
Sportsfields & stadia	-	-	2 781	4 793	5 366	8 818	2 325	5 875
Community halls	-	-	1 942	2 850	1 797	3 170	6 900	-
Cemeteries	-	-	286	2 300	2 368	3 800	3 310	3 360
Other	-	-	7 274	-	-	-	-	-
Other assets	14 130	7 763	14 670	16 325	20 535	16 210	17 231	11 070
General vehicles	569	-	675	8 500	7 430	6 290	12 405	8 810
Specialised vehicles	-	-	1 737	-	-	-	-	-
Plant & equipment	1 818	2 858	8 737	60	270	1 455	2 564	1 610
Computers - hardware/equipment	645	391	230	-	-	350	-	-
Furniture and other office equipment	1 789	472	493	2 665	2 935	1 465	320	400
Other Buildings	9 309	4 042	2 098	5 100	9 900	6 650	1 942	250
Other Land	-	-	700	-	-	-	-	-
Intangibles	82	68	24	-	-	-	-	-
Computers - software & programming	82	68	24	-	-	-	-	-
Total Capital Expenditure on new assets	31 677	39 029	37 227	52 980	67 490	53 406	69 239	49 781
Specialised vehicles	-	-	1 737	-	-	-	-	-
Refuse	-	-	1 737	-	-	-	-	-



Table 49 MBRR 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Community	-	-	439	2 100	1 600	-	1 500	1 500
Community halls	-	-	439	2 100	1 600	-	1 500	1 500
Other assets	-	-	-	1 400	1 400	600	-	-
Other Buildings	-	-	-	1 400	1 400	600	-	-
Total Capital Expenditure on renewal of existing assets	-	-	439	3 500	3 000	600	1 500	1 500

Table 50 MBRR 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	943	1 870	979	1 149	1 209	3 049	9 596	10 560
Infrastructure - Road transport	568	1 052	386	610	460	2 257	8 740	9 635
<i>Roads, Pavements & Bridges</i>	106	745	330	370	220	2 000	8 460	9 333
<i>Storm water</i>	462	307	56	240	240	257	280	302
Infrastructure - Electricity	367	787	556	495	705	745	805	869
<i>Transmission & Reticulation</i>	149	606	555	250	380	400	432	467
<i>Street Lighting</i>	218	181	1	245	325	345	373	402
Infrastructure - Water	-	1	-	4	4	4	5	5
<i>Reticulation</i>	-	1	-	4	4	4	5	5
Infrastructure - Other	8	30	37	40	40	43	47	50
<i>Transportation</i>	8	30	37	40	40	43	47	50
Community	197	47	24	73	73	2 652	1 664	177
Parks & gardens	-	-	-	-	-	24	25	27
Sportsfields & stadia	161	28	4	14	14	15	16	18
Community halls	-	-	-	-	-	2 500	1 500	-
Security and policing	35	17	20	56	56	109	118	128
Cemeteries	1	2	-	4	4	4	4	4
Other assets	1 564	1 488	1 552	1 989	2 255	2 777	2 472	2 669
General vehicles	926	1 136	1 047	1 165	1 441	1 315	1 431	1 546
Plant & equipment	147	165	206	230	192	223	241	261
Furniture and other office equipment	29	156	95	196	252	199	217	233
Civic Land and Buildings	461	30	204	398	371	1 039	583	629
Total Repairs and Maintenance Expenditure	2 703	3 405	2 554	3 212	3 537	8 478	13 732	13 406



Table 51 MBRR SA34d - Depreciation 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Depreciation by Asset Class/Sub-class								
Infrastructure	8 154	8 880	9 817	11 720	11 970	13 167	14 483	15 930
Infrastructure - Road transport	7 802	8 605	9 350	11 110	11 348	12 483	13 730	15 102
<i>Roads, Pavements & Bridges</i>	7 002	7 637	8 361	9 861	10 072	11 079	12 186	13 404
<i>Storm water</i>	800	968	989	1 250	1 276	1 404	1 544	1 699
Infrastructure - Electricity	119	122	315	158	161	177	195	214
<i>Transmission & Reticulation</i>	119	122	315	158	161	177	195	214
Infrastructure - Other	233	153	152	452	461	508	558	614
<i>Waste Management</i>	233	153	152	301	307	338	372	409
<i>Other</i>	-	-	-	151	154	169	186	205
Community	0	0	4	0	0	4	1	1
Parks & gardens	0	0	0	0	0	0	1	1
Other	-	-	4	-	-	4	-	-
Other assets	2 223	2 599	2 988	3 462	3 536	3 886	4 278	4 706
General vehicles	401	424	520	547	559	614	676	743
Specialised vehicles	-	-	57	-	-	-	-	-
Plant & equipment	870	906	1 072	1 199	1 224	1 347	1 481	1 629
Computers - hardware/equipment	282	382	404	536	547	602	662	728
Furniture and other office equipment	390	476	494	657	671	739	812	894
Other Buildings	278	383	415	487	497	543	601	661
Other	2	28	27	37	37	41	45	50
Intangibles	102	100	105	43	44	48	53	58
Computers - software & programming	102	100	105	43	44	48	53	58
Total Depreciation	10 480	11 579	12 914	15 224	15 550	17 105	18 815	20 695
Specialised vehicles	-	-	57	-	-	-	-	-
Refuse	-	-	57	-	-	-	-	-

Table 52 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

Table 53 MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.



2.12 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from June 2009. The remaining four have completed their two year contract on 28 February 2010, and extension for one year has been granted by National Treasury. Since the introduction of the Internship programme the Municipality has successfully employed and trained 33 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, National Treasury. Three additional interns have been appointed with effect from 1 March 2011.
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 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.



2.13 Other supporting documents

All other supporting schedules are included in the A-Schedules accompanying this report.



2.14 Municipal Manager's quality certificate

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

Print Name _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____