



# **UTHUKELA DISTRICT MUNICIPALITY**

## **ANNUAL BUDGET**

**2014/15**

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# **Part 1 – Annual Budget**

## **1.1 Mayor’s Report**

## 1.2 Council Resolutions

On 29 May 2014 the Council of Uthukela District Municipality will meet in the Municipality Boardroom of Uthukela District Municipality to consider the draft annual budget of the municipality for the financial year 2014/15 with the following resolutions:

1. The Council of Uthukela District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves :
  - 1.1. The annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table
    - 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
  - 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
    - 1.2.2. Budgeted Cash Flows as contained in Table
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table
    - 1.2.4. Asset management as contained in Table
    - 1.2.5. Basic service delivery measurement as contained in Table
2. The Council of Uthukela District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) to consider :
  - 2.1. the tariffs for the supply of water
  - 2.2. the tariffs for sanitation services
  - 2.3. The tariffs for other municipal services

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Uthukela District Municipality's financial plan is essential and critical to ensure that the District remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The District has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No. 70, 71, 72 and 55 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water infrastructure;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies and the new organogram that needed to be also be effected in the budget.
- Cash flow problems

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

**Table 1 Consolidated Overview of the 2014/15 MTREF**

Description	Adjustments Budget 2013/2014 '000	Budget Year 2014/15 '000	Budget Year +1 2015/16 '000	Budget Year +2 2016/17 '000
Total Operating Revenue	(462 175)	(499 237)	(525 679)	(565 220)
Total Operating Expenditure	449 362	460 987	464 334	498 156
Surplus/(Deficit) Budgeted Operating Statement	<b>(12 814)</b>	<b>(38 250)</b>	<b>(36 350)</b>	<b>(44 079)</b>
Total Capital Funding (Grants)	<b>(332 244)</b>	<b>(214 825)</b>	<b>(246 246)</b>	<b>(220 776)</b>
Total Capital Funding (Investments)	<b>0</b>	<b>(30 000)</b>	<b>0</b>	<b>0</b>
Total Capital Expenditure	<b>344 750</b>	<b>283 075</b>	<b>282 596</b>	<b>264 855</b>

#### Operating revenue

Operating revenue has increased by 8% in the 2014/2015 financial year due to the 9% increase in the tariff structure for service charges, 6,2% in other revenue and a further 2,09% from the operational grants. Operating revenue will increase by 5% and 8% in the outer years respectively.

Service charges, Water and Sanitation have been increased by 9% in the 2014/2015 which is above the 6,2 approved inflation rate to cater for the cash flow deficit as it was noted by National Treasury that the tariff rate of the municipality is low and does not cater for all expenditure involved in the purification of water i.e. Repairs and maintenance , chemicals , electricity etc.

Other revenue has been raised by 6,2 %, aligned to the CPI in Circular 72 and 5,9 and 5,5 % for the two outer years respectively

**Operating expenditure** for the 2014/15 financial year has been appropriated at R460 987 million and translates into a budgeted surplus of R38 Million the surplus in the outer years will increase by 14% and 19% respectively.

**Capital Expenditure** for the 2014/15 financial years, 68% of capital expenditure is funded by grants and Own Revenue funds 32%. Own revenue collection is currently low thus not sufficient enough to finance Capital Expenditure. For the 2014/15 financial year the municipality will be embarking on a data cleansing exercise for debtors book with an aim to boost revenue collection and alternatively have own revenue to fast track service delivery. The Municipality will also utilized R30mil from its investments to fund its capital.

**Renewal of Existing Assets** for the 2014/2015 financial year, the Municipality is mainly dependent on conditional grant funding which is the cause of having renewal of asset to be lower than 40% as per MFMA circular 55.hence the own revenue funding is only 32%.

**Repairs and Maintenance** for the 2014/2015 financial year, the municipality has manage to budget for 7% of it repairs and maintenance when compare with the PPE, due to financial constrains the municipality could not afford to budget for 8% as per MFMA circular 66.

## 1.4 Operating Revenue Framework

For Uthukela District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue, this will be done by a strict credit control to customers on arrear debts. This will also be maximised as the Municipality is undergoing data cleansing to ensure accurate billing information. This is a council strategy aimed at maximising debt collections and to build a credible debtors book. 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 City and continued economic development;
- Efficient revenue management,
- Increase ability to recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies

## 1.5 Operating Expenditure Framework

The District expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service

**Table 2 Summary of revenue and expenditure classified by main revenue and expenditure source**

DC23 Uthukela - 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	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	447	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	96 247	81 195	104 240	123 813	123 813	123 813	123 813	134 908	147 050	160 285
Service charges - sanitation revenue	2	11 887	12 356	13 047	15 075	15 227	15 227	15 227	16 598	18 052	19 635
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		513	2 070	9 789	9 109	8 689	8 689	8 689	9 471	10 039	10 641
Interest earned - outstanding debtors		20 748	16 978	29 447	17 790	35 715	35 715	35 715	35 660	38 869	42 367
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		199 141	226 476	279 412	277 744	277 402	277 402	277 402	301 228	310 208	330 738
Other revenue	2	31 244	3 020	5 076	275	1 330	1 330	1 330	1 372	1 460	1 554
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>360 227</b>	<b>342 095</b>	<b>441 011</b>	<b>443 806</b>	<b>462 176</b>	<b>462 176</b>	<b>462 176</b>	<b>499 236</b>	<b>525 679</b>	<b>565 220</b>
<b>Expenditure By Type</b>											
Employee related costs	2	97 328	101 425	119 882	158 358	131 659	131 659	131 659	160 321	169 896	180 083
Remuneration of councillors		3 719	5 502	4 792	5 612	5 612	5 612	5 612	4 619	4 896	5 190
Debt impairment	3	0	16 391	244 001	20 180	70 892	70 892	70 892	30 452	33 192	36 180
Depreciation & asset impairment	2	26 361	26 998	32 001	35 936	35 928	35 928	35 928	44 689	47 370	50 213
Finance charges		6 573	2 856	2 432	3 339	1 816	1 816	1 816	1 311	1 184	1 164
Bulk purchases	2	32 447	38 691	3 857	45 563	67 170	67 170	67 170	6 085	6 450	6 837
Other materials	8	23 025	14 268	16 088	18 898	18 623	18 623	18 623	54 450	57 717	61 180
Contracted services		46 645	29 905	45 290	40 103	50 744	50 744	50 744	37 658	39 936	43 887
Transfers and grants		51 514	80 207	-	6 000	6 000	6 000	6 000	6 300	6 678	7 079
Other expenditure	4, 5	44 412	84 376	58 508	45 053	60 884	60 884	60 884	115 103	122 009	129 329
Loss on disposal of PPE		184	65	2 168							
<b>Total Expenditure</b>		<b>332 208</b>	<b>400 684</b>	<b>529 021</b>	<b>379 042</b>	<b>449 329</b>	<b>449 329</b>	<b>449 329</b>	<b>460 987</b>	<b>489 328</b>	<b>521 141</b>
<b>Surplus/(Deficit)</b>		<b>28 019</b>	<b>(58 589)</b>	<b>(88 010)</b>	<b>64 764</b>	<b>12 847</b>	<b>12 847</b>	<b>12 847</b>	<b>38 249</b>	<b>36 350</b>	<b>44 079</b>
Transfers recognised - capital				216 573	193 847	332 244	332 244	332 244	214 825	246 246	220 776
Contributions recognised - capital	6	115 156	115 010	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>143 175</b>	<b>56 421</b>	<b>128 563</b>	<b>258 611</b>	<b>345 091</b>	<b>345 091</b>	<b>345 091</b>	<b>253 074</b>	<b>282 596</b>	<b>264 855</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>143 175</b>	<b>56 421</b>	<b>128 563</b>	<b>258 611</b>	<b>345 091</b>	<b>345 091</b>	<b>345 091</b>	<b>253 074</b>	<b>282 596</b>	<b>264 855</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>143 175</b>	<b>56 421</b>	<b>128 563</b>	<b>258 611</b>	<b>345 091</b>	<b>345 091</b>	<b>345 091</b>	<b>253 074</b>	<b>282 596</b>	<b>264 855</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>143 175</b>	<b>56 421</b>	<b>128 563</b>	<b>258 611</b>	<b>345 091</b>	<b>345 091</b>	<b>345 091</b>	<b>253 074</b>	<b>282 596</b>	<b>264 855</b>

The Municipality major income is from water and sewage service charges which was increased by 9%, there is no guideline that was received from Department of water affairs on the tariffs and the Municipality increase its tariffs to 9%, bearing in mind the infrastructure maintenance and any other operating expenses to ensure that the municipality is a going concern. The Municipality also receives its income from grants which is R301,228,000 mil for operating expenses and R214, 825,000 mil for capital expenses.

Our Salaries for employees will increase by 22% which will be the 6,8% for all current employees and 15.2% for the new vacant posts that were created on the our new organogram

Finance charges consist primarily of the repayment of interest on long-term borrowings (cost of capital) & finance charges relating rental of office machinery and other equipment. Finance charges make up R1 311 000 million of the total expenditure budget.

Bulk purchases are directly informed by the purchase of water from Department of Water Affairs.

The annual price increases of Electricity have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials as disclosed in the statement of financial performance comprises of the District's repairs and maintenance expenditure. The Municipality budgeted R54 450 000 to repairs and maintenance which is 7% of Property Plant and Equipment.

Contracted services include all expenditure items that the Municipality is contracted to.

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

The annual price increases of Electricity have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

The Municipality has budgeted 35% of its operating expenditure to Employees related costs and councilors remuneration, as per the circular 71 of National Treasury the municipality is still within the 35% norm in the 2014/2015 financial year.

The subsistence and travelling allowance is at R3 mil because of the training needs that the staff needs to embark on i.e. MFMP training to staff. The Municipality has budgeted R2 mil towards staff training this is done to capacitate the staff and to ensure that the municipality is in compliance with all laws and regulations.

The Municipality has budgeted R15 mil towards Blue drop and green drop to ensure that the quality of water improves and that the municipality be compliant with the laws pertaining water quality.

## Budget Assumptions

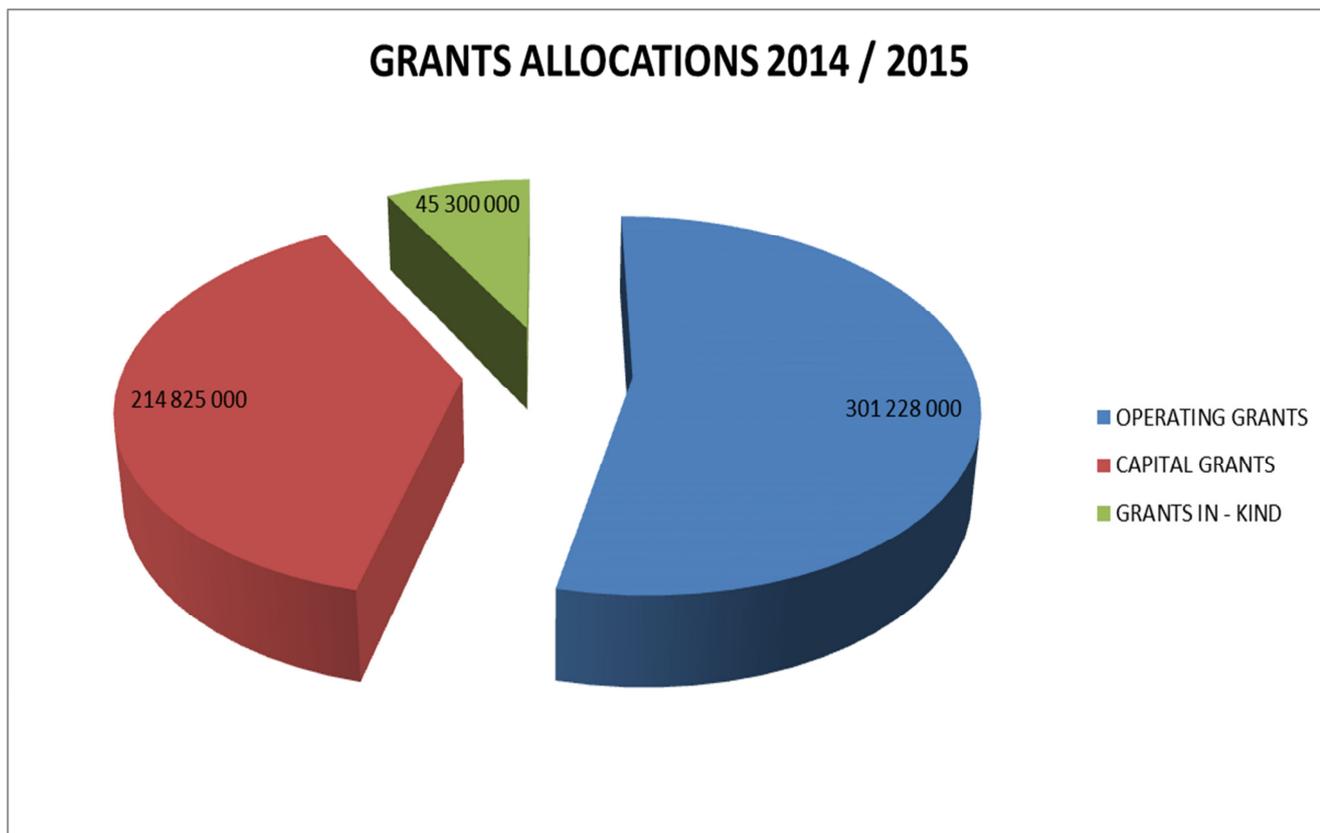
Presented budget assumes the following;

- i. That the inflation forecast ( CPI) will be 6,2 % as been estimated in circular 72, 5,6% and 5,5% for the two outer years respectively
- ii. Electricity expenditure increase is 8.06% as per circular 72
- iii Employee related costs (administration) have been increased by 1% above inflation rate of 6,2% as per circular 72
- iv Employee related costs for council have been increased by 8% based on the past trend

**Table 3 Operating and Capital Transfers and Grant Receipts**

<b>UTHUKELA DISTRICT MUNICIPALITY</b>				
<b>ANNUAL BUDGET GRANT INCOME FOR 2014/2015 - 2016/2017</b>				
<b>GRANTS</b>	<b>FUNDING</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>OPERATING GRANTS</b>				
DEVELOPMENT PLANNING AND SHARED SERVICES	PT	250 000	250 000	1 200 000
MUNICIPAL SYSTEMS IMPROVEMENTS GRANTS		467 000	967 000	1 018 000
EXPANDED PUBLIC WORKS PROGRAMME INTERGRATED GRANT	NT	3 299 000	0	0
EQUITABLE SHARE ALLOCATION	NT	245 822 000	260 893 000	276 283 000
RSC LEVIES REPLACEMENT (EQUITABLE SHARE)	NT	41 140 000	44 198 000	47 937 000
WATER SERVICES OPERATING SUBSIDY GRANT	NT	9 000 000	2 650 000	3 000 000
LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT	NT	1 250 000	1 250 000	1 300 000
		<b>301 228 000</b>	<b>310 208 000</b>	<b>330 738 000</b>
<b>CAPITAL GRANTS</b>				
MASSIFICATION PROGRAMME	PT	0	9 000 000	9 786 000
SMALL TOWN REHABILITATION PROGRAMME	PT	5 600 000	12 500 000	7 500 000
CORRIDOR DEVELOPMENT	PT		3 000 000	3 000 000
MUNICIPAL SYSTEMS IMPROVEMENTS GRANTS	NT	467 000		
MUNICIPAL INFRASTRUCTURE GRANT	NT	177 319 000	184 391 000	193 044 000
RURAL HOUSEHOLD INFRASTRUCTURE GRANT	NT	4 124 000	5 000 000	0
RURAL ROAD ASSETS MANAGEMENT	NT	2 315 000	2 355 000	2 446 000
		25 000 000	30 000 000	5 000 000
		<b>214 825 000</b>	<b>246 246 000</b>	<b>220 776 000</b>
<b>GRANTS IN - KIND</b>				
REGIONAL BULK INFRASTRUCTURE GRANT	NT	25 000 000	30 000 000	5 000 000
WATER SERVICES OPERATING SUBSIDY	NT	300 000	400 000	500 000
MUNICIPAL WATER INFRASTRUCTURE GRANT	NT	20 000 000	50 000 000	98 307 000
		<b>45 300 000</b>	<b>80 400 000</b>	<b>103 807 000</b>
<b>TOTAL ALLOCATION TO THE MUNICIPALITY INCL OF GRANTS IN KIND</b>		<b>561 353 000</b>	<b>636 854 000</b>	<b>655 321 000</b>
<b>TOTAL ALLOCATION TO THE MUNICIPALITY EXCL GRANTS IN - KIND</b>		<b>516 053 000</b>	<b>556 454 000</b>	<b>551 514 000</b>

**Graph 1:**



Graph 1 above shows the distribution in terms of the total grants allocation by the National and provincial sphere

**The percentage distribution is as follows:**

- Operating grants 56%
- Capital Grants 35%
- Grants in kind 8%

Grants in kind relate to the grants by the National treasury that are directly distributed to the sector departments within the district and therefore have not been included as part of the district's revenue except the regional bulk infrastructure grant valued at R25 Million for the 2014/2015 financial year.

### 1.5.1 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, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

A summary of the proposed tariffs are as follows:

#### Water Tariffs - 2013/2014

	<b>Description</b>	<b>Tariff</b>
1.	Tariff for accessibility to water ( basic charge occupied and unoccupied)	R54.67/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R69.66/ month
3.	Sewer tariff for restricted usage (un-metered)	R69.66/ month
4.	Servicing sewer conservancy tanks/pits (small)	R123.09/ service
	Servicing sewer conservancy tanks/pits (large)	R263.79/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,10/litre
	<b>Integrated Step Tariff (Domestic Use)</b>	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R7.94kl
	Water tariff for water usage 31kl to 100kl	R9.19kl
	Water tariff for water usage 101kl to 999kl	R10.58kl
	<b>Integrated Step Tariff (Industrial Use)</b>	
6.	Water tariff for water usage up to 1000kl	R7.94kl
	Water tariff for water usage 1001kl and above	R4.16kl

## DRAFT SERVICES TARIFF 2014/2015 FINANCIAL YEAR

Proposed water services tariff for the financial year 2014/2015.

	<b>Description</b>	<b>Tariff</b>
1.	Tariff for accessibility to water ( basic charge occupied and unoccupied)	R59.59/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R75.93/ month
3.	Sewer tariff for restricted usage (un-metered)	R75.93/ month
4.	Servicing sewer conservancy tanks/pits (small)	R134.17/ service
	Servicing sewer conservancy tanks/pits (large)	R287.53/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,11/litre
	<b>Integrated Step Tariff (Domestic Use)</b>	
5.	Water tariff for water usage up to 6kl	Indigents
	Water tariff for water usage 1 to 30kl	R8.65kl
	Water tariff for water usage 31kl to 100kl	R10.02kl
	Water tariff for water usage 101kl to 999kl	R11.53kl
	<b>Integrated Step Tariff (Industrial Use)</b>	
6.	Water tariff for water usage up to 1000kl	R8.65kl
	Water tariff for water usage 1001kl and above	R4.53kl
7.	Bulk potable water supply to IDC Estate	R4.53kl
	Bulk Raw water supply	R2.76kl
8.	Emergency Services Connection (excluding emergency services)	R20.38kl
9.	All connections, repairs and work required from Council Domestic	Cost + 10%
10.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
11.	Trade Effluent	Charge(c/kl)= 64+([COD/1000] x 1.29c) (COD-Chemical Oxygen Demand)
012.	Account Deposits (Subject to credit worthiness)	Every default adjustment of R137.30 to maximum as per following: Residential Max R2 061.00 Business Max R 6 866.61  <b>New consumers:-</b> Residential = R 1191.33 Business = R2 842.91 Connection Fees =R 137.73

13.	Scrutiny of building plans	R376.91/ plan
14.	Requested Water Tankering (funerals – if not indigent)	5000l = R409.73/ load
15.	Requested Water Tankering (other events)	5000l = R655.53/ load
16.	Developer's Capital Contribution – Water	R7449.32
17.	Developer's Capital Contribution – Sanitation	R8194.31
18.	Disconnection Fee	R 98.32
	Reconnection fee - Working hours	R 102.98
	-After hours, Saturdays/Sundays/Public Holidays	R245.78
19.	Clearance certificates	R363.21
20.	Flat rate services (where applicable)	R240.45 per household

<b>Water and Waste Water Analysis</b>		
<b>Determinant</b>	<b>2 Units</b>	<b>Cost per sample</b>
Alkalinity	mg/l CaCO <sub>3</sub>	R47.43
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R41.07
Ammonia	mg/l N	R39.55
Chloride	mg/l Cl	R31.66
Chlorine – Free	mg/l Cl <sub>2</sub>	R15.77
Colour	Pt-Co	R23.65
Conductivity	mS/m	R15.77
Fluoride	mg/l F	R39.55
Iron	mg/l Fe	R23.65
Manganese	mg/l Mn	R39.55
Nitrate	mg/l N	R23.65
Nitrite	mg/l N	R23.65
Odour	Descriptive	
pH	pH Units	R15.77
Phosphate - soluble	mg/l P	R23.65
Solids - Settleable	ml/l	R23.65
Sulphate	mg/l SO <sub>4</sub>	R34.72
Sulphide	mg/l H <sub>2</sub> S	R39.55
Suspended Solids	mg/l	R34.93
Temperature	°C	
Total Dissolved Solids	mg/l	R23.65
Turbidity	NTU	R15.77
Oxygen Absorbed	mg/l O <sub>2</sub>	R47.43
Chemical Oxygen Demand	mg/l O <sub>2</sub>	R55.31
Magnesium/Calcium	mg/l Mg/Ca	R55.20

- Sample bottles can be collected at the Laboratory.

- A volume of at least 1 litre is necessary for analysis.
- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

<b>Microbiological Analysis</b>		
Faecal coliforms	colonies per 100ml	R47.43
Total coliforms	colonies per 100ml	R47.43
Standard plate count	colonies per ml	R39.55

- Sterile bottles provided by the Laboratory should be used.
  - Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
  - A volume of 500ml is sufficient for analysis.
1. Prices listed are for single samples.
  2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R15.77 per bottle.

## • THE ABOVE TARIFFS EXCLUDE VAT

- Other municipal services increase by 6, 2% as per circular 72.
  - Tender documents
  - Maps GIS
  - Clearance certificates

The tariff structure of the 2014/15 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption at a higher rate.

### 2.1.1 Free Basic Services: Basic Social Services Package

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

## 2.2 Capital expenditure

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

DC23 Uthukela - 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	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL AND INFRASTRUCTURAL DE		-	-	-	-	-	-	-	-	-	-
Vote 6 - PLANNING AND SOCIAL ECONOMIC DEVE		-	-	-	-	-	-	-	-	-	-
Vote 7 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - WATER AND SANITATION SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 12 - SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 13 - WATER AND SANITATION SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL AND INFRASTRUCTURAL DE		101 318	69 483	-	-	-	-	-	-	-	-
Vote 6 - PLANNING AND SOCIAL ECONOMIC DEVE		3 719	11 005	-	-	-	-	-	-	-	-
Vote 7 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - WATER AND SANITATION SERVICES		10 355	32 396	-	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER		-	-	-	800	621	621	621	2 210	20	30
Vote 10 - CORPORATE SERVICES		-	-	114	160	170	170	170	1 500	-	-
Vote 11 - BUDGET AND TREASURY		-	-	28	160	67	67	67	600	160	200
Vote 12 - SOCIAL SERVICES		-	-	564	3 133	3 578	3 578	3 578	23 186	12 750	7 700
Vote 13 - WATER AND SANITATION SERVICES		-	-	100 760	191 784	340 523	340 523	340 523	255 579	269 666	256 925
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>115 392</b>	<b>112 884</b>	<b>101 466</b>	<b>196 037</b>	<b>344 960</b>	<b>344 960</b>	<b>344 960</b>	<b>283 075</b>	<b>282 596</b>	<b>264 855</b>
<b>Total Capital Expenditure - Vote</b>		<b>115 392</b>	<b>112 884</b>	<b>101 466</b>	<b>196 037</b>	<b>344 960</b>	<b>344 960</b>	<b>344 960</b>	<b>283 075</b>	<b>282 596</b>	<b>264 855</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		-	-	142	1 120	859	859	859	4 310	180	230
Executive and council					800	621	621	621	2 210	20	30
Budget and treasury office				28	160	67	67	67	600	160	200
Corporate services				114	160	170	170	170	1 500	-	-
<b>Community and public safety</b>		-	-	564	2 678	2 468	2 468	2 468	17 586	250	200
Community and social services				564	2 468	2 468	2 468	2 468	17 586	250	200
Sport and recreation											
Public safety											
Housing											
Health					210						
<b>Economic and environmental services</b>		3 719	11 005	-	2 454	2 899	2 899	2 899	7 915	14 855	9 966
Planning and development		3 719	11 005		455	900	900	900	5 600	12 500	7 500
Road transport					1 999	1 999	1 999	1 999	2 315	2 355	2 466
Environmental protection											
<b>Trading services</b>		111 673	101 879	100 760	189 785	338 524	338 524	338 524	253 264	267 311	254 459
Electricity											
Water		67 004	61 128	100 760	189 785	338 524	338 524	338 524	253 264	267 311	254 459
Waste water management											
Waste management		44 669	40 751								
<b>Other</b>											
<b>Total Capital Expenditure - Standard</b>	3	<b>115 392</b>	<b>112 884</b>	<b>101 466</b>	<b>196 037</b>	<b>344 750</b>	<b>344 750</b>	<b>344 750</b>	<b>283 075</b>	<b>282 596</b>	<b>264 855</b>
<b>Funded by:</b>											
National Government		111 673	101 879	100 760	191 379	329 756	329 756	329 756	209 225	221 746	200 510
Provincial Government		3 719	11 005		2 468	2 468	2 468	2 468	5 600	24 500	20 286
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	<b>115 392</b>	<b>112 884</b>	<b>100 760</b>	<b>193 847</b>	<b>332 224</b>	<b>332 224</b>	<b>332 224</b>	<b>214 825</b>	<b>246 246</b>	<b>220 796</b>
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6				750	-	-	-			
<b>Internally generated funds</b>				706	1 440	12 735	12 735	12 735	68 250	36 350	44 059
<b>Total Capital Funding</b>	7	<b>115 392</b>	<b>112 884</b>	<b>101 466</b>	<b>196 037</b>	<b>344 960</b>	<b>344 960</b>	<b>344 960</b>	<b>283 075</b>	<b>282 596</b>	<b>264 855</b>

For 2014/15 financial year the Municipality has budgeted an amount of R209 225 000 mil which will be finance from National government grants, R5 600 000 mil from provincial government grants and municipality internally generated funds (R68 249 642 mil)

## **2.3 Annual Budget Tables**

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council.

**Table 3 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

**DC23 Uthukela - 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
<b>Revenue - Standard</b>	1									
<b>Governance and administration</b>		229 525	232 895	323 008	281 618	282 765	282 765	299 336	317 638	337 495
Executive and council		229 078	232 895	285 910	40 211	40 211	40 211	41 140	44 198	47 937
Budget and treasury office		-	-	4 411	241 407	242 554	242 554	258 196	273 440	289 558
Corporate services		448	-	32 687	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		4 611	11 801	1 007	890	890	-	6 317	13 717	9 718
Planning and development		4 611	11 801	1 007	890	890	-	6 317	13 717	9 718
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		241 247	212 409	366 255	355 145	510 745	510 745	408 408	440 570	438 784
Electricity		-	-	-	-	-	-	-	-	-
Water		188 833	159 300	353 208	332 935	495 518	495 518	391 810	422 518	419 149
Waste water management		52 414	53 109	13 047	22 210	15 227	15 227	16 598	18 052	19 635
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	<b>475 383</b>	<b>457 105</b>	<b>690 271</b>	<b>637 653</b>	<b>794 400</b>	<b>793 510</b>	<b>714 061</b>	<b>771 925</b>	<b>785 996</b>
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		46 065	51 914	100 203	79 058	77 929	77 929	192 709	200 860	214 374
Executive and council		13 082	16 875	39 883	31 437	29 925	29 925	55 358	59 653	63 350
Budget and treasury office		15 037	16 177	27 645	25 646	23 776	23 776	101 928	108 387	115 861
Corporate services		17 946	18 862	32 675	21 975	24 228	24 228	35 423	32 820	35 162
<b>Community and public safety</b>		6 397	6 071	17 343	17 722	10 237	10 237	15 321	16 113	17 098
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		6 397	6 071	17 343	17 722	10 237	10 237	15 321	16 113	17 098
<b>Economic and environmental services</b>		25 082	23 485	40 584	20 514	15 845	15 845	23 391	23 190	25 516
Planning and development		25 082	23 485	40 584	20 514	15 845	15 845	23 391	23 190	25 516
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		254 646	284 158	493 414	261 748	345 351	345 351	229 566	249 165	264 154
Electricity		-	-	-	-	-	-	-	-	-
Water		152 766	170 495	482 772	233 772	324 859	324 859	226 639	246 062	260 865
Waste water management		101 880	113 663	10 642	27 976	20 492	20 492	2 927	3 103	3 289
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	<b>332 190</b>	<b>365 628</b>	<b>651 544</b>	<b>379 042</b>	<b>449 362</b>	<b>449 362</b>	<b>460 987</b>	<b>489 328</b>	<b>521 141</b>
<b>Surplus/(Deficit) for the year</b>		<b>143 193</b>	<b>91 477</b>	<b>38 727</b>	<b>258 611</b>	<b>345 039</b>	<b>344 149</b>	<b>253 074</b>	<b>282 596</b>	<b>264 855</b>

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification.

**Table 4 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

**DC23 Uthukela - 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
<b>Revenue by Vote</b>										
Vote 1 - COUNCIL	1	131 038	230 769	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL AND INFRASTRUCTURAL DE		101 318	71 609	-	-	-	-	-	-	-
Vote 6 - PLANNING AND SOCIAL ECONOMIC DEVE		4 611	11 801	-	-	-	-	-	-	-
Vote 7 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - WATER AND SANITATION SERVICES		238 416	142 926	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER		-	-	285 910	40 211	40 211	40 211	41 140	44 198	47 937
Vote 10 - CORPORATE SERVICES		-	-	32 687	-	-	-	-	-	-
Vote 11 - BUDGET AND TREASURY		-	-	4 411	241 407	242 554	242 554	258 196	273 440	289 558
Vote 12 - SOCIAL SERVICES		-	-	1 007	890	890	890	6 317	13 717	9 718
Vote 13 - WATER AND SANITATION SERVICES		-	-	366 255	355 145	510 745	510 746	408 408	440 570	438 784
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>475 383</b>	<b>457 105</b>	<b>690 271</b>	<b>637 653</b>	<b>794 399</b>	<b>794 400</b>	<b>714 061</b>	<b>771 925</b>	<b>785 996</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - COUNCIL	1	10 337	12 254	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		2 745	4 621	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		17 946	18 862	-	-	-	-	-	-	-
Vote 4 - BUDGET AND TREASURY		15 037	16 177	-	-	-	-	-	-	-
Vote 5 - TECHNICAL AND INFRASTRUCTURAL DE		7 776	13 485	-	-	-	-	-	-	-
Vote 6 - PLANNING AND SOCIAL ECONOMIC DEVE		24 868	23 485	-	-	-	-	-	-	-
Vote 7 - HEALTH SERVICES		6 397	6 071	-	-	-	-	-	-	-
Vote 8 - WATER AND SANITATION SERVICES		247 102	270 673	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER		-	-	39 883	31 437	29 925	29 925	55 358	59 653	63 350
Vote 10 - CORPORATE SERVICES		-	-	32 675	21 975	24 228	24 228	35 423	32 820	35 162
Vote 11 - BUDGET AND TREASURY		-	-	27 645	25 646	23 776	23 776	101 928	108 387	115 861
Vote 12 - SOCIAL SERVICES		-	-	57 928	38 236	26 082	26 082	38 712	39 303	42 614
Vote 13 - WATER AND SANITATION SERVICES		-	-	493 414	261 748	345 351	345 351	229 566	249 165	264 154
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>332 208</b>	<b>365 628</b>	<b>651 544</b>	<b>379 042</b>	<b>449 362</b>	<b>449 362</b>	<b>460 987</b>	<b>489 328</b>	<b>521 141</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>143 175</b>	<b>91 477</b>	<b>38 727</b>	<b>258 611</b>	<b>345 038</b>	<b>345 039</b>	<b>253 074</b>	<b>282 596</b>	<b>264 855</b>

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

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

**Table 5 MBRR Table A10 - Basic Service Delivery Measurement**

**DC23 Uthukela - Table A10 Basic service delivery measurement**

Description	Ref	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
<b>Household service targets</b>										
<b>Water:</b>										
Piped water inside dwelling	1	73 880	73 880	73 880	73 880	73 880	73 880	78 180	82 730	87 545
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2	43 621	43 621	43 621	43 621	43 621	43 621	46 160	48 846	51 689
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		117 501	117 501	117 501	117 501	117 501	117 501	124 340	131 576	139 234
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply		44 300	29 785	29 785	29 785	29 785	29 785	31 518	33 353	35 294
<i>Below Minimum Service Level sub-total</i>		44 300	29 785	29 785	29 785	29 785	29 785	31 518	33 353	35 294
<b>Total number of households</b>	5	<b>161 801</b>	<b>147 286</b>	<b>147 286</b>	<b>147 286</b>	<b>147 286</b>	<b>147 286</b>	<b>155 858</b>	<b>164 929</b>	<b>174 528</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)		57 225	57 225	57 225	57 225	57 225	57 225	60 555	64 080	67 809
Chemical toilet										
Pit toilet (ventilated)		70 509	70 509	70 509	70 509	70 509	70 509	74 613	78 955	83 550
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		127 734	127 734	127 734	127 734	127 734	127 734	135 168	143 035	151 360
Bucket toilet		1 551	1 551	1 551	1 551	1 551	1 551	1 641	1 737	1 838
Other toilet provisions (< min.service level)										
No toilet provisions		24 874	12 398	12 398	12 398	12 398	12 398	13 120	13 883	14 691
<i>Below Minimum Service Level sub-total</i>		26 425	13 949	13 949	13 949	13 949	13 949	14 761	15 620	16 529
<b>Total number of households</b>	5	<b>154 159</b>	<b>141 683</b>	<b>141 683</b>	<b>141 683</b>	<b>141 683</b>	<b>141 683</b>	<b>149 929</b>	<b>158 655</b>	<b>167 889</b>
<b>Energy:</b>										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	7									
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
<b>Cost of Free Basic Services provided (R'000)</b>										
Water (6 kilolitres per household per month)	8									
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
<b>Total cost of FBS provided (minimum social package)</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided</b>										
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)										
<b>Revenue cost of free services provided (R'000)</b>										
Property rates (R15 000 threshold rebate)	9									
Property rates (other exemptions, reductions and rebates)										
Water					6 000	6 000	6 000	6 300	6 678	7 079
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
<b>Total revenue cost of free services provided (total social package)</b>		-	-	-	<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>6 300</b>	<b>6 678</b>	<b>7 079</b>

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## Table 5: Budgeted Cash Flow

DC23 Uthukela - Table A7 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		31 348	38 281	88 529	83 498	76 942	76 942	76 942	69 750	75 756	82 518
Government - operating	1	198 946	226 470	289 855	277 744	277 402	277 402	277 402	301 228	310 208	330 738
Government - capital	1	110 327	213 561	213 169	193 847	332 224	332 224	332 224	214 825	246 246	220 776
Interest		21 260	19 048	39 237	16 140	8 689	8 689	8 689	16 603	17 813	19 115
Dividends		31 065	3 020			-	-	-			
<b>Payments</b>											
Suppliers and employees		(313 125)	(363 345)	(464 914)	(325 587)	(334 725)	(334 725)	(334 725)	(378 235)	(400 903)	(426 506)
Finance charges		(6 573)	(2 856)	(2 432)	(3 339)	(1 861)	(1 861)	(1 861)	(1 311)	(1 184)	(1 164)
Transfers and Grants	1				(6 000)	(6 000)	(6 000)	(6 000)	(6 300)	(6 678)	(7 079)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>73 248</b>	<b>134 179</b>	<b>163 444</b>	<b>236 302</b>	<b>352 670</b>	<b>352 670</b>	<b>352 670</b>	<b>216 559</b>	<b>241 258</b>	<b>218 397</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		293									
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments								(30 000)	-	-	
<b>Payments</b>											
Capital assets		(75 106)	(38 107)	(101 466)	(196 037)	(344 960)	(344 960)	(344 960)	(283 075)	(280 526)	(254 976)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(74 813)</b>	<b>(38 107)</b>	<b>(101 466)</b>	<b>(196 037)</b>	<b>(344 960)</b>	<b>(344 960)</b>	<b>(344 960)</b>	<b>(313 075)</b>	<b>(280 526)</b>	<b>(254 976)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing			2 450	770	750	-	-	-	-	-	-
Increase (decrease) in consumer deposits								554	587	662	
<b>Payments</b>											
Repayment of borrowing		(3 436)	(2 156)	(2 380)	(5 035)	(5 176)	(5 176)	(5 176)	(4 472)	(2 904)	(2 780)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(3 436)</b>	<b>294</b>	<b>(1 609)</b>	<b>(4 285)</b>	<b>(5 176)</b>	<b>(5 176)</b>	<b>(5 176)</b>	<b>(3 918)</b>	<b>(2 317)</b>	<b>(2 118)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(5 002)</b>	<b>96 366</b>	<b>60 369</b>	<b>35 980</b>	<b>2 535</b>	<b>2 535</b>	<b>2 535</b>	<b>(100 434)</b>	<b>(41 585)</b>	<b>(38 697)</b>
Cash/cash equivalents at the year begin:	2	(2 960)	(7 962)	88 404	148 773	148 773	148 773	148 773	151 308	50 874	9 289
Cash/cash equivalents at the year end:	2	(7 962)	88 404	148 773	184 753	151 308	151 308	151 308	50 874	9 289	(29 408)

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

## **Part 2 – Supporting Documentation**

### **2.4 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 primary aims of the Budget / Finance Committee is to ensure:**

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

#### **2.4.1 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 a time schedule that sets out the process to revise the IDP and prepare the budget.

## 2.5 Overview of alignment of annual budget with IDP

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

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

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

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

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the District's response to these requirements.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial

The 2014/15 MTREF has therefore been directly informed by the IDP revision process

## 2.6 Legislation compliance status

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

### 1. In year reporting

Section 71 reports are prepared in a prescribed format as per National Treasury Reporting format.

#### **Internship Programme**

The District is participating in the Municipal Financial Management Internship programme and had employed five interns whom had undergoing training in various divisions of the Financial Services Department .As from 08 July 2013

### 2. Budget and Treasury Office

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

### 3. Audit Committee

An Audit Committee has been established and is fully functional.

### 4. Annual Report

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

### 7. MFMA Training

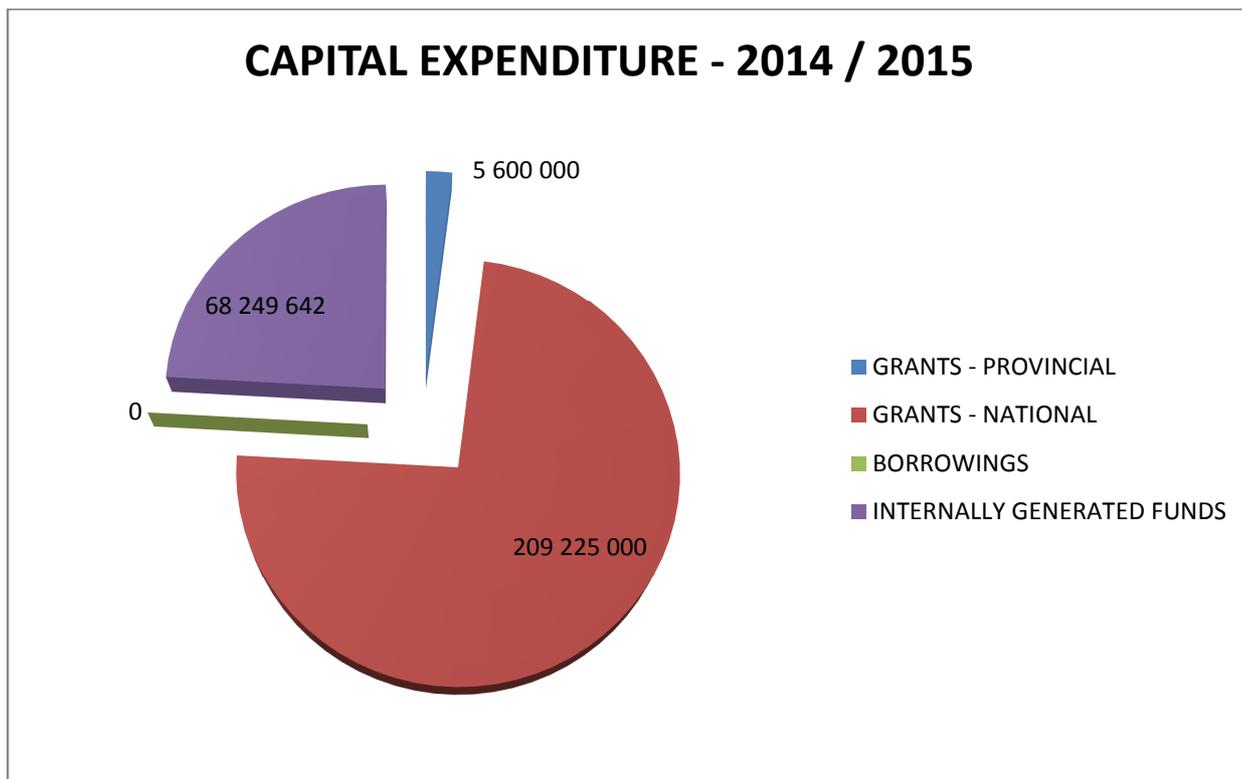
The MFMP competency training has been conducted by municipal officials and other finance municipal official are still undergoing the training.

## 2.7 Other supporting documents

### 2.8 Capital Budget by Departments

UTHUKELA DISTRICT MUNICIPALITY					
DRAFT CAPITAL BUDGET 2014/2015 - 2016/2017					
DEPARTMENT	DESCRIPTION	FUNDING	2014/15	2015/16	2016/17
<b>TECHNICAL</b>					
	Implementation of water and sanitation projects as per WSDP	MIG /NT	177 319 000.00	184 391 000.00	193 044 000.00
	RURAL HOUSEHOLD INFRASTRUCTURE GRANT	NT	4 124 000.00	5 000 000.00	-
	MASSIFICATION PROGRAMME	PT		9 000 000.00	9 786 000.00
	RBIG	NT	25 000 000.00	30 000 000.00	5 000 000.00
	RURAL ROAD ASSET	RRAM /NT	2 315 000.00	2 355 000.00	2 466 000.00
	CORRIDOR DEVELOPMENT	PT	0	3 000 000	3 000 000
	INFRASTRUCTURE	UTDM	3 500 000	3 500 000	3 500 000
			<b>212 258 000.00</b>	<b>237 246 000.00</b>	<b>216 796 000.00</b>
<b>WATER</b>					
	TLB X 7	UTDM	5 712 000	0	0
	7 TIPPER TRUCKS	UTDM	2 250 000		
	7 VACUUM TANKERS	UTDM	5 600 000	0	0
	SEWER JET	UTDM	1 500 000	0	0
	VANS	UTDM	3 410 000	0	0
	OFFICE FURNITURE	UTDM	50 000	150 000	100 000
	OFFICE EQUIPMENT	UTDM	50 000	200 000	150 000
	PIPELINES - PORTABLE WATER - REPLACEMENT	UTDM	13 248 642	32 070 000	39 879 000
	WATER TANKERS	UTDM	8 000 000	0	0
	RENEWAL -PUMPS	UTDM	3 500 000		
			<b>43 320 642</b>	<b>32 420 000</b>	<b>40 129 000</b>
<b>SOCIAL SERVICES</b>					
	LAND AND BUILDING	UTDM	10 000 000	0	0
	FIRE FIGHTING EQUIPMENT	UTDM	300 000	50 000	50 000
	MSIG PROJECTS - OFFICE	NT	467 000	0	0
	OFFICE FURNITURE	UTDM	200 000	200 000	150 000
	5 X BAKKIES	UTDM	800 000	0	0
	2 X SEDAN	UTDM	360 000	0	0
	DISASTER BUILDING	UTDM	5 000 000	0	0
	SMALL TOWN REHABILITATION PROGRAMME	PT	5 600 000	12 500 000	7 500 000
	ENVIRONMENTAL HEALTH SERVICES EQUIPMENT	UTDM	459 000	0	0
			<b>23 186 000</b>	<b>12 750 000</b>	<b>7 700 000</b>
<b>CORPORATE SERVICES</b>					
	2 BAKKIES	UTDM	400 000	0	0
	CAR (SEDAN)	UTDM	250 000	0	0
	FURNITURE - BOARDROOM	UTDM	300 000	0	0
	OFFICE FURNITURE &	UTDM	250 000	0	0
	IT - EQUIPMENT	UTDM	300 000		
			<b>1 500 000</b>	<b>0</b>	<b>0</b>
<b>FINANCE</b>					
	CAR (SEDAN)	UTDM	250 000	0	0
	BAKKIE	UTDM	250 000	0	0
	OFFICE FURNITURE	UTDM	50 000	80 000	100 000
	OFFICE EQUIPMENT	UTDM	50 000	80 000	100 000
			<b>600 000</b>	<b>160 000</b>	<b>200 000</b>
<b>MUNICIPAL MANAGER</b>					
	OFFICE FURNITURE - LAB	UTDM	10 000	20 000	30 000
	OFFICE EQUIPMENT	UTDM	100 000	0	0
	REPLACE LAB EQUIPMENT	UTDM	200 000	0	0
	EXTENDED CAB - DIESEL ( REPLACEMENT - NKR 2149)	UTDM	250 000	0	0
	3 X SINGLE CAB - DIESEL	UTDM	630 000	0	0
			<b>1 190 000</b>	<b>20 000</b>	<b>30 000</b>
<b>COUNCIL</b>					
	MAYORAL CAR - REPLACEMENT	UTDM	800 000	0	0
	OFFICE FURNITURE	UTDM	50 000	0	0
	TOOLS OF TRADE	UTDM	170 000		
			<b>1 020 000</b>	<b>0</b>	<b>0</b>
	<b>TOTAL CAPITAL EXPENDITURE 2014/15</b>		<b>283 074 642</b>	<b>282 596 000</b>	<b>264 855 000</b>
	<b>FUNDING</b>				
	GRANTS - PROVINCIAL		5 600 000	24 500 000	20 286 000
	GRANTS - NATIONAL		209 225 000	221 746 000	200 510 000
	BORROWINGS		0		
	INTERNALLY GENERATED FUNDS		68 249 642	36 350 000	44 059 000
	<b>TOTAL CAPITAL EXPENDITURE FUNDING 2014/2015</b>		<b>283 074 642</b>	<b>282 596 000</b>	<b>264 855 000</b>

**Table1:**



**Capital Grants** For the 2014/15 financial years, 68% of capital expenditure is funded by grants and 22% by own revenue.

The graph above shows the split in capital funding between the grants and own revenue.

#### **MIG Projects for 2014/2015 financial year**

- MUNICIPAL INFRASTRUCTURE GRANT
- KWANOBAMBA / EZITENDENI COMMUNITY WATER SCHEME
- BHEKUZULU / EPANGWINI WATER SCHEME
- NTABAMHLOPHE WATER SCHEME
- EZAKHENI / EMNAMBITHI BULK INFRASTRUCTURE UPGRADE
- WARD 14 SANITATION - Barfard
- MATHONDWANE WARD 17 SANITATION
- OKHAHLAMBA WARD 12 SANITATION
- INDAKA WARD 3 SANITATION
- UMTSHEZI WARD 6 SANITATION
- EZAKHENI E - SEWER
- MOYENI / ZWELISHA UPGRADE
- REGIONAL BULK INFRASTRUCTURE GRANT
- MATIWANE / INKUZI BULK PIPELINE
- MUNICIPAL WATER INFRASTRUCTURE GRANT
- EZAKHENI E WATER SCHEME
- OKHAHLAMBA AND INDAKA BOREHOLES

## 1.2 Transfers and Grant Receipts

DC23 Uthukela - Supporting Table SA18 Transfers and grant receipts

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
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		200 492	227 720	265 088	277 744	277 395	277 395	300 978	309 958	329 538
Local Government Equitable Share		198 196	225 680	253 183	231 456	231 456	231 456	245 822	260 893	276 283
RSC Levy Replacement					37 743	37 743	37 743	41 140	44 198	47 937
Finance Management		1 000	1 250	1 319	1 100	1 196	1 196	1 250	1 250	1 300
Municipal Systems Improvement		504	790	1 007	445	-	-	467	967	1 018
EPWP Incentive		792		454	1 000	1 000	1 000	3 299	-	-
Water Services Operating Subsidy					6 000	6 000	6 000	9 000	2 650	3 000
dwa				9 124						
<b>Provincial Government:</b>		226	4	3 292	-	-	-	250	250	1 200
Sport and Recreation		226	4							
shared services								250	250	1 200
data cleansing				3 092						
Councillors training				200						
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Operating Transfers and Grants</b>	5	200 718	227 724	268 381	277 744	277 395	277 395	301 228	310 208	330 738
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		111 188	101 879	219 521	226 379	191 728	191 728	209 225	221 746	200 490
Municipal Infrastructure Grant (MIG)		101 318	69 483	187 952	174 260	174 260	174 260	177 319	184 391	193 044
Rural Transport Services and Infrastructure				2 948	1 999	1 999	1 999	2 315	2 355	2 446
Rural Households Infrastructure					-	-	-	4 124	5 000	-
Regional Bulk Infrastructure		9 870	32 396	28 621	35 000			25 000	30 000	5 000
FMG					150	54	54			
MSIG					445	890	890	467		
MWIG					14 525	14 525	14 525			
<b>Provincial Government:</b>		-	-	-	2 468	2 468	2 468	5 600	24 500	20 286
massification programme								-	9 000	9 786
small town rehabilitation programme								5 600	12 500	7 500
sports infrastructure					2 468	2 468	2 468			
corridor development								-	3 000	3 000
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Capital Transfers and Grants</b>	5	111 188	101 879	219 521	228 847	194 196	194 196	214 825	246 246	220 776
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		311 906	329 602	487 902	506 591	471 591	471 591	516 053	556 454	551 514

### 1.3 Expenditure on Transfers and grant Programme

DC23 Uthukela - 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
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		199 443	227 720	261 995	277 774	277 401	277 401	300 978	309 958	329 538
Local Government Equitable Share		198 196	225 680	253 183	231 456	231 456	231 456	245 822	260 893	276 283
RSC Levy Replacement					37 773	37 743	37 743	41 140	44 198	47 937
Finance Management		743	1 250	1 319	1 100	1 202	1 202	1 250	1 250	1 300
Municipal Systems Improvement		504	790	1 007	445	-	-	467	967	1 018
EPWP Incentive				454	1 000	1 000	1 000	3 299	-	-
Water Services Operating Subsidy					6 000	6 000	6 000	9 000	2 650	3 000
0				6 031						
<b>Provincial Government:</b>		226	4	3 292	-	-	-	250	250	1 200
Sport and Recreation		226	4							
shared services								250	250	1 200
data cleansing				3 092						
Councillors training				200						
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants</b>		199 669	227 724	265 288	277 774	277 401	277 401	301 228	310 208	330 738
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		111 188	101 879	219 521	191 379	177 197	177 197	209 225	221 746	200 490
Municipal Infrastructure Grant (MIG)		101 318	69 483	187 952	174 260	174 260	174 260	177 319	184 391	193 044
Rural Transport Services and Infrastructure				2 948	1 999	1 999	1 999	2 315	2 355	2 446
Rural Households Infrastructure					-	-	-	4 124	5 000	-
Regional Bulk Infrastructure		9 870	32 396	28 621				25 000	30 000	5 000
FMG					150	48	48			
MSIG					445	890	890	467		
MWIG					14 525	14 525	14 525			
<b>Provincial Government:</b>		-	-	11 376	2 468	2 468	2 468	5 600	24 500	20 286
massification programme				11 376				-	9 000	9 786
small town rehabilitation programme								5 600	12 500	7 500
sports infrastructure					2 468	2 468	2 468			
corridor development								-	3 000	3 000
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total capital expenditure of Transfers and Grants</b>		111 188	101 879	230 897	193 847	179 665	179 665	214 825	246 246	220 776
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		310 857	329 602	496 185	471 621	457 066	457 066	516 053	556 454	551 514

## 2.8 Municipal manager's quality certificate

I **SIFISO NICHOLAS KUNENE** , Municipal Manager of Uthukela District 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: **SIFISO NICHOLAS KUNENE**

**Municipal Manager of Uthukela District Municipality (DC23)**

Signature \_\_\_\_\_

Date \_\_\_\_\_