

MNQUMA LOCAL MUNICIPALITY

BUDGET AND TREASURY OFFICE



FINAL MTREF BUDGET 2014 – 2017 REPORT TO COUNCIL

Compiled By:

L Manjingolo
Acting Chief Financial Officer

Signed By:

S Tantsi
Municipal Manager

Endorsed By:

Z Sogayisa
Portfolio Head

Recommended By:

B Ganjana
Executive Mayor

**FINAL MEDIUM TERM REVENUE AND EXPENDITURE FRAME WORK BUDGET
(MTREF) 2014-2017**

(i) Purpose

The purpose of this report is to present the Final MTREF budget for 2014-2017 and Tariff Structure to council for approval.

(ii) Legal or statutory requirement

- (1) Section 215 of the Constitution of the Republic of South Africa defines the underpinning principles for National, Provincial and Municipal Budgets.
- (2) Section 16(1) of the MFMA, Act 56 of 2003 states that; The council of a municipality must for each financial year approve an annual budget for the Municipality before the start of that financial year.
- (3) Section 16(2) of the MFMA, Act 56 of 2003 states that; In order for a municipality to comply with subsection (1), the Mayor of the Municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (4) Section 21(2) of the MFMA states that; When preparing the annual budget, the mayor of a municipality must—
 - (a) take into account the municipality's integrated development plan;
 - (b) take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 34 of the Municipal Systems Act, taking into account realistic revenue and expenditure projections for future years;
 - (c) take into account the national budget, the relevant provincial budget, the national government's fiscal and macro-economic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum;
- (5) The final budget for the year 2014-2017 is prepared using circular 72 issued on the 17 March 2014 by the National Treasury.

iii) Executive Summary

The municipality is required by Municipal Finance Management Act to adopt a budget process plan with clear time frames to be followed when compiling annual budget, the process plan was compiled and adopted by council on the 29th August 2013

This is to present the Final MTREF budget for 2014-2017 of **R 336 MIL** and the Tariff Structure for 2014-2017.

The final MTREF Budget has been prepared taking into account all the priorities of the institution as contained in the Five year strategic plan (IDP) and priorities set by the President of the Republic in the state of the nation address as indicated on the circular.

The budget for Capital and Operating projects flow from the objectives and strategies as outlined on the IDP.

(iv) BUDGET ASSUMPTIONS

The final budget is based on the following:

1. Growth on salaries and wages bill has been provided for in the budget at 6.79% based on salary and wage collective agreement and general expenses 5.4% based on the current and projected CPI (Refer to **Annexure A**)
2. Personnel expenditure increase for Section 57 Manager's is 6.3% based on the CPI extracted in Circular 67 (**Annexure A**)
3. Personnel expenditure increase for Councilors is based on 5% increases for 2014/2015 as per gazette no 37281 (**Annexure B**)
4. Included in the budget are depreciation expenses, provisions for leave and provisions for write off of bad debts

The table below indicates sources of funding that funds the final MTREF 2014-2017

v) Government grants as per Division of Revenue Act are as follows:

GRANT ALLOCATIONS 2014-2017

	2014-2015	2015-2016	2016-2017
Equitable Share	191 206 000	234 322 000	233 214 000
Finance Management Grant	1 600 000	1 650 000	1 700 000
Municipal System's Improvement Grant	934 000	967 000	1 019 000
Expanded Public Works Programme Grant	1 522 000	0	0
Municipal Infrastructure Grant	60 013 000	62 760 000	65 457 000
Integrated National Electrification Programme	5 400 000	20 000 000	25 000 000
Grand Total	260 675 000	319 699 000	326 390 000

Funds from the own sources

Property Rates	(17,561,071)	(18,509,369)	(19,508,875)
Service Charges-Refuse	(4,099,866)	(4,321,259)	(4,554,607)
Rental Of Facilities And Equipment	(2,139,319)	(2,254,843)	(2,376,604)
Interest Earned-Ext Investments	(4,000,000)	(4,216,000)	(4,443,664)
Interest Earned-Outstanding Debtors	(2,624,671)	(2,766,404)	(2,915,789)
Fines	(1,646,010)	(1,734,895)	(1,828,579)
Agency Services	(3,739,127)	(3,941,040)	(4,153,856)

Traffic Services	(820,000)	(864,280)	(910,951)
Other Revenue	(681,292)	(718,082)	(756,858)
Gains On Disposal Of Ppe	(590,240)	(622,113)	(655,707)
Total Direct Revenue	(37,901,597)	(39,948,283)	(42,105,491)

1. BELOW IS THE FINAL MTREF 2014-2017 OPERATING BUDGET AS PER SECTION 17(3) a (i)

	2010/2011 AUDITED OUTCOMES	2011/2012 AUDITED OUTCOMES	AUDITED ACTUAL 2012/2013	2013/2014 APPROVED BUDGET	FORECAST 2013/2014	2014/2015 PROPOSED BUDGET	2015/2016 Indicative Budget	2016/2017 Indicative Budget
OPERATING REVENUE								
PROPERTY RATES	(10,419,471)	(10,711,797)	(10,943,446)	(13,566,246)	(13,566,246)	(17,561,071)	(18,509,369)	(19,508,875)
PROPERTY RENTS	(11,805,911)	(12,919,019)	(15,315,395)	(15,773,468)	(15,773,468)	(20,430,460)	(21,533,704)	(22,636,334)
REVENUE FORFEITURE	1,366,441	2,207,222	4,372,349	2,207,222	2,207,222	2,869,369	3,024,336	3,187,650
SEALING CHARGES	(6,573,005)	(3,404,162)	(3,425,983)	(4,099,866)	(4,099,866)	(4,099,866)	(4,321,259)	(4,554,607)
SERVICE CHARGES-REFUSE	(6,573,005)	(3,404,162)	(3,425,983)	(4,099,866)	(4,099,866)	(4,099,866)	(4,321,259)	(4,554,607)
RENTALS OF FACILITIES AND EQUIP	(2,021,300)	(2,169,122)	(2,178,444)	(2,321,988)	(2,321,988)	(2,439,319)	(2,554,643)	(2,676,504)
INTEREST EARNED-EXT INVESTMENTS	(2,061,428)	(4,055,587)	(3,316,116)	(2,500,000)	(2,500,000)	(4,000,000)	(4,216,000)	(4,443,564)
INTEREST EARNED-OUTSTANDING DEB T	(945,162)	(2,019,353)	(2,332,489)	(1,573,407)	(1,573,407)	(2,624,671)	(2,766,404)	(2,915,789)
AGENCY SERVICES	(1,782,516)	(2,507,536)	(1,271,066)	(1,645,940)	(1,645,940)	(1,734,895)	(1,734,895)	(1,859,579)
TRAFFIC SERVICES	(5,492,148)	(2,595,533)	(2,985,185)	(2,937,003)	(2,937,003)	(3,739,127)	(3,941,040)	(4,153,386)
MEMBERS RECOGNISED-OPERATIONS	(2,126,883)	(2,126,883)	(809,969)	(1,026,497)	(1,026,497)	(820,000)	(864,288)	(913,361)
OTHER REVENUE	(417,553,133)	(115,310,633)	(164,009,245)	(167,913,538)	(175,032,535)	(176,592,825)	(186,126,638)	(196,259,735)
OTHER REVENUE	(451,056)	(449,433)	(3,949,483)	(492,927)	(598,227)	(661,555)	(716,082)	(756,653)
GAINS ON DISPOSAL OF PPE	-	(113,858)	(666,292)	(560,000)	(560,000)	(590,240)	(627,113)	(653,707)
TOTAL DIRECT REVENUE	(149,419,570)	(148,504,197)	(155,868,577)	(198,637,412)	(205,861,707)	(214,494,422)	(226,077,121)	(238,285,285)
OPERATING EXPENDITURE								
EMPLOYEE RELATED COSTS	102,926,788	98,923,207	89,286,832	113,714,596	116,851,141	121,325,523	127,877,101	134,782,465
EMPLOYEE RELATED COST-RUNNERS	86,629,430	83,528,913	73,669,197	93,541,633	95,694,832	100,894,176	106,447,861	112,196,046
EMPLOYEE RELATED COST-SOCIAL CO NTRIBUTIONS	16,308,357	15,394,295	15,617,635	20,172,963	21,156,309	20,331,347	21,429,240	22,586,419
REMUNERATION OF COUNCILLORS	13,651,068	15,810,658	19,079,189	21,091,173	21,433,170	23,006,655	24,249,015	25,558,462
DEBT IMPAIRMENT	9,780,251	4,833,185	3,500,000	4,633,185	4,833,185	3,000,000	3,162,000	3,332,748
DEPRECIATION & ASSET IMPAIRMENT	20,646,217	33,895,322	2,987,285	31,544,564	31,544,564	34,642,369	36,513,057	38,484,762
FINANCE CHARGES	2,463,649	2,575,615	3,178,555	3,667,889	3,462,018	2,657,785	2,801,503	2,963,574
BULK PURCHASES	3,372,475	1,351,659	727,011	4,000,000	4,000,000	4,216,000	4,443,664	4,683,602
OTHER MATERIALS	21,245,050	3,167,818	4,479,552	6,068,537	6,309,368	6,694,043	7,055,521	7,436,519
CONTRACTED SERVICES	6,076,009	8,391,459	6,679,548	8,322,483	8,651,288	9,043,523	9,531,873	10,040,595
TRANSFERS AND GRANTS	-	-	22,750,903	17,998,000	16,987,869	20,045,517	21,127,975	22,268,586
OTHER EXPENDITURE	16,945,632	22,595,024	20,393,566	23,628,492	36,621,774	27,451,557	28,933,942	30,490,374
LOSS ON DISPOSAL OF PPE	-	-	-	-	-	-	-	-
CONTRIBUTION TO CASH	-	-	-	-	-	-	-	-
TOTAL DIRECT EXPENDITURE	197,469,337	191,544,345	175,062,441	234,868,919	250,694,377	252,082,971	265,695,451	280,043,005
(SURPLUS)/DEFICIT	48,049,667	43,040,148	(20,826,136)	36,231,507	44,832,670	37,588,549	39,618,330	41,757,720
OTHER TRANSFERS AFTER SURPLUS/DEFICIT								
TRANSFERS RECOGNISED-CAPITAL (R ESERVE)	(36,264,023)	(28,388,162)	(74,353,356)	(76,638,462)	(76,638,462)	(62,412,350)	(65,762,616)	(69,334,877)
CONTRIBUTIONS RECOGNISED-CAPITA L	#####	(11,467,453)	(35,267,762)	(7,870,000)	(18,975,271)	(21,669,825)	(22,839,996)	(24,073,355)
CONTRIBUTED ASSETS	-	-	-	-	-	-	-	-
TRANSFER TO RESERVES	-	-	-	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER CAPITAL	#####	(39,855,615)	(130,447,254)	(84,508,462)	(95,613,733)	(84,082,175)	(88,622,612)	(93,408,233)

Below are the explanatory notes of the Expenditure budget:

1. Personnel Budget

- a) Expenditure on Personnel has been aligned with municipal staff keys book of the municipality. The budget for personnel has been increased from R113m to R121m.
- b) The increase is due to the proposed salary adjustment of 6.79% for employees below section 56 and 6.3% for section 56 managers.
- c) Councilors' Allowances increase is as a result of proposed adjustment of 5%, in Gazette 37281. *Allowances for councilors increased from R21m to R23m.*

2. Budgeted for non cash items

These are non-cash items that are regulated by standards of Generally Recognised Accounting Practises (**GRAP**). They include depreciation and provision for bad debts.

a) Finance Charges

The finance lease budget includes vehicles purchased through a finance lease.

b) Bulk Purchases

Indigent subsidies for paraffin and free basic services are budgeted under this vote

c) Other Materials and Maintenance

R7m has been budgeted for road maintenance, street lights, community hall refurbishment etc.

d) Contracted Services

These include audit committee allowances, audit fees, insurance premiums, legal fees, registration and licensing.

e) Transfers and Grants

These are operating projects such as Training of councillors and staff, Internship, implementation of PMS, etc

f) Other Expenditure

These include Telephone, Electricity, Subsistence and Travelling and Hire of Equipment

Operating projects are funded by Equitable Share, Finance Management Grant, Municipal Systems Improvement Grant, Expanded Public Works Programme and Municipal Infrastructure Grant.

Attachment in Annexure C.

Table below summarizes the operating projects for the next three years

MTREF OPERATING PROJECTS PER DIRECTORATE 2014-2017

OPERATING PROJECTS PER DIRECTORATE	2014-2015	2015-2016	2016-2017
Office of the Municipal Manager	300,000	316,200	333,275
Local Economic Development	1,600,000	1,686,400	1,777,466
Strategic Management	3,859,517	4,067,931	4,287,599
Community Services	3,150,000	3,320,100	3,499,385
Corporate Services Directorate	4,420,000	4,658,680	4,910,249
Infrastructural Development & Planning	4,722,650	3,373,485	3,555,653
Budget and Treasury Office	4,994,000	5,263,676	5,547,915
Grand Total	23,046,167	22,686,472	23,911,542

SUMMARY OF MTREF OPERATING PROJECTS PER FUNDING SOURCE 2014-2017

OPERATING PROJECTS PER FUNDING SOURCES	2014-2015	2015-2016	2016-2017
Equitable Share	15,989,517	16,852,951	17,763,010
Finance Management Grant	1,600,000	1,686,400	1,777,466
Municipal System's Improvement Grant	934,000	984,436	1,037,596
Expanded Public Works Programme Grant	1,522,000		
Municipal Infrastructure Grant	3,000,650	3,162,685	3,333,470
Grand Total	23,046,167	22,686,472	23,911,542

SUMMARY OF MTREF OPERATING PROJECTS PER CLUSTER

OPERATING PROJECTS PER CLUSTER	2014-2015	2015-2016	2016-2017
Basic Service Delivery and Infrastructure Development	7,772,650	6,588,185	6,943,947
Good governance and Public Participation	6,973,517	7,350,087	7,746,992
Local Economic Development (Socio-economic Development)	1,600,000	1,686,400	1,777,466
Municipal Transformation & Institutional Development	6,600,000	6,956,400	7,332,046
Grand Total	23,046,167	22,686,472	23,911,543

MTREF 2014-2017 CAPITAL BUDGET AS PER SECTION 17(3) a (i)

The capital budget has been allocated such that service delivery directorates receive the better share than support directorates. The Capital budget has decreased from **R84 508 462** to **R84 082 175**. More detail is **Annexure D**

BELOW IS THE SUMMARY OF MTREF CAPITAL BUDGET 2014-2017 AS PER SECTION 17(2)

CAPITAL BUDGET PER DIRECTORATE

CAPITAL PROJECTS PER DIRECTORATE	2014-2015	2015-2016	2016-2017
Office of the Municipal Manager	240,000	252,960	266,620
Local Economic Development	1,150,000	1,212,100	1,277,553
Strategic Management	150,000	158,100	166,637
Community Services	3,135,000	3,304,290	3,482,722
Corporate Services Directorate	250,000	263,500	277,729
Infrastructural Development & Planning	77,587,175	96,085,282	105,193,888
Budget and Treasury Office	1,570,000	1,654,780	1,744,138
Grand Total	84,082,175	102,931,012	112,409,287

CAPITAL BUDGET BY FUNDING SOURCES

CAPITAL PROJECTS PER FUNDING SOURCES	2014-2015	2015-2016	2016-2017
Equitable Share	21,669,825	22,839,996	24,073,355
Municipal Infrastructure Grant	57,012,350	60,091,017	63,335,932
Integrated National Electrification Programme	5,400,000	20,000,000	25,000,000
Grand Total	84,082,175	102,931,013	112,409,287

CAPITAL BUDGET PER CLUSTER

CAPITAL PROJECTS PER CLUSTER	2014-2015	2015-2016	2016-2017
Basic Service Delivery and Infrastructure Development	78,542,175	97,091,852	106,254,812
Local Economic Development (Socio-economic Development)	1,000,000	1,054,000	1,110,916
Municipal Transformation & Institutional Development	4,540,000	4,785,160	5,043,559
Grand Total	84,082,175	102,931,012	112,409,287

BELOW IS THE SUMMARY OF ANNUAL BUDGET TABLES AND EXPLANATORY NOTES

MBRR TABLE A1- BUDGET SUMMARY

EC122 Mquma - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance									
Property rates	10,419	10,712	11,136	13,566	13,566	13,566	17,561	18,509	19,509
Service charges	3,287	3,404	3,436	4,100	4,100	4,100	4,100	4,321	4,555
Investment revenue	3,007	4,056	3,169	2,500	2,500	2,500	4,000	4,216	4,444
Transfers recognised - operational	154,433	115,311	215,351	167,914	175,033	175,033	176,593	186,129	196,180
Other own revenue	6,709	9,947	28,949	10,558	10,558	10,558	12,241	12,902	
Total Revenue (excluding capital transfers and contributions)	177,856	143,429	262,041	198,637	205,756	205,756	214,494	226,077	238,285
Employee costs	73,322	78,798	88,963	113,715	105,517	105,517	121,325	127,877	134,783
Remuneration of councillors	15,448	15,811	20,376	21,091	21,433	21,433	23,007	24,249	25,558
Depreciation & asset impairment	20,646	33,898	35,130	31,545	31,545	31,545	34,642	36,513	38,485
Finance charges	446	2,467	442	3,168	3,437	3,437	2,658	2,801	2,953
Materials and bulk purchases	23,174	4,514	30,301	10,069	10,230	10,230	10,910	11,499	12,120
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	39,545	27,966	70,036	55,282	69,826	69,826	59,541	62,756	66,145
Total Expenditure	172,583	163,455	245,248	204,869	241,968	241,968	252,083	265,695	280,043
Surplus/(Deficit)	5,273	(20,026)	16,793	(36,232)	(36,232)	(36,232)	(37,588)	(39,618)	(41,758)
Transfers recognised - capital	-	23,338	77,731	76,638	79,138	79,138	64,437	32,278	90,641
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	19,595	20,653	8
Surplus/(Deficit) after capital transfers & contributions	5,273	3,362	94,524	40,407	42,907	42,907	46,494	63,313	70,652
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	5,273	3,362	94,524	40,407	42,907	42,907	46,494	63,313	70,652
Capital expenditure & funds sources									
Capital expenditure	31,337	44,570	77,731	34,508	98,314	98,314	34,082	102,931	112,409
Transfers recognised - capital	31,337	44,570	77,731	34,508	98,314	98,314	34,082	102,931	112,409
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-

Total sources of capital funds	31,337	44,570	77,731	84,508	98,314	98,314	84,082	102,931	112,409
Financial position									
Total current assets	29,268	47,288	--	162,429	123,162	123,162	194,008	204,485	215,527
Total non current assets	283,207	--	--	289,036	148,716	148,716	241,338	254,371	268,107
Total current liabilities	695	--	--	29,093	26,397	26,397	38,728	40,820	43,024
Total non current liabilities	--	--	--	1,911	6,931	6,931	26,254	27,672	29,166
Community wealth/Equity	272,028	--	--	420,460	224,508	224,508	370,364	390,363	411,443
Cash flows									
Net cash from (used) operating	31,076	--	--	146	62,082	62,082	46,493	63,312	70,651
Net cash from (used) investing	(35,164)	(28,420)	--	(83,948)	(97,753)	(97,753)	(83,492)	(102,309)	(111,754)
Net cash from (used) financing	(615)	--	--	--	--	--	--	--	--
Cash/cash equivalents at the year end	(4,703)	(33,123)	(33,123)	45,795	(35,671)	(35,671)	23,113	(15,883)	(56,966)
Cash backing/surplus reconciliation									
Cash and investments available	12,602	47,288	--	49,795	60,112	60,112	93,089	98,116	103,414
Application of cash and investments	(189,956)	--	--	(80,269)	(35,197)	(35,197)	(42,191)	(44,469)	(46,871)
Balance - surplus (shortfall)	202,558	47,288	--	130,063	95,309	95,309	135,280	142,585	150,285
Asset management									
Asset register summary (WDV)	184	--	--	--	--	--	--	--	--
Depreciation & asset impairment	20,646	33,698	35,130	31,545	31,545	31,545	34,642	36,513	38,485
Renewal of Existing Assets	--	--	--	53,228	61,420	61,420	53,915	56,668	59,729
Repairs and Maintenance	20,336	7,462	--	6,069	6,230	6,230	6,694	7,056	7,437
Free services									
Cost of Free Basic Services provided	132	132	132	132	132	132	132	132	132
Revenue cost of free services provided	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Households below minimum service level									
Water:	--	--	--	--	--	--	--	--	--
Sanitation/sewerage:	--	--	--	--	--	--	--	--	--
Energy:	--	--	--	--	--	--	--	--	--
Refuse:	943	943	943	943	943	943	943	943	943

Explanatory notes to MBBR Table A1- Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cashflow, and MFMA funding compliance)
2. The table provides an overview of the amounts approved by council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs

MBRR TABLE A2- Budgeted Financial Performance (Revenue and Expenditure by standard classification)

EC122 Mngquma - Table A2 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>Governance and administration</i>		148,356	133,759	131,684	183,756	190,875	190,875	199,329	210,093	221,438
Executive and council		–	–	333	–	–	–	–	–	–
Budget and treasury office		148,356	133,759	129,970	183,746	190,865	190,865	199,256	210,016	221,357
Corporate services		–	–	1,331	10	10	10	73	77	81
<i>Community and public safety</i>		3,692	4,546	5,934	5,914	5,914	5,914	6,518	6,870	7,241
Community and social services		–	–	–	50	50	50	41	43	45
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3,692	4,546	5,934	5,600	5,600	5,600	6,232	6,568	6,923
Housing		–	–	–	264	264	264	246	259	273
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	36,264	154	4,811	4,811	4,811	4,523	3,163	3,333
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	36,264	154	4,811	4,811	4,811	4,523	3,163	3,333
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		2,723	3,287	3,404	4,157	4,157	4,157	4,125	4,347	4,582
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		2,723	3,287	3,404	4,157	4,157	4,157	4,125	4,347	4,582
<i>Other</i>	1	–	–	–	–	–	–	–	–	–
Total revenue – Standard	2	154,771	177,355	141,173	189,637	205,756	205,756	214,494	224,473	236,594
Expenditure – Standard										
<i>Governance and administration</i>		84,530	71,645	75,190	101,051	108,096	108,096	118,491	124,090	122,544
Executive and council		–	–	–	–	35,382	–	–	–	–
Budget and treasury office		84,530	71,645	75,190	101,051	108,096	108,096	118,491	124,090	122,544
Corporate services		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	–	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total expenditure – Standard		84,530	71,645	75,190	101,051	108,096	108,096	118,491	124,090	122,544

		39,700	42,298	44,065	33,533		35,382	40,684		
Budget and treasury office		6,291	6,128	8,877	36,410	37,328	37,328	42,033	44,303	46,695
Corporate services		18,539	23,019	23,247	31,108	35,386	35,386	35,774	37,706	39,742
Community and public safety		32,647	59,271	73,438	37,734	32,718	32,718	39,236	41,355	43,588
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		12,021	20,997	17,908	31,470	26,380	26,380	32,531	34,287	36,139
Housing		6,126	5,495	5,019	6,264	6,338	6,338	6,705	7,067	7,449
Health		14,501	32,780	50,510	-	-	-	-	-	-
Economic and environmental services		8,833	26,671	45,044	78,657	86,189	86,189	77,875	81,027	85,402
Planning and development		-	-	-	19,334	21,140	21,140	17,040	17,960	18,929
Road transport		8,833	26,671	45,044	59,323	65,049	65,049	60,836	63,067	66,473
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		9,381	11,414	13,742	17,428	14,984	14,984	16,480	17,370	18,308
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9,381	11,414	13,742	17,428	14,984	14,984	16,480	17,370	18,308
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	115,391	168,800	208,413	234,869	241,988	241,988	252,083	264,641	269,842
Surplus/(Deficit) for the year		39,379	9,055	(67,237)	(36,232)	(36,231)	(36,231)	(37,539)	(40,159)	(33,248)

Explanatory notes to MBBR Table A2- Budgeted Financial Performance (Revenue and Expenditure by standard classification)

1. Table A 2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification

MBRR Table 3 – Budgeted financial performance (Revenue and expenditure by municipal vote)

EC122 Mngquma - Table A3 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
Revenue by Vote	1									
OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-
OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	2,326	-	-	-	-	-	-
STRATEGIC MANAGEMENT		-	-	-	-	-	-	-	-	-
LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - BUDGET & TRAESURY OFFICE		133,759	129,872	176,685	183,746	190,865	190,865	199,256	210,016	221,300
Vote 7 - CORPORATE SERVICES		-	1,381	141	9	9	9	73	77	
COMMUNITY SERVICES		7,833	8,427	8,265	9,807	9,807	9,807	10,397	10,958	11,500
INFRASTRUCTURAL PLANNING AND DEVELOPMENT		36,264	154	60,017	5,075	5,075	5,075	4,768	5,026	5,200
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	177,356	139,834	247,434	198,637	205,756	205,756	214,494	226,077	238,200
Expenditure by Vote to be appropriated	1									
OFFICE OF THE MAYOR		6,452	4,603	5,612	5,364	8,364	8,364	9,084	9,575	10,000
OFFICE OF THE SPEAKER		11,633	12,991	17,844	17,041	18,144	18,144	20,905	22,034	23,000
OFFICE OF THE MUNICIPAL MANAGER		1,795	6,349	8,691	10,917	8,874	8,874	10,895	11,272	11,000
STRATEGIC MANAGEMENT		-	-	-	-	-	-	11,602	12,544	13,000
LOCAL ECONOMIC DEVELOPMENT		5,772	5,467	5,388	5,463	21,140	21,140	5,138	5,415	4,000
Vote 6 - BUDGET & TRAESURY OFFICE		59,570	31,075	60,791	36,410	37,328	37,328	42,033	44,303	46,000
Vote 7 - CORPORATE SERVICES		18,116	18,723	23,160	45,190	35,386	35,386	35,774	37,706	39,000
COMMUNITY SERVICES		32,747	-	42,550	48,898	41,365	41,365	49,011	51,658	54,000
INFRASTRUCTURAL PLANNING AND DEVELOPMENT		57,698	9,708	64,025	65,587	71,387	71,387	67,541	71,188	75,000
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	193,784	99,421	333,060	234,869	241,988	241,988	252,093	265,695	278,000
Surplus/(Deficit) for the year	2	(15,929)	50,413	14,374	(36,232)	(36,231)	(36,231)	(37,599)	(39,618)	(40,296)

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality.

MBBR Table A4 – Budgeted financial performance (revenue and expenditure)

EC122 Mquma - Table A4 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	2	10,419	10,712	11,136	13,566	13,566	13,566	17,561	18,509	19,509
Property rates - penalties & collection charges										
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3,287	3,404	3,436	4,100	4,100	4,100	4,100	4,321	4,555
Service charges - other										
Rental of facilities and equipment		2,148	2,180	2,168	2,322	2,322	2,322	2,139	2,255	2,377
Interest earned - external investments		3,007	4,056	3,169	2,500	2,500	2,500	4,000	4,216	4,444
Interest earned - outstanding debtors			1,049	2,462	1,573	1,573	1,573	2,625	2,766	2,916
Dividends received										
Fines		890	1,754	1,384	1,646	1,646	1,646	1,646	1,735	1,829
Licences and permits		3,031	3,259	1,014	2,937	2,937	2,937	3,739	3,941	4,154
Agency services		626	1,240	2,594	1,026	1,026	1,026	820	864	911
Transfers recognised - operational		154,433	115,311	215,351	167,914	175,033	175,033	176,593	186,129	196,180
Other revenue	2	15	408	18,710	493	493	493	681	718	757
Gains on disposal of PPE			57	616	560	560	560	590	622	656
Total Revenue (excluding capital transfers and contributions)		177,856	143,429	262,041	198,637	205,756	205,756	214,494	226,077	233,285
Expenditure By Type										
Employee related costs	2	73,322	70,798	68,863	113,715	105,517	105,517	121,325	127,377	134,783
Remuneration of councillors		15,448	13,911	20,376	21,091	21,433	21,433	23,007	24,249	25,558
Debt impairment	3	9,780	4,833	7,184	4,833	4,837	4,837	3,000	3,152	3,333
Depreciation & asset impairment	2	20,643	33,398	35,130	31,545	31,545	31,545	34,642	35,513	38,485
Finance charges		446	2,487	442	3,168	3,437	3,437	2,558	2,601	2,953
Bulk purchases	2	2,839	1,351	2,218	4,000	4,000	4,000	4,216	4,444	4,684
Other materials	3	20,336	3,163	28,083	6,059	6,230	6,230	6,694	7,055	7,437
Contracted services								6,491	6,841	

			3,907	4,562	5,221	5,962	5,962	6,158		
Transfers and grants										
Other expenditure	4, 5	29,765	19,226	58,290	45,228	59,027	59,027	50,382	53,103	55,971
Loss on disposal of PPE										
Total Expenditure		172,583	163,455	245,248	234,869	241,988	241,988	252,083	265,695	280,043
Surplus/(Deficit)		5,273	(20,026)	16,793	(36,232)	(36,232)	(36,232)	(37,588)	(39,618)	(41,758)
Transfers recognised - capital			28,388	77,731	76,638	79,138	79,138	64,487	82,278	90,641
Contributions recognised - capital	6							19,595	20,653	21,768
Contributed assets									63,313	70,652
Surplus/(Deficit) after capital transfers & contributions		5,273	8,362	94,524	40,407	42,907	42,907	46,494	63,313	70,652
Taxation										
Surplus/(Deficit) after taxation		5,273	8,362	94,524	40,407	42,907	42,907	46,494	63,313	70,652
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		5,273	8,362	94,524	40,407	42,907	42,907	46,494	63,313	70,652
Share of surplus/ (deficit) of assets	7									
Surplus/(Deficit) for the year		5,273	8,362	94,524	40,407	42,907	42,907	46,494	63,313	70,652

Explanatory notes to MBBR Table A4 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Total revenue is R 214 million in 2014/2015

MBBR Table A5 – Capital Expenditure by vote, standard classification and funding sources

EC122 Mngquma - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

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 + 2016/17
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
OFFICE OF THE MAYOR		18	335	-	-	-	-	-	-	-
OFFICE OF THE SPEAKER		15	107	450	-	600	600	-	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	472	-	-	187	187	240	253	26
STRATEGIC MANAGEMENT		-	-	-	-	-	-	150	158	16
LOCAL ECONOMIC DEVELOPMENT		31	35	64	550	450	450	1,150	1,212	1,27
Vote 6 - BUDGET & TRAESURY OFFICE		599	206	148	480	228	228	1,570	1,655	1,74
Vote 7 - CORPORATE SERVICES		500	1,127	1,531	1,200	5,653	5,853	250	264	27
COMMUNITY SERVICES INFRASTRUCTURAL PLANNING AND DEVELOPMENT		427	1,209	3,666	1,500	2,148	2,148	3,135	3,304	3,48
Vote 10 - [NAME OF VOTE 10]		29,746	41,079	71,872	80,778	88,849	88,849	77,587	96,065	105,19
Capital multi-year expenditure sub-total	7	31,337	44,571	77,731	84,508	98,314	98,314	84,082	102,931	112,40
Single-year expenditure to be appropriated	2									
OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-
OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
STRATEGIC MANAGEMENT		-	-	-	-	-	-	-	-	-
LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - BUDGET & TRAESURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 7 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
COMMUNITY SERVICES INFRASTRUCTURAL PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		31,337	44,571	77,731	84,508	98,314	98,314	84,082	102,931	112,40
Capital Expenditure - Standard										
Governance and administration		1,133	1,775	2,129	1,639	6,058	6,368	2,060	2,171	2,28
Executive and council		33	442	450		787	787	240	253	26
Budget and treasury office		599	206	148	480	228	228	1,570	1,655	1,74

Corporate services		500	1,127	1,531	1,200	5,353	5,853	250	264	278
Community and public safety		427	1,209	3,666	1,500	2,148	2,148	3,135	3,304	3,483
Community and social services		427	1,209	3,666	1,500	2,148	2,148	3,135	3,304	3,483
Sport and recreation										
Public safety										
Housing										
Health										
Economic and environmental services		29,777	41,586	71,936	81,328	89,299	89,299	73,887	97,455	106,638
Planning and development		31	35	64	550	450	450	1,300	1,370	1,444
Road transport		29,746	41,551	71,872	80,778	88,849	88,849	77,587	96,085	105,194
Environmental protection										
Trading services		-	-	-	-	-	-	-	-	-
Electricity										
Water										
Waste water management										
Waste management										
Other										
Total Capital Expenditure - Standard	3	31,337	44,570	77,731	84,508	98,314	98,314	84,082	102,931	112,409
Funded by:										
National Government		31,337	44,570	77,731	84,508	98,314	98,314	84,082	102,931	112,409
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	31,337	44,570	77,731	84,508	98,314	98,314	84,082	102,931	112,409
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding	7	31,337	44,570	77,731	84,508	98,314	98,314	84,082	102,931	112,409

Explanatory notes to MBBR Table A5 – Budgeted Capital expenditure by vote, standard classification and funding sources

1. Table A5 is breakdown of the capital programme in relation to capital expenditure by municipal vote (multi year and single year appropriations); capital expenditure by standard classification and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments
2. The capital programme is funded from national grants and transfers, and internally generated funds from current year surpluses

MBBR Table A6 – Budgeted Financial Position

EC122 Mnquma - Table A6 Budgeted Financial Position

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
ASSETS										
Current assets										
Cash		12,602	47,288		49,795	60,112	60,112	93,089	98,116	103,414
Call investment deposits	1	-	-	-	-	-	-	-	-	-
Consumer debtors	1	2,519	-	-	112,634	63,050	63,050	100,919	106,369	112,113
Other debtors		14,142								
Current portion of long-term receivables		4								
Inventory	2									
Total current assets		29,268	47,288	-	162,429	123,162	123,162	194,008	204,485	207,527
Non current assets										
Long-term receivables										
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	3	283,023	-	-	289,036	148,716	148,716	241,338	254,371	268,107
Agricultural										
Biological										
Intangible		184								
Other non-current assets										
Total non current assets		283,207	-	-	289,036	148,716	148,716	241,338	254,371	268,107
TOTAL ASSETS		312,474	47,288	-	451,464	271,878	271,878	435,347	458,855	483,633
LIABILITIES										
Current liabilities										
Bank overdraft	1									
Borrowing	4	-	-	-	854	854	854	864	910	959
Consumer deposits										
Trade and other payables	4	-	-	-	28,239	25,543	25,543	37,865	39,910	42,065
Provisions		695								
Total current liabilities		695	-	-	29,093	26,397	26,397	38,728	40,820	43,024
Non current liabilities										
Borrowing		-	-	-	1,911	3,205	3,205	1,019	1,074	1,132
Provisions		-	-	-	-	3,727	3,727	25,236	26,599	28,035
Total non current liabilities		-	-	-	1,911	6,931	6,931	26,254	27,672	29,166
TOTAL LIABILITIES		695	-	-	31,005	33,328	33,328	64,983	68,492	72,190

NET ASSETS	5	311,779	47,288	-	420,460	238,550	238,550	370,364	390,363	411,443
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		272,028			420,460	224,508	224,508	370,364	390,363	411,443
Reserves	4	-	-	-	-	-	-	-	-	-
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	5	272,028	-	-	420,460	224,508	224,508	370,364	390,363	411,443

Explanatory notes to MBBR Table A6 – Budgeted Financial Position

1. Table A6 presents the budgeted assets and liabilities of the municipality.

MBBR Table A7 – Budgeted Cash Flow Statement

EC122 Mnquma - Table A7 Budgeted Cash Flows

Description	R ef	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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		232,754			26,650	26,650	26,650	26,425	27,852	29,356
Government - operating	1				167,914	175,033	175,033	184,069	194,009	204,485
Government – capital	1					98,314	98,314	84,082	102,931	112,409
Interest		1,324			4,073	4,073	4,073	4,000	4,216	4,444
Dividends						-	-			
Payments										
Suppliers and employees		(202,612)			(195,323)	(238,551)	(238,551)	(249,425)	(262,894)	(277,090)
Finance charges		(390)			(3,168)	(3,437)	(3,437)	(2,658)	(2,801)	(2,953)
Transfers and Grants	1	-				-	-			
NET CASH FROM/(USED) OPERATING ACTIVITIES		31,076	-	-	146	62,082	62,082	46,493	63,312	70,651
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	(28,420)		560	560	560	590	622	656
Decrease (Increase) in non-current debtors		-								
Decrease (increase) other non-current receivables		-								
Decrease (increase) in non-current investments		(58)								
Payments										
Capital assets		(35,105)			(84,506)	(98,313)	(98,313)	(84,082)	(102,931)	(112,409)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35,164)	(28,420)	-	(83,948)	(97,753)	(97,753)	(83,492)	(102,309)	(111,754)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		(615)								
Borrowing long term/refinancing increase (decrease) in consumer deposits		-								
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		(615)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(4,703)	(28,420)	-	(83,802)	(35,671)	(35,671)	(36,999)	1,997	(41,103)
Cash/cash equivalents at the year begin:	2		(4,703)	(33,123)	129,597			60,117	113	(15,683)
Cash/cash equivalents at the year end:	2									

Explanatory notes to MBBR Table A7 – Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the measurement in determining the budget is funded
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2014/2015 MTREF has been informed by the planning principle of ensuring adequate cash flow to fund operations and programmes.

MBBR Table A8 – Cash Backed Reserves/ Accumulated Surplus Reconciliation

EC122 Mnquma - Table A8 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	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	(4,703)	(33,123)	(33,123)	45,795	(35,671)	(35,671)	23,113	(15,883)	(56,986)
Other current investments > 90 days		17,305	80,412	33,123	4,000	95,784	95,784	69,976	113,999	160,400
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
Cash and investments available:		12,602	47,288	-	49,795	60,112	60,112	93,089	98,116	103,414
Application of cash and investments										
Unspent conditional transfers		-	-	-	-	12,271	12,271	21,684	22,855	24,089
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2									
Other working capital requirements	3	(189,956)	-	-	(80,269)	(47,468)	(47,468)	(63,875)	(67,324)	(70,960)
Other provisions										
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		(189,956)	-	-	(80,269)	(35,197)	(35,197)	(42,191)	(44,469)	(46,871)
Surplus(shortfall)		202,558	47,288	-	130,063	95,309	95,309	135,280	142,585	150,285

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

- The cash backed reserves/ accumulated surplus reconciliation is aligned to the requirements of MFMA circular 42- Funding a municipal budget which is to ensure that the accumulated surplus is cash backed.

MBBR Table A9 – Asset Management

EC122 Mngquma - Table A9 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
CAPITAL EXPENDITURE										
Total New Assets	1	44,570	-	-	31,280	36,893	36,893	30,167	31,955	33,679
Infrastructure - Road transport		35,818	-	-	3,500	3,500	3,500	23,072	24,318	25,631
Infrastructure - Electricity		5,732	-	-	20,000	20,000	20,000	-	-	-
Infrastructure - Water		-	-	-	4,000	4,000	4,000	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		41,551	-	-	27,500	27,500	27,500	23,072	24,318	25,631
Community		180	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2,839	-	-	3,280	8,893	8,893	6,095	6,424	6,771
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	500	500	500	1,000	1,213	1,277
Total Renewal of Existing Assets	2	-	-	-	53,228	61,420	61,420	53,915	56,668	59,729
Infrastructure - Road transport		-	-	-	50,228	52,306	52,306	52,440	55,272	58,256
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	50,228	52,306	52,306	52,440	55,272	58,256
Community		-	-	-	3,000	4,057	4,057	1,475	1,396	1,473
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	3,142	3,142	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	1,916	1,916	-	-	-
Total Capital Expenditure	4									

Infrastructure - Road transport		35,818	-	-	53,728	55,806	55,806	75,512	79,590	83,888
Infrastructure - Electricity		5,732	-	-	20,000	20,000	20,000	-	-	-
Infrastructure - Water		-	-	-	4,000	4,000	4,000	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		41,551	-	-	77,728	79,806	79,806	75,512	79,590	83,888
Community		180	-	-	3,000	4,057	4,057	1,475	1,396	1,473
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2,839	-	-	3,280	12,035	12,035	6,095	6,424	6,771
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	500	2,416	2,416	1,000	1,213	1,277
TOTAL CAPITAL EXPENDITURE - Asset class	2	44,570	-	-	84,508	98,313	98,313	84,082	88,623	93,408
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		184	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	184	-	-	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		20,646	33,898	35,130	31,545	31,545	31,545	34,642	36,513	38,485
<u>Repairs and Maintenance by Asset Class</u>	3	20,336	7,432	-	6,069	6,230	6,230	6,894	7,056	7,437
Infrastructure - Road transport		17,700	3,163	-	2,200	2,200	2,200	1,650	1,739	1,833
Infrastructure - Electricity		473	1,222	-	530	530	530	200	316	333
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		18,173	4,385	-	2,730	2,730	2,730	1,950	2,055	2,166
Community		-	-	-	-	-	-	-	-	-

Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2,163	3,077	-	3,339	3,500	3,500	4,744	5,000	5,270
TOTAL EXPENDITURE OTHER ITEMS		40,982	41,360	35,130	37,613	37,774	37,774	41,336	43,569	45,921
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	63.0%	62.5%	62.5%	64.1%	63.9%	63.9%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	168.7%	194.7%	194.7%	155.6%	155.2%	155.2%
<i>R&M as a % of PPE</i>		7.2%	0.0%	0.0%	2.1%	4.2%	4.2%	2.8%	2.8%	2.8%
<i>Renewal and R&M as a % of PPE</i>	11075.0 %		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Explanatory notes to MBBR Table A9 – Asset Management

Table A9 provides an overview of municipal capital allocation to build new assets and renewal of existing assets, as well as spending on repairs and maintenance by asset class

2. TARIFF STRUCTURE as per Section 17(3) a(ii)

Tariffs have been revised to take into account the new Draft Valuation Roll.

BUDGET RELATED POLICIES

The following policies are attached as **ANNEXURE G**

1. Budget policy
2. Borrowing policy
3. Asset Management policy
4. Property rates policy
5. Credit control and Debt Management Policy

(iv) Staff implications

None

(v) Financial implications

1. Operating income budget has increased from **R 198 637 412 to R 214 494 422**
2. Operating Expenditure budget has been increased from **R 234 868 919 to R 252 082 971**
3. Capital Budget has decreased from **to R 84 508 462 to R 84 083 175**
4. Operating budget has a deficit of **R 37 588 549** which is due to the inclusion of non-cash items.

(vi) Annexures

- A Extract from Circular 72 (Salary and Wage Collective Agreement)
- B SALGA Gazette 37281
- C Final Draft Capital MTREF Budget 2014-2017 as per S17 (3) a (i) of the MFMA 56 of 2003
- D Final Draft Operating Projects MTREF budget 2014-2017
- E Final Tariff Structure 2014-2017 as per S17 (3) a (ii) of the MFMA 56 of 2003
- F Policies

(vii) Recommendations

It is hereby recommended that Council approve the Final MTREF Budget for 2014-2017.

It is further recommended that the following resolutions be taken by the full council:

1. That in terms of section 24 of the MFMA Act 56 of 2003, the annual budget of the municipality for 2014-2017 and Capital appropriations are approved as set out in the following tables:

- 1.1 Budgeted Financial Performance by standard classification of revenue of R214 494 422 and Expenditure of R 252 082 971 (A2) be approved.
 - 1.2 Budgeted Financial Performance by vote of revenue of R214 494 422 and Expenditure of R252 082 971 (A3) be approved.
 - 1.3 Budgeted Financial Performance of revenue by source of R214 494 422 and Expenditure of R252 082 971 (A4) be approved.
2. That the Financial Position, Cash flow and Service delivery targets are approved in the following tables:
 - 2.1 Capital Expenditure of R 84 082 175 (A5)
 - 2.2 Budgeted Financial Position of R128 824 672 (A6)
 - 2.3 Budgeted Cash flows (A7)
 - 2.4 Cash backed and accumulated surplus reconciliation (A8)
 - 2.5 Asset management (A9)
 - 2.6 Basic service delivery measures (A10)
 3. That in terms of S24(2)(c)(i) of the MFMA Act 56 of 2003 and Section 74 and 75 of the systems act of 2000 as amended; the tariffs of rates and services were used to prepare the estimates of revenue by source are approved with effect from 1 July 2014.
 4. That in terms of section 24(2)(c)(iii) of the MFMA Act 56 of 2003, the measurable performance objectives for operating and capital budget by vote for each year of the MTREF as set out in supporting table are approved.
 5. That free basic package as set out in the budget is approved.
 6. That in terms of 24(2)(c) (v)of the MFMA 56 of 2003 the following policies are part of budget process and were used in the preparation of the budget and were approved and noted by the council :
 - Budget Policy
 - Indigent policy and By- law
 - Property rates policy and By-law
 - Tariff policy and By -law
 - Bad debts policy
 - Provision for Bad Debt policy
 - Asset management Policy
 - Credit Control and Debt Management Policy and By Law