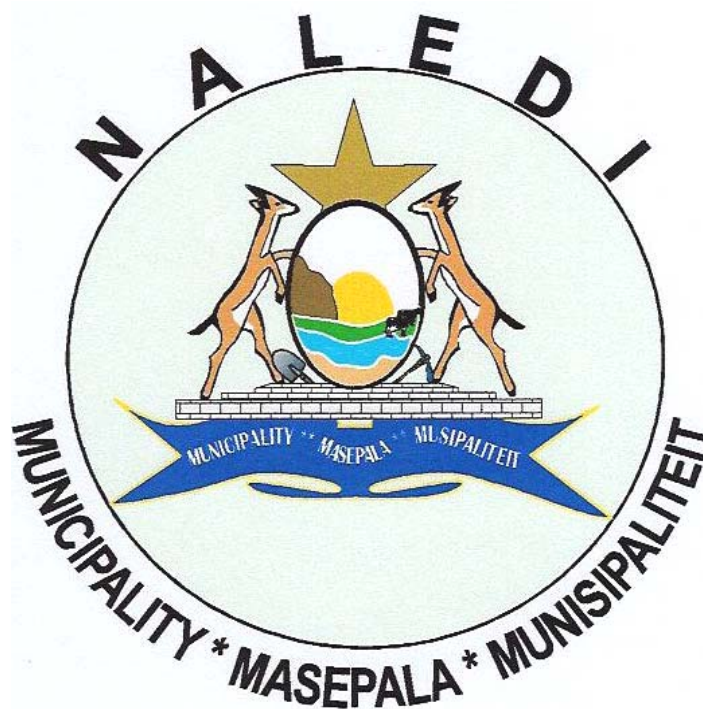


NALEDI LOCAL MUNICIPALITY



2014/2015 TO 2016/2017 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL ANNUAL BUDGET DOCUMENT

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ADDITIONAL DOCUMENTS

- Annexure A Integrated Development Plan 2014/15 to 2016/17
- Annexure B Policies as set out in Par 4.2
- Annexure C Rates and Tariff for the rendering of Municipal Services 2014/2015

Part 1 – Annual Budget

1.1 Mayor's Report

Speech by the Mayor on the tabling the Final Annual budget and Final IDP 2014/2015



Foreword by the Mayor

“We have a good story to tell!”

We are tabling this budget at the end of the second decade of our freedom as the country. Indeed South Africa is a better place to live in since 1994, and without any shadow of doubt, Naledi municipality is better place to live in.

The advent of democracy has brought with it endless possibilities and opportunities for the majority of our people who have been deprived for more than three centuries of apartheid and colonialism. Today is better than yesterday and tomorrow looks brighter!

We have undergone a lot of transformation as local government, from the era of local towns authorities, to Transitional Local Councils (TLCs) to the integrated local councils. In our case as Naledi Local Municipality, changes in the ward demarcations has affected us a great deal from Motheo District Municipality to Xhariep District Municipality with the advent of Manguang Metropolitan Municipality.

Despite challenges that comes with the municipality of our size, with a huge number residents being indigent with no revenue base we have come a long way. We set ourselves an ambitious target to achieve clean audits in our municipality by 2014. This will require consistent effort on the part of all us to do things correctly according to the book. We are convinced that this is still possible, it will be part of the good story that we are continuing to tell.

There can be no doubt that our people's experience with local government and service delivery is a key contributor in the overall perception of government as a whole. Local government is at the coalface of service delivery, and we cannot be found wanting in our commitment and effort to ensure that this sphere of government operates at maximum efficiency and effectiveness levels. It worth noting that our provincial government has committed itself for adopting poor municipalities like ours.

We have endeavored that there is alignment of budget to the IDP and the turn around strategy that we have adopted as the municipality. The municipality must get the basics right. Consistent maintenance of existing infrastructure supported by adequate and appropriate budget allocation and comprehensive planning for infrastructure development is critical.

Needless to say, there is still some challenges in our effort to provide quality services. The supply of clean running water on a continuous level is one but challenge. The Department of Water Affairs and Bloem Water have joined hands to help us out of the situation. The project of installing a parallel pipe that will increase our supply is underway and soon the community will reap the fruits of this project.

In the last financial year, we were able to fill not less than twenty positions, thereby creating stability in the workforce. We also created a number of work opportunities through the Expanded Public Works Programmes.

Through this year budget, we intend to build on the work that we have already done, use the budget to tell a good story that Naledi is a better place to live in since 1994. We are proud of our past performance and are confident of the future.

We invite you to look into our budget and give us feedback so that we may serve our communities better.

Kind regards

Clr. Mpolokeng Mahase

Speaker / Mayor

Naledi Local Municipality

1.2 Council Resolutions

In March 2013 the Council of Naledi Local Municipality met at the Town Hall in Dewetsdorp to consider the Final Annual Budget of the municipality for the financial year 2014/2015. The Council approved and adopted the following resolutions:

1. The Council of Naledi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1 The Final Annual Budget of the municipality for the financial year 2014/2015 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 32

- 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 10 on page 38

- 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 11 on page 39

- 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 6 on page 27

- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1 Budgeted Financial Position as contained in Table 12 on page 41

- 1.2.2 Budgeted Cash Flows Statement as contained in Table 13 on page 43

2. The Council of Naledi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013, the following tariffs as set out in Annexure C

- 2.1 Property rates

- 2.2 Electricity

- 2.3 The supply of water

- 2.4 Sanitation services

- 2.5 Solid waste services

- 2.6 Cemeteries
 - 2.7 Town Planning (Building Plans)
 - 2.8 Posters and distribution of handbills
 - 2.9 Credit control charges (Penalties and Fines)
 - 2.10 Rental of municipal facilities
 - 2.11 Library fees
 - 2.12 Supply of information
- 3 The Council of Naledi Local Municipality approves the newly designed Integrated Development Plan for the period 2014/2015 to 2016/2017 as set out in Annexure A.
- 4 To give proper effect to the municipality's annual budget, the Council of Naledi Local Municipality approves:
- 4.1 That the cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2 The adoption and the implementation of the following policies, attached as Annexure B
 - Rates Policy
 - Tariffs Policy
 - Credit Control and Debt Collection Policy
 - External Loans Policy
 - Bad Debts and Write off Policy
 - Investment and Banking Policy
 - Virement Policy
 - Indigent policy
 - Supply Chain Management Policy
 - 4.3 That the Municipal Manager be authorised to sign all necessary agreement and documents to give effect to the capital and operating programme.

1.3 Executive Summary

The compilation of the annual budget for the 2014/2015 financial year as well as the MTREF remains to be affected by the legacy issues affecting the eco-political environment from which the municipality operates. Nevertheless sound financial management principles were applied during the compilation and adoption to ensure the municipality remains financially viable and that all municipal services are provided sustainably, economically and equitably to all communities.

The challenges emanating from economic factors within the jurisdiction of Naledi Municipality remains to be the key limitation that affects the municipality's ability to collect sustainable revenue from the provision of services; this in turn causes more financial constraints and further limits the ability to provide services to communities and the achievement of strategic objectives of the municipality. Where appropriate, priorities were ranked and programmes and projects were reviewed and analysed according to their impact, relevance and financial viability. A critical review was conducted to identify expenditure related to non-core functions and "nice to have" to ensure that due to limited financial muscle, the municipality should only prioritise programmes that add value and respond to service delivery imperatives.

The 2014/2015 annual budget is also influenced by the adjustment budget of 2013/14. The adjustment budget had to incorporate the issues raised in the financial recovery plan which includes amongst others the issue of the long term outstanding creditors, whereby the short, medium and long term payment plans have to be provided for in the current year and the two outer years (MTREF). The Financial Recovery Plan advocates for implementation of stricter internal controls to ensure reduction of expenditure on non-core functions, and increased or concerted efforts in the implementation of the Revenue Enhancement Strategy.

The provision of main services remains the responsibility of the municipality, however over the years the municipality entered into Service Delivery Agreements with the service providers of water and electricity. The municipality has to focus on the development of the financial recovery plan, and thereafter develop a revenue enhancement strategy to optimize their collection of debts owed by the customers; this shall be made possible only by the complete and stringent implementation of the council's Credit control and debt collection policy. In addition, proper management of existing debtor's accounts which are regularly verified and monitored will ensure that only valid customers are billed on time, with the correct rates and at the correct consumption levels of services. The Council shall monitor the implementation of initiatives by means of quarterly reports to council on the progress made and the recovery and collection levels on all outstanding customers.

The National Treasury's MFMA Circular No 60 was used to guide the compilation of the 2014/2015 MTREF. The main challenges experienced during the compilation on the 2014/2015 MTREF can be summarised as follows:

- Continuous and constant international, national, provincial, regional and local economic pressures;
- Aging and poorly maintained water, roads and electricity infrastructure;

- The need to re-prioritise projects and expenditure within the existing resource envelope subject to cash flow limitations and declining cash reserves of the municipality;
- The increased cost of bulk electricity (due to tariff increases by Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- The increased cost of bulk water (due to tariff increases by Bloem-water), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable and lack of proper management of alternative sources. (i.e. performing the task providing water services internally due to lack of technical capacity and financial resources.);
- Inability to properly account for distribution losses on bulk water purchases due to excessive water leakages emanating from inadequate budgeting for repairs and maintenance resulting in potential revenue being forfeited;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The municipality's lack of financial viability to raise borrowings for capital expenditure;
- Migratory patterns along the Lesotho border which is directly affected by the provision of services to foreigners who do not qualify as indigents; and
- Inability to collect more revenues as a result of high unemployment rate and inadequate and/or lack of sustainable economic activities

The following budget principles and guidelines directly informed the compilation of the 2014/2015 MTREF.

- The 2013/14 Adjustments Budget priorities and targets as well as the base line allocations contained in that Final Annual Budget were adopted as the upper limits for the new baselines of the 2014/2015 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and eradication of backlog goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and

electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- All other possible factors which shall have a direct impact on the 2014/2015 annual budget and which were not catered for on or before the approval of this annual budget, shall be factored through a budget adjustment process

In view of the above mentioned factors, table 1 listed below, 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 Thousand	Adjustment Budget	Budget Year	Budget Year	Budget Year
	2013-2014	2014-2015	2015-2016	2016-2017
Total Operating Revenue	85 355	89 180	92 494	95 754
Total Operating Expenditure	85 349	88 561	91 990	95 782
Surplus/(Deficit) for the year	5	619	504	27
Total Capital Expenditure	15 895	21 267	23 967	19 895

Total operating revenue has increased by R 3 825 million for the 2014/2015 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue increases by R3 314 million and R3 260 million respectively.

Total operating expenditure for the 2014/15 financial year has been appropriated at R88 561 million and translates into a budgeted surplus of 619 thousand. In comparison, the operating expenditure has increased by R3 212 million in the 2015/16 budget and increased by R3 429 million and R3 792 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R504 and stabilises at R27.

The main cost driver of the increases for the total expenditure is the provision in the 2013/14 annual budget made for the item of debt impairment with an amount of R5 million to compensate for R47 million of outstanding debtors. The municipality is currently finalising the process of data cleansing to ensure that the long outstanding irrecoverable debtors are submitted to council to be written off over the MTREF period. A provision was also made for asset depreciation and asset impairment with a marginal increase of R1 5 million. Due to aging infrastructure and the result of conversion to GRAP

from IMFO, the municipality had to properly budget for Asset depreciation and impairment.

The bulk water purchases remains one of the biggest challenges for the municipality, this is compounded by the inability to properly account for distribution losses on water, forfeited revenue, etc. Despite all the factors affecting losses on the water networks, the municipality must constantly maintain the same level of bulk purchases to ensure that water supply to communities is continuous and uninterrupted. The cost of bulk purchases by the water service provider increased by 11%, and this input cost to the municipality must be properly reflected to ensure that bulk water services are sufficiently provided for.

The capital expenditure increased with R5 371 million for 2014/2015, and increased by R2 700 million for 2015/2016 and dropped by R 4 072 million for 2016/2017. All the capital expenditure is financed out of conditional grant, with the largest portion funded by Municipal Infrastructure Grant.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that 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 municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 50 per cent annual collection rate for property rates and other key service charges;
- Electricity tariffs increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

- The Tariffs Policy of Naledi Local Municipality

The following table is a summary of the 2014/2015 MTREF (classified by main revenue source):

Table 2 - Summary of revenue classified by main revenue source

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	2 355	2 547	8 467	4 272	4 272	4 272	-	4 537	4 805	5 069
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	22 841	22 841	22 841	-	24 257	25 688	27 101
Service charges - water revenue	2	2 936	3 230	3 174	4 084	4 084	4 084	-	4 337	4 593	4 846
Service charges - sanitation revenue	2	3 165	3 355	2 500	3 790	3 790	3 790	-	4 025	4 263	4 497
Service charges - refuse revenue	2	2 121	2 248	1 604	2 588	2 588	2 588	-	2 749	2 911	3 071
Service charges – other											
Rental of facilities and equipment			320	311	329	329	329		356	370	390
Interest earned - external investments			32	-	136	69	69		73	78	82
Interest earned - outstanding debtors			5	5	5	5	5		5	6	6
Dividends received			5	7	7	2	2		2	2	2
Fines											
Licences and permits											
Agency services											
Transfers recognised – operational		35 625	35 528	39 482	40 740	41 740	41 740		43 045	43 852	43 333
Other revenue	2	2 190	1 601	28 560	7 885	5 721	5 721	-	5 793	5 927	7 385
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		48 392	48 871	84 110	86 677	85 441	85 441	-	89 180	92 494	95 782

In line with the format prescribed by the Municipal Budget and Reporting Regulations, Capital transfer and contribution are excluded from the operating statements, as inclusion of these revenue sources will distort the calculation of the operating surplus/deficit.

The largest revenue source is transfers from external sources, totalling R43 045 000 of the total operating revenue. The second largest source is electricity at R24 257 000 of the total operating revenue and as electricity is supplied by Centlec. The third largest source is property rates which is totalling R4 537 000 of the total revenue. A contributing factor to a large increase in service charges is that previous budgets did not break even on the cost for service delivery.

The other revenue consists of various items such as income received from building plans, cemetery fees, rental of municipal properties, commission, fines, etc. The tariffs on these items are reviewed annually to ensure that they are cost reflective and market related. The municipality is embarking of the system of improving a strict implementation of internal control measures to ensure that income from these items is sustainable. The "other income" includes VAT recovery of R1 500 million and R1 7 million for the salaries of the Municipal Manager and the Chief Financial Officer.

Table 2.1 depicted below reflects a gradual increase on all main revenue source over the MTREF period. The table further illustrates each class of main revenue component relative to the total revenue. Property Rates has realised a 6.2% steady increase with the 2014/2015 outer year at 5.9%. However, the Transfer recognised from operation shows a steady increase over the MTREF, from 98% for the 2015/2016, 98% for the 2016/2017. The other service charges remain stagnant caused by realistic projections based on an assessment of covering input costs and making the service charges affordable. The reality is that the municipal area experiences a high indigent rate as a result most of the charges shall have to be paid by with the equitable share in any case.

Table 2.1 Percentage growth in revenue by main revenue source

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14					2014/15 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Revenue By Source															
Property rates	2	2 355	2 547	8 467	4 272	4 272	4 272	-	5%	4 537	5%	4 805	5%	5 069	5%
Property rates- penalties & collection charges															
Service charges- electricity revenue	2	-	-	-	22 841	22 841	22 841	-	27%	24 257	27%	25 688	28%	27 101	28%
Service charges- water revenue	2	2 936	3 230	3 174	4 084	4 084	4 084	-	5%	4 337	5%	4 593	5%	4 846	5%
Service charges- sanitation revenue	2	3 165	3 355	2 500	3 790	3 790	3 790	-	4%	4 025	5%	4 263	5%	4 497	5%
Service charges- refuse revenue	2	2 121	2 248	1 604	2 588	2 588	2 588	-	3%	2 749	3%	2 911	3%	3 071	3%
Service charges- other									0%		0%		0%		0%
Rental of facilities and equipment			320	311	329	329	329		0%	356	0%	370	0%	390	0%
Interest earned - external investments									0%		0%		0%		0%
Interest earned - outstanding debtors			32	-	136	69	69		0%	73	0%	78	0%	82	0%
Dividends received			5	5	5	5	5		0%	5	0%	6	0%	6	0%
Fines			5	7	7	2	2		0%	2	0%	2	0%	2	0%
Licences and permits													0%		0%
Agency services													0%		0%
Transfers recognised - operational		35 625	35 528	39 482	40 740	41 740	41 740		49%	43 045	48%	43 852	47%	43 333	45%
Other revenue	2	2 190	1 601	28 560	7 885	5 721	5 721	-	7%	5 793	6%	5 927	6%	7 385	8%
Gain on disposal of PPE									0%		0%		0%		0%
Total Revenue (excluding capital transfers and contributions)		48 392	48 871	84 110	86 677	85 441	85 441	-	100%	89 180		92 494		95 782	
													100%		100%

Table 3 - Operating Transfers and Grant Receipts

FS164 Naledi (Fs) - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	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
EXPENDITURE:	1									
- <u>Operating expenditure of Transfers and Grants</u>										
National Government:		32 082	35 528	39 482	40 740	41 740	41 740	43 045	43 852	43 333
Local Government Equitable Share		29 882	33 288	37 182	38 200	38 200	38 200	39 311	40 935	40 215
Finance Management		1 200	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		1 000	790	800	890	890	890	934	967	1 018
EPWP Incentive						1 000	1 000	1 000	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		32 082	35 528	39 482	40 740	41 740	41 740	43 045	43 852	43 333
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		12 634	15 598	18 663	16 376	15 661	15 661	13 602	19 586	19 991
Municipal Infrastructure Grant (MIG)		11 764	14 149	17 163	16 295	15 580	15 580	13 406	13 390	13 795



Regional Bulk Infrastructure	-	-	500	81	81	81	196	6 196	6 196
EPWP	870	1 449	1 000						
Provincial Government:	-	-	-	3 859	-	-	7 905	4 490	-
Municipal Water Infrastructure				3 859			7 905	4 490	
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:	-	-	-	-	-	-	-	-	-
<i>Department of Water Affairs</i>									
Total capital expenditure of Transfers and Grants	12 634	15 598	18 663	20 235	15 661	15 661	21 507	24 076	19 991
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	44 716	51 126	58 145	60 975	57 401	57 401	64 552	67 928	63 324

The process of 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.

It must also be appreciated that the consumer price index, as measured by the CPI, is not a good measure of the cost to increases of goods and services relevant to municipalities. The food basket of goods and services utilised in the calculation of the CPI consists 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 water and electricity, fuel, chemicals, cement, etc. The current challenges facing the municipality is managing the gap between the cost drivers and tariffs levied, as any shortfall must be factored in either by operational efficiency gains or service level reductions. This adds to the contributing factors that the tariffs mentioned above have to increase beyond the official inflation rate of the Reserve Bank.

Within this framework, the municipality has undertaken the tariff setting process relating to service charges as follows, Refer to **Annexure C** for all the relevant tariffs applicable to the 2014/2015 financial year

1.4.1 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 implementation of the Property Rates is regulated in terms of the Municipal Property Rates Act, and the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2014 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for the purpose of levying rates and the rates for the 2014/2015 financial year based on a 5.6 per cent increase from 1 July 2014 as contained in the attached Annexure C no 1.

1.4.2 Sale of Water 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, it is necessary to carefully review the level and structure of the water tariffs to ensure:

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. A tariff increase of 6.2 per cent from 1 July 2014 for water is proposed. This is based on input cost assumptions of 10 per cent increase in the cost of bulk water. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents. The municipality is currently levying water supplied by the water board (Bloem Water) and using boreholes in one of its towns (Vanstadensrus). The municipality is seized with the challenge of ensuring that the maintenance of the water infrastructure is factored in the tariffs, at the present moment distribution losses are negatively affecting anticipated revenues which could be realised between the cost and sales of water.

Annexure C shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house: A summary of the proposed water tariffs for households (residential) and non-residential are shown in Annexure C.

1.4.3 Sale of Electricity and impact of Tariff increase.

Naledi Municipality maintains a Service Delivery Agreement (SDA) with Centlec (a Municipal Entity which is an electricity distribution utility). The municipality did not have capacity to provide electricity services to its communities and this informed a need to enter into an SDA with the service provider. However, in terms of the SDA the electricity tariffs must be set by the municipality, in association with Centlec through the normal planning and budgeting process. Electricity budget was only included from the 2015/2014 and MTREF and this has resulted in the marginal increment to the total operational revenue.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. The proper repairs and maintenance and upgrading of the reticulation network is a strategic priority, especially the sub-stations and transmission lines. Lack of proper town planning that result in new settlement compounds the challenges affecting the existing reticulation network and hence a need for upgrading and regular maintenance.

The approved budgets for the electricity can only be used for certain committed upgrade projects and to strengthen critical infrastructure (e.g. Sub-station without back-up supply). Owing to the high increases in Eskom tariffs, it is apparent that it remains a challenge to maintain high levels of maintenance and upgrades by means of increasing electricity tariff that factor in both issues as the resultant tariff increase will not be affordable to the consumers. It is therefore proposed that a long term sustainable solution as a strategy for funding the infrastructure to consider spreading the burden in the 2014/2015 financial period, over the MTREF period to coincide with the life span of the assets being upgraded.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.2 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. Sanitation charges are calculated according to the percentage water discharged as indicated in the Annexure C no 10; free sanitation will be applicable to registered indigents. Annexure C no 10 shows the comparison between current sanitation charges and increases.

1.4.5 Waste Removal and Impact of Tariff increases.

Annexure C no 10 shows the comparison between the current and proposed amounts payable from 1 July 2014. A tariff increase of 6.2 per cent for sanitation from 1 July 2014 is proposed. Waste charges are calculated according to the percentage of Waste Removal discharged as indicated in the table below. 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 municipality must place more emphasis on the cost driver affecting the provision of this service, and this includes but not limited to repairs and maintenance on vehicles, increase in general expenditure such as petrol and diesel and the cost of remuneration. There is a need to investigate the cost structure of solid waste as well as consideration of alternative service delivery models. The outcome of the investigation will be investigated into the next planning cycle.

1.4.6 Other tariff increases.

Annexure C compares current and proposed tariffs for all other services

1.5 Operating Expenditure Framework

The Municipal expenditure framework for the 2014/2015 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2014/2015 budget and MTREF (classified per main type of operating expenditure):

Table 4 - Summary of operating expenditure by standard classification.

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type	-										
Employee related costs	2	22 534	22 972	24 905	27 843	30 986	30 986	-	37 302	39 521	42 184
Remuneration of councillors		1 564	1 827	1 818	1 818	1 984	1 984		1 983	1 983	1 983
Debt impairment	3	3 865	718	-	5 000	5 000	5 000		5 000	6 500	6 600
Depreciation & asset impairment	2	26 487	19 138	19 138	1 500	1 500	1 500	-	1 500	1 600	1 650
Finance charges		-	-	82	55	49	49		52	55	58
Bulk purchases	2	4 721	6 000	29 097	32 170	29 599	29 599	-	31 381	33 233	35 061
Other materials	8	-	-	-	-	-	-				
Contracted services		-	-	2 396	2 530	1 849	1 849	-	1 957	2 064	2 160
Transfers and grants		-	-	-	-	955	955	-	-	-	-
Other expenditure	4, 5	23 833	15 751	24 018	15 437	13 514	13 514	-	9 385	7 034	6 059
Loss on disposal of PPE		-	-	-	-	-	-				
Total Expenditure		83 004	66 406	101 454	86 353	85 436	85 436	-	88 561	91 990	95 755

1.5.1 Employee related costs

The budgeted allocation for employee related costs for the 2014/2015 financial year totals R39 285 million, which equals 44 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.79 per cent for the 2014/2015 financial year and a 6.40 per cent increase for each of the two outer years of the MTREF. As part of the Municipal cost reprioritization and cash management strategy not all vacancies could be filled. However, the municipality had to respond to an outstanding bargaining council outcome that compels the municipality to fill certain posts within the corporate management unit and the office of the municipal manager. In addition, the Auditor General has raised audit queries over the filling of posts in the budget and treasury unit, including the creation of a fully-fledged Supply Chain Management unit.

1.5.2 Remuneration of Councillors

The cost associated with the remuneration of councillors 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 Municipal budget.

1.5.3 Debt impairment

The municipality has been under-budgeting for debt impairment over the past years and during the budget bilateral with the Provincial Treasury, it was brought to the attention of the municipality that the item should be reasonably budgeted. In responding, for the budget year 2014/15, the budget was increased with an amount of R5 million. After the clean-up and the write off of the system, the current total debtors is R42 million. The municipality is currently collecting approximately 25% from outstanding debtors; the implementation of an effective revenue management strategy will assist the municipality to increase its recovery rate to at least 50% (i.e. Conservative figure subject to realistic socio-economic imperatives affecting the area).

In addition, the development and proper implementation of a Debt Write-off policy, as well as a Credit and Debt collection management policy, will also assist the municipality to recover relatively more from outstanding debtors. While the expenditure is considered to be a non-cash flow item, it informs the total cost associated with the rendering of services to the municipality as well as the municipality's realistically anticipated revenues.

1.5.4 Depreciation & asset impairment

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management policy. In addition, consideration has also been given to our ageing asset infrastructure and inadequate repairs and maintenance over the years. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard total R1 5 million for the 2014/15 financial year, a decrease of 12% from the previous year and it constitutes 2% of the total operating expenditure. The implementation of the conversion to GRAP 17 accounting standards has meant bringing in a range of assets previously not included in the asset register, it has to be noted that the municipality is in the process of finalising its infrastructure asset bundling in the 2014/15 financial year, this is to

give a true and factual reflection of the actual cost of asset and the subsequent requirement to properly budget realistically for depreciation and asset impairment.

1.5.5 Bulk purchases

Bulk purchases are directly informed by the purchase of Water from Bloem Water. The outstanding amounts owed and the annual price increases have been factored in the budget appropriation and are directly informing the revenue provisions. The expenditure relatively caters for distribution losses on water.

1.5.6 Contracted Services

Contracted service includes the two items of Equipment rental and Insurance.

1.5.7 Other Expenditure

Other expenditure comprises of general expenses which includes among others, audit fees, fuel, diesel, bank charges, printing and stationery, etc.

Table 4.1 - Main Operational Expenditure categories for 2014/2015 expressed as a percentage

Expenditure Category	Amounts - R'000	% of total budget
Employee Cost	37 302	42%
Remuneration of councillors	1 983	2%
Debt Impairment	5 000	6%
Depreciation and asset impairment	1 500	2%
Finance Charges	52	0%
Bulk purchases	31 381	35%
Contracted services	1 957	2%
Other expenditure	9 385	11%
Total expenditure	88 561	100%

1.5.8 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy 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, the following table is a consolidation of all the expenditures associated with repairs and maintenance. The other expenditure includes amongst others materials for maintenance, cleaning materials and chemicals, etc.

Table 5 - Operational repairs and maintenance

FS164 Naledi (Fs) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services			-	2 396	2 530	458	458				
Other Expenditure		804	2 291	1 199	1 175	1 199	1 199		2 440	1 541	1 652
Total Repairs and Maintenance Expenditure	9	804	2 291	3 595	3 705	1 657	1 657	-	2 440	1 541	1 652



During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The other expenditure increased by R783 thousand between the previous adjusted annual budget for the financial year 2013/14 and the current financial year of 2013/14. The item of operational repairs shows a marginal increase over the MTREF period, showing a marginal decrease of R899 thousand for 2014/15 and R111 thousand for the outer years. This strategic imperative remains a priority as can be seen by the budget appropriation over the MTREF. The need to increase budget appropriation for repairs and maintenance is constrained by inadequate financial resources experienced by the municipality.

1.5.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 5 000 or more 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.

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

1.6 Capital expenditure

Table 6 – (A5) Budget Capital Expenditure by Vote, Standard classification and Funding

FS164 Naledi (Fs) - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Single-year expenditure to be appropriated	2										
Vote 1 - [NAME OF VOTE 1]		37	-	-	50	50	50	-	50	50	50
Vote 2 - [NAME OF VOTE 2]		350	-	-	150	150	150	-	200	317	399
Vote 3 - [NAME OF VOTE 3]		-	6 222	-	-	35	35	-	50	50	50
Vote 4 - [NAME OF VOTE 4]		11 764	9 375	18 655	29 138	15 661	15 661	-	20 967	23 551	19 396
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		12 151	15 597	18 655	29 338	15 896	15 896	-	21 267	23 967	19 895
Total Capital Expenditure - Vote		12 151	15 597	18 655	29 338	15 896	15 896	-	21 267	23 967	19 895



For the 2013/14 financial year an amount of R 21 267 million has been appropriated for the development of infrastructure of the total capital expenditure. The two outer year's totals amount to R 23 967 million and R19 895 million respectively

Table 6.1 - Break down of budgeted capital expenditure for 2014/15

Project Name	Funding	Budgeted Amount
Paving of Internal street	MIG	6 838 481
Waste Water Treatment Sewerage	MIG	409 875
Construction of Sports Facility	MIG	2 010 900
Households Electrification	INEG	196 000
Elevated Tanks	MIG	3 248 442
Installation of water meters	MIG	228 000
Water Affairs	Water infrastructure	7 905 000
Own fund		120 000
PMU	MIG	110 000
FMG		200 000
TOTAL CAPITAL EXPENDITURE		21 266 700

1.7 Annual Budget Tables

The following tables 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 2014/2015 budget and MTREF as approved by the Council

Table 7 – (A1) Budget Summary

FS164 Naledi (Fs) - Table A1 Consolidated Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	2 355	2 547	8 467	4 272	4 272	4 272	-	4 537	4 805	5 069
Service charges	8 222	8 833	7 278	33 303	33 303	33 303	-	35 368	37 455	39 515
Investment revenue	-	-	-	-	-	-	-	-	-	-
Transfers recognised – operational	35 625	35 528	39 482	40 740	41 740	41 740	-	43 045	43 852	43 333
Other own revenue	2 190	1 963	28 883	8 362	6 126	6 126	-	6 230	6 382	7 865
Total Revenue (excluding capital transfers and contributions)	48 392	48 871	84 110	86 677	85 441	85 441	-	89 180	92 494	95 782
Employee costs	22 534	22 972	24 905	27 843	30 986	30 986	-	37 302	39 521	42 184
Remuneration of councillors	1 564	1 827	1 818	1 818	1 984	1 984	-	1 983	1 983	1 983
Depreciation & asset impairment	26 487	19 138	19 138	1 500	1 500	1 500	-	1 500	1 600	1 650
Finance charges	-	-	82	55	49	49	-	52	55	58
Materials and bulk purchases	4 721	6 000	29 097	32 170	29 599	29 599	-	31 381	33 233	35 061
Transfers and grants	-	-	-	-	955	955	-	-	-	-
Other expenditure	27 698	16 469	26 414	22 967	20 363	20 363	-	16 342	15 598	14 819
Total Expenditure	83 004	66 406	101 454	86 353	85 436	85 436	-	88 561	91 990	95 755
Surplus/(Deficit)	(34 612)	(17 535)	(17 344)	324	5	5	-	619	504	27
Transfers recognised - capital	12 634	15 597	18 663	29 337	15 811	15 811	-	21 267	23 967	19 895
Contributions recognised - capital & contributed assets	-	-	-	(29 337)	(15 811)	(15 811)	-	(21 267)	(23 967)	(19 895)
Surplus/(Deficit) after capital transfers & contributions	(21 978)	(1 938)	1 319	324	5	5	-	619	504	27
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(21 978)	(1 938)	1 319	324	5	5	-	619	504	27
Capital expenditure & funds sources										
Capital expenditure	10 185	20 130	15 597	29 338	15 897	15 897	-	21 267	23 963	19 895



Transfers recognised - capital	12 634	-	18 663	29 235	15 811	15 811	-	21 147	23 847	19 775
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	103	85	85	-	120	120	120
Total sources of capital funds	12 634	-	18 663	29 338	15 896	15 896	-	21 267	23 967	19 895
Financial position										
Total current assets	(10 908)	13 579	4 559	24 809	20 941	21 000	-	20 941	21 846	23 846
Total non current assets	248 365	254 382	254 382	273 520	269 081	269 081	-	282 904	287 904	292 904
Total current liabilities	34 131	26 301	27 670	27 670	28 973	28 973	-	17 860	15 000	10 000
Total non current liabilities	984	423	423	-	310	310	-	-	-	-
Community wealth/Equity	28 237	28 306	28 306	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	2 319	10 775	15 778	6 399	6 399	6 399	-	39 018	39 883	24 537
Net cash from (used) investing	12 634	15 598	(6 139)	(11 202)	(11 202)	(11 202)	-	21 267	18 967	1 815
Net cash from (used) financing	-	-	(7 370)	(400)	(400)	(400)	-	-	-	-
Cash/cash equivalents at the year end	(31 409)	(5 036)	(2 767)	1 443	1 443	1 443	6 646	61 728	120 578	146 930
Cash backing/surplus reconciliation										
Cash and investments available	(12 116)	(12 171)	(12 191)	(12 191)	1 514	1 573	-	1 514	1 514	1 514
Application of cash and investments	32 816	2 017	20 071	(1 002)	13 481	13 481	-	1 342	(2 378)	(8 703)
Balance - surplus (shortfall)	(44 932)	(14 188)	(32 262)	(11 189)	(11 967)	(11 908)	-	172	3 892	10 217
Asset management										
Asset register summary (WDV)	-	-	-	-	2 831	2 831	2 831	2 831	2 831	2 831
Depreciation & asset impairment	26 487	19 138	19 138	1 500	1 500	1 500	1 500	1 500	1 600	1 650
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1 396	878	1 175	1 237	2 496	2 496	2 440	2 440	1 541	1 652
Free services										
Cost of Free Basic Services provided	21 512	22 908	22 908	22 908	22 908	22 908	24 328	24 328	25 764	27 180
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	0	0	0	0	-	-	-	-	-	-
Sanitation/sewerage:	0	0	0	0	0	0	0	0	-	-
Energy:	0	0	0	0	0	0	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-



Table 8 - (A2) Budgeted Financial Performance (revenue and expenditure by standard classification)

FS164 Naledi (Fs) - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		28 257	27 480	43 774	40 209	36 924	36 924	37 997	39 529	38 941
Executive and council		10 669	8 206	17 220	13 262	13 344	13 344	14 014	14 660	14 944
Budget and treasury office		12 952	14 061	20 097	20 487	17 217	17 217	17 763	18 413	18 245
Corporate services		4 636	5 213	6 457	6 460	6 363	6 363	6 220	6 456	5 752
<i>Community and public safety</i>		5 115	10 161	8 619	5 898	3 405	3 405	3 491	3 640	3 591
Community and social services		3 137	8 890	8 277	5 543	3 050	3 050	3 142	3 273	3 221
Sport and recreation		143	-	-	-	-	-	-	-	-
Public safety		81	90	100	103	103	103	106	111	109
Housing		254	272	242	252	252	252	243	256	261
Health		1 500	909	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10 891	5 993	8 495	5 936	5 928	5 928	6 262	5 559	5 522
Planning and development		631	776	849	915	915	915	1 133	1 259	1 297
Road transport		10 260	5 217	7 646	5 021	5 013	5 013	5 129	4 300	4 225
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		16 935	20 834	46 835	63 972	39 183	39 183	41 429	43 770	47 728
Electricity		209	233	19 931	23 303	23 222	23 222	24 660	26 110	27 525
Water		9 287	8 992	18 699	24 048	7 600	7 600	7 956	8 361	10 548
Waste water management		4 305	8 232	5 340	12 738	4 478	4 478	4 732	5 000	5 221
Waste management		3 134	3 377	2 865	3 883	3 883	3 883	4 081	4 299	4 434
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	61 198	64 468	107 723	116 015	85 440	85 440	89 179	92 498	95 782
Expenditure - Standard	-									
<i>Governance and administration</i>		25 294	25 999	44 430	39 293	37 624	37 624	38 046	39 734	40 578
Executive and council		13 231	10 213	24 723	17 516	19 076	19 076	18 246	19 820	19 472
Budget and treasury office		8 937	10 245	12 917	14 380	10 324	10 324	11 115	10 752	11 399



Corporate services		3 126	5 541	6 790	7 397	8 224	8 224	8 685	9 162	9 707
Community and public safety		5 465	10 135	6 608	7 105	4 552	4 552	4 825	5 165	5 512
Community and social services		3 780	8 923	5 313	5 543	3 039	3 039	3 290	3 508	3 738
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		52	53	520	249	251	251	270	289	308
Housing		233	250	244	531	537	537	570	608	649
Health		1 400	909	531	782	725	725	695	760	817
Economic and environmental services		9 383	3 542	7 358	4 883	5 110	5 110	5 466	4 717	4 980
Planning and development		280	390	547	1 025	890	890	980	1 005	1 030
Road transport		9 103	3 152	6 811	3 858	4 220	4 220	4 486	3 712	3 950
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		20 876	24 738	49 233	64 410	38 049	38 049	40 224	42 374	44 684
Electricity		524	825	18 273	23 300	23 307	23 307	24 749	26 216	27 665
Water		11 767	11 729	23 041	28 286	9 524	9 524	9 964	10 300	10 788
Waste water management		5 321	9 585	6 311	10 969	3 246	3 246	3 406	3 618	3 849
Waste management		3 264	2 599	1 608	1 855	1 972	1 972	2 105	2 240	2 382
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	61 018	64 414	107 629	115 691	85 335	85 335	88 561	91 990	95 754
Surplus/(Deficit) for the year		180	54	94	324	105	105	618	508	28

Table 9 – (A2A) Budgeted Financial Performance (revenue and expenditure by Standard Classification)

FS164 Naledi (Fs) - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard	1									
<i>Municipal governance and administration</i>		28 257	27 480	43 774	40 209	36 924	36 924	37 997	39 529	38 941
Executive and council		10 669	8 206	17 220	13 262	13 344	13 344	14 014	14 660	14 944
Mayor and Council		10 669	8 206	17 220	13 262	13 344	13 344	14 014	14 660	14 944
Municipal Manager										
Budget and treasury office		12 952	14 061	20 097	20 487	17 217	17 217	17 763	18 413	18 245
Corporate services		4 636	5 213	6 457	6 460	6 363	6 363	6 220	6 456	5 752
Human Resources			2 635	3 460	3 444	3 444	3 444	3 386	3 535	3 504
Information Technology										
Property Services		227	226	235	248	250	250	264	278	291
Other Admin		4 409	2 352	2 762	2 768	2 669	2 669	2 570	2 643	1 957
<i>Community and public safety</i>		5 115	10 161	8 619	5 898	3 405	3 405	3 491	3 640	3 591
Community and social services		3 137	8 890	8 277	5 543	3 050	3 050	3 142	3 273	3 221
Libraries and Archives		565	629	703	722	722	722	743	774	760
Museums & Art Galleries etc										
Community halls and Facilities		71	71	104	108	97	97	101	105	105
Cemeteries & Crematoriums		2 471	8 190	7 470	4 713	2 231	2 231	2 298	2 394	2 356
Child Care										
Aged Care										
Other Community		30								
Other Social										
Sport and recreation		143								
Public safety		81	90	100	103	103	103	106	111	109
Police										
Fire		81	90	100	103	103	103	106	111	109
Civil Defence										
Street Lighting										



<i>Other</i>									
Housing	254	272	242	252	252	252	243	256	261
Health	1 500	909	-	-	-	-	-	-	-
<i>Clinics</i>									
<i>Ambulance</i>									
<i>Other</i>	1 500	909	-						
<i>Economic and environmental services</i>	10 891	5 993	8 495	5 936	5 928	5 928	6 262	5 559	5 522
Planning and development	631	776	849	915	915	915	1 133	1 259	1 297
<i>Economic Development/Planning</i>	631	776	849	915	915	915	1 133	1 259	1 297
<i>Town Planning/Building enforcement</i>									
<i>Licensing & Regulation</i>									
Road transport	10 260	5 217	7 646	5 021	5 013	5 013	5 129	4 300	4 225
<i>Roads</i>	10 260	5 217	7 609	4 983	4 975	4 975	5 090	4 259	4 185
<i>Public Buses</i>									
<i>Parking Garages</i>									
<i>Vehicle Licensing and Testing</i>									
<i>Other</i>			37	38	38	38	39	41	40
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Pollution Control</i>									
<i>Biodiversity & Landscape</i>									
<i>Other</i>									
<i>Trading services</i>	16 935	20 834	46 835	63 972	39 183	39 183	41 429	43 770	47 728
Electricity	209	233	19 931	23 303	23 222	23 222	24 660	26 110	27 525
<i>Electricity Distribution</i>	209	233	19 931	23 303	23 222	23 222	24 660	26 110	27 525
<i>Electricity Generation</i>									
Water	9 287	8 992	18 699	24 048	7 600	7 600	7 956	8 361	10 548
<i>Water Distribution</i>	9 287	8 992	18 699	24 048	7 600	7 600	7 956	8 361	10 548
<i>Water Storage</i>									
Waste water management	4 305	8 232	5 340	12 738	4 478	4 478	4 732	5 000	5 221
<i>Sewerage</i>	4 305	8 232	5 340	12 738	4 478	4 478	4 732	5 000	5 221
<i>Storm Water Management</i>									
<i>Public Toilets</i>									
Waste management	3 134	3 377	2 865	3 883	3 883	3 883	4 081	4 299	4 434
<i>Solid Waste</i>	3 134	3 377	2 865	3 883	3 883	3 883	4 081	4 299	4 434
<i>Other</i>	-	-	-	-	-	-	-	-	-
Air Transport									
Abattoirs									
Tourism									

Forestry										
Markets										
Total Revenue - Standard	2	61 198	64 468	107 723	116 015	85 440	85 440	89 179	92 498	95 782
Expenditure - Standard	-									
<i>Municipal governance and administration</i>	-	25 294	25 999	44 430	39 293	37 624	37 624	38 046	39 734	40 578
Executive and council	-	13 231	10 213	24 723	17 516	19 076	19 076	18 246	19 820	19 472
<i>Mayor and Council</i>	-	13 231	10 213	24 723	17 516	19 076	19 076	18 246	19 820	19 472
<i>Municipal Manager</i>	-									
Budget and treasury office	-	8 937	10 245	12 917	14 380	10 324	10 324	11 115	10 752	11 399
Corporate services	-	3 126	5 541	6 790	7 397	8 224	8 224	8 685	9 162	9 707
<i>Human Resources</i>	-		2 525	3 491	3 916	4 739	4 739	4 801	5 063	5 338
<i>Information Technology</i>	-									
<i>Property Services</i>	-	51	253	51				170	190	210
<i>Other Admin</i>	-	3 075	2 763	3 248	3 481	3 485	3 485	3 714	3 909	4 159
<i>Community and public safety</i>	-	5 465	10 135	6 608	7 105	4 552	4 552	4 825	5 165	5 512
Community and social services	-	3 780	8 923	5 313	5 543	3 039	3 039	3 290	3 508	3 738
<i>Libraries and Archives</i>	-	891	762	850	1 018	975	975	1 070	1 142	1 218
<i>Museums & Art Galleries etc</i>	-									
<i>Community halls and Facilities</i>	-	58	61	30	31	4	4	20	25	30
<i>Cemeteries & Crematoriums</i>	-	2 619	8 100	4 433	4 494	2 060	2 060	2 200	2 341	2 490
<i>Child Care</i>	-									
<i>Aged Care</i>	-									
<i>Other Community</i>	-	212	-							
<i>Other Social</i>	-									
Sport and recreation	-									
Public safety	-	52	53	520	249	251	251	270	289	308
<i>Police</i>	-									
<i>Fire</i>	-	52	53	520	249	251	251	270	289	308
<i>Civil Defence</i>	-									
<i>Street Lighting</i>	-									
<i>Other</i>	-									
Housing	-	233	250	244	531	537	537	570	608	649
Health	-	1 400	909	531	782	725	725	695	760	817
<i>Clinics</i>	-									
<i>Ambulance</i>	-									
<i>Other</i>	-	1 400	909	531	782	725	725	695	760	817
<i>Economic and environmental services</i>	-	9 383	3 542	7 358	4 883	5 110	5 110	5 466	4 717	4 980

Planning and development	-	280	390	547	1 025	890	890	980	1 005	1 030
<i>Economic Development/Planning</i>	-	280	390	547	1 025	890	890	980	1 005	1 030
<i>Town Planning/Building enforcement</i>	-									
<i>Licensing & Regulation</i>	-									
Road transport	-	9 103	3 152	6 811	3 858	4 220	4 220	4 486	3 712	3 950
<i>Roads</i>	-	9 103	3 152	6 551	3 581	3 938	3 938	4 185	3 392	3 609
<i>Public Buses</i>	-									
<i>Parking Garages</i>	-									
<i>Vehicle Licensing and Testing</i>	-									
<i>Other</i>	-			260	277	282	282	301	320	341
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Pollution Control</i>	-									
<i>Biodiversity & Landscape</i>	-									
<i>Other</i>	-									
<i>Trading services</i>	-	20 876	24 738	49 233	64 410	38 049	38 049	40 224	42 374	44 684
Electricity	-	524	825	18 273	23 300	23 307	23 307	24 749	26 216	27 665
<i>Electricity Distribution</i>	-	524	825	18 273	23 300	23 307	23 307	24 749	26 216	27 665
<i>Electricity Generation</i>	-									
Water	-	11 767	11 729	23 041	28 286	9 524	9 524	9 964	10 300	10 788
<i>Water Distribution</i>	-	11 767	11 729	23 041	28 286	9 524	9 524	9 964	10 300	10 788
<i>Water Storage</i>	-									
Waste water management	-	5 321	9 585	6 311	10 969	3 246	3 246	3 406	3 618	3 849
<i>Sewerage</i>	-	5 321	9 585	6 311	10 969	3 246	3 246	3 406	3 618	3 849
<i>Storm Water Management</i>	-									
<i>Public Toilets</i>	-									
Waste management	-	3 264	2 599	1 608	1 855	1 972	1 972	2 105	2 240	2 382
<i>Solid Waste</i>	-	3 264	2 599	1 608	1 855	1 972	1 972	2 105	2 240	2 382
<i>Other</i>	-	-	-	-	-	-	-	-	-	-
Air Transport	-									
Abattoirs	-									
Tourism	-									
Forestry	-									
Markets	-									
Total Expenditure - Standard	3	61 018	64 414	107 629	115 691	85 335	85 335	88 561	91 990	95 754
Surplus/(Deficit) for the year		180	54	94	324	105	105	618	508	28

Table 10 – (A3) Budgeted Financial Performance (revenue and expenditure by municipal votes)

FS164 Naledi (Fs) - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1- Council		10 669	8 206	17 220	13 262	13 344	13 344	14 014	14 660	14 944
Vote 2- Budget and Treasury		12 924	14 061	20 097	20 487	17 217	17 217	17 763	18 413	18 245
Vote 3-Corporate Services		4 518	4 560	4 602	4 625	4 616	4 616	4 600	4 803	4 769
Vote 4- Technical Services		32 285	36 865	64 955	76 726	49 348	49 348	51 670	53 363	56 528
Vote 5- Planning and Development		631	776	849	915	915	915	1 133	1 259	1 297
Vote 6 - Parks and Gardens										
Vote 7 – Property										
Vote 8 - Stores and Workshop										
Vote 9 - Public Works										
Vote 10 – Refuse										
Vote 11 – Sewerage										
Vote 12 - Electricity & Health										
Vote 13 - Library										
Vote 14 - Town Hall										
Vote 15 - Disaster, Housing & Water		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	61 027	64 468	107 723	116 015	85 440	85 440	89 180	92 498	95 783
Expenditure by Vote to be appropriated	1									
Vote 1- Council		13 232	10 213	24 723	17 516	19 076	19 076	18 246	19 820	19 472
Vote 2- Budget and Treasury		8 937	10 245	12 917	14 380	10 324	10 324	11 115	10 752	11 399
Vote 3-Corporate Services		3 676	4 561	5 473	5 996	6 694	6 694	7 026	7 470	7 922
Vote 4- Technical Services		34 894	39 003	63 969	76 774	48 351	48 351	51 194	52 943	55 932
Vote 5- Planning and Development		280	390	547	1 025	890	890	980	1 005	1 030
Vote 6 - Parks and Gardens										
Vote 7 – Property										
Vote 8 - Stores and Workshop		-	-	-	-	-	-	-	-	-



Vote 9 - Public Works										
Vote 10 – Refuse										
Vote 11 – Sewerage										
Vote 12 - Electricity & Health										
Vote 13 - Library										
Vote 14 - Town Hall										
Vote 15 - Disaster, Housing & Water										
Total Expenditure by Vote	2	61 019	64 412	107 629	115 691	85 335	85 335	88 561	91 990	95 755
Surplus/(Deficit) for the year	2	8	56	94	324	105	105	619	508	29

Table 11 - A4 Budgeted Financial Performance (revenue by source and expenditure by type)

FS164 Naledi (Fs) - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	2 355	2 547	8 467	4 272	4 272	4 272	-	4 537	4 805	5 069
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	22 841	22 841	22 841	-	24 257	25 688	27 101
Service charges - water revenue	2	2 936	3 230	3 174	4 084	4 084	4 084	-	4 337	4 593	4 846
Service charges - sanitation revenue	2	3 165	3 355	2 500	3 790	3 790	3 790	-	4 025	4 263	4 497
Service charges - refuse revenue	2	2 121	2 248	1 604	2 588	2 588	2 588	-	2 749	2 911	3 071
Service charges - other											
Rental of facilities and equipment			320	311	329	329	329		356	370	390
Interest earned - external investments			32	-	136	69	69		73	78	82
Interest earned - outstanding debtors			5	5	5	5	5		5	6	6
Dividends received			5	7	7	2	2		2	2	2
Fines			5	7	7	2	2		2	2	2
Licences and permits											
Agency services											
Transfers recognised - operational		35 625	35 528	39 482	40 740	41 740	41 740		43 045	43 852	43 333
Other revenue	2	2 190	1 601	28 560	7 885	5 721	5 721	-	5 793	5 927	7 385
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		48 392	48 871	84 110	86 677	85 441	85 441	-	89 180	92 494	95 782
Expenditure By Type											
Employee related costs	2	22 534	22 972	24 905	27 843	30 986	30 986	-	37 302	39 521	42 184
Remuneration of councillors		1 564	1 827	1 818	1 818	1 984	1 984		1 983	1 983	1 983



Debt impairment	3	3 865	718	-	5 000	5 000	5 000	-	5 000	6 500	6 600
Depreciation & asset impairment	2	26 487	19 138	19 138	1 500	1 500	1 500	-	1 500	1 600	1 650
Finance charges		-	-	82	55	49	49	-	52	55	58
Bulk purchases	2	4 721	6 000	29 097	32 170	29 599	29 599	-	31 381	33 233	35 061
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	2 396	2 530	1 849	1 849	-	1 957	2 064	2 160
Transfers and grants		-	-	-	-	955	955	-	-	-	-
Other expenditure	4, 5	23 833	15 751	24 018	15 437	13 514	13 514	-	9 385	7 034	6 059
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		83 004	66 406	101 454	86 353	85 436	85 436	-	88 561	91 990	95 755
Surplus/(Deficit)		(34 612)	(17 535)	(17 344)	324	5	5	-	619	504	27
Transfers recognised - capital		12 634	15 597	18 663	29 337	15 811	15 811	-	21 267	23 967	19 895
Contributions recognised - capital	6	-	-	-	(29 337)	(15 811)	(15 811)	-	(21 267)	(23 967)	(19 895)
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(21 978)	(1 938)	1 319	324	5	5	-	619	504	27
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(21 978)	(1 938)	1 319	324	5	5	-	619	504	27
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(21 978)	(1 938)	1 319	324	5	5	-	619	504	27
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(21 978)	(1 938)	1 319	324	5	5	-	619	504	27

Table 12 – (A6) Budgeted Financial Position**FS164 Naledi (Fs) - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - [NAME OF VOTE 1]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE 2]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - [NAME OF VOTE 1]		37	-	-	50	50	50	-	50	50	50
Vote 2 - [NAME OF VOTE 2]		350	-	-	150	150	150	-	200	317	399
Vote 3 - [NAME OF VOTE 3]		-	6 222	-	-	35	35	-	50	50	50
Vote 4 - [NAME OF VOTE 4]		11 764	9 375	18 655	29 138	15 661	15 661	-	20 967	23 551	19 396
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-



Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		12 151	15 597	18 655	29 338	15 896	15 896	-	21 267	23 967	19 895
Total Capital Expenditure - Vote		12 151	15 597	18 655	29 338	15 896	15 896	-	21 267	23 967	19 895
Capital Expenditure - Standard											
<i>Governance and administration</i>		387	-	-	200	235	235	-	300	417	499
Executive and council		37			50	50	50		50	50	50
Budget and treasury office		350			150	150	150		200	317	399
Corporate services						35	35		50	50	50
<i>Community and public safety</i>		-	6 222	6 222	2 482	3 880	3 880	-	2 031	2 029	20
Community and social services			6 222	6 222					-		
Sport and recreation					2 482	3 880	3 880		2 011	2 009	
Public safety											
Housing									20	20	20
Health											
<i>Economic and environmental services</i>		4 317	6 283	550	1 000	401	401	-	6 838	7 784	-
Planning and development		517									
Road transport		3 320	6 283	550	1 000	401	401		6 838	7 784	
Environmental protection		480									
<i>Trading services</i>		5 481	6 975	8 175	24 841	11 281	11 281	-	11 987	8 614	1 196
Electricity					81	81	81		196	6 196	6 196
Water		5 481	2 698	2 698	16 500	10 790	10 790		11 381	7 418	
Waste water management			4 277	5 477	8 260	410	410		410		
Waste management											
<i>Other</i>			650	650	815	100	100		110	120	100
Total Capital Expenditure - Standard	3	10 185	20 130	15 597	29 338	15 897	15 897	-	21 267	23 967	19 895
Funded by:											
National Government		12 634		18 663	21 385	15 811	15 811		13 242	19 357	18 579
Provincial Government					7 850				7 905	4 490	1 196
District Municipality											
Other transfers and grants									-	-	-
Transfers recognised - capital	4	12 634	-	18 663	29 235	15 811	15 811	-	21 147	23 847	19 775
Public contributions & donations	5										
Borrowing	6										



Internally generated funds					103	85	85		120	120	120
Total Capital Funding	7	12 634	-	18 663	29 338	15 896	15 896	-	21 267	23 967	19 895



FS164 Naledi (Fs) - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		10 577	11 380	19 941	35 452	35 452	35 452		39 904	42 260	44 584
Government - operating	1	35 625	35 528	61 572	37 860	37 860	37 860		43 045	43 852	43 333
Government - capital	1	12 634	15 598	-	-	-	-		21 267	18 967	1 815
Interest			32	120	259	259	259		73	78	82
Dividends			5	-	-	-	-		2	2	2
Payments											
Suppliers and employees		(56 517)	(51 768)	(63 139)	(65 221)	(65 221)	(65 221)		(65 221)	(65 221)	(65 221)
Finance charges				(2 716)	(1 951)	(1 951)	(1 951)		(52)	(55)	(58)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 319	10 775	15 778	6 399	6 399	6 399	-	39 018	39 883	24 537
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments					(14)	(14)	(14)				
Payments											
Capital assets		12 634	15 598	(6 139)	(11 188)	(11 188)	(11 188)		21 267	18 967	1 815
NET CASH FROM/(USED) INVESTING ACTIVITIES		12 634	15 598	(6 139)	(11 202)	(11 202)	(11 202)	-	21 267	18 967	1 815
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											

Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(7 370)	(400)	(400)	(400)					
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(7 370)	(400)	(400)	(400)	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		14 953	26 373	2 269	(5 203)	(5 203)	(5 203)	-	60 285	58 850	26 352
Cash/cash equivalents at the year begin:	2	(46 362)	(31 409)	(5 036)	6 646	6 646	6 646	6 646	1 443	61 728	120 578
Cash/cash equivalents at the year end:	2	(31 409)	(5 036)	(2 767)	1 443	1 443	1 443	6 646	61 728	120 578	146 930

FS164 Naledi (Fs) - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	2 319	25 728	31 205	50 676	1 443	1 443	6 646 (6	60 285	119 135	145 487
Other current investments > 90 days		(14 435)	(37 899)	(43 396)	(62 867)	(2)	57	646)	(58 844)	(117 694)	(144 046)
Non current assets - Investments	1	-	-	-	-	73	73	-	73	73	73
Cash and investments available:		(12 116)	(12 171)	(12 191)	(12 191)	1 514	1 573	-	1 514	1 514	1 514
Application of cash and investments											
Unspent conditional transfers		(2 292)	(3 569)	-	-	113	113	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	35 108	5 586	21 646	(2 712)	13 368	13 368	-	1 342	(2 378)	(8 703)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		32 816	2 017	21 646	(2 712)	13 481	13 481	-	1 342	(2 378)	(8 703)
Surplus(shortfall)		(44 932)	(14 188)	(33 837)	(9 479)	(11 967)	(11 908)	-	172	3 892	10 217

FS164 Naledi (Fs) - Table A9 Consolidated Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	13 505	26 413	16 147	29 338	15 897	15 897	21 266	23 964	19 895
<i>Infrastructure - Road transport</i>		6 640	12 566	1 100	1 000	401	401	6 838	7 784	7 784
<i>Infrastructure - Electricity</i>		-	-	-	81	81	81	196	6 196	6 196
<i>Infrastructure - Water</i>		5 481	2 698	2 698	16 500	10 790	10 790	11 381	7 418	5 296
<i>Infrastructure - Sanitation</i>		-	4 277	5 477	8 260	410	410	410	-	-
<i>Infrastructure - Other</i>		1 384	6 872	6 872	-	-	-	-	-	-
Infrastructure		13 505	26 413	16 147	25 841	11 682	11 682	18 825	21 398	19 276
Community		-	-	-	3 297	3 980	3 980	2 121	2 129	100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	200	235	235	320	437	519
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
<i>Infrastructure - Road transport</i>		6 640	12 566	1 100	1 000	401	401	6 838	7 784	7 784



<i>Infrastructure - Electricity</i>		-	-	-	81	81	81	196	6 196	6 196
<i>Infrastructure - Water</i>		5 481	2 698	2 698	16 500	10 790	10 790	11 381	7 418	5 296
<i>Infrastructure - Sanitation</i>		-	4 277	5 477	8 260	410	410	410	-	-
<i>Infrastructure - Other</i>		1 384	6 872	6 872	-	-	-	-	-	-
Infrastructure		13 505	26 413	16 147	25 841	11 682	11 682	18 825	21 398	19 276
Community		-	-	-	3 297	3 980	3 980	2 121	2 129	100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	200	235	235	320	437	519
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	13 505	26 413	16 147	29 338	15 897	15 897	21 266	23 964	19 895
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>										
<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	2 520	2 520	2 520	2 520	2 520
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	311	311	311	311	311
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	2 831	2 831	2 831	2 831	2 831
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		26 487	19 138	19 138	1 500	1 500	1 500	1 500	1 600	1 650
<u>Repairs and Maintenance by Asset Class</u>	3	1 396	878	1 175	1 237	2 496	2 496	2 440	1 541	1 652
<i>Infrastructure - Road transport</i>		178	270	350	370	1 252	1 252	1 318	343	369
<i>Infrastructure - Electricity</i>		40	-	-	-	50	50	50	60	70
<i>Infrastructure - Water</i>		755	145	280	205	169	169	142	151	159
<i>Infrastructure - Sanitation</i>		162	100	200	354	880	880	880	930	990
<i>Infrastructure - Other</i>		34	219	50	63	-	-	-	-	-

Infrastructure		1 169	734	880	992	2 351	2 351	2 390	1 484	1 588
Community		227	110	160	100	-	-	20	25	30
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	34	135	145	145	145	30	32	34
TOTAL EXPENDITURE OTHER ITEMS		27 883	20 016	20 313	2 737	3 996	3 996	3 940	3 141	3 302

FS164 Naledi (Fs) - Table A10 Consolidated basic service delivery measurement

Description	R e f	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		2	2	2	2	2	2	2	2	2
Piped water inside yard (but not in dwelling)		6	6	6	6	-	-			
Using public tap (at least min.service level)	2	2	2	2	2	-	-			
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		10	10	10	10	2	2	2	2	2
Using public tap (< min.service level)	3	1	1	1	1					
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		1	1	1	1	-	-	-	-	-
Total number of households	5	11	11	11	11	2	2	2	2	2
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		5	5	5	5		5	5	5	5
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		5	5	5	5	-	5	5	5	5
Bucket toilet		1	1	1	1	1	1			
Other toilet provisions (< min.service level)										
No toilet provisions		1	1	1	1		1	1		
<i>Below Minimum Service Level sub-total</i>		2	2	2	2	1	2	1	-	-
Total number of households	5	7	7	7	7	1	7	6	5	5
<u>Energy:</u>										
Electricity (at least min.service level)		7	7	7	7	7	7	7	7	7
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		7	7	7	7	7	7	7	7	7
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		1	1	1	1	1	1			

<i>Below Minimum Service Level sub-total</i>		1	1	1	1	1	1	-	-	-
Total number of households	5	8	8	8	8	8	8	7	7	7
<u>Refuse:</u>										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		7	7	7	7	7	7	7	7	7
Sanitation (free minimum level service)		7	7	7	7	7	7	7	7	7
Electricity/other energy (50kwh per household per month)		-	7	7	7	7	7	7	7	7
Refuse (removed at least once a week)		7	7	7	7	7	7	7	7	7
<u>Cost of Free Basic Services provided (R'000)</u>	8									
Water (6 kilolitres per household per month)		5 378	5 727	5 727	5 727	5 727	5 727	6 082	6 441	6 795
Sanitation (free sanitation service)		5 378	5 727	5 727	5 727	5 727	5 727	6 082	6 441	6 795
Electricity/other energy (50kwh per household per month)		5 378	5 727	5 727	5 727	5 727	5 727	6 082	6 441	6 795
Refuse (removed once a week)		5 378	5 727	5 727	5 727	5 727	5 727	6 082	6 441	6 795
Total cost of FBS provided (minimum social package)		21 512	22 908	22 908	22 908	22 908	22 908	24 328	25 764	27 180
<u>Highest level of free service provided</u>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)										

Property rates (other exemptions, reductions and rebates)									
Water									
Sanitation									
Electricity/other energy									
Refuse									
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	6								
		-	-	-	-	-	-	-	-

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipal 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 priorities in the allocation of resources

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 25 August 2012. Key dates applicable to the process were as follows (*refer to the table listed below*):

REVISED IDP AND BUDGET PROCESS PLAN TIMETABLE FOR 2014/15 MTREF

8 PROCESS PROGRAMME & TIMEFRAME

The Following is a process programme and timeframe for **2013/14 IDP/BUDGET Review Process** that Naledi Local Municipality is going to follow:

NALEDI LOCAL MUNICIPALITY IDP AND BUDGET PROCESS PLAN FOR 2013/2014					
NALEDI LOCAL MUNICIPALITY			Demarcation code: FS164		
MONTH	ACTIVITIES	ACT REF	RESPONSIBILITY	FINAL TARGET DATE	DATE ACTION COMPLETED
PREPARATORY ARRANGEMENTS					
JULY	Mayor tables in council IDP and Budget Process Plan outlining the key deadlines for: preparing, tabling and approving the budget, IDP and budget related policies and consultation processes at least 10 months before the start of the budget year	21(1)(b)	Mayor	30-Jul-13	

JULY	Submission of IDP and Budget Process Plan to Xhariep District Municipality, National and Provincial Treasuries		IDP Manager	01-Aug-13	
AUGUST	Advertisement of IDP and Budget Process Plan on the municipal website and local newspaper		IDP Manager	04-Aug-13	
ANALYSIS					
AUGUST	Assessment of the current status quo of development and analysis of opportunities and priority issues		Municipal Manager	18-Aug-13	
AUGUST	Initiate Public Participation to consolidate community needs		Office of the Speaker/IDP	22 Aug - 08 Sept 2013	
AUGUST	Mayor begins planning for the next three-year budget in accordance with co-ordination role of budget process. Planning includes review of the past year (2012/2013) financial and non-financial performance.	MFMA sec 53	Portfolio Committee	25-Aug-13	

AUGUST	Mayor establishes a budget steering committee in terms of Budget Regulations	Reg No.32141	Mayor	31-Aug-13	
STRATEGIES					
SEPTEMBER	Analyse, review and refine municipal Strategies, Objectives, KP'Is to influence the budget		Mayor	22-Sep-13	
SEPTEMBER	Consultation with full council, manager's and senior managers. Strategic Session		Municipal Manager	30-Sep-13	
OCTOBER	IDP Steering Committee to prioritise IDP projects		Mayor	06-Oct-13	
OCTOBER	IDP priorities be confirmed by MAYOR		Municipal Manager	27-Oct-13	
OCTOBER	Municipal objective, strategies, KPIs and targets to be approved by MAYOR		Municipal Manager	27-Oct-13	
OCTOBER	Quarterly SDBIP performance progress report for first quarter of 12/13 financial year		Municipal Manager	28-Oct-13	
PROJECTS					

NOVEMBER	Formulation of Project Proposals		Mayor	03-Nov-13	
NOVEMBER	Screen, adjust, consolidate and agree on Project Proposals		Mayor	08-Nov-13	
NOVEMBER	IDP Multi-year Scorecard Revised and presented to MAYOR		Municipal Manager	24-Nov-13	
JANUARY	Submit to the mayor, NT and provincial treasury by 25 January each year, a mid-year budget and performance assessment reflecting information required by s72(1)(a)(i)(II), (iii), (iv), (1)(b), (2) and (3)	MFMA sec 72 and 22(b)(i)(ii)	Municipal Manager	25-Jan-14	
INTEGRATION					
JANUARY	Integration of sector plans and service plans into IDP		Municipal Manager	26-Jan-14	
JANUARY	Finance prepares indicative allocation per vote based on the projected income and also provide budget guidelines for 2013-2014 budget		CFO	27-Jan-14	



JANUARY	Quarterly SDBIP performance progress report for second quarter of 13/14 financial year		Municipal Manager	27-Jan-14	
JANUARY	Alignment with District, Provincial and National		IDP	31-Jan-14	
FEBRUARY	Head of department to prepare and submit draft operating budgets inputs and draft operational plans		Mayor	03-Feb-14	
FEBRUARY	The draft budget to be discussed by budget steering committee then after to be circulated to different portfolio committees (Sec.79).		Mayor	17-Feb-14	
APPROVAL					
FEBRUARY	Where necessary, revise approved annual budget through an adjustments budget in the appropriate format	28(1) to (3)&(5) to (7)	Council	28-Feb-14	



FEBRUARY	Table adjustments budget within prescribed limitations before the 28 February 2011	MFMA28(4) and Reg No.32141	Mayor	28-Feb-14	
FEBRUARY	Publicise adjustment budget on the municipality website and local newspaper and submit to National and Provincial Treasury within 10 working days after approval	MFMA sec 75(1)(a)	Municipal Manager	within ten days after the approval	
FEBRUARY	Publicise of mid-year budget and performance assessments on the municipality website within five working days after approved by Council.	MFMA sec 22(a)(i) Reg No 32141 Par 34(1)	Municipal Manager	5 days after mid-year has been tabled	
MARCH	Table annual budget at a council meeting at least 90 days before the start of the budget year	16(2)	Mayor	30-Mar-14	
MARCH	Approval : Tabling of Draft IDP to Council		Mayor	30-Mar-14	

MARCH	Make public the adopted draft budget and draft IDP and associated documentation immediately after tabling in council, and invite the community to make representations	22(a)	Municipal Manager	within ten days after it has been adopted	
APRIL	Submit the draft budget and draft IDP as tabled in printed and electronic form to NT, the provincial treasury, MEC : COGTA and others as prescribed	22(b)	Municipal Manager	within ten days after it has been adopted	
APRIL	Approval : Advertisement for public comments on Draft IDP and Draft Budget		IDP Manager	06-Apr-14	
APRIL	Quarterly SDBIP performance progress report for third quarter of 12/13 financial year		Municipal Manager	30-Apr-14	
APRIL	Public participation on Draft Budget and Draft IDP			04-29 April 2014	

MAY	When the annual budget has been tabled in council, consider the views of the local community, NT, the provincial treasury and other provincial or national organs of state or municipalities	23(1)(2)	Council	11-May-14	
MAY	Provide the mayor with an opportunity to respond to budget submissions made and if necessary revise the budget and table amendments for council consideration	23(2)	Mayor	18-May-14	
MAY	Approval : Council approval of Final IDP based on Final Assessments by Government Departments		Mayor	31-May-14	
MAY	Consider the approval of the annual budget at least 30 days before the start of the budget year	24(1)	Council	31-May-14	
MAY	Approve measurable performance objectives for revenue by source and expenditure by vote	24(2)(c)(iii)	Council	31-May-14	

MAY	Approve annual budget by council resolution, with resolutions to impose and set taxes and tariffs and changes to the IDP and budget-related policy before the start of the budget year	16(1) 24(2) 53(1)(c)(i)	Council	31-May-14	
JUNE	Submit the approved annual budget and IDP to N/T and the provincial treasury	24(3)	Municipal Manager	within ten days after the approval	
JUNE	Accounting officer publishes approved budget, IDP and tariffs on the local newspaper	s22(a)(i)	Municipal Manager	within ten days after the approval	
JUNE	The approved budget and related documents be placed on the website of the municipality and local newspaper	s75	Municipal Manager	within ten days after the approval	
JUNE	Implement the approved budget in accordance with s69(1)	69(1)	Municipal Manager	02-Jul-14	

JUNE	Submit to the mayor a draft service delivery and budget implementation plan no later than 14 days after the approval of the annual budget	69(3)	Municipal Manager	15-Jun-14	
JUNE	Submit to the mayor drafts of annual performance agreements for the municipal manager and senior managers no later than 14 days after the approval of the annual budget	69(3)	Municipal Manager	15-Jun-14	
JUNE	Approve service delivery and budget implementation plan within 28 days after the approval of the budget	53(1)(c)(ii)	Mayor	29-Jun-14	

JUNE	Ensure that revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter as set out in the service delivery and budget implementation plan are made public no later than 10 days after its approval	MFMA53(3), Reg no 32141 par 20(1)	Mayor	within ten days after the approval of the SDBIP	
JUNE	Ensure that performance agreements of the municipal manager, senior managers and other officials prescribed are made public no later than 14 days after the approval of the service delivery and budget implementation plan, and that copies of such performance agreements are submitted to the council and the MEC for local government in the province	MFMA53(3)	Mayor	within ten days after the approval of the SDBIP	

Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury.

2.1.3 IDP and Service Delivery and Budget Implementation Plan

This is a newly designed IDP, resulted from the public participation processes that will be valid for the years 2013/14 to 2017/18. It commenced in August 2012 after the tabling the IDP process plan and the budget time schedules for the 2013/14 MTREF.

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, include 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 system.

The IDP has been taken into a business and financial planning process leading to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year review and adjustment budget. The business planning process has subsequently been refined in the light of the current economic circumstances and the revenue projections.

With the compilation of the 2013/14 MTREF, each department /function had to review their business planning process, including 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 the three year capital programme.

2.1.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF.

- Growth and Development in the municipal area;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom/Centlec increases, household's debt, migration patterns);
- Performance trends;
- The approved 2013/14 adjustment budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increase versus the ability of the communities to pay for services;
- Improved and sustainable service delivery;
- Situational analysis performed during the IDP compilations which includes statistical information (e.g. Population, unemployment rate, etc.)

In addition, the strategic guideline given in the National Treasury's MFMA circulars 58, 59 and 67 has been factored into the planning and prioritisation process.

2.2 Overview of budget related-policies

The Municipal budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. Listed below are policies attached as annexure B and had been either developed or reviewed to be implemented with effect from 1 July 2013:

- Supply Chain Management Policy
- Property Rates Policy
- Tariffs Policy
- Credit Control and Debt Collection Policy
- Municipal Banking and Investment Policy
- Indigent Policy
- Budget Management Policy
- Budget Principles
- Assets Management Policy
- External Loans
- Cell phones Policy
- Virement Policy
- Bad Debts Policy
- Reimbursement Policy
- Inventory Policy

2.3 Municipal Managers Quality Certificate.

I **Qheku Wilson Lefora** municipal manager of Naledi Local 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
Naledi Local Municipality (FS164)**

Signature _____

Date _____



ANNEXURE C

TARIFFS 2014 - 2015

Item No	Description	Tariffs July 2013 - 2014	Tariffs July 2014 - 2015
1.	<p>Assesment Rates</p> <p>Residential All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2013/2014 financial year the maximum reduction is determined as R35 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R20 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.</p> <p>Retired and Disabled Persons Property Rates Rebate For the 2013/2014 financial year the total monthly income and corresponding rebate is determined as follows:- R 0 to R 2 500 per month - 100% rebate R 2 501 to R 5 000 per month - 50% rebate R 5 001 to R 8 000 per month - 20% rebate Indigent owners and child headed families will receive a 100% rebate from property rates</p> <p>Business/Commercial</p> <p>State - Owned (Government) Ratio 1:2 - State owned properties, including all agricultural properties(farms) owned by any sphere of government, shall be levied 2 x the rate of domestic properties.</p> <p>State - Owned (Government Agriculture)</p> <p>Agricultural - Normal</p>	<p>0.0085</p> <p>0.0085</p> <p>0.017</p> <p>0.0031875</p> <p>0.00159375</p>	<p>0.00915</p> <p>0.00915</p> <p>0.0183</p> <p>0.00348</p> <p>0.00174</p>

	<p>Standard rebate to all agricultural properties</p> <ul style="list-style-type: none"> - Ratio of 1:0.25 (75% rebate) on tariff of R0.0085 as promulgated by the Minister of Provincial and Local Government <p>Additional rebate if qualified and applied for</p> <ul style="list-style-type: none"> - 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants - 2,5% if such residential properties are provided with potable water. - 2,5% if the farmer for the farm workers electrifies such residential properties. - 2,5% for the provision of land for burial to own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms. 		
2.	<p>Administration</p> <p>Building plan fees (Extentions) 86.59 92.00</p> <p>Building plan fees (New Buildings) 86.59 92.00</p> <p>Tax certificate 86.59 92.00</p> <p>Valuation certificates 86.59 92.00</p> <p>Photostats 2.10 2.20</p> <p>Faxes : Receive 3.20 3.40</p> <p>Send: R11+R2/P R12+R2/P</p> <p>Posters deposit 132.00 140.00</p> <p>Advertisement board on encroachments p/a 396.00 420.00</p> <p>Business license p/a 132.00 140.00</p> <p>Clearance certificates 132.00 140.00</p> <p>Tender Document</p> <p>Tender below R 500, 000.00 416.00 442.00</p> <p>Tender above R 500, 000.00 712.00 756.00</p> <p>Database registration 178.00 189.00</p> <p>Proof of residents letter 11.00 12.00</p>		
3.	<p>Sportgrounds, Parks and Cemeteries</p> <p>Grave Fees</p> <p>Per site: Former Towns (Dewetsdorp, Wepener & Van Stadensrust) 692.00 735.00</p> <p>Per site: (Morojaneng, Qibing & Thapelong) 138.00 147.00</p> <p>Digging of grave 932.00 990.00</p> <p>Opening of grave 932.00 990.00</p> <p>Payment to contractor 692.00 735.00</p> <p>Sportgrounds</p>		

	Rent sport grounds:	692.00	735.00
4.	Library		
	Fines/Penalty per week	14.00	15.00
	Lost book each	132.00	140.00
5.	Fire Brigade		
	Call out		
6.	Properties		
	Camps		
	Cow (Including calf)	48.00	51.00
	Horse (Including Colt/Foal)	65.00	69.00
	Sheep (Including lamb)	42.00	45.00
	Goat (Including young Goat/Kit)	36.00	38.00
	Biological Assets disposal	712.00	756.00
	Municipal Houses & Flats		
	Private rental - Mc Donald and 20 Spiestreet (garden service included)	1406.00	1493.00
	Municipal flat	672.00	714.00
	Municipal House	1063.00	1129.00
7.	Public Works		
	General workman per hour - Supervisor	111.00	118.00
	General workman per hour	5.00	5.50
	Illegal dumping on pavement - per load	222.00	236.00
	Garden refuse removal - per load		
	Construction equipment - per hour (fuel included)	417.00	443.00
	Transport - per kilometer (load km)	22.00	24.00
	Clearing of erven with machinery - per erf per hour (min: 1 hour)	237.00	252.00
	Whole area - Per hand per square meter (Not removal)	1.40	1.50
	Gravel		
8.	Licences per annum		
	Business Licences	209.00	222.00
	Informal tuck shop	70.00	75.00
	Street hawker	16.00	17.00

9.	City Hall and Offices Rental Town Hall Wepener Hall Rental Qibing & Ebenhaeserhoogte halls Hall Rental Dewetsdorp Hall Rental Morojaneng Hall Rental Vanstadensrus Hall Rental Rental of Halls for Churches Hall Rental	 802.00 209.00 802.00 190.00 209.00 142.00	 1200.00 350.00 1200.00 350.00 350.00 150.00
10.	Sewerage and Sanitation 1) Domestic Houses, Churches, Flats & Suction (Houses) - DOM 2) Business, Offices & Suction - BUS 3) School - SCH 4) Correctional Services - CORR 5) SAPS, Hotel & Guest House - SAP 6) Big Business - BBUS 7) Retirement Home - OLD 8) Sport Clubs, Spoornet - DEPT New Connections New connections - private New connections - other public works fines	 58.55 103.90 2968.79 2473.99 1113.30 234.20 458.52 112.15 593.26	 62.18 110.34 3152.85 2627.38 1182.32 248.72 486.95 119.10 630.04
11.	Refuse Removal 1) Domestic Houses, Departmental & Sport Clubs - DOM 2) Business, Shops, Spoornet & Boarding House - BUS 3) Big Business, Correctional Service, SAPS & Hostel - BBUS 4) Offices - OFF 5) School - SCH	 45.71 128.31 404.19 70.58 253.42	 48.54 136.27 429.25 74.96 269.13

13.	Water Consumption		
	Consumers		
	Service levy	19.02	20.20
	Service levy - Commerce,governm,sport & schools	112.42	119.39
	Per Kl usage (1 -6)	0.00	0.00
	Per Kl usage (>6 Kl -30Kl)	9.43	10.01
	>30kL + COMMERCE,GOVERNMENT	10.09	10.72
	CONTRACTORS		
	BREAKAGE		
	BREAKAGE UNREPORTED		
	Sport Clubs and Departmental		
	Per Kl usage	8.96	9.52
	Irrigation		
	Flood irrig / cycle - V/Stadensrus	21.62	22.96
	Lost Water Tokens	314.46	333.96
	Connections		
	Reconnection - 1 st	216.19	229.59
	Reconnection - 2 nd	518.85	551.02
	Reconnection - 3 rd	1037.71	1102.05
	New connections		
	Test meter	259.43	275.51
	Private Work		
	Labour per hour - Supervisor	114.35	121.44
	Labour per hour - General worker	64.32	68.31
	Saturday and weekdays - after hours		
	Public holidays, sundays		
	Material costs		
14.	Travel and Subsistance		
	Vehicle running cost	2.40	2.55
	Day allowance - councillors		
	- officials		
	Accommodation - overnight maximum se'f catering/n		
	- Hotel / night maximum		

	(accommodation includes dinner except where it is not part of the reservation. Receipts for expenses on meals must be submitted)		
15.	Expenditure Tariffs		
	Cellphones allowance		
	Mayor and Councillors		
	Municipal manager	1423.83	1512.11
	HOD/Directors - Section 56 Managers	1186.52	1260.08
	Manager reporting directly to HOD	949.22	1008.07
	Assistant Managers/Accountant	771.24	819.06
	Supervisors/PA	296.63	315.02
	Other officials	142.38	151.21
18.	New accounts		
	Deposit - Water	244.00	260.00