

EMTHANJENI MUNICIPALITY



MTEF FINAL BUDGET

2012/2013 FINANCIAL YEAR

**EMTHANJENI MUNICIPALITY
(NC073)**

SCHEDULE A

**AN ANNUAL BUDGET AND
SUPPORTING DOCUMENTATION
OF A MUNICIPALITY**

2012-13 MTEF

**ANNUAL FINAL BUDGET OF
EMTHANJENI MUNICIPALITY**

**2012/13 TO 2014/15
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
M	Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor’s Budget Speech

Honourable Speaker, Council, Municipal Manager, Directors, Members of the Public, please allow me to present my inaugural budget speech of the 2012/13 Medium Term Expenditure Framework.

This budget was prepared under the back drop of extensive community participation via the Council Meets the people, Ward Meetings and various consultative meetings with agricultural unions, non-governmental organizations, Sector Departments, Community based organizations to mention a few.

Since Emthanjeni Municipality operates within the municipal boundaries of De Aar, Hanover, Britstown and all its farming properties, This budget document seeks to create opportunities for all its residents. This budget is focusing on the National drive to invest in the Infrastructure of the municipality. By investing within the infrastructure, jobs are being created and the social conditions of the most vulnerable are improved momentarily.

Sustainable job Creation remains one of the biggest challenges facing Emthanjeni Municipality. In order to create sustainable employment opportunities the Council together with Business and all structures of the Community need to form partnership in realizing this goal which will impact positively for the growth and existence of Emthanjeni Municipality.

Madam Speaker, the Macro Economic Environment has direct influence in the operations of Emthanjeni Municipality. The current economic crisis in Europe more specifically in Greece, will also impact directly on the lives of all of us here in this municipality. As the political head and leader of the budget it is of utmost importance for me to see that our infrastructures are being developed. We need to invest more in these assets and also to invest in the maintenance of these infrastructure assets. Total Revenue Budget amount to R181 798 508.

Allow me to introduce the Capital Budget to Council

A total amount of R24, 119 million has been provided for Capital projects for the next financial year. Some of the major projects include:

1. Storm Water drainage of R10.178 million. This project will ensure that the most vulnerable communities do not suffer during the rainy season. Storm water will be directed away from the homes.

2. De Aar Sewerage Works upgrade of R5,2 million is to ensure that there will be enough sewerage capacity new developments that will be introduced in De Aar an amount of R3,434 million.
3. Resealing and Tarring of new and existing roads are continuing, and this project is one of the better initiatives that Council undertook for the last few financial years. The Communities benefitted from the Construction of the road are experiencing the better health Conditions ever since.
4. We are committed to ensure that the majority of our electricity consumers are prepaid meters. This is a way of controlling the escalating debt. R800 000 was budgeted for the acquisition of prepaid electricity.
5. In role to improve the service delivery within the municipality an amount of R600 000 is budget for the purchasing of new Vehicles.
6. Computer equipment and Traffic Machinery and other equipment which will bring cash flow into the municipality was also provided for.
7. The upgrade of municipal buildings remains also very important and almost R638 000 has been budgeted for these assets.
8. Since we moved out of a disclaimer of an audit opinion, Council is steadfast in improving an audit opinion. An amount of R900 000 is being budgeted for the achievement of Clean Audit Status before 2014.

The funding of the Capital programmes is R16,1 million from MIG Grants, R8,10 million from Internal Reserves. Council's contribution to Capital programme is 33% of more in infrastructural programme total Capital budget. This underlines Council commitment in investing in the municipality to better the lives of all its consumer.

OPERATING BUDGET

A. OPERATING REVENUE

Revenue streams have been conservatively forecasted with the economic slow down, job losses and macro economic conditions taken into consideration.

1. A major Source of Revenue is being derived from Rates and Taxes. An amount of almost R1, 397 million is expected to be realised.
2. Service charge amount to R79,982 million which includes electricity, water, sewerage and refuse.
3. The total expected revenue from fines have been reduced in relation to the previous year. This is mainly due to the non-realistic as the non- payment of traffic fines over the past financial year. An gross amount of R7, 025 has been budgeted for the collection of traffic fines.
4. Capital grants of R16,141 million is expected to be transferred into the bank account of Emthanjeni Municipality.

5. A total amount of R38,311 million will be paid over to Emthanjeni Municipality. These include the equitable share; finance Management Grant, Municipal Systems Improvement Grant, Library Development Grant, Primary Health, and EPWP.
 6. An amount of R15, 906 million has been budgeted for the prepaid electricity sales. This represent almost 92% of the total other revenue of R17, 806 million.
- The total expected revenue for the 2012/13 financial year amounts to R181, 799 million and represents an increase of R12.2% in relation to the 2011/2012 financial year.

B. OPERATING EXPENDITURE

Various economic factors were considered when the increase in the operating expenditure were determined.

- ✓ Employee related cost of R53,434 million represent almost 32% of the total operating expenditure budget since the wage negotiations is still non-concluded 7% increase is budgeted for. New posts as per the organigram have been provided for.
- ✓ Council Remuneration amount to R3,503 million.
- ✓ Provision for Bad Debts of R8,217 million has been provided for in the budget.
- ✓ The net effect of R7,924 million has been provided for the depreciation of all assets of the municipality.
- ✓ Repair and maintenance on assets, whether to replace or maintain, an amount of R11,017 million has been provided for . This is an increase of R1,8 million to the previous year. An amount of R2,1 million has bee allocated for the ward development programmes.
- ✓ Contracted Services of R6,989 million will be paid to TVS, security services, Prepaid Electricity Vendors, and other smaller contractors.
- ✓ Capital Changes on loans to ABSA Bank and DBSA amounts to R1,121 million for the 2012/2013 financial.
- ✓ Bulk Electricity and Water Purchases for the 2012/13 financial year amounts to R38,142 million. This increase are regulated by NERSA and Water Contracts with farmers in our Municipality.
- ✓ A total amount of R12,630 million will be paid from the operating Grants for the provision of free basic services . These payment ill benefit the Indigent Households.
- ✓ Other expenditure of R22,612 million is for the operating services as maintain in the budget summary.

The total operating expenditure for 2012/13 amounts to R167,579 million the budget reflects an operating defection of R1, 921million

Madam Speaker, the operating Revenue and Expenditure budget as directly influenced by the various tariffs of the municipality. The following increase and decreases in tariffs are hereby proposed:

1. PROPERTY RATES

- ✓ Residential properties will be increased by 6% and their levy will be at 1,4657.
- ✓ Businesses and Guesthouses will increase by 6,5 % and their levy will at 1,4726 cents in the Rand.
- ✓ State owned properties will be increased by 7% will be levied at 1,4795.
- ✓ Agricultural properties will be levied according to the MPRA, as t 1,025. The levy that agricultural properties will be paid from the 01 July 2012 will 0,3664 cents in the rand.

2. ELECTRICITY TARIFFS

Basic fees will increase

- ✓ Households to R104,94
- ✓ Businesses to R110,00

Prepaid Electricity will be:

IBT 1:	1 -50 kwh	64,36c	represents an increase of	5,21%
IBT 2:	51- 350 kwh	85,90	represents an increase of	11,89%
IBT 3:	351- 600 kwh	100,24	represents an increase of	11,02%
IBT 4:	601 kwh and more	108,24	represents an increase of	6,68%

The main reason why the middle IBT blocks of prepaid electricity are decreasing is, to bring it inline with NERSA IBT's guidelines. This is also not in lines with the Conventional meter tarrifs. NERSA advised us these tariffs.

All the secondary tarrifs with increase by 7% and more.

Furthermore I would proposed Council to adopt the following policies and by- laws:

1. Revised Credit Control
2. Revised Indigent Policy
3. The Tarrif Policy
4. Investment and Cash Management Policy
5. Proposed /Draft SDBIP for perusal(finality will be on 14 days after budget approval)
6. By-law applicable to Municipal Finances as they were workshopped to all Councillors who then were instructed by Council to hold public comments in their respective wards. I therefore declare "**Operation Betaal**". Chapter 9 of the

System Act stipulates unequivocally that Debt Collection is a responsibility of the municipality. The **Promotion of Administrative Justice Act** gives us as Council the **administrative action** to take decision as natural, juristic persona and **empowering provision** to make laws. Debt Collection will continue and VVM will be the collection agent. It does not matter where they come from, the law (Promotion of Administrative Justice Act) as **administrators** gives us the right to decide. Failure of some Ward Councillor to report back and be accountable must not be attributed to failure of Council especially when the opposition continuously and subtly play us of with the community. We have records and reports of the year plans of each ward meetings that took place and that failed.

Let me close by quoting Olive Shreiner in her book:

“Thought on South Africa”

“It is customary to ridicule the traveler who passes & rapidly through a country and then writes his impression on it. The truth is he sees much that is hidden forever from the eyes of the inhabitants. Habitat and custom has blinded them”.

To Councillors, Municipal Manager and staff don` t worry about those who have been blinded by custom and habitat they are used to comfort zones. Yours is to reveal what you are made of and no one can take that from your, whether in words, propaganda or smearing you.

This budget speech must be the Action Plan for 2012/2013 MTEF. I hereby present the budget of 2012/13 to the house at large for deliberation.

I THANK YOU!

1.2 Council Resolutions

On 31 May 2012 the Council of Emthanjeni Local Municipality met in the Council Chambers of Emthanjeni to adopt the annual budget of the municipality for the financial year 2012/13 MTEF.

10.2 MUNICIPAL FINAL BUDGET AND REVISED INTEGRATED DEVELOPMENT PLAN: 2012/2013 FINANCIAL YEAR (5/1/1/18)

1. Background

Chapter 4 of the MFMA clearly outlines the municipal budget process and section 15 to section 27 gives effect to the implementation of the annual budget.

In terms of Section 28 of Chapter 5 of the Systems Act the revised IDP must also be submitted to the Council annually for approval along with the budget.

2. Legal Implications

The provisions of the relevant sections of the MFMA and Systems Act must be complied with.

3. Financial Implications

All expenditure incurred from 1 July 2012 will be in accordance with the approved budget as prescribed by the MFMA.

4. Proposed Recommendation

That the Council adopt the following-

1. (a) *the Mayor's Budget Speech reflecting a total Revenue Budget of R 181 798 508, a total Expenditure Budget of R 191 698 475 and a deficit of R 9 899 967*
- (b) *the Capital Budget of R 24 119 723 for 2012/2013 and also indicative total amounts for Medium Term Expenditure Framework period*
- (c) *the Operating Budget consisting of R 167 578 752 for expenditure and R 165 657 508 for revenue for 2012/2013 and also reflecting indicative total amounts for Medium*

Term Expenditure Framework period.

- (d) the appropriation votes as per Government Finance Statistics (GF) functions as set out in Budget Schedule Table A 1 to A 10 and SA 1 to SA 37*
- (e) Increase of tariffs as indicated*
 - (i) Property Rates*
 - (ii) Electricity*
 - (iii) Water*
 - (iv) Refuse*
 - (v) Sewerage / Sanitation*
- (f) the Service Delivery and Budget Implementation Plan (SDBIP) for each Directorate ie Municipal Manager, Corporate, Community and Development Services, Financial Services and Infrastructure and Housing Services, as set out in each of the key performance measurement indicators which are aligned to the Key Performance Areas.*

2. other budget-related documents:

- (a) the Integrated Development Plan for 2012/2013, which is linked to the budget as outlined in the Capital Budget and Operating Budget*
- (b) the Revised Property Rates Policy*
- (c) the Revised Credit Control Policy*
- (d) the Customer Care Policy*
- (e) the revised Indigent Policy together with the budget for subsidized free basic services such as water, electricity refuse and sewerage*
- (f) the revised Tariff Policy for Water, Electricity and other Municipal Services*
- (g) Investment Policy (and schedule of investments)*
- (h) other matters as prescribed in Section 17(1) and also New Budgetary Formats Schedule A1.*
 - Grants and subsidies schedule according to Division of Revenue Act (DORA)*

5. Advice by the Accounting Officer (Section 82 of the Structures Act & Section 60 of the MFMA)

1. The Council must approve of the final budget, budget policies set out above and Integrated Development Plan.
2. The Mayor must approve the SDBIP.

6. Attachments

1. Revised Integrated Development Plan for 2012/2013 is attached as **RV 34 to RV 61**.
2. Revised Property Rates Policy is attached as **RV 62 to RV 80**.
3. Revised Credit Control and Debt Collection Policy is attached as **RV 81 to RV 87**.
4. Customer Care Policy is attached as **RV 88 to RV 101**.
5. Revised Indigent Policy and budget for free basic services is attached as **RV 102 to RV 127**.
6. Budget Policy is attached as **RV 128 to RV 135**.
7. Investment Policy and schedule of investments is attached as **RV 136 to RV 152**.
8. Budget summary A 1 to A 10 is attached as **RV 153 to RV 168**.
9. Capital budget is attached as **RV 169 to RV 183**.
10. Monthly Capital Expenditure Report is attached as **RV 184 to RV 185**
11. Final Tariff Schedule is attached as **RV 186 to RV 201**.
12. Supply Chain Management Policy is attached as **RV 202 to RV 247**.
13. Tariff Policy is attached as **RV 248 to RV 259**.

7. Resolution of Council

That the Council adopt the following-

1. (a) the Mayor's Budget Speech reflecting a total Revenue Budget of R 181 798 508, a total Expenditure Budget of R 191 698 475 and a deficit of R 9 899 967
- (b) the Capital Budget of R 24 119 723 for 2012/2013 and also indicative total amounts for Medium Term Expenditure Framework period
- (c) the Operating Budget consisting of R 167 578 752 for expenditure and R 165 657 508 for revenue for 2012/2013 and also reflecting indicative total amounts for Medium Term Expenditure Framework period.
- (d) the appropriation votes as per Government Finance Statistics (GF) functions as set out in Budget Schedule Table A 1 to A 10 and SA 1 to SA 37

(e) Increase of tariffs as indicated

(i) Property Rates

(ii) Electricity

(iii) Water

(iv) Refuse

(v) Sewerage / Sanitation

(f) the Service Delivery and Budget Implementation Plan (SDBIP) for each Directorate ie Municipal Manager, Corporate, Community and Development Services, Financial Services and Infrastructure and Housing Services, as set out in each of the key performance measurement indicators which are aligned to the Key Performance Areas.

2. other budget-related documents:

(a) the Integrated Development Plan for 2012/2013, which is linked to the budget as outlined in the Capital Budget and Operating Budget

(b) the Revised Property Rates Policy

(c) the Revised Credit Control Policy

(d) the Customer Care Policy

(e) the revised Indigent Policy together with the budget for subsidized free basic services such as water, electricity refuse and sewerage

(f) the revised Tariff Policy for Water, Electricity and other Municipal Services

(g) Investment Policy (and schedule of investments)

(h) other matters as prescribed in Section 17(1) and also New Budgetary Formats Schedule A1.

- Grants and subsidies schedule according to Division of Revenue Act (DORA)

1.3 Executive Summary

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

The Actual budget processes started during October 2011. Numerous IDP meetings, Ward and Ward committee meetings, "Council meets the People" and other meetings were conducted where residents re-emphasized their needs that must be taken into consideration during the prioritization of the budget over the MTEF period.

The budget were prepared in conjunction with the MFMA circulars and other regulations

A. IDP and linkage of IDP to budget (Capital Budget)

Council will adopted the Revised IDP during March 2012 and it will adopt the final budget during the Council meeting of 31 May 2012. Communities re-affirmed their needs which forms part of the revised IDP document during the Budget feedback meetings. However all needs cannot be achieved, realized or addressed in one financial year or over one MTEF period. **The current linkage of the IDP to the budget amount to R24 119 723.**

The total R24 119 723 are broken down as follows:

1. Municipal Infrastructure Grant (MIG)

-The establishment of Cemetery in Britstown.	R 763 000
-Storm Water Drainage	R10 178 000
-De Aar Upgrade Sewerage works	R 5 200 000

2. Own Capital Funding

2.1 Resealing and construction of new streets allocation of R3 434 000 has been budgeted for the 2012/2013 financial year.

2.2. Amount of R900 000 for the Financial Reforms in order to fully comply with GRAP Accounting Standards which is being prescribed by the MFMA. In order to fully comply with the MFMA, GRAP Accounting standards other legislative requirements, extensive programmes are under way to achieve Clean Audit Status by 2014.

2.3. An amount of R553 789 for Other Office equipment and smaller capital assets will be procured.

2.4. Budgeted Capital expenditure for Machinery and Equipment amount to R181 663

2.5. Budgeted Computer Equipment amounts to R 551 327

2.6. Renovations and Refurbishing of Land and Buildings amount to R637 944

- 2.7. Traffic capital expenditure amounts to R320 000**
- 2.8. Acquisition of Prepaid Electricity of R800 000**
- 2.9. Vehicle Acquisition for Refuse Removal of R600 000.**
- 3. Allocations in Kind are being allocated to Emthanjeni Municipality but will be administer by other government departments**
- | | |
|----------------------|-------------|
| -Regional Bulk water | R15 000 000 |
| -INEP (Eskom Grant) | R 72 000 |

B. OPERATING BUDGET

1. Budgeted Income

- 1.1. Total expected Net Rates Income will be R18 397 091**
- Total expected budgeted rates income comprises of the following:
 - Accruals amounts to R34 006 871
 - Impermissible Levies as per MPRA amounts t R14 512 110
 - Income forgone on Rates income R1 097 670
 - Property rates penalties imposed arrear accounts amounts to R101 124.
 - Rates will be levied on the market value of properties as per our municipal valuation roll.
 - During the 2012/2013 financial year, a new General Valuation Roll will be produced and will be implemented on the 01 July 2013.
 - Agriculture properties will be levied according the ratio of 1:0,25 as per MPRA and will received further rebates as per Rates policy.
- 1.2 Other Levied Services budgeted income are almost R79 982 313**
- 1.2.1 -Electricity amount to R43 767 449
 - 1.2.2 -Water amounts R16 902 240
 - 1.2.3 -Sewerage amounts to R11 991 380
 - 1.2.4 -Refuse removal amounts to R7 182 164
 - 1.2.5 -Other service charges amounts to R139 080
- 1.3 Fines will be budgeted for at gross amounts of R7 025 473**
- 1.4 Licenses and permits will be R1 160 319**
- 1.5 Rental of facilities and equipment expected income will be R499 305**
- 1.6 Interest Income will be R1 475 230**
- 1.6.1 External Investments amounts to R734 104
 - 1.6.2 Interest charged on Arrear accounts amounts to R741 126
- 1.7 Equitable Share and other Operating Grants and Subsidies amount to R38 311 000**
- 1.8 The Total Operating Budgeted Income for the 2012/2013 Financial year are R165 657 508.**

1.9 The Total Budgeted Income amounts to R181 798 508. The total budgeted income consists out of

- 1.9.1 Capital Grants and Donations - R16 141 000
- 1.9.2 Operating Grants and Subsidies - R39 306 000
- 1.9.3 Own generation of budgeted income - R126 351 508.

NB: Grants of Allocations in kind of R15 072 000 which include the Regional Bulk Water is not included in the total budgeted income.

There is an increase in total budgeted income of 12.2% in relation to the previous year. The main reasons for the increase are:

- (i) The increase in grants and subsidies over the past years
- (ii) The general increment of service tariffs and levies
- (iii) The increase in electricity sales.

2. Expenditure

2.1 Salary and wages

- The total salary and wages and social contributions for the year amounts R53 433 931
- Annual increase of 7,0 % has been agreed at SALGBC
- The total salary package includes the salary for the position of a fourth director.
- Provision has been made for number of learnership positions for the 2012/2013 financial year.
- The salary percentage to the total capital and operating budget is +- 31.9 %

2.2 Councillor Remuneration

- Councillor Remuneration amounts for R3 503 047.
- Councillor remuneration has been provided on the current Public Officers Bearers Act, date December 2011.
- the councillor remuneration percentage to the total capital and operating budget is +- 2.0%

The total salaries and wages, social contributions and councillor remuneration is between 29% - 31% in relation to the total capital and operating budget.

2.3 Provision for Bad Debts, working capital reserve and depreciation increase from R7 500 709 in 2011/2012 to R8 217 0880 for the 2012/2013 budget year.

2.4 Repair and maintenance increase by almost R1 778 319 nominally from R9 238 776 during 2011/2012 to R11 017 095 for 2012/2013 financial year.

- 2.5 **Contracted Services costs are budgeted for R6 989 484**
- 2.6 **Capital Charges for interest on loans amounts to R1 121 217**
- 2.7 **Bulk Purchases for Water and Electricity amounts to R38 142 000. This increase represents mainly the Eskom's tariff increment of 11.2 per annum.**
- 2.8 **Operating Grants and subsidy expenditure amounts to R12 629 739, which are mostly spent on the Indigent Households for the subsidized services provide to approved Indigent Households.**
- 2.9 **Capital Grants payments amounts to R16 141000. These amounts are mainly recognized on the income side and also on the expenditure side.**
- 2.10 **Capital projects that are finance from own funds amounts to R7 978 723. These are the ward projects, etc.**
- 2.11 **Other expenditure amounts to R22 611 935 includes some of activities that will take place amongst others:**
- | | |
|---|-------------|
| -Employee Wellness | R1 161 600. |
| -Audit Fees | R2 034 534 |
| -Telephone | R 992 192 |
| -Departmental Accounts (Water, Electricity, Street lighting, etc) | R3 123 983 |
| -Fuel and Oil | R2 640 002 |
| -General Valuation Costs | R1 300 000 |
| -Insurance | R 1 208 129 |
| -Subsistence and Travel | R1 769 884 |
| -SALGA Membership | R 435 000 |
| -Electrical Rural Pump Costs for Water provision | R1 145 000 |
| -Telephone | R 844 649 |
| -Postage | R 199 220 |
| -Stationery and Printing | R 434 541 |
| -Tourism Strategy | R 410 000 |
| -SAIMSA Games | R 420 000 |
| -Skills Development and Training | R 443 100 |
| -LED Strategy | R 240 000 |
| -Brand Execution | R 260 000 |

The Budgeted Expenditure for 2012/2013 are R191 698 475 **which comprise of Operating Budget of R167 578 752 and the Capital budget of R24 119 723.** This represents an increase of 11.74 % in relation to the previous year's Capital total budget. A total increase of 13.9% is expected in the Operating Budget in relation the last year budget.

C. Tariff Increments

Tariffs expected increases for the 2012/2013 financial year are set out below. These are

1. Rates and taxes

- Residential properties increased by 6%
- Business Properties increased by 6.5%
- Guest Houses Properties increased by 6.5%
- State Owned Properties increased by 7.0%
- Agriculture properties will be levied according (residential properties) in the ratio 1:0,25

2. Electricity

- Basic fee will increase by 6%
- Prepaid electricity tariffs will be decrease (see tariff schedule)
Conventional meter electricity tariff
- 1-50 kWh increase by 5.5%
- 51-350 kWh increase by 11.89%
- 351 and more kWh units increase by 11.02%

3. Water

- Basic fee will increase by 6%.
- Water consumption will be increase by 6% in all blocks
- Water will be levied from the first kilolitre consumed.

4. Sewerage and sanitation

- Tariffs increased by 6%

5. Refuse removal

- Tariffs increased by 6%

6. All other secondary tariffs.

- Tariffs increased by 7%

D. Indigent households

A total of almost 3000 indigent households are expected to receive subsidized services every month. The subsidizes services include

1. 50 kWh of electricity	R36, 69
2. Water	R80, 36
➤ Basic fee	R55.87
➤ Consumption: 6000 litres (6kl) of water	<u>R24.49</u>

3. Monthly sewerage	R135, 38
4. Monthly refuse removal	R84, 41
Total monthly subsidized services to Indigent Households	R336, 84

Please note: Free Basic services amounts include Value added Tax(VAT)

All Indigent Households must re-apply for the subsidy from now to end of September 2012 in order to update our records and registers annually.

E. KEY BUDGET ISSUES

The MFMA and MFMA Circulars 13, 28, 51, 58 and 59 **states it clearly that Municipal Budgets must be realistic.**

1. INCOME

Income are being categorised under the following main sources:

1.1 RATES AND TAXES

Rates and taxes account for

- between 10% and 12% of the total operating revenue in relation to the 2012/2013 Budget.
- Conservative increment of 6.0% could be considered due to the inflation rate during January 2012 is currently at 6.1% and will still increase due high prices currently experienced.
- A separate levy category for business properties and guest houses will be implemented on the 01 July 2012.
- A separate levy category for state-owned properties will be implemented on the 01 July 2012.
- Agriculture properties will be levied as per MRPA ratio of 1:0,25. The phasing period is over except for the DMA area which still enjoy the phasing-in discount.
- Another factor that needs to be taken into consideration is the General Valuations of which the implementation date will be on the 01 July 2013 and the valuation date will be on the 01 July 2012.

1.2. ELECTRICITY

- Electricity is the biggest source of revenue for Municipality.
- Surplusses from the sale of electricity are being absorbed by the non income generated services.
- With eskom's annual tariff increment , the impact on electricity Consumption have to be taken into consideration.
- Any new developments that will contribute to a increase in demand of electricity.

- An total average increment of between 5 and 14% for the various block tariffs have been applied by Nersa.

1.3 WATER

- Historical data on consumption formed the trend when expected revenue was calculated.
- All consumers of water will be levied from the first killitre of water consumed.
- Provision needs to be made for new water connections i.e. households, new developments.
- Weather patterns influence the consumption water immensely.

1.4 SEWERAGES AND REFUSE

- -Historical data will be adjusted accordingly to determine the revenue for the fixed cost services.
- -New Developments, building of new houses will increase the revenue source.

1.5 FINES

- Traffic fines are expected to increase over the next few years due to the collection efforts initiated by Council.

1.6 OPERATING GRANTS AND SUBSIDIES

- -Almost 21 – 24 % of total operating income represent grants and subsidies received from National and Provincial Government.
- -A lot can be said about the allocations that we received but no amount of money will be ever enough for the challenges experienced by the Municipality.

1.7 CAPITAL GRANTS AND SUBSIDIES

- Mainly the capital infrastructural projects are being financed from grants received.
- These projects that are being executed are limited from the income sourcing provided by MIG allocations to Budget.
- Challenges are experienced with the proper alignment of sectoral departments budget to our Municipal Budget.

1.8 OTHER INCOME

- Other income represent also a substantial amount of the total operating income due to the fact that Prepaid Electricity is part of this revenue .
- The appointment of Service Providers for the Debt Collection and Revenue Enhancement will hopefully improve the revenue streams and cash position of Emthanjeni Municipality.

2. EXPENDITURE

2.1 EMPLOYEE COSTS

- -This category includes salaries and wages, aswell as social employee contributions.
- This can almost be seen as “fixed costs” as salaries need be paid every month.
- This represents will be the biggest expenditure category of the budget.

2.2 COUNCILLOR REMUNERATION

- As determined by the upper limits Gazette promulgated by Minister of COGTA

2.3 REPAIR AND MAINTENANCE

- This is the category that needs to be adequately provided for.
- Assets are old, and almost at the end of their usefull lives.
- New developments that are construction needs also to be maintained.
- A huge challenge that our Municipality experiencing is with new constructions, very liitle monies are received for the Repair and Maintenance of these new constructed infrastructure developments.
- Roads, Buildings, Equipment and Vehicle fleet need desperate attention.

2.4. BULK PURCHASES

2.4.1 ELECTRICITY

- -NERSA' s approval of ESKOM's annual electricity tariff impacts heavily on the current resources and payment levels.
- -Historical Data in terms of the purchasing of electricity will determine the provision of bulk purchases that takes the annual increases in consideration..
- Eskom tariff is influencing our annual electricity tariff to the core or bone.

2.4.2 WATER PURCHASES

- Mainly weather conditions during summer season will determine that demand of water that needs tobe mine (ground bore hole water). Due to the current wet season, the consumption levels of water is being affected.
- Interest rates linkes need to be considered especially with the Reserve Bank's policy on Macro Economic Strategy..

2.6. PROVISION FOR BAD DEBTS

- Social Economic Conditions within the Municipality needs to be taken into consideration.
- -Indigent Households needs to be determined and Indigent Household Register needs to be update bi-yearly or annually
- Payment ratio or the collection of income cannot be emphasized enough.
- Promised development that takes slow to kick-off impacts negatively on the payment percentages and payment levels of debtors.

2.7. DEPRECIATION

- The Net Depreciation amount is an result of the current depreciation less backlog depreciation due the increase in the values of all assets that increase from R200 million to R1000 million at 30 June 2009. The municipality needs to provide for this expense in terms of the approved Assets Policy where method of depreciation is outline, where applicable.

2.8. GENERAL COSTS

- -Fiscal discipline needs to be adhered to by all.
- -Fuel increases starts again to increase due to the United States of America instituted oil sanctions on Iran. The North African and Middle East Conflict/Crisis and unstability contributes to uncertain oil prices. Oil prices affects the end consumer very negatively.
- -Telephone Charges □ better internal control Mechand needs to enforced.
- -Limitation or strict control over the increment of other line items as this relegendary is a huge challenge for us.
- -General price increases will also contribute to linkes in general costs.
- -Subsistence and Travel must only be undertaken when enough funds are available on the budget.

2.9. CAPITAL PROJECTS

- Capital Projects that are finance from own source remains a challenge due to availability of funds, lack of proper planning, lack of proper costing to the projects.
- Too dependent on National and Provincial Government on funding for the execution of IDP projects.
- No real commitment from sector departments to align the Capital to our Capital programme.

F. ASSUMPTIONS

- National Treasury direction or guidelines on budget increases that must be in line with the macro economic strategy of between 3-6%
- Inflation is just outside the Reserve Bank parameters of 6% and current figures are at 6.1% in January 2012.
- Eskom tariff electrical approval from NERSA of 16% . The weighted average increment will be 13,2 % as from 01 July 2012 which , will not only have a direct impact on the sale and procurement of electricity but to price hikes in general.
- Salary increments has not yet been finalised this year for the new three year cycle. No indications exist that increase can be below or over 6% as Organised Labour and SALGA are only starting the process of wage negotiations. An 7.5% increase has been budgeted for salaries.
- Apart from the normal salary increments, Medical Aid Employers contributions increments will be between 8% and 12 %.. This places a heavier financial burden on the revenue sources and impacts on the tariif calculation as a whole.
- General increases in purchasing or Cost price of normal items increase on average between 10-15 % as in relation to the same period last year.

- Repair and Maintenance Costs together with labour costs of `repairing municipal assets also fall victim of the huge price hikes which needs to be taken into consideration.
- Various developments such as the Solar Energy Plants, Hospital R300m project , Shopping Mall, Smaller Franchises and the building of projects will impact on the current capacity of the infrastructure of the municipality which affects the preparation of the budget. These projects will hopefully realised during the financial year.

G. FORECASTING OF REVENUE AND EXPENDITURE

1. REVENUE

1.1. RATES AND TAXES

- Tariffs will increase by ± 6.0 % for households and businesses and state-owned properties will increase between 7% and 7.5% respectively.

1.2. ELECTRICITY

- Electricity Tariffs will increase on a total average of 12% for a consumption of 600khw and 14% for a consumption of 800khw as from 01 July 2012 for convetional electricity meters and an decrease in tariffs will be expected for prepaid electricity meters. See tariff schedule for more details.

1.3. WATER

- Water will increase by 6.0 %.
- All Economic active households will be levied from the first kilolitre of water.
- Only Indigent Households will be getting the first 6000 liters of water free as it is included their Free Basic Services Basket.

1.4. SEWERAGE AND REFUSE REMOVAL

- Both Tariffs wil increase by 6.0 %.

1.5. SECONDARY TARIFFS

- Secondary Tariffs will increase by ± 7 % for the 2012/2013 financial year.

The total budgeted average increment for all revenue sources will be ± 6 %.

2. EXPENDITURE

2.1 EMPLOYEE COSTS: SALARIES AND WAGES

- Salaries and wages has been provided at an increment of 7.5%

2.2 EMPLOYEE COSTS: SOCIAL CONTRIBUTIONS

- A provision of an average increment of 7.5 % will provided

2.3 REPAIR AND MAINTENANCE

- A provision of an average increment of 7 % will provided. However Repair and Maintenance expenditure increased by almost 16% in relation to last year. This show Council's commitment to the maintenance of all assets.

2.4 BULK PURCHASES

- Electricity purchases will increase on a weighed average of between 5 and 14 % from 01 July 2012 and water will increase on average of 7 %.

2.5 CAPITAL CHARGES

- An average increment of 10 % will be provided since expectations are in line with the cost of capital of about 10%

2.6 GENERAL COSTS

- A provision of an average increment of 7 % will provided.

2.7 PROVISION FOR BAD DEBTS

- A provision of an average increment of 9 % has been provided on all budgeted levied revenue.

3. GRAPHS

Attached the Budget information

- A1 Budget Schedule
- Chart on Total Income via GFS functions
- Chart on Total Expenditure via GFS functions
- Chart on the Tariffs and deficit

H. BUDGET ANALYSIS

- The overall increases during the 2011/2012 and 2012/2013 financial years reflects an annual increment of $\pm 13\%$ and in 2012/2013 budget year on average increment of between 6. – 8 % will be expected.
- The total tariff increment will be 6% which is in line with the expectations of National Treasury except the electricity tariff.
- Electricity tariffs increments are as per NERSA's guidelines.
- The general $\pm 6\%$ tariff increment is also in line with the current economic data available.
- The budget is realistic and external or macro economic factors as well as micro economic factors were taken into consideration. However, the municipality have no control over these macro conditions that impacts very heavily on the operations of the municipality. These are interest rates, fuel prices, inflation rates, high food prices, unemployment rate, and also statutory levies imposed by National and Provincial Governments, etc.
- The budget is very income generated driven and also focus on building and maintaining infrastructure development within the Emthanjeni Municipality.
- All budgeted income will be realised by the extensive efforts that will be enforced by the officialdom.
- Strict expenditure mechanisms will be enforced to ensure that the key Strategic Objectives of the municipality are executed.
- Budget is in line with the policies of council especially directed to the poorest of the poor with the provision of Free Basic Services to all qualified Indigent Households.
- Local Economic Development opportunities has been identified in order to provide sustainable LED projects for the communities.
- The budget is also biased towards the Indigent Households within the municipality.

I. BUDGET RELATED POLICIES

Council will adopt the following policies that were tabled to Council on 31 May 2012 with the Final Budget. The policies are

- (i) Revised IDP
- (ii) Revised Credit Control Policy
- (iii) Revised Indigent Policy
- (iv) Tariff Policy
- (v) Investment and Cash Management policy
- (vi) Service Delivery and Budget Implementation Plan (SDBIP)
- (vii) Revised Supply Chain Management Policy

J. CONCLUSION

The 2012/2013 budget is a infrastructure developmental budget which will aim to create jobs by investing in infrastructure assets. The budget is also income driven. Emthanjeni Municipality are committed towards sustainability and improvement of service delivery for all its residents. The various initiatives that Council will be undertaken will cement and concrete their mandate to improve the lives of all residents by focussing on the poor and create conducive environment for local economic development.

Table 1 Consolidated Overview of the 2012/13 MTREF

R thousand	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Operating Revenue	146,017	165,658	180,589	199,433
Total Operating Expenditure	144,201	167,579	185,381	199,854
<i>(Surplus)/Deficit for the year</i>	(1,816)	1,921	(4,792)	(421)
Total Capital Expenditure	13,566	16,141	17,027	18,011

Total operating revenue has grown by 8.3 per cent or R14, 931 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 8.26 and 9.5 per cent respectively, equating to a total revenue growth of R199.433 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R167.579 million and translates into a budgeted deficit of R1.921 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 13.58 per cent in the 2012/13 budget and by 12.86 and 7.37 per cent for each of the respective outer years of the MTREF. The operating (surplus) and deficit for the MTEF years mainly contributes the non-cash items of the budget.

The capital budget of R24.120 million for 2012/13 is 11.7 per cent more when compared to the 2011/12 Adjustment Budget. The increase is due to various MIG projects being initiated in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme increases by R2.831 million in the 2012/13 financial year and then evens out in 2014/15 to R25.591million. A substantial portion of the capital budget will be funded from government grants and transfers. The balance will be funded from internally generated funds.

The repayment of capital and interest (debt services costs) has substantially increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past three years. Consequently, the capital budget remains relatively flat over the medium-term. The partnership between Emthanjeni municipality and DBSA to fast tract the capital programme will bears fruit over the MTEF period.

1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 96 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- The recovering of outstanding arrears with the assistance of a debt collection firm.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2008/9	2009/10	2010/11	2012/13 Medium Term Revenue & Expenditure Framework			2012/13 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source									
Property rates	10,322	11,357	12,193	15,321	15,321	15,321	18,397	20,249	22,981
Property rates - penalties & collection charges	-	-	176	-	-	-	-	-	-
Service charges - electricity revenue	19,705	26,689	38,912	38,622	36,622	36,622	43,767	49,457	56,876
Service charges - water revenue	12,349	13,665	13,371	14,791	14,791	14,791	16,902	17,916	18,991
Service charges - sanitation revenue	8,929	9,815	9,011	11,183	11,183	11,183	11,991	12,711	13,474
Service charges - refuse revenue	5,395	5,784	4,696	6,664	6,664	6,664	7,182	7,613	8,070
Service charges - other	147	154	19	129	129	129	139	147	154
Rental of facilities and equipment	366	425	566	472	472	472	499	529	535
Interest earned - external investments	1,339	911	903	678	678	678	734	793	809
Interest earned - outstanding debtors	1,415	714	843	801	801	801	741	786	833
Dividends received	-	-	1	-	-	-	-	-	-
Fines	2,883	8,247	8,699	9,524	8,524	8,524	7,025	7,575	7,816
Licences and permits	1,020	1,052	1,086	1,095	1,097	1,097	1,160	1,230	1,304
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	23,141	34,590	41,478	34,885	34,885	34,885	38,311	41,558	44,715
Other revenue	9,636	16,090	3,826	14,646	14,845	14,845	17,807	20,018	22,870
Gains on disposal of PPE	444	352	17	5	5	5	6	6	6
Total Revenue (excluding capital transfers and contributions)	97,091	129,845	135,796	148,816	146,017	146,017	165,658	180,589	199,433

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework						
	R thousand	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source									
Property rates	15,321			18,397		20,249		22,981	
Property rates - penalties & collection charges	-			-		-		-	
Service charges - electricity revenue	36,622			43,767		49,457		56,876	
Service charges - water revenue	14,791			16,902		17,916		18,991	
Service charges - sanitation revenue	11,183			11,991		12,711		13,474	
Service charges - refuse revenue	6,664			7,182		7,613		8,070	
Service charges – other	129			139		147		154	
Rental of facilities and equipment	472			499		529		535	
Interest earned - external investments	678			734		793		809	
Interest earned - outstanding debtors	801			741		786		833	
Dividends received	-			-		-		-	
Fines	8,524			7,025		7,575		7,816	
Licences and permits	1,097			1,160		1,230		1,304	
Agency services	-			-		-		-	
Transfers recognised - operational	34,885			38,311		41,558		44,715	
Other revenue	14,845			17,807		20,018		22,870	
Gains on disposal of PPE	5			6		6		6	
Total Revenue (excluding capital transfers and contributions)	146,017			165, 658		180, 559		199, 433	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than ten percent of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R98, 379 million or 60.1 per cent. This increases to R108, 094 million, and R120, 546 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 60.1 per cent in 2012/13, to 61.3 per cent in 2013/14 and to 62.2 in 2014/15. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and

rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Property rates is the second largest revenue source totalling 11 per cent or R18, 397 million rand and increases to R22, 981 million by 2014/15. The third largest sources is water and it followed by Sewerage revenue realised. The 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R34, 845 million in the 2011/12 financial year and steadily increases to R39, 306 million by 2014/15. Note that the year-on-year growth for the 2012/13 financial year is 8, 5 per cent and then flattens out to 7,8 and 7,1 per cent in the two outer years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	19,153	26,531	29,962	32,680	32,680	32,680	37,623	39,762	42,803
Local Government Equitable Share	17,573	24,169	28,012	30,440	30,440	30,440	34,323	37,112	40,103
Finance Management	500	750	1,200	1,450	1,450	1,450	1,500	1,750	1,750
Municipal Systems Improvement	735	859	750	790	790	790	800	900	950
EPWP Incentive	-	-	-	-	-	-	1,000	-	-
Energy Efficiency and Demand Management	345	753	-	-	-	-	-	-	-
Provincial Government:	5,513	5,211	440	1,669	1,669	1,669	1,683	1,796	1,912
Health subsidy	845	-	-	979	979	979	1,001	1,056	1,114
Sport and Recreation	1,484	-	440	690	690	690	682	740	798
Housing	1,700	5,211	-	-	-	-	-	-	-
Other transfers/grants [insert description]	1,484	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	24,666	31,742	30,402	34,349	34,349	34,349	39,306	41,558	44,715

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

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

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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

1.4.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R3 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all agricultural properties as per the rates policy
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the

amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 6 per cent increase from 1 July 2011 is contained below:

Table 5 Comparison of proposed rates to levied for the 2012/13 financial year

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2012)
	c/R	c/R
Residential properties	1,3827	1,4657
State owned properties	1,3827	1,4726
Business & Commercial	1, 3827	1,4726
Agricultural	0,2274	0,03664
Vacant land	4,520	4,972

1.4.2 Sale of Water and Impact of Tariff Increases

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

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new water provision construction programmes and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Emthanjeni Municipality will increase water by 6 per cent from 1 July 2012.

Emthanjeni Municipality has undertaken a critical assessment of its capital infrastructure requirements. Regional Bulk Water's assessment indicates that for the extension of water resources in De Aar and Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice to upgrade infrastructure, hence the significant increase in the cost of water.

A tariff increase of 16 per cent from 1 July 2012 for water is proposed. This is based on input cost assumptions of between 5 to 15 per cent increase in the cost of bulk water to the water farmers. In addition 6 kℓ water per 30-day period will again be granted free of charge to all households.

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

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
Basic fee: Residential	46,24	49,01
(i) 1 to 6 kℓ per 30-day period	-	-
(ii) 7 to 15 kℓ per 30-day period	6,12	6,49
(iii) 16 to 30 kℓ per 30-day period	6,95	7,37
(iv) More than 30 kℓ per 30-day period	8,10	8,59
NON-RESIDENTIAL		
Basic fee: Business	234,42	248,49
(i) 1 to 6 kℓ per 30-day period	3,38	3,58
(ii) 7 to 15 kℓ per 30-day period	6,12	6,49
(iii) 16 to 30 kℓ per 30-day period	6,95	7,37
(iv) More than 30 kℓ per 30-day period	8,10	8,59

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

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
Basic Fee	46.24	49.01	2.27	6%
6	0	0	0	0 %
15	55.08	58,41	3.33	6%
25	124,58	132,11	7.53	6%
31	167,43	177.20	9.77	6%
51	329,43	349,00	19,57	6%
100	726,39	769,91	42,52	6%

The tariff structure of the 2011/12 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R8.59 per kilolitre for consumption in excess of 30kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13.5 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11.03 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	74,20	88,30	14,10	19%
250	185,50	220,75	35,25	19%
500	371,00	441,50	70,50	19%
750	556,50	662,25	105,75	19%
1 000	742,00	883,00	141,00	19%
2 000	1 484,00	1 766,00	282,00	19%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2012. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). Emthanjeni Municipality has implemented the Incline Block Tariff (IBT) structure since 01 July 2009.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. Most of the suburbs and network reticulation was designed or strengthened during the 1980's and 1990's with an expected 20-25 year life-expectancy. The upgrading of the municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

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

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes

approximately between 20 - 30 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigent households; and
- The network extension and upgrade of existing purification plants will impact on tariffs over the MTEF period.

The total revenue expected to be generated from rendering this service amounts to R11, 991 million for the 2012/13 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2011/12	PROPOSED TARIFF 2012/13
Residential Households	112.02	118.75
Business	156.59	165.99
Government	211.14	223.81

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit of R340 000 are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2012/13 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2011:

Table 10 Comparison between current waste removal fees and increases

Service	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
Tariff per households container per month or part of a month:	56,01	59,37
Tariff per Special refuse removal *	121,05	128,95

1.4.6 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 2,2 and 15.5 per cent, with the increase for indigent households closer to 2 per cent.

Table 11 MBRR Table SA14 – Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Rand/cent								% incr.				
Monthly Account for Household - 'Middle Income Range'	1											
Rates and services charges:												
Property rates		364.86	396.00	429.66	456.30	456.30	456.30	6.0%	483.68	512.70	543.46	
Electricity: Basic levy		79.56	85.92	93.22	99.00	99.00	99.00	6.0%	104.94	111.24	117.91	
Electricity: Consumption		490.00	656.60	771.50	881.38	881.38	881.38	22.0%	1,129.34	1,278.14	1,446.89	
Water: Basic levy		37.16	40.13	43.54	46.24	46.24	46.24	6.0%	49.01	51.96	55.07	
Water: Consumption		127.98	138.22	149.94	159.24	159.24	159.24	5.8%	168.96	179.10	189.84	
Sanitation		90.03	97.23	105.49	112.03	112.03	112.03	6.0%	118.75	125.88	133.43	
Refuse removal		56.13	60.62	65.78	69.86	69.86	69.86	6.0%	74.05	78.49	83.20	
Other												

		1,245.72	1,474.72	1,659.13	1,824.05	1,824.05	1,824.05	16.7%	2,128.73	2,337.51	2,569.80
		123.32	151.02	172.13	222.73	222.73	222.73		230.30	255.47	283.69
		1,369.04	1,625.74	1,831.26	2,046.78	2,046.78	2,046.78	15.3%	2,359.03	2,592.98	2,853.49
			18.8%	12.6%	11.8%	-	-		15.3%	9.9%	10.0%
sub-total											
VAT on Services											
Total large household bill:											
% increase/-decrease											
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		35.30	12.53	13.60	14.44	14.44	14.44	6.0%	15.31	16.22	17.20
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		303.78	408.36	452.50	485.87	485.87	485.87	11.1%	441.68	490.35	544.39
Water: Basic levy		37.16	40.13	43.54	46.24	46.24	46.24	6.0%	49.01	51.96	55.07
Water: Consumption		106.65	117.24	124.95	132.70	132.70	132.70	24.9%	144.31	152.97	162.15
Sanitation		90.06	97.23	105.49	112.03	112.03	112.03	6.0%	118.75	125.88	133.43
Refuse removal		56.13	60.62	65.78	69.86	69.86	69.86	6.0%	74.05	78.49	83.20
Other											
sub-total		629.08	736.11	805.86	861.14	861.14	861.14	10.0%	843.11	915.87	995.44
VAT on Services		85.90	101.65	114.41	126.55	126.55	126.55	9.7%	130.53	143.19	157.21
Total small household bill:		714.98	837.76	920.27	987.69	987.69	987.69	9.2%	973.64	1,182.13	1,297.36
% increase/-decrease			17.2%	9.8%	7.3%	-	-		(1.4)%	8.8%	8.8%
				0.43	0.26	1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		35.30	12.53	13.23	14.05	14.05	14.05	6.0%	14.89	15.79	16.73
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		33.60	43.01	37.85	40.16	40.16	40.16	5.0%	32.18	33.78	35.48

Water: Basic levy		37.16	40.13	43.54	46.24	46.24	46.24	6.0%	49.01	51.96	55.07
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		90.06	97.23	105.49	112.03	112.03	112.03	6.0%	118.75	125.88	133.43
Refuse removal		56.13	60.62	65.78	69.86	69.86	69.86	6.0%	74.05	78.49	83.20
Other											
	sub-total	252.25	253.52	265.89	282.34	282.34	282.34	2.3%	288.88	305.90	323.91
VAT on Services		29.53	33.74	35.37	37.87	37.87	37.87	9.8%	38.36	40.62	43.01
Total small household bill:		281.78	287.26	301.26	320.21	320.21	320.21	2.2%	327.24	346.52	366.92
% increase/-decrease			1.9%	4.9%	6.3%	-	-		2.2%	5.9%	5.9%

1.5 Operating Expenditure Framework

Emthanjeni Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by standard classification item

Description	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework
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R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type										
Employee related costs	34,511	38,033	51,444	47,528	47,040	47,040	-	53,434	59,180	63,112
Remuneration of councilors	2,880	3,053	3,223	3,521	3,483	3,483		3,503	6,237	6,601
Debt impairment	50,473	15,864	16,599	10,900	7,501	7,501		8,217	8,627	9,145
Depreciation & asset impairment	21,583	12,921	47,709	11,516	1,471	1,471	-	7,924	8,479	8,987
Finance charges	985	2,486	755	2,162	1,507	1,507		1,121	1,155	1,137
Bulk purchases	15,578	20,852	26,380	34,028	34,028	34,028	-	38,142	44,194	51,210
Other materials	8,037	17,331	9,544	14,782	9,239	9,239		11,017	11,678	12,197
Contracted services	587	6,041	8,980	6,272	5,772	5,772	-	6,989	6,949	7,366
Transfers and grants	6,388	10,834	568	22,674	12,671	12,671	-	12,630	13,642	14,470
Other expenditure	11,931	8,650	18,492	15,304	21,489	21,489	-	24,602	25,239	25,629
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Expenditure	152,954	136,065	183,694	168,687	144,201	144,201	-	167,579	185,381	199,854

The budgeted allocation for employee related costs for the 2012/13 financial year totals R53, 434 million, which equals 31.9 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.0 per cent for the 2012/13 financial year. An annual increase of 7.0 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies only departmental prioritization of critical vacancies within the Municipality has been budgeted for. In addition expenditure against overtime must significantly be managed to reduced costs, with provisions against this budget item only being provided for essential services and other critical functions.

The settlement was not yet reached by the SALGBC parties in the salary dispute resulted in a further financial implication on this area of expenditure. A preliminary amount of R188 204 has been included in the 2012/13 MTREF. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

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

The provision of debt impairment was determined based on an annual collection rate of 96 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year this amount equates to R8, 217 million and escalates to R9,145 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total a Net of R7, 924 million for the 2012/13 financial and equates to 4.8 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,0 per cent (R1, 12 million) of operating expenditure excluding annual redemption for 2012/13 and increases to R1, 137 million by 2014/15.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Farmers within the municipal boundaries. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R6, 563 million and has decline over the past two years, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 6.2 and 6.1 per cent. . Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

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. Growth has been limited to 5 per cent for 2012/13 and curbed at 6.2 and 5.9 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

The following table gives a breakdown of the main operating expenditure categories for the 2012/13 financial year.

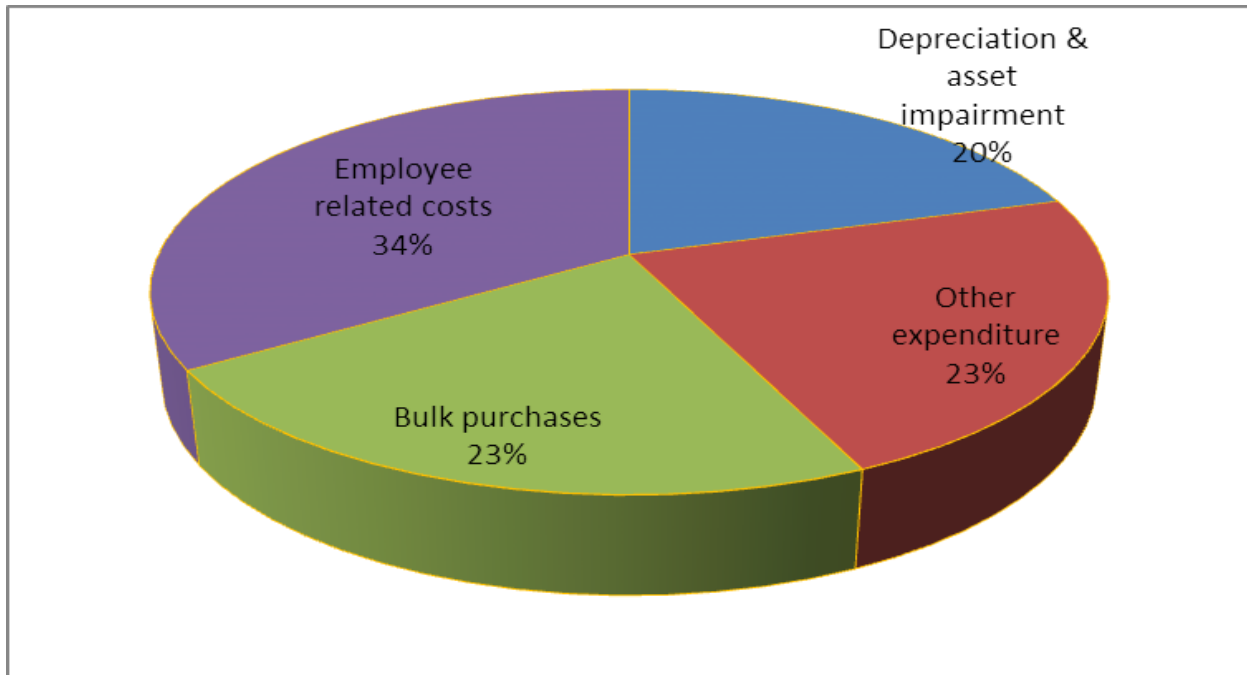


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 13 Operational repairs and maintenance

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and Maintenance by Expenditure Item										
Employee related costs	651	861	858	1,478	–	–		–	–	–
Other materials	5,336	7,059	6,013	12,121	9,239	9,239		7,274	7,679	8,078
Contracted Services	390	516	2,672	887	–	–		3,743	3,925	4,119
Other Expenditure	130	171	–	296	–	–		–	–	–
Total Repairs and Maintenance Expenditure	6,507	8,607	9,544	14,782	9,239	9,239	–	11,017	11,604	12,197

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was gradually increased by 16.2 per cent in the 2012/13 financial year, from R9, 239 million to R12. 197 million. During the 2012 Adjustment Budget this allocation was adjusted slightly downwards to R9, 239 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2012/13 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2012/13 equates to R34, 818 million a growth of 16.13 per cent in relation to the Adjustment Budget and continues to grow at 5.3 and 6 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 6.6, 6.1 and 5.9 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 14 Repairs and maintenance per asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
<u>Depreciation & asset impairment</u>	21,583	12,921	47,709	11,516	1,471	1,471	7,924	8,479	8,987
<u>Repairs and Maintenance by Asset Class</u>	6,507	8,607	9,544	14,782	9,239	9,239	11,017	11,604	12,197
<i>Infrastructure - Road transport</i>	–	2,200	776	2,365	1,479	1,479	1,368	1,455	1,542
<i>Infrastructure – Electricity</i>	–	–	116	1,626	968	968	1,595	1,697	1,804
<i>Infrastructure – Water</i>	4,013	–	841	1,035	405	405	749	797	851
<i>Infrastructure – Sanitation</i>	1,233	4,025	905	163	88	88	712	758	805
<i>Infrastructure – Other</i>	–	300	711	2,513	1,365	1,365	711	755	801
Infrastructure	5,246	6,525	3,350	7,702	4,306	4,306	5,136	5,462	5,803
Community	–	230	970	2,302	1,622	1,622	1,626	1,738	1,846
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	158	167	177
Other assets	1,261	1,852	5,224	4,779	3,312	3,312	4,098	4,237	4,371
TOTAL EXPENDITURE OTHER ITEMS	28,090	21,528	57,253	26,298	10,710	10,710	18,941	20,083	21,185

For the 2012/13 financial year, 46.6 per cent or R5, 136 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 14.48 per cent (R1, 595 million), followed by road infrastructure at 12.42 per cent (R1, 368 million), water at 7 per cent (R749 000) and sanitation at 6,5 per cent (R712 000). Community assets has been allocated R1, 626 million of total repairs and maintenance equating to 14.76 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The target is to register 3 000 or more indigent households during the 2012/13 financial year, a process reviewed annually by the end of September. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on **page 38**.

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

1.6 Capital expenditure

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

Table 15 2012/13 Medium-term capital budget per vote

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Capital Expenditure – Standard											
Governance and administration		438	2,453	980	2,597	3,229	3,229	–	1,892	2,180	2,310
Executive and council	111	334	334	336	430	631	631		209	221	234
Budget and treasury office	302	1,754	1,754	111	1,467	1,898	1,898		1,296	1,479	1,568
Corporate services	25	365	365	533	700	700	700		387	479	508
Community and public safety		849	690	1,181	1,150	1,150	1,150	–	1,901	1,471	1,260
Community and social services	126	40	40	857	1,000	1,000	1,000		1,316	798	546
Sport and recreation	64	85	85	110	–	–	–		95	101	107
Public safety	184	125	125	55	150	150	150		470	551	584
Housing	475	400	400	159	–	–	–		–	–	–
Health	–	40	40	–	–	–	–		20	21	23
Economic and environmental services		2,847	2,442	5,732	3,528	3,528	3,528	–	3,480	14,212	17,085
Planning and development	2	419	419	–	300	300	300		19	20	21
Road transport	2,845	2,023	2,023	5,732	3,228	3,228	3,228		3,461	14,192	17,063
Environmental protection	–	–	–	–	–	–	–		–	–	–
Trading services		5,311	11,154	16,490	13,382	13,382	13,382	–	16,847	6,721	4,936
Electricity	43	1,863	1,863	981	1,051	1,051	1,051		800	848	848
Water	8	1,008	1,008	6,649	6,331	6,331	6,331		10,195	5,518	4,030
Waste water management	4,646	7,613	7,613	7,258	6,000	6,000	6,000		5,200	300	–
Waste management	614	670	670	1,603	–	–	–		652	55	58
Other		1	–	–	–	–	–		–	–	–
Total Capital Expenditure – Standard	3	9,446	16,739	24,384	20,657	21,289	21,289	–	24,120	24,584	25,591

For 2012/13 an amount of R24, 085 million has been budgeted for the development of assets. Infrastructure Assets represents 82.53 per cent of the total capital budget. In the outer years this amount totals R20, 933 million, 85.15 per cent and R22.021 million, 86.1 per cent respectively for each of the financial years. Water receives the highest allocation of R10, 195 million followed by Sanitation of R5, 200 million in 2012/13 financial years. Transport and roads will receive the highest allocation of R14, 195 million in 2013/14 and R17, 063 million in 2014/15 which equates to 57,73 percent and 66,68 percent respectively in the outer financial year followed by water infrastructure at 22.45 per cent, R5, 518 million and at 15.75 per cent, R4, 030 million.

Total new assets represent 67.2 per cent or R16. 186 million of the total capital budget while asset renewal equates to 32.8 per cent or R7.899 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

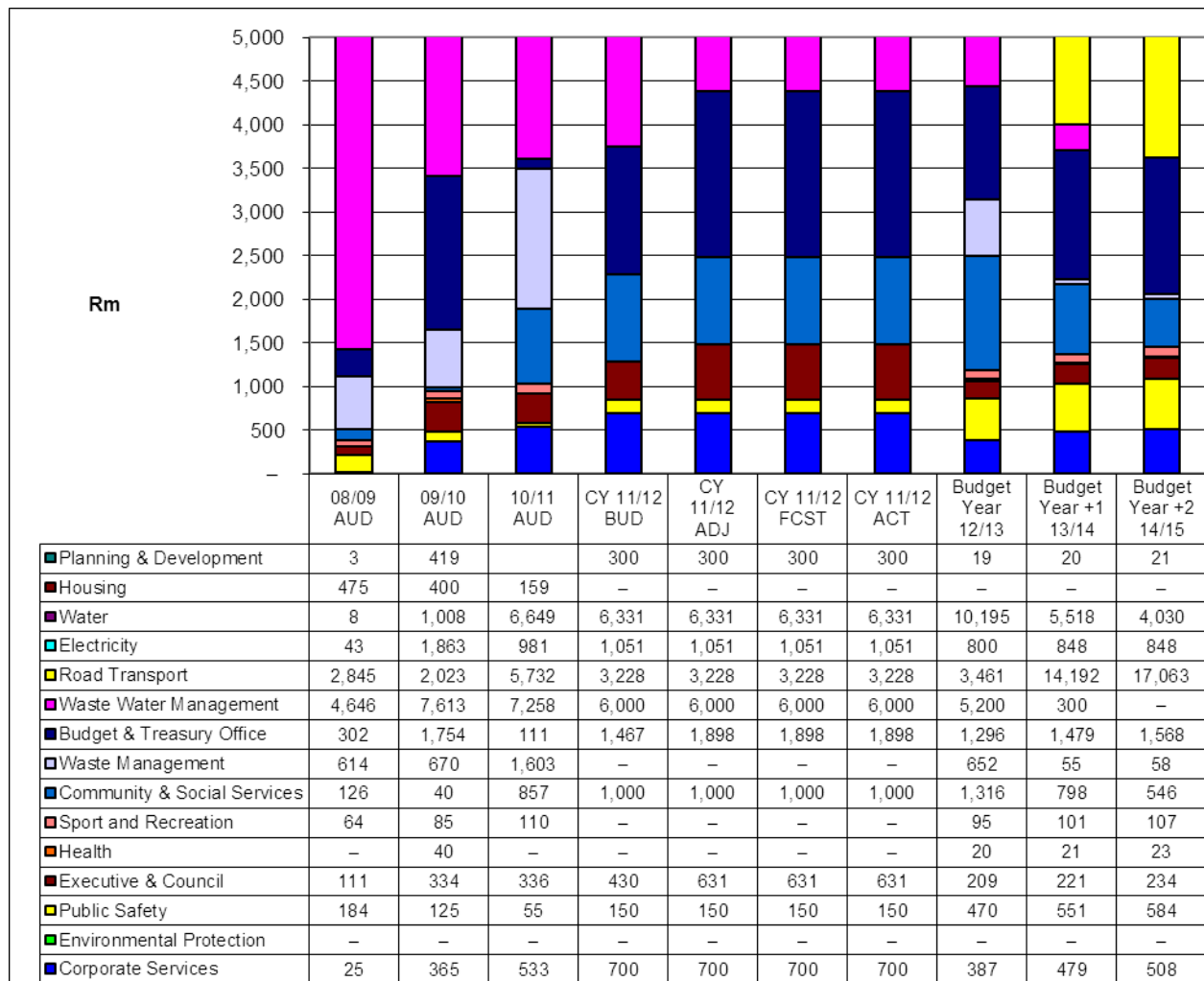


Figure 2 Capital Infrastructure Programme

1.7 Annual Budget Tables - Emthanjeni Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the

Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 16 MBRR Table A1 - Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	10,322	11,357	12,369	15,321	15,321	15,321	–	18,397	20,249	22,981
Service charges	46,525	56,107	66,009	71,389	69,389	69,389	–	79,982	87,845	97,565
Investment revenue	1,339	911	903	678	678	678	–	734	793	809
Transfers recognised - operational	23,141	34,590	41,478	34,885	34,885	34,885	–	39,306	41,558	44,715
Other own revenue	15,764	26,880	15,037	26,543	25,744	25,744	–	27,239	30,144	33,364
Total Revenue (excluding capital transfers and contributions)	97,091	129,845	135,796	148,816	146,017	146,017	–	165,658	180,589	199,433
Employee costs	34,511	38,033	51,444	47,528	47,040	47,040	–	53,434	65,282	69,968
Remuneration of councillors	2,880	3,053	3,223	3,521	3,483	3,483	–	3,503	6,237	6,601
Depreciation & asset impairment	21,583	12,921	47,709	11,516	1,471	1,471	–	7,924	8,479	8,987
Finance charges	985	2,486	755	2,162	1,507	1,507	–	1,121	1,155	1,137
Materials and bulk purchases	23,615	38,183	35,924	48,810	43,267	43,267	–	49,159	55,872	63,407
Transfers and grants	6,388	10,834	568	22,674	12,671	12,671	–	12,630	13,642	14,470
Other expenditure	62,991	30,555	44,071	32,476	34,762	34,762	–	39,808	40,816	42,140
Total Expenditure	152,954	136,065	183,694	168,687	144,201	144,201	–	167,579	191,482	206,710
Surplus/(Deficit)	(55,863)	(6,220)	(47,898)	(19,871)	1,816	1,816	–	(1,921)	(10,894)	(7,278)
Transfers recognised - capital	5,159	9,690	–	13,566	13,566	13,566	–	16,141	17,027	18,011
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	–	14,220	6,133	10,733
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	–	14,220	6,133	10,733
Capital expenditure & funds sources										
Capital expenditure	9,446	16,739	24,384	20,657	21,289	21,289	–	24,120	24,584	25,591
Transfers recognised - capital	5,599	13,287	10,358	13,566	13,566	13,566	–	16,141	17,027	18,011
Public contributions & donations	–	–	978	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–

	-	-	9,000	-	-	-	-	-	-	-
Internally generated funds	3,847	3,452	4,048	7,091	7,723	7,723	-	7,979	7,557	7,580
Total sources of capital funds	9,446	16,739	24,384	20,657	21,289	21,289	-	24,120	24,584	25,591
Financial position										
Total current assets	26,685	30,741	64,307	38,679	38,679	38,679	-	71,981	77,197	82,532
Total non current assets	537,458	231,415	823,409	249,319	249,320	249,320	-	828,660	894,608	948,055
Total current liabilities	17,865	23,744	16,012	23,127	23,127	23,127	-	16,376	17,031	17,654
Total non current liabilities	20,566	25,494	41,047	39,519	39,519	39,519	-	40,379	42,802	45,370
Community wealth/Equity	525,712	212,919	830,657	225,353	225,353	225,353	-	843,886	911,972	967,563
Cash flows										
Net cash from (used) operating	10,422	22,025	11,881	18,318	18,120	18,120	-	30,750	32,595	34,551
Net cash from (used) investing	460	(22,731)	(24,354)	125	125	125	-	(23,998)	(25,438)	98
Net cash from (used) financing	(1,535)	1,333	7,726	(1,709)	(1,709)	(1,709)	-	(2,245)	(2,427)	(2,623)
Cash/cash equivalents at the year end	9,432	10,059	5,313	22,047	21,849	21,849	5,313	10,458	15,189	47,214
Cash backing/surplus reconciliation										
Cash and investments available	7,454	9,479	5,321	13,787	13,787	13,787	-	11,008	12,051	13,606
Application of cash and investments	(11,972)	(229)	(833)	(8,032)	(8,242)	(8,242)	2,253	(10,018)	(10,689)	(10,657)
Balance - surplus (shortfall)	19,426	9,708	6,154	21,819	22,029	22,029	(2,253)	21,026	22,740	24,263
Asset management										
Asset register summary (WDV)	537,396	231,373	823,171	249,301	249,301	249,301	828,474	828,474	894,431	947,887
Depreciation & asset impairment	21,583	12,921	47,709	11,516	1,471	1,471	7,924	7,924	8,479	8,987
Renewal of Existing Assets	4,654	8,506	5,667	9,814	9,814	9,814	9,814	8,742	7,557	7,580
Repairs and Maintenance	6,507	8,607	9,544	14,782	9,239	9,239	11,017	11,017	11,604	12,197
Free services										
Cost of Free Basic Services provided	9,118	7,655	9,577	10,472	10,472	10,472	12,993	12,993	14,906	16,475
Revenue cost of free services provided	9,118	7,655	9,577	10,472	10,472	10,472	12,993	12,993	14,906	16,475
Households below minimum service level										
Water:	0	-	0	-	-	-	-	-	-	-
Sanitation/sewerage:	0	0	0	0	0	0	0	0	1	1
Energy:	0	0	0	0	0	0	0	0	1	1
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/(deficit) (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the adopted policies. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the free basic water maybe increase from 6kl to 12kl for Indigent Households.

Table 17 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue – Standard									
<i>Governance and administration</i>	23,261	26,571	28,815	33,833	33,334	33,334	38,755	42,587	47,008
Executive and council	2,402	1,888	1,589	1,912	1,912	1,912	2,705	3,262	3,714
Budget and treasury office	20,537	24,656	27,201	31,885	31,386	31,386	36,010	39,282	43,248
Corporate services	322	27	25	36	36	36	40	43	45
<i>Community and public safety</i>									

	7,341	15,413	12,283	10,348	11,020	11,020	9,573	10,288	10,911
Community and social services	834	726	793	338	1,099	1,099	1,181	1,270	1,357
Sport and recreation	169	713	1,054	82	14	14	18	19	20
Public safety	3,806	8,735	9,077	9,910	8,910	8,910	7,354	7,923	8,399
Housing	1,727	5,239	1,109	18	18	18	19	20	21
Health	804	–	249	–	979	979	1,001	1,056	1,114
Economic and environmental services	2,712	1,150	3,674	15,157	16,192	16,192	19,141	19,176	20,263
Planning and development	3	572	3,090	14,535	15,571	15,571	18,483	18,478	19,523
Road transport	2,709	578	584	622	621	621	658	698	740
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	68,936	96,401	91,024	103,045	99,037	99,037	114,330	125,565	139,262
Electricity	30,168	44,532	48,993	54,447	52,647	52,647	63,176	71,178	81,386
Water	14,567	16,619	14,905	19,826	17,619	17,619	20,021	21,254	22,574
Waste water management	15,909	25,389	16,940	17,878	17,877	17,877	19,380	20,624	21,973
Waste management	8,292	9,861	10,186	10,894	10,894	10,894	11,754	12,509	13,330
Other	–	–	–	–	–	–	–	–	–
Total Revenue – Standard	102,250	139,535	135,796	162,382	159,583	159,583	181,799	197,616	217,444
<u>Expenditure – Standard</u>									
Governance and administration	48,079	30,170	38,031	35,443	33,425	33,425	40,878	48,470	50,128
Executive and council	28,957	13,475	18,117	9,636	10,244	10,244	10,947	14,823	15,791
Budget and treasury office	14,140	9,646	12,335	15,955	15,273	15,273	17,942	20,011	21,144
Corporate services	4,982	7,049	7,579	9,852	7,908	7,908	11,990	13,635	13,193
Community and public safety	11,599	25,526	25,549	16,713	18,337	18,337	22,728	25,967	27,685
Community and social services	3,788	4,636	12,195	5,753	8,191	8,191	10,576	12,161	12,982
Sport and recreation	2,540	3,268	501	3,283	676	676	674	762	814
Public safety	2,611	9,555	9,017	4,143	6,284	6,284	9,123	10,187	10,836
Housing	2,342	7,760	3,619	3,159	2,987	2,987	2,139	2,626	2,807
Health	318	307	217	375	199	199	217	230	245
Economic and environmental services	11,695	14,339	57,764	27,887	21,832	21,832	41,441	42,684	45,094
Planning and development	4,848	4,876	7,850	13,288	11,275	11,275	25,471	25,810	27,250
Road transport	6,847	9,463	49,915	14,599	10,557	10,557	15,970	16,874	17,844
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	80,595	65,107	60,738	86,754	68,948	68,948	84,683	89,579	99,055
Electricity	40,318	36,909	34,634	42,478	44,498	44,498	52,585	54,119	61,248
Water	17,317	8,272	8,147	19,220	11,431	11,431	9,289	10,298	11,083

Waste water management	13,669	10,905	8,515	13,971	3,826	3,826	10,399	11,615	12,330
Waste management	9,291	9,021	9,442	11,085	9,193	9,193	12,411	13,547	14,394
<i>Other</i>	985	923	1,611	1,890	1,659	1,659	1,967	3,266	3,483
Total Expenditure – Standard	152,954	136,065	183,694	168,687	144,201	144,201	191,698	209,964	225,445
-Surplus/(Deficit) for the year	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	(9,899)	(12,348)	(8,001)

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 14 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 18 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	2,402	1,888	1,589	1,912	1,912	1,912	2,705	3,262	3,714
Vote 2 - FINANCE AND ADMINISTRATION	20,858	23,071	27,226	31,922	31,422	31,422	36,050	39,325	43,294
Vote 3 - PLANNING AND DEVELOPMENT	3	572	3,090	14,535	15,571	15,571	18,483	18,478	19,523
Vote 4 – HEALTH	804	–	249	979	979	979	1,001	1,056	1,114
Vote 5 - COMMUNITY AND SOCIAL SERVICES	836	725	731	338	1,031	1,031	1,113	1,198	1,281
Vote 6 - PUBLIC SAFETY	3,805	10,347	9,077	9,910	8,910	8,910	7,354	7,923	8,399
Vote 7 - SPORT AND RECREATION	169	713	1,117	82	82	82	86	91	96
Vote 8 - ROAD TRANSPORT	2,709	578	584	621	621	621	658	698	740
Vote 9 – OTHER	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES	1,727	5,239	1,109	18	18	18	19	20	21
Vote 11 - WASTE MANAGEMENT	8,292	9,861	10,186	10,894	10,894	10,894	11,754	12,509	13,330

Vote 12 - WASTE WATER MANAGEMENT	15,909	25,391	16,940	19,106	17,877	17,877	19,380	20,624	21,973
Vote 13 - ELECTRICITY	30,168	44,532	48,993	54,447	52,647	52,647	63,176	71,178	81,386
Vote 14 - WATER	14,567	16,619	14,905	17,619	17,619	17,619	20,021	21,254	22,574
Total Revenue by Vote	102,250	139,535	135,796	162,382	159,583	159,583	181,799	197,616	217,444
<i>Expenditure by Vote to be appropriated</i>									
Vote 1 - EXECUTIVE AND COUNCIL	28,821	10,509	17,987	9,237	9,845	9,845	10,605	14,382	15,322
Vote 2 - FINANCE AND ADMINISTRATION	19,257	16,761	20,044	26,206	23,580	23,580	30,274	34,087	34,806
Vote 3 - PLANNING AND DEVELOPMENT	4,848	4,877	7,850	9,167	11,275	11,275	25,471	25,810	27,250
Vote 4 - HEALTH	318	307	217	375	199	199	217	230	245
Vote 5 - COMMUNITY AND SOCIAL SERVICES	3,788	4,636	10,148	5,753	5,584	5,584	7,651	8,801	9,394
Vote 6 - PUBLIC SAFETY	2,611	9,555	9,017	4,144	6,284	6,284	9,123	10,187	10,836
Vote 7 - SPORT AND RECREATION	2,540	3,268	2,549	3,283	3,283	3,283	3,599	4,122	4,402
Vote 8 - ROAD TRANSPORT	6,847	12,375	49,915	7,426	10,557	10,557	15,970	16,874	17,844
Vote 9 - OTHER	987	921	1,611	1,889	1,659	1,659	1,967	3,266	3,483
Vote 10 - HOUSING SERVICES	2,342	7,760	3,619	3,159	2,987	2,987	2,139	2,626	2,807
Vote 11 - WASTE MANAGEMENT	9,292	9,019	9,442	11,085	9,193	9,193	12,411	13,547	14,394
Vote 12 - WASTE WATER MANAGEMENT	12,139	10,905	8,515	13,971	3,826	3,826	10,399	11,615	12,330
Vote 13 - ELECTRICITY	40,316	36,900	34,634	53,772	44,498	44,498	52,585	54,119	61,248
Vote 14 - WATER	18,847	8,272	8,147	19,220	11,431	11,431	9,289	10,298	11,083
Total Expenditure by Vote	152,954	136,065	183,694	168,687	144,201	144,201	191,698	209,964	225,445
Surplus/(Deficit) for the year	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	(9,899)	(12,348)	(8,001)

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 19 Surplus/(Deficit) calculations for the trading services

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Electricity										
Total Revenue (incl capital grants and transfers)	30,168	44,532	48,993	54,447	52,647	52,647		63,176	71,178	81,386
Operating Expenditure	40,316	36,900	34,634	53,772	44,498	44,498	–	52,585	54,119	61,248
Surplus/(Deficit) for the year	(10, 148)	7, 632	14, 359	675	8, 149	8, 142	–	10,591	17,059	20,138
Percentage Surplus	(34%)	17%	29%	1%	15%	15%	–	17%	24%	25%
Water										
Total Revenue (incl capital grants and transfers)	14,567	16,619	14,905	17,619	17,619	17,619		20,026	21,254	22,574
Operating Expenditure	18,847	8,272	8,147	19,220	11,431	11,431	–	9,501	10,298	11,083
Surplus/(Deficit) for the year	(4,280)	8,347	6,758	(1,601)	6,188	6,188	–	10,525	10,956	11,491
Percentage Surplus	(29%)	50%	45%	9%	35%	35%	–	53%	52%	51%

2. The electricity trading surplus improved over the 2012/13 MTREF from (34) per cent or R919 million in 2012/13 to 51 per cent by 2013/14. This is primarily as a result of capital projects and grants as well as the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains positive over the MTREF translating into a surplus of 53 per cent, 52 per cent and 51 per cent for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

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

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source										
Property rates	10,322	11,357	12,193	15,321	15,321	15,321	–	18,397	20,249	22,981
Property rates - penalties & collection charges	–	–	176	–	–	–	–	–	–	–
Service charges - electricity revenue	19,705	26,689	38,912	38,622	36,622	36,622	–	43,767	49,457	56,876
Service charges - water revenue	12,349	13,665	13,371	14,791	14,791	14,791	–	16,902	17,916	18,991
Service charges - sanitation revenue	8,929	9,815	9,011	11,183	11,183	11,183	–	11,991	12,711	13,474
Service charges - refuse revenue	5,395	5,784	4,696	6,664	6,664	6,664	–	7,182	7,613	8,070
Service charges - other	147	154	19	129	129	129		139	147	154
Rental of facilities and equipment	366	425	566	472	472	472		499	529	535
Interest earned - external investments	1,339	911	903	678	678	678		734	793	809
Interest earned - outstanding debtors	1,415	714	843	801	801	801		741	786	833
Dividends received	–	–	1	–	–	–		–	–	–
Fines	2,883	8,247	8,699	9,524	8,524	8,524		7,025	7,575	7,816
Licences and permits	1,020	1,052	1,086	1,095	1,097	1,097		1,160	1,230	1,304
Agency services	–	–	–	–	–	–		–	–	–
Transfers recognised - operational	23,141	34,590	41,478	34,885	34,885	34,885		39,306	41,558	44,715
Other revenue	9,636	16,090	3,826	14,646	14,845	14,845	–	17,807	20,018	22,870
Gains on disposal of PPE	444	352	17	5	5	5		6	6	6
Total Revenue (excluding capital transfers and contributions)	97,091	129,845	135,796	148,816	146,017	146,017	–	165,658	180,589	199,433
Expenditure By Type										
Employee related costs	34,511	38,033	51,444	47,528	47,040	47,040	–	53,434	59,180	63,112
Remuneration of councillors	2,880	3,053	3,223	3,521	3,483	3,483		3,503	6,237	6,601
Debt impairment	50,473	15,864	16,599	10,900	7,501	7,501		8,217	8,627	9,145
Depreciation & asset impairment	21,583	12,921	47,709	11,516	1,471	1,471	–	7,924	8,479	8,987
Finance charges	985	2,486	755	2,162	1,507	1,507		1,121	1,155	1,137
Bulk purchases	15,578	20,852	26,380	34,028	34,028	34,028	–	38,142	44,194	51,210
Other materials	8,037	17,331	9,544	14,782	9,239	9,239		11,017	11,678	12,197
Contracted services	587	6,041	8,980	6,272	5,772	5,772	–	6,989	6,949	7,366
Transfers and grants	6,388	10,834	568	22,674	12,671	12,671	–	12,630	13,642	14,470
Other expenditure	11,931	8,650	18,492	15,304	21,489	21,489	–	24,602	25,239	25,629
Loss on disposal of PPE										

	-	-	-	-	-	-	-	-	-	-
Total Expenditure	152,954	136,065	183,694	168,687	144,201	144,201	-	167,579	185,381	199,854
Surplus/(Deficit)	(55,863)	(6,220)	(47,898)	(19,871)	1,816	1,816	-	(1,921)	(4,792)	(421)
Transfers recognised - capital	5,159	9,690	-	13,566	13,566	13,566	-	16,141	17,027	18,011
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	-	14,220	12,235	17,590
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	-	14,220	12,235	17,590
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	-	14,220	12,235	17,590
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	-	14,220	12,235	17,590

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

1. Total revenue is R181, 799 million in 2012/13 and escalates to R197.616 million by 2013/14. This represents a year-on-year increase of 11.3 per cent for the 2012/13 financial year and 8.91 per cent for the 2013/14 financial year.
2. Revenue to be generated from property rates is R18, 397 million in the 2012/13 financial year and increases to R22.981 million by 2014/15 which represents 11 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R79, 982 million for the 2012/13 financial year and increasing to R87.845 million by 2013/14 and increasing to R97.565 million by 2014/15. For the 2012/13 financial year services charges amount to 56 per cent of the total revenue base and grows by 6 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 23.01 per cent and 22.42 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.

5. The following graph illustrates the major expenditure items per type.

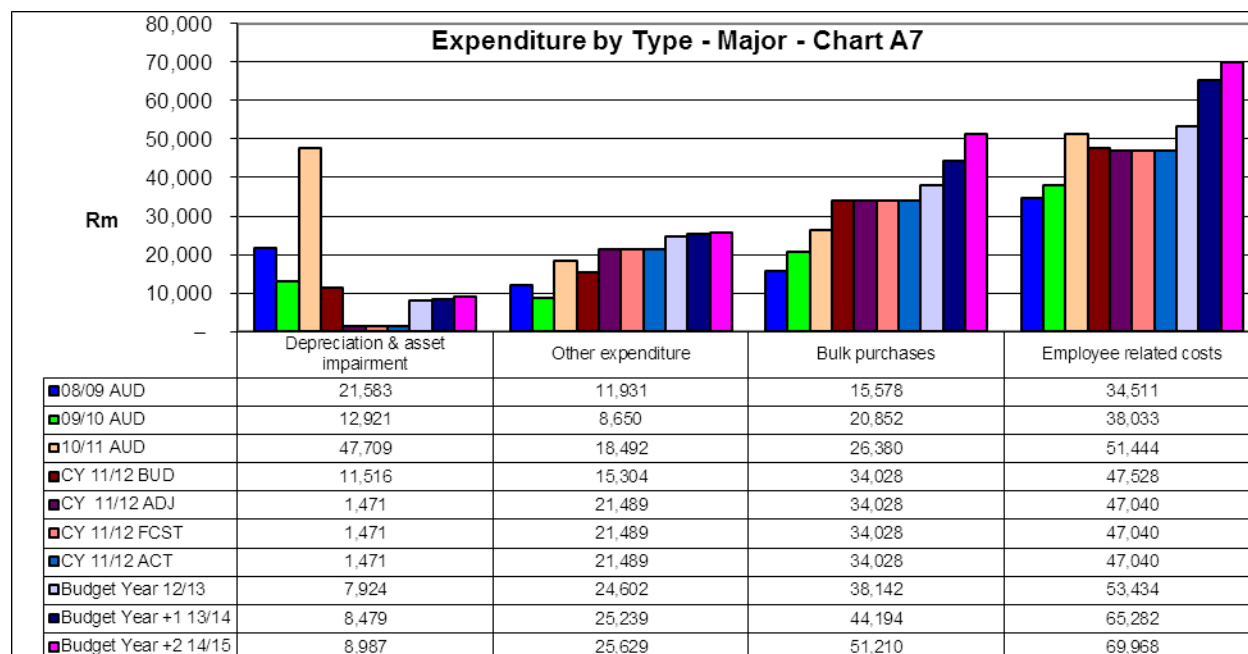


Figure 3 Expenditure by major type

- Bulk purchases have significantly increased over the 2008/09 to 2014/15 period escalating from R15, 578 million to R51, 210 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from the water contracts with farmers.
- Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - EXECUTIVE AND COUNCIL	111	167	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION	302	1,052	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT	2	15	-	-	-	-	-	-	-	-
Vote 4 - HEALTH	-	40	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES	126	40	857	-	-	-	-	508	750	496
Vote 6 - PUBLIC SAFETY	184	125	-	-	-	-	-	-	-	-

Vote 7 - SPORT AND RECREATION	64	85	-	-	-	-	-	-	-	-
Vote 8 - ROAD TRANSPORT	2,845	2,023	3,430	-	-	-	-	-	11,227	14,000
Vote 9 - OTHER	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES	475	400	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT	614	670	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT	4,672	7,613	4,380	-	-	-	-	5,200	300	-
Vote 13 - ELECTRICITY	43	1,863	-	-	-	-	-	-	-	-
Vote 14 - WATER	8	2,646	6,252	6,306	6,306	6,306	-	10,178	5,500	4,011
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	9,446	16,739	14,918	6,306	6,306	6,306	-	15,886	17,777	18,506
<u>Single-year expenditure to be appropriated</u>										
Vote 1 - EXECUTIVE AND COUNCIL	-	-	336	430	631	631	-	209	221	234
Vote 2 - FINANCE AND ADMINISTRATION	-	-	644	2,167	2,598	2,598	-	1,643	1,959	2,076
Vote 3 - PLANNING AND DEVELOPMENT	-	-	-	300	300	300	-	19	20	21
Vote 4 - HEALTH	-	-	-	-	-	-	-	20	21	23
Vote 5 - COMMUNITY AND SOCIAL SERVICES	-	-	-	1,000	1,000	1,000	-	808	48	51
Vote 6 - PUBLIC SAFETY	-	-	55	150	150	150	-	470	551	584
Vote 7 - SPORT AND RECREATION	-	-	110	-	-	-	-	95	101	107
Vote 8 - ROAD TRANSPORT	-	-	2,303	3,228	3,228	3,228	-	3,461	2,965	3,063
Vote 9 - OTHER	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES	-	-	159	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT	-	-	1,603	-	-	-	-	652	55	58
Vote 12 - WASTE WATER MANAGEMENT	-	-	2,878	6,000	6,000	6,000	-	-	-	-
Vote 13 - ELECTRICITY	-	-	981	1,051	1,051	1,051	-	800	848	848
Vote 14 - WATER	-	-	397	25	25	25	-	17	18	19
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	9,466	14,351	14,983	14,983	-	8,234	6,807	7,084
Total Capital Expenditure - Vote	9,446	16,739	24,384	20,657	21,289	21,289	-	24,120	24,584	25,591
<u>Capital Expenditure - Standard</u>										
Governance and administration	438	2,453	980	2,597	3,229	3,229	-	1,892	2,180	2,310
Executive and council	111	334	336	430	631	631	-	209	221	234
Budget and treasury office	302	1,754	111	1,467	1,898	1,898	-	1,296	1,479	1,568
Corporate services	25	365	533	700	700	700	-	387	479	508
Community and public safety	849	690	1,181	1,150	1,150	1,150	-	1,901	1,471	1,260
Community and social services	126	40	857	1,000	1,000	1,000	-	1,316	798	546

Sport and recreation	64	85	110	–	–	–		95	101	107
Public safety	184	125	55	150	150	150		470	551	584
Housing	475	400	159	–	–	–		–	–	–
Health	–	40	–	–	–	–		20	21	23
Economic and environmental services	2,847	2,442	5,732	3,528	3,528	3,528	–	3,480	14,212	17,085
Planning and development	2	419	–	300	300	300		19	20	21
Road transport	2,845	2,023	5,732	3,228	3,228	3,228		3,461	14,192	17,063
Environmental protection	–	–	–	–	–	–		–	–	–
Trading services	5,311	11,154	16,490	13,382	13,382	13,382	–	16,847	6,721	4,936
Electricity	43	1,863	981	1,051	1,051	1,051		800	848	848
Water	8	1,008	6,649	6,331	6,331	6,331		10,195	5,518	4,030
Waste water management	4,646	7,613	7,258	6,000	6,000	6,000		5,200	300	–
Waste management	614	670	1,603	–	–	–		652	55	58
Other	1	–	–	–	–	–				
Total Capital Expenditure - Standard	9,446	16,739	24,384	20,657	21,289	21,289	–	24,120	24,584	25,591
Funded by:										
National Government	4,592	10,980	10,358	13,306	13,306	13,306		16,141	17,027	18,011
Provincial Government	1,007	–	–	260	260	260		–	–	–
District Municipality	–	–	–	–	–	–		–	–	–
Other transfers and grants	–	2,307	–	–	–	–		–	–	–
Transfers recognised - capital	5,599	13,287	10,358	13,566	13,566	13,566	–	16,141	17,027	18,011
Public contributions & donations	–	–	978	–	–	–		–	–	–
Borrowing	–	–	9,000	–	–	–		–	–	–
Internally generated funds	3,847	3,452	4,048	7,091	7,723	7,723		7,944	7,557	7,580
Total Capital Funding	9,446	16,739	24,384	20,657	21,289	21,289	–	24,120	24,584	25,591

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R16. 085 million has been allocated of the total R52.37 million capital budget, which totals 70.57 per cent.
3. Single-year capital expenditure has been appropriated at R7, 979 million for the 2012/13 financial year and remains relatively constant over the MTREF.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses. For 2012/13, capital transfers totals R16, 141 million (67,02 per cent) and escalates to R18, 011 million by 2014/15 (70.38 per cent). Internally generated funding totaling R7, 944 million, R7, 557 million and R7, 580 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS										
Current assets										
Cash	1,646	3,477	293	3,600	3,600	3,600		2,350	2,585	2,844
Call investment deposits	7,680	8,307	8,868	12,757	12,757	12,757	–	10,110	10,716	11,788
Consumer debtors	11,637	11,990	9,713	12,445	12,445	12,445	–	10,748	12,038	12,760
Other debtors	3,296	4,295		5,633	5,633	5,633		7,924	8,558	9,243
Current portion of long-term receivables	–	13	43	7	7	7		–	–	–
Inventory	2,426	2,659	45,388	4,237	4,237	4,237		40,850	43,301	45,899
Total current assets	26,685	30,741	64,307	38,679	38,679	38,679	–	71,981	77,197	82,532
Non current assets										
Long-term receivables	–	–	30	–	–	–		–	–	
Investments	–	–	8	–	–	–		–	–	
Investment property	187	187	4,272	187	187	187		4,272	4,272	4,272
Investment in Associate	–	–		–	–	–		–	–	
Property, plant and equipment	537,023	231,032	817,864	248,936	248,936	248,936	–	823,142	888,993	942,332
Agricultural	–	–	–	–	–	–		–	–	
Biological	–	–	–	–	–	–		–	–	
Intangible	186	154	1,034	178	178	178		1,060	1,166	1,283
Other non-current assets	63	42	200	18	19	19		186	177	168
Total non current assets	537,458	231,415	823,409	249,319	249,320	249,320	–	828,660	894,608	948,055
TOTAL ASSETS	564,143	262,156	887,716	287,998	287,999	287,999	–	900,641	971,805	1,030,587

LIABILITIES										
Current liabilities										
Bank overdraft	1,872	2,305	3,848	2,570	2,570	2,570		1,452	1,250	1,026
Borrowing	1,615	1,189	2,024	1,256	1,256	1,256	–	1,200	1,296	1,374
Consumer deposits	1,555	1,634	1,710	1,843	1,843	1,843		1,869	1,899	1,932
Trade and other payables	9,144	14,660	7,378	12,222	12,222	12,222	–	9,959	10,666	11,306
Provisions	3,679	3,956	1,051	5,236	5,236	5,236		1,896	1,920	2,017
Total current liabilities	17,865	23,744	16,012	23,127	23,127	23,127	–	16,376	17,031	17,654
Non current liabilities										
Borrowing	5,027	4,203	10,820	12,554	12,554	12,554	–	9,947	10,543	11,176
Provisions	15,539	21,291	30,227	26,965	26,965	26,965	–	30,433	32,259	34,194
Total non current liabilities	20,566	25,494	41,047	39,519	39,519	39,519	–	40,379	42,802	45,370
TOTAL LIABILITIES	38,431	49,238	57,059	62,646	62,646	62,646	–	56,755	59,833	63,024
NET ASSETS	525,712	212,919	830,657	225,353	225,353	225,353	–	843,886	911,972	967,563
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	523,459	210,666	559,350	222,764	222,764	222,764		572,579	640,665	696,256
Reserves	2,253	2,253	271,307	2,589	2,589	2,589	–	271,307	271,307	271,307
Minorities' interests	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	525,712	212,919	830,657	225,353	225,353	225,353	–	843,886	911,972	967,563

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	102,047	93,614	121,223	133,745	131,725	131,725		119,277	126,434	134,020
Government - operating	22,837	34,590	31,857	32,680	32,680	32,680		38,311	40,610	43,046
Government - capital	5,159	9,615	9,621	15,266	15,266	15,266		16,141	17,109	18,136
Interest	2,753	1,626	1,746	148	148	148		734	778	825
Dividends	-	-	1	-	-	-		1	1	1
Payments										
Suppliers and employees	(115,305)	(100,717)	(110,727)	(145,391)	(143,569)	(143,569)		(129,788)	(137,575)	(145,830)
Finance charges	(985)	(2,577)	(755)	(2,162)	(2,162)	(2,162)		(1,121)	(1,188)	(1,260)
Transfers and Grants	(6,084)	(14,126)	(41,085)	(15,968)	(15,968)	(15,968)		(12,805)	(13,573)	(14,388)
NET CASH FROM/(USED) OPERATING ACTIVITIES	10,422	22,025	11,881	18,318	18,120	18,120	-	30,750	32,595	34,551
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	444	1,736	17	105	105	105		65	69	73
Decrease (Increase) in non-current debtors	-	-	-	-	-	-		-	-	-
Decrease (increase) other non-current receivables	16	20	13	20	20	20		22	23	25
Decrease (increase) in non-current investments	-	-	0	-	-	-		-	-	-
Payments										
Capital assets		(24,487)	(24,384)	-	-	-		(24,085)	(25,530)	(25,591)
NET CASH FROM/(USED) INVESTING ACTIVITIES	460	(22,731)	(24,354)	125	125	125	-	(23,998)	(25,438)	(25,493)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	9,000	-	-	-		-	-	-
Borrowing long term/refinancing	1,615	-	-	-	-	-		-	-	-

Increase (decrease) in consumer deposits	164	80	76	98	98	98		105	111	118
Payments										
Repayment of borrowing	(3,314)	1,253	(1,350)	(1,807)	(1,807)	(1,807)		(2,350)	(2,538)	(2,741)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,535)	1,333	7,726	(1,709)	(1,709)	(1,709)	-	(2,245)	(2,427)	(2,623)
NET INCREASE/ (DECREASE) IN CASH HELD	9,347	627	(4,746)	16,734	16,536	16,536	-	4,507	4,731	6,435
Cash/cash equivalents at the year begin:	85	9,432	10,059	5,313	5,313	5,313	5,313	5,951	10,458	15,189
Cash/cash equivalents at the year end:	9,432	10,059	5,313	22,047	21,849	21,849	5,313	10,458	15,189	21,623

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

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available										
Cash/cash equivalents at the year end	9,432	10,059	5,313	22,047	21,849	21,849	5,313	10,458	15,189	21,623
Other current investments > 90 days	(1,978)	(580)	0	(8,260)	(8,062)	(8,062)	(5,313)	550	(3,138)	(8,018)
Non current assets - Investments	-	-	8	-	-	-	-	-	-	-
Cash and investments available:	7,454	9,479	5,321	13,787	13,787	13,787	-	11,008	12,051	13,606
Application of cash and investments										
Unspent conditional transfers	1,508	4,414	2,325	3,652	3,652	3,652	-	1,200	1,272	1,348
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(13,480)	(5,974)	(4,320)	(12,780)	(12,990)	(12,990)	-	(12,359)	(12,914)	(12,881)
Other provisions		(922)	(1,091)	(1,157)	(1,157)	(1,157)	-	(1,226)	(1,300)	(1,378)
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253
Total Application of cash and investments:	(11,972)	(229)	(833)	(8,032)	(8,242)	(8,242)	2,253	(10,132)	(10,689)	(10,657)
Surplus(shortfall)	19,426	9,708	6,154	21,819	22,029	22,029	(2,253)	21,140	22,740	24,263

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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

3. It can be seen that the cash levels of the Municipality fell significantly over the 2008/09 to 2009/10 period owing directly to a net decrease in cash for the 2008/09 financial year of R372 million.
4. The approved 2011/12 MTREF provide for a further net decrease in cash of R238 million for the 2011/12 financial year resulting in an overall projected negative cash position of R82 million at year end.
5. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors of R204 million. These interventions translated into a net cash position of R521 million for the 2011/12 financial year and cash and cash equivalents totaled R677 million at year end.
7. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R1.1 billion as at the end of the 2012/13 financial year and escalates to R1.2 billion by 2013/14.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2007/08 to 2011/12 the deficit deteriorated from R503 million to R1.9 billion.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R220 million in 2012/13 to a surplus of R259 million by 2013/14.

Table 25 MBRR Table A9 - Asset Management

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CAPITAL EXPENDITURE									
<u>Total New Assets</u>	4,792	8,233	18,717	10,843	11,475	11,475	15,378	17,027	18,011
<i>Infrastructure - Road transport</i>	1,012	–	3,430	7,684	7,684	7,684	10,178	16,727	18,011
<i>Infrastructure - Electricity</i>	–	–	981	260	260	260	–	–	–
<i>Infrastructure - Water</i>	–	–	4,380	–	–	–	–	–	–
<i>Infrastructure - Sanitation</i>	2,991	1,952	–	–	–	–	5,200	300	–
<i>Infrastructure - Other</i>	–	6,281	–	–	–	–	–	–	–
Infrastructure	4,003	8,233	8,790	7,944	7,944	7,944	15,378	17,027	18,011
Community	–	–	816	1,000	1,000	1,000	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	789	–	9,111	1,899	2,531	2,531	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	4,654	8,506	5,667	9,814	9,814	9,814	8,742	7,557	7,580
<i>Infrastructure - Road transport</i>	–	2,130	2,155	1,760	1,760	1,760	3,461	2,965	3,063
<i>Infrastructure - Electricity</i>	563	260	3,226	–	–	–	800	848	848
<i>Infrastructure - Water</i>	52	48	–	6,000	6,000	6,000	17	18	19
<i>Infrastructure - Sanitation</i>	1,026	2,370	–	–	–	–	–	–	–
<i>Infrastructure - Other</i>	828	–	–	–	–	–	652	55	58
Infrastructure	2,469	4,808	5,381	7,760	7,760	7,760	4,930	3,886	3,989
Community	–	447	–	42	42	42	1,529	1,649	1,149
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	2,185	3,164	286	1,641	1,641	1,641	2,221	1,940	2,344
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	87	–	371	371	371	62	82	99
<u>Total Capital Expenditure</u>									
<i>Infrastructure - Road transport</i>									

	1,012	2,130	5,585	9,444	9,444	9,444	13,639	19,692	21,074
<i>Infrastructure - Electricity</i>	563	260	4,207	260	260	260	800	848	848
<i>Infrastructure - Water</i>	52	48	4,380	6,000	6,000	6,000	17	18	19
<i>Infrastructure - Sanitation</i>	4,017	4,322	–	–	–	–	5,200	300	–
<i>Infrastructure - Other</i>	828	6,281	–	–	–	–	652	55	58
Infrastructure	6,472	13,041	14,171	15,704	15,704	15,704	20,308	20,913	21,999
Community	–	447	816	1,042	1,042	1,042	1,529	899	653
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	2,974	3,164	9,397	3,540	4,172	4,172	2,221	1,940	2,344
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	87	–	371	371	371	62	82	99
TOTAL CAPITAL EXPENDITURE - Asset class	9,446	16,739	24,384	20,657	21,289	21,289	24,120	24,584	25,591
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	193,328	83,182	296,430	96,761	96,761	96,761	296,331	320,037	339,240
<i>Infrastructure - Electricity</i>	33,295	14,324	51,145	17,705	17,705	17,705	51,035	55,118	58,425
<i>Infrastructure - Water</i>	63,906	27,493	98,323	3,398	3,398	3,398	97,954	105,790	112,138
<i>Infrastructure - Sanitation</i>	73,303	31,526	112,385	38,979	38,979	38,979	112,359	121,348	128,628
<i>Infrastructure - Other</i>	1,235	531	1,892	657	657	657	1,893	2,045	2,167
Infrastructure	365,068	157,056	560,175	157,499	157,499	157,499	559,572	604,337	640,598
Community	135,330	58,220	207,276	71,961	71,961	71,961	207,432	224,026	237,468
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	187	187	4,272	187	187	187	4,272	4,272	4,272
Other assets	36,625	15,756	50,413	19,475	19,475	19,475	56,138	60,629	64,267
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	186	154	1,034	178	178	178	1,060	1,166	1,283
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	537,396	231,373	823,171	249,301	249,301	249,301	828,474	894,431	947,887
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	21,583	12,921	47,709	11,516	1,471	1,471	7,924	8,479	8,987
<u>Repairs and Maintenance by Asset Class</u>	6,507	8,607	9,544	14,782	9,239	9,239	11,017	11,604	12,197
<i>Infrastructure - Road transport</i>	–	2,200	776	2,365	1,479	1,479	1,368	1,455	1,542
<i>Infrastructure - Electricity</i>	–	–	116	1,626	968	968	1,595	1,697	1,804
<i>Infrastructure - Water</i>	4,013	–	841	1,035	405	405	749	797	851
<i>Infrastructure - Sanitation</i>	–	–	–	–	–	–	–	–	–

	1,233	4,025	905	163	88	88	712	758	805
<i>Infrastructure - Other</i>	–	300	711	2,513	1,365	1,365	711	755	801
Infrastructure	5,246	6,525	3,350	7,702	4,306	4,306	5,136	5,462	5,803
Community	–	230	970	2,302	1,622	1,622	1,626	1,738	1,846
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	158	167	177
Other assets	1,261	1,852	5,224	4,779	3,312	3,312	4,098	4,237	4,371
TOTAL EXPENDITURE OTHER ITEMS	28,090	21,528	57,253	26,298	10,710	10,710	18,941	20,083	21,185
<i>Renewal of Existing Assets as % of total capex</i>	49.3%	50.8%	23.2%	47.5%	46.1%	46.1%	32.8%	30.7%	29.6%
<i>Renewal of Existing Assets as % of deprecn"</i>	21.6%	65.8%	11.9%	85.2%	667.2%	667.2%	99.7%	89.1%	84.3%
<i>R&M as a % of PPE</i>	1.2%	3.7%	1.2%	5.9%	3.7%	3.7%	1.3%	1.3%	1.3%
<i>Renewal and R&M as a % of PPE</i>	2.0%	7.0%	2.0%	10.0%	8.0%	8.0%	2.0%	2.0%	2.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog.

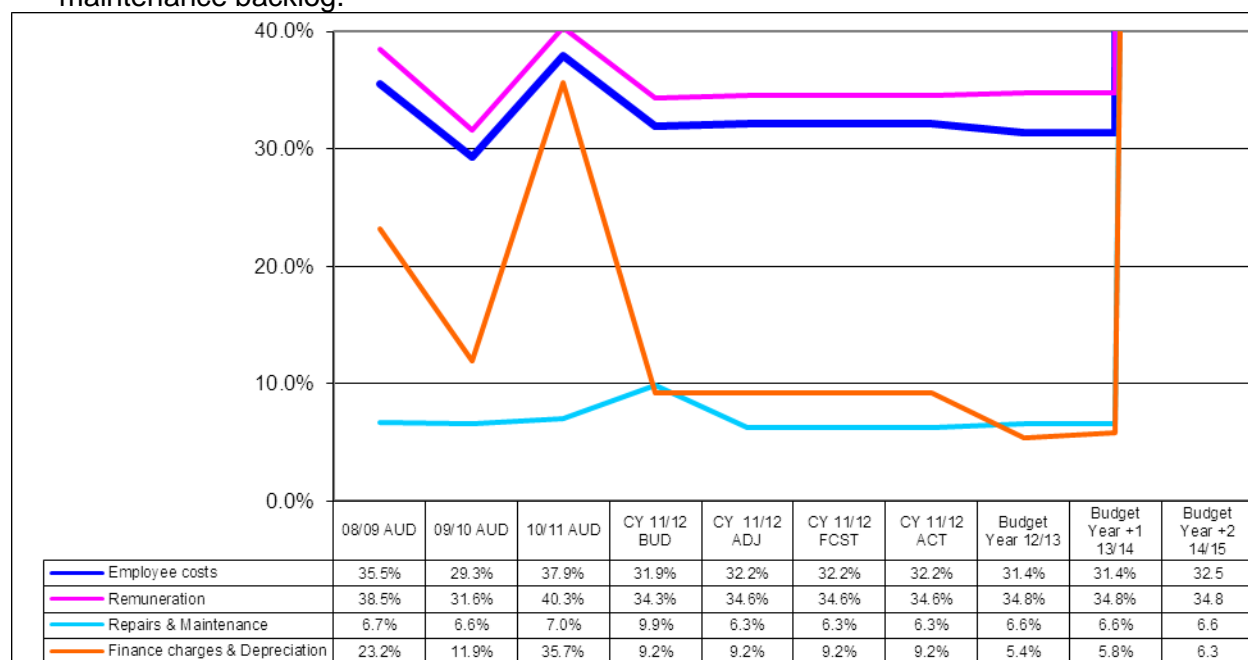


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	7,500	7,600	7,850	8,046	8,046	8,046	8,288	8,738	8,853
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	450	565
Using public tap (at least min.service level)	50	30	20	21	21	21	21	471	586
Other water supply (at least min.service level)	–	–	–	–	–	–	–	450	565
<i>Minimum Service Level and Above sub-total</i>	7,550	7,630	7,870	8,067	8,067	8,067	8,309	10,109	10,569
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
No water supply	25	–	12	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	25	–	12	–	–	–	–	–	–
Total number of households	7,575	7,630	7,882	8,067	8,067	8,067	8,309	10,109	10,569
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	6,000	6,200	6,477	6,639	6,639	6,639	6,838	7,288	7,403
Flush toilet (with septic tank)	1,015	1,015	1,115	1,143	1,143	1,143	1,177	1,627	1,742
Chemical toilet	485	340	230	236	236	236	243	693	808
Pit toilet (ventilated)	–	–	–	–	–	–	–	450	565
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	7,500	7,555	7,822	8,018	8,018	8,018	8,258	10,058	10,518
Bucket toilet	75	75	60	62	62	62	63	513	628
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	450	565
No toilet provisions	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	75	75	60	62	62	62	63	963	1,193
Total number of households	7,575	7,630	7,882	8,079	8,079	8,079	8,321	11,021	11,711
<u>Energy:</u>									
Electricity (at least min.service level)	4,268	4,100	3,143	3,222	3,222	3,222	3,318	3,768	3,883
Electricity - prepaid (min.service level)	3,287	3,520	4,729	4,847	4,847	4,847	4,993	5,443	5,558
<i>Minimum Service Level and Above sub-total</i>	7,555	7,620	7,872	8,069	8,069	8,069	8,311	9,211	9,441
Electricity (< min.service level)	20	10	10	10	10	10	11	461	576
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	450	565
Other energy sources	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	20	10	10	10	10	10	11	911	1,141
Total number of households	7,575	7,630	7,882	8,079	8,079	8,079	8,321	10,121	10,581

<u>Refuse:</u>									
Removed at least once a week	7,575	7,630	7,882	8,079	8,079	8,079	8,321	10,121	10,581
<i>Minimum Service Level and Above sub-total</i>	7,575	7,630	7,882	8,079	8,079	8,079	8,321	10,121	10,581
Removed less frequently than once a week	-	-	-						
Using communal refuse dump	-	-	-						
Using own refuse dump	-	-	-						
Other rubbish disposal	-	-	-						
No rubbish disposal	-	-	-						
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	7,575	7,630	7,882	8,079	8,079	8,079	8,321	10,121	10,581
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	7,575	7,630	7,882	8,079	8,079	8,079	8,321	8,771	8,886
Sanitation (free minimum level service)	2,700	1,800	2,300	2,350	2,475	2,475	3,000	3,300	3,500
Electricity/other energy (50kwh per household per month)	2,700	1,800	2,300	2,350	2,475	2,475	3,000	3,300	3,500
Refuse (removed at least once a week)	2,700	1,800	2,300	2,350	2,475	2,475	3,000	3,300	3,500
<u>Cost of Free Basic Services provided (R'000)</u>									
Water (6 kilolitres per household per month)	3,378	3,607	4,118	4,483	4,483	4,483	4,894	5,469	5,872
Sanitation (free sanitation service)	2,917	2,061	2,912	3,159	3,159	3,159	4,275	4,985	5,604
Electricity/other energy (50kwh per household per month)	1,004	702	731	860	860	860	1,158	1,344	1,504
Refuse (removed once a week)	1,819	1,285	1,816	1,970	1,970	1,970	2,666	3,108	3,494
Total cost of FBS provided (minimum social package)	9,118	7,655	9,577	10,472	10,472	10,472	12,993	14,906	16,475
<u>Highest level of free service provided</u>									
Property rates (R value threshold)	-	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	90	95	105	112			119	126	133
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	56	60	66	70	70	70	74	78	83
<u>Revenue cost of free services provided (R'000)</u>									
Property rates (R15 000 threshold rebate)	-								
Property rates (other exemptions, reductions and rebates)									
Water	3,378	3,607	4,118	4,483	4,483	4,483	4,894	5,469	5,872
Sanitation	2,917	2,061	2,912	3,159	3,159	3,159	4,275	4,985	5,604
Electricity/other energy	1,004	702	731	860	860	860	1,158	1,344	1,504
Refuse	1,819	1,285	1,816	1,970	1,970	1,970	2,666	3,108	3,494
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-

Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	9,118	7,655	9,577	10,472	10,472	10,472	12,993	14,906	16,475

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.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services –over 530 households will receive water connections in 2012/13
 - b. Sanitation services – The number of households that will be connected with water bourne toilet provision will be 530 households in 2012/13.
 - c. Electricity services – The number of households that will be connected with water bourne toilet provision will be 530 households.
 - d. In 2012/13 530 households refuse will be removed on a weekly basis 2012/13.
3. The budget provides for 3 000 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services
4. It is anticipated that these Free Basic Services will cost the municipality R12, 805 million in 2012/13, increasing to R13, 642 million in 2013/14 and increasing to R14, 470 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' all households R682 million in free 6000 litres of water in a 30 day period..

Part 2 – Supporting Documentation

1.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor, who is also the chairperson of the Finance Committee.

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

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

1.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 5 September 2011. Key dates applicable to the process were:

- **August 2011** – Strategic planning session of all the Councillors and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2012/15 MTREF;
- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **25 January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **January 2012** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- **February 2012** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments.

The draft 2012/13 MTREF is revised accordingly;

- **31 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **6 May 2012** - Closing date for written comments;
- **6 to 21 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council due to commitments that arose on the planned activities.

1.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP as adopted by Council on 31 May 2012. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

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

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

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master

planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality's growth potential
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- Solar Energy project potentials

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

1.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 30 March 2012 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

Council held Budget Input meetings at venues in all wards of Emthanjeni municipality. Knock and drops were distributed at all households to inform the communities about the meetings. Advertisements of the notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

Ward Committees were utilised to facilitate the community consultation process from 01 to 15 March 2012, and included eight public briefing sessions with communities, and other stakeholders. The applicable dates and venues were published in all the local newspapers and was attended by the members of the community. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

Significant changes effected in the final 2012/13 MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2011, was factored into the proposed consumer tariffs, applicable from 1 July 2011. This resulted in an increase of 11.03 per cent;
-
- The SALGBC parties' settlement regarding the salary negotiations are not yet finalised for in the 2012/13 financial year;
- The 2011 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

1.2 Overview of alignment of annual budget with IDP

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

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

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

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

The 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 Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 27 IDP Strategic Objectives

	2011/12 Financial Year	2012/13 MTREF
1.	Ensure that all residents have access to sustainable free basic services and all other services rendered	Provision of access to all basic services rendered to residents within the available resources.
2.	Development and transformation of the institution with the aim of capacitating the municipality in meeting the Objectives	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.
3.	Promote sustainable and representative governance through the efficient, effective	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.
4.	Promote sustainable and representative governance through the efficient, effective and sustainable utilization of resources in consultation with the residents of Emthanjeni Municipality.	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.

5.	Create an effective, efficient, sustainable and viable municipality through financial management	Maintaining a financially sustainable and viable Municipality.
6.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor.
7.	Contribute to the development of caring communities which promote and protect the right and needs of all citizens, with a particular focus on the poor.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.
8.	Ensure a healthy environment for all residents of Emthanjeni through effective environmental management.	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality 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 priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;

- Extending waste removal services and ensuring effective Municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;

- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)	721	566	476	573	573	573	2,606	978	1,114
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	1,081	849	715	860	860	860	1,217	1,467	1,671
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	601	472	397	478	478	478	676	368	928

Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure	27,158	37,069	35,985	44,916	43,787	43,787	50,340	55,001	60,619
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure	22,870	31,216	30,303	37,824	36,873	36,873	42,392	46,317	51,048
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure	21,440	29,265	28,409	35,460	34,568	34,568	39,742	43,422	47,857
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	4,724	5,670	6,256	7,333	7,333	7,333	8,098	9,034	11,392
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality	5,750	6,903	7,616	8,927	8,927	8,927	9,858	10,998	13,869
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality	3,080	3,694	4,080	4,782	4,782	4,782	5,281	5,892	7,429
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective	3,697	4,438	4,896	5,739	5,739	5,739	6,337	7,070	8,915
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA	3,286	3,944	4,352	5,101	5,101	5,101	5,633	6,285	7,925
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	766	1,549	1,231	1,038	1,038	1,038	961	1,078	467
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	1,226	2,479	1,969	1,662	1,662	1,662	1,539	1,725	748
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	1,685	3,409	2,708	2,285	2,285	2,285	2,116	2,372	1,028

Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	1,379	2,789	2,215	1,870	1,870	1,870	1,732	1,941	841
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area	1,226	2,479	1,969	1,662	1,662	1,662	1,250	1,401	608
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area	1,560	2,744	2,219	1,872	2,045	2,045	2,022	2,267	985
Total Revenue (excluding capital transfers and contributions)		102,250	139,535	135,796	162,382	159,583	159,583	181,799	197,616	217,444

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC073 Emthanjeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)	8,687	4,042	5,435	2,890	3,073	3,073	3,329	4,446	4,737
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	13,030	6,063	8,152	4,336	4,609	4,609	4,994	6,670	7,105
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging	7,239	3,368	4,529	2,409	2,559	2,559	2,774	3,705	3,948

Provision of access to all basic services rendered to residents within available resources	farmers and reduce unemployment and poverty in the municipal area	35,070	30,189	35,985	44,916	28,746	28,746	39,523	43,236	47,657
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure	27,687	23,833	28,409	35,460	27,489	27,489	31,200	34,134	37,624
		29,532	25,422	30,303	37,824	36,873	36,873	33,282	36,409	40,132
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure									
	To provide a quality electricity supply, manage demand and maintain existing infrastructure									
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	3,252	3,099	6,256	7,326	7,326	7,326	4,170	9,034	9,947
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality	3,959	3,773	7,616	8,919	8,919	8,919	5,076	10,998	12,109
Maintaining a financially sustainable and viable municipality		2,121	2,021	4,080	4,778	4,778	4,778	2,719	5,892	6,478
	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality	2,545	2,425	4,896	5,733	5,733	5,733	3,263	7,070	7,784
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective	2,262	2,156	4,352	5,096	5,096	5,096	2,900	6,285	6,919
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To implement financial reforms as required per MFMA	1,759	2,967	4,368	900	900	900	1,283	2,360	2,197
Municipal Transformation and Institutional Development	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	2,811	4,747	6,988	1,440	1,440	1,440	2,053	3,777	3,515
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area		3,865	6,528	9,609	1,980	1,980	1,980	2,823	5,192	4,833
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To upgrade and maintain municipal buildings and offices	3,162	5,341	7,862	1,620	1,620	1,620	23,102	4,248	3,956
	To promote LED, SMME's and									

Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	2,284	3,857	5,678	1,170	1,170	1,170	2,393	3,069	2,856
	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	3,689	6,234	9,176	1,890	1,890	1,890	2,695	4,957	4,913
	To improve and facilitate rural development in the municipal area									
	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area									
Allocations to other priorities										
Total Expenditure		152,954	136,065	183,694	168,687	144,201	144,201	167,579	191,482	206,710

Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water manage demand and maintain existing infrastructure	A		8	2,646	6,649	6,331	6,331	6,331	10,195	5,568	4,030
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure	B		2,845	2,023	5,733	3,228	3,228	3,228	3,611	14,192	17,063
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality sanitation manage demand and maintain existing infrastructure	C		4,672	7,613	7,258	6,000	6,000	6,000	5,200	300	-
Maintaining a financially sustainable and viable municipality	To render a strategic financial management	D		302	1,052	976	2,167	2,598	2,598	1,848	1,959	2,076

Maintaining a financially sustainable and viable municipality	services to Emthanjeni Municipality To strengthen and implement financial and asset management within Emthanjeni Municipality	E	111	761	496	430	631	631	1,512	691	786
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area	F	184	365	165		-				
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	G	710	309	524	20			-		
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality electricity, water, sanitation and refuse manage demand and maintain existing infrastructure	H	614	1,970	2,584	1,051	1,051	1,051	852	903	906
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	I				1,000	1,000	1,000	658	750	496
Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)	J				430	450	450	244	221	234
		K									
		L									
		M									

		N O P										
Allocations to other priorities			3									
Total Capital Expenditure			1	9,446	16,739	24,385	20,657	21,289	21,289	24,120	24,584	25,591

Table 30 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 2 - Executive and Council										
Function 1 - Good Governance										
Sub-function 1 - Public Participation										
To manage the municipality within the local government regulatory framework and provide guidance and support to the council	No of initiatives implemented	25.0%	26.0%	45.0%	80.0%	80.0%	80.0%	100.0%	100.0%	100.0%
To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	Annual approved Service delivery budget implementation plan	85.0%	86.0%	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - Public Awareness										
To manage the municipality within the local government regulatory framework and provide guidance and support to the council	No of education campaigns implemented	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
To regulate and control land development and a building regulatory services within the legal mandate and approved policies	Approval of building plans after receipt of all outstanding information	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - Sound Administration										
To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	No of performance reports evaluated annually	75.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	Annual approved Service delivery budget implementation plan	0.0%	75.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - Local Economic Development										
Sub-function 1 - LED										
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	No of initiatives	35.0%	45.0%	60.0%	70.0%	70.0%	70.0%	90.0%	90.0%	90.0%

To manage the municipality within the local government regulatory framework and provide guidance and support to the council	Survey conducted annually	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Sub-function 2 - Basic Service Delivery										
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	% of approved funding spent	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Review existing adopted by-laws	0.0%	95.0%	95.0%	96.0%	96.0%	96.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)										
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Implement a system to monitor Council resolutions	0.0%	0.0%	0.0%	75.0%	75.0%	75.0%	100.0%	100.0%	100.0%
To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area	Law Enforcement initiative to decrease incidents affecting traffic safety	75.0%	80.0%	80.0%	86.0%	86.0%	86.0%	100.0%	100.0%	100.0%
Vote 2 - FINANCIAL VIABILITY										
Function 1 - Financial Services										
Sub-function 1 - Financial Management										
Maintaining a financially sustainable and viable municipality	Improve the Audit Opinion from qualified to unqualified by end of 2012/13	55.0%	60.0%	80.0%	90.0%	90.0%	90.0%	96.0%	96.0%	96.0%
Maintaining a financially sustainable and viable municipality	Timeous submission of financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - MFMA Compliance										
Maintaining a financially sustainable and viable municipality	Annual review of Budgetary policies and SCM policy in line with legal requirements	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality	Complete General Valuation Roll	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	100.0%	100.0%	100.0%
Sub-function 3 - Budgeting										
To implement financial reforms as required per MFMA	Preparation and submission of credible annual main and adjustments budgets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - Financial Viability										
Sub-function 1 - Revenue enhancement										
To strengthen and implement financial and asset management within Emthanjeni Municipality	Achievement of a payment percentage of above 80%	75.0%	76.0%	90.0%	95.0%	95.0%	95.0%	100.0%	100.0%	100.0%
To strengthen and implement financial and	Compilation of	50.0%	55.0%	0.0%	0.0%	80.0%	100.0%	100.0%	100.0%	100.0%

asset management within Emthanjeni Municipality	a Revenue Enhancement Strategy									
Vote 3 - Basic Service Delivery										
Function 1 - Services										
Sub-function 1 - Sanitation										
To provide all communities with a sanitation service and maintain existing infrastructure	Quality of waste water discharge measured by the % water quality level	60.0%	68.0%	76.0%	85.0%	85.0%	85.0%	90.0%	90.0%	90.0%
Provision of access to all basic services rendered to residents within available resources	% of maintenance budget of sanitation spent	95.0%	95.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - Water										
Provision of access to all basic services rendered to residents within available resources	Planning of new housing sites	68.0%	75.0%	85.0%	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%
To provide all communities quality water, manage demand and maintain existing infrastructure	Implementation of the WCWDM project funded by DWA	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - Road Transport										
To upgrade and maintain road infrastructure	Provision of new tar roads	25.0%	55.0%	48.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
To upgrade and maintain road infrastructure	% of maintenance of roads spent	30.0%	60.0%	56.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
Function 2 - Stormwater										
Sub-function 1 - Stormwater										
To upgrade and maintain stormwater infrastructure	% of maintenance budget of storm water spent	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%	95.0%	95.0%	100.0%
Sub-function 2 - Electricity										
To provide a quality electricity supply, manage demand and maintain existing infrastructure	Management of electrical provisioning system	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To provide a quality electricity supply, manage demand and maintain existing infrastructure	To provide a quality electricity supply, manage demand and maintain existing infrastructure	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Sub-function 3 - Parks										
To maintain and administer parks and recreational facilities, sporting facilities and swimming pools	Maintenance of park, recreational facilities, swimming pools	75.0%	78.0%	80.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
To provide street and area lighting	Provision of sufficient street lights for dark areas	75.0%	85.0%	88.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
And so on for the rest of the Votes										

1.3 Measurable performance objectives and indicators

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

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

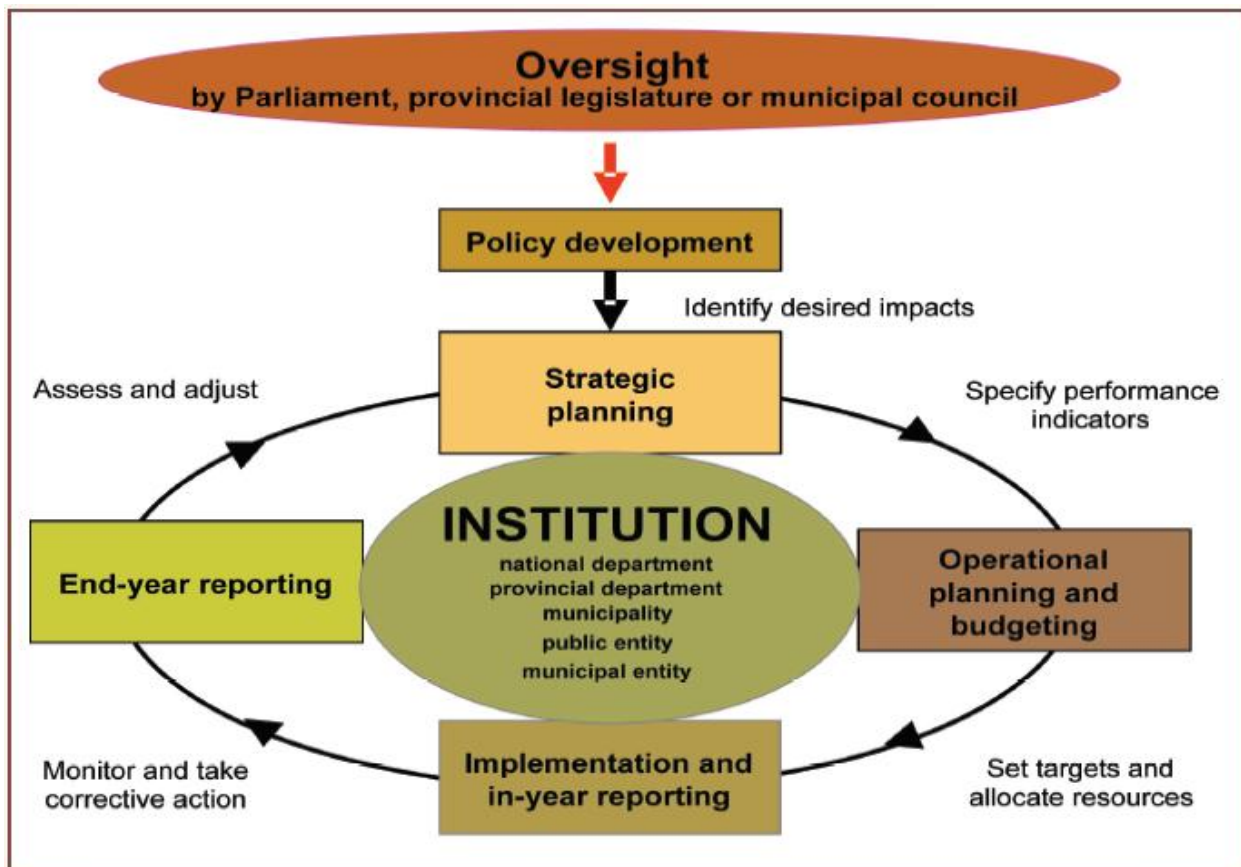


Figure 5 Planning, budgeting and reporting cycle

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

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

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

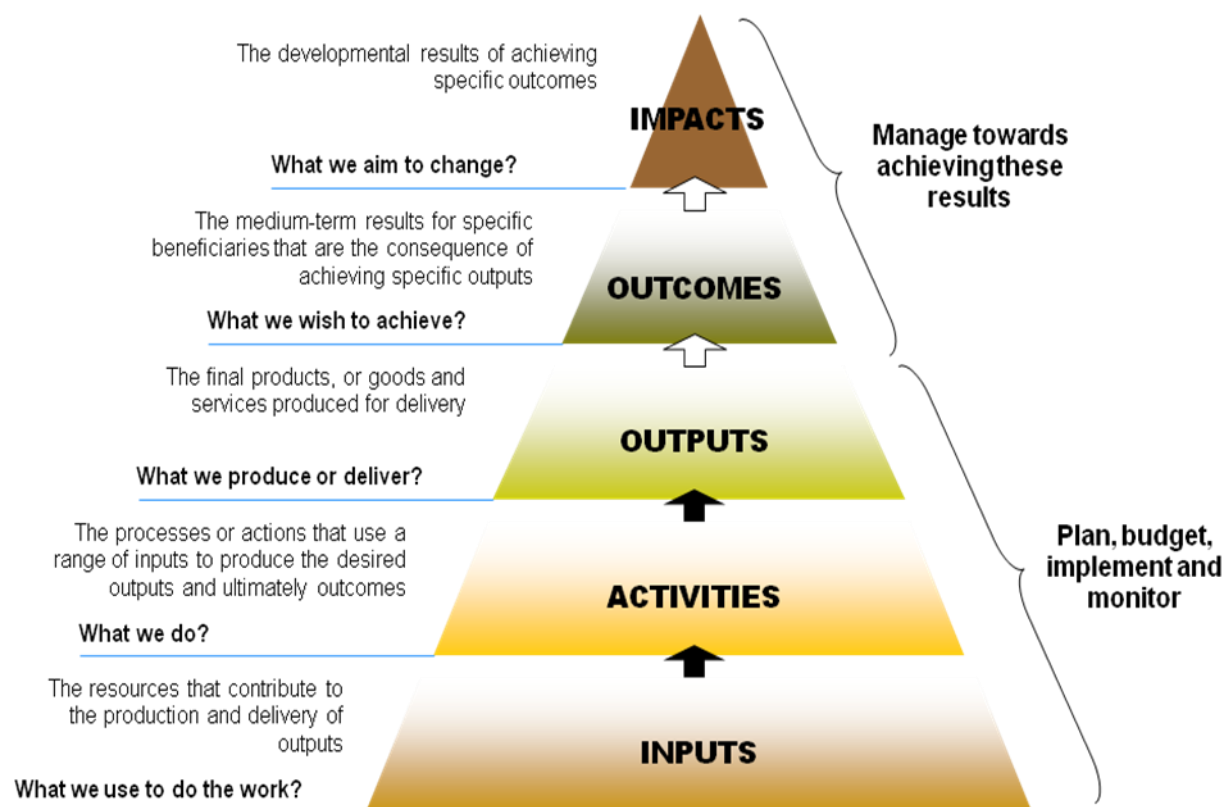


Figure 6 Definition of performance information concepts

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

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/15 MTREF.

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating	Interest & Principal Paid /Operating Expenditure	2.8%	0.9%	1.1%	2.4%	2.3%	2.3%	0.0%	2.1%	1.9%	1.9%
Capital Charges to Operating Expenditure	Finance charges & Repayment of borrowing /Own Revenue	5.8%	1.3%	2.2%	3.5%	3.0%	3.0%	0.0%	2.8%	2.7%	2.5%
Capital Charges to Own Revenue	Borrowing/Capital expenditure excl. transfers and grants and contributions	42.0%	0.0%	69.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure											
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	223.1%	186.6%	4.0%	484.9%	484.9%	484.9%	0.0%	3.7%	3.9%	4.1%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.5	1.3	4.0	1.7	1.7	1.7	-	4.4	4.5	4.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.3	1.3	(0.3)	(0.3)	(0.3)	-	2.3	2.4	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.5	0.6	0.7	0.7	0.7	-	0.8	0.8	0.8
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		141.4%	99.6%	129.8%	118.1%	119.3%	119.3%	0.0%	95.6%	91.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			141.4%	99.6%	129.8%	118.1%	119.3%	119.3%	0.0%	95.6%	91.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.4%	12.6%	7.2%	12.2%	12.4%	12.4%	0.0%	11.4%	11.4%	11.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	5.0%	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	20.0%	25.0%	30.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	70.0%	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		81.0%	101.9%	156.7%	38.9%	39.2%	39.2%	0.0%	52.4%	39.0%	29.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	16.0%	15.0%	13.2%	12.0%	12.0%	12.0%		11.0%	11.0%	11.0%

Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	18.3%	15.5%	12.7%	11.6%	11.6%	11.6%		10.5%	10.5%	10.5%
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.5%	29.3%	37.9%	31.9%	32.2%	32.2%	0.0%	32.3%	36.1%	35.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.5%	31.6%	40.3%	34.3%	34.6%	34.6%		34.5%	36.1%	35.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.7%	6.6%	7.0%	9.9%	6.3%	6.3%		6.7%	6.4%	6.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	23.2%	11.9%	35.7%	9.2%	2.0%	2.0%	0.0%	5.5%	5.3%	5.1%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	198.3	30.8	48.2	58.3	58.3	58.3	-	37.9	39.0	43.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.1%	24.0%	12.4%	20.7%	21.2%	21.2%	0.0%	19.0%	19.0%	18.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.0	1.1	0.5	1.9	2.2	2.2	-	0.9	1.2	1.5

1.3.1 Performance indicators and benchmarks

1.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emthanjeni's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 2.8 per cent to 2.5 per cent in 2014/15, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capability in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 2.8 per cent in 2008/09 to 1.9 per cent in 2014/15. This increase can be attributed to the raising of loans to fund portions of the capital programme during the 2010/11 financial year. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will

have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2015. Debt service costs are expected to peak in 2015 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. During the 2010/11 financial year the ratio deteriorated to a level 47.5 per cent.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2008/09 and 2014/15 the gearing ratio peaked at 4.1 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio remain constant in the 2012/13 financial year, the medium term strategy is to steadily increase the gearing ratio to a level that does not exceed 5 per cent as a prudential limit, hence, over the 2012/13 MTREF the ratio increases 4.7 per cent by 2014/15.

1.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 1.2 in the 2012/13 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 1.7 and as part of the financial planning strategy it has been increased to 4.4 in the 2012/13 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious

financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. A Debt Collection firm has been appointed to recover arrear monies from consumers.

1.3.1.5 Creditors Management

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

1.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2011/12 financial year to 11 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been significantly reduced from 13.26 per cent in 2010/11 to 10.5 per cent in 2012/13. This has been achieved with the introduction of a water leakage report and action centre. Various awareness programmes are unfolding to reduce these losses and also to repair these leakages.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

1.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 3 000 registered indigents have been provided for in the budget with this figured increasing to 3 300 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) **on page 38.**

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

1.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Rand Water and the Municipality were awarded Blue Drop status in 2011/12, indicating that the Municipality's drinking water is of exceptional quality.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

1.4 Overview of budget related-policies

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

1.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2011 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.4.2 Asset Management, Infrastructure Investment and Funding Policy

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

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

1.4.3 Budget Adjustment Policy

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

1.4.4 Supply Chain Management Policy

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

1.4.5 Budget and Virement Policy

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

1.4.6 Cash Management and Investment Policy

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

1.4.7 Tariff Policies

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

1.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2012/13 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2011/12 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;

- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

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

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

1.5 Overview of budget assumptions

1.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2011 will be 2.3 per cent rising to 3.6 per cent by 2012.

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

1.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32.3 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC has not yet been concluded with the municipal workers unions on 31 March 2012. The finalisation of the categorisation and job evaluation wage curves collective agreement is not yet concluded within our municipality.

1.5.3 Credit rating outlook

Table 32 Credit rating outlook

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	Prime	20 April 2010	Prime
Long-term	Rand	B	20 April 2010	B
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “B” rated are judged to be of high quality and are subject to very low credit risk.

1.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2012/13 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

1.5.5 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.5.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

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

1.5.7 Salary increases

The collective agreement regarding salaries/wages is still not finalised which must come into operation on 1 July 2012. An provision for an increase of 7.5 per cent was budgeted for during the 2012/13 financial year.

1.5.8 Impact of national, provincial and local policies

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

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

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

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

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

1.6 Overview of budget funding

1.6.1 Medium-term outlook: operating revenue

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

Table 33 Breakdown of the operating revenue over the medium-term

Description	2012/13 Medium Term Revenue & Expenditure Framework					
	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
R thousands						
Financial Performance						
Property rates	18,397	11%	20,249	11%	22,981	12%
Service charges	79,982	48.5%	87,845	49%	97,565	49%
Investment revenue	734	0.5%	793	0.4%	809	0.4%
Transfers recognised - operational	38,311	23%	41,558	23%	44,715	21.6%
Other own revenue	27,239	17%	30,144	16.6%	33,364	17%
Total Revenue (excluding capital transfers and contributions)	165,658	100%	180,589	100%	199,433	100%
Surplus/(Deficit)	(1,921)		(4,792)		(421)	
Transfers recognised - capital	16,141		17,027		18,011	
Surplus/(Deficit) for the year	14,220		12,235		17,590	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

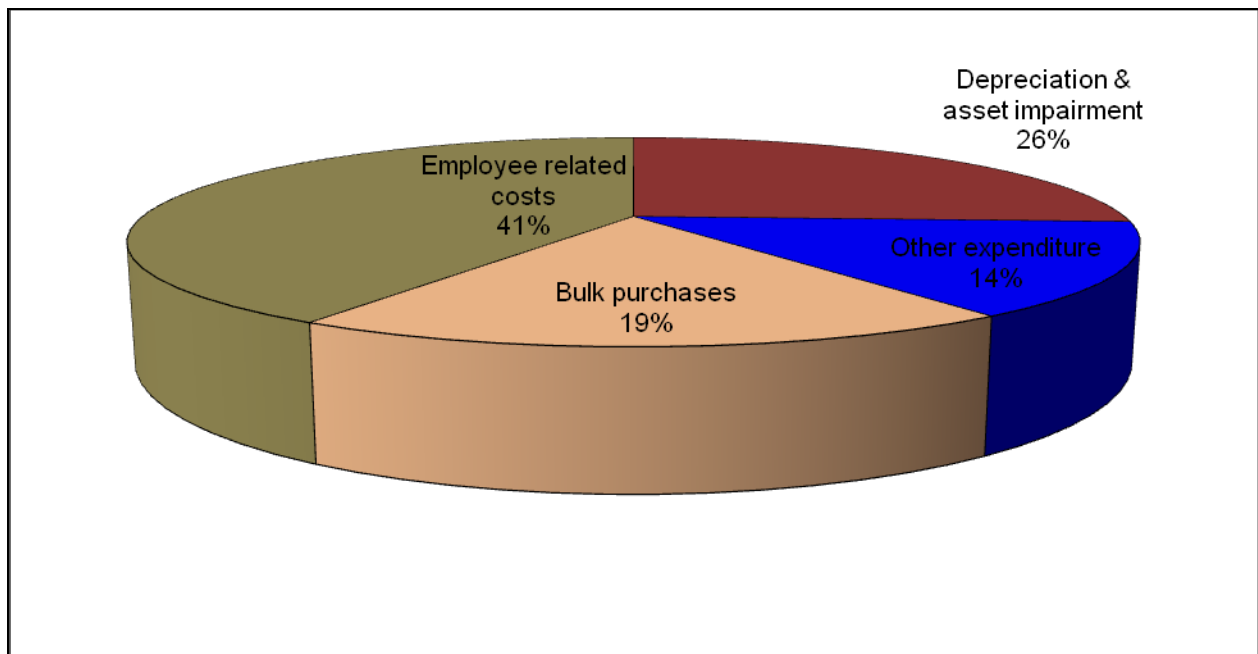


Figure 7 Breakdown of operating revenue over the 2012/13 MTREF

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

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 96 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2012/13 MTREF on the different revenue categories are:

Table 34 Proposed tariff increases over the medium-term

Revenue category	2012/13 proposed tariff increase	2012/13 proposed tariff increase	2013/14 proposed tariff increase
	%	%	%
Property rates	6	6	6
Sanitation	6	6	6
Solid Waste	6	6	6
Water	6	6	6
Electricity	11.2	11.2	11.2

Revenue to be generated from property rates is R18, 397 million in the 2012/13 financial year and increases to R22,981 million by 2014/15 which represents 12 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality has appointed E-valuations to perform general valuations on all properties located in the municipal boundaries of Emthanjeni municipality. The new valuation process will be implemented on 01 July 2013. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 3rd quarter of the 2012/13 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Operational grants and subsidies amount to R39,306 million, R41,558 million and R44, 715 million for each of the respective financial years of the MTREF, or 23, 23 and 21.6 per cent of

operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 11.6 per cent and 8.9 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R734 000, R793 000 and R809 000 for the respective three financial years of the 2012/15 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 35 MBRR SA15 – Detail Investment Information

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Parent municipality										
Securities - National Government Listed Corporate Bonds										
Deposits - Bank Deposits - Public Investment Commissioners Deposits - Corporation for Public Deposits Bankers Acceptance Certificates Negotiable Certificates of Deposit - Banks Guaranteed Endowment Policies (sinking) Repurchase Agreements - Banks Municipal Bonds		7,680	8,307	8,876	12,757	12,757	12,757	10,110	10,716	11,788
Consolidated total:		7,680	8,307	8,876	12,757	12,757	12,757	10,110	10,716	11,788

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution	Months			Rands	
ABSA Bank	12months	Fixed Dep	30/06/2013	10,110	734 000

1.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

Vote Description R thousand	2008/9		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +1 2013/14	%
Funded by:								
National Government	13,306		16,141		17,027		18,011	
Provincial Government	260		-		-		-	-
District Municipality	-		-		-		-	-
Other transfers and grants	-		-		-		-	-
Transfers recognised - capital	13,566	63%	16,141	67%	17,027	18,011	18,011	70
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	7,723	37%	7,979	33%	31%	7,723	7,580	30
Total Capital Funding	21,289	100%	24,120	100%	24,584	100%	25,591	100%

The above table is graphically represented as follows for the 2012/13 financial year.

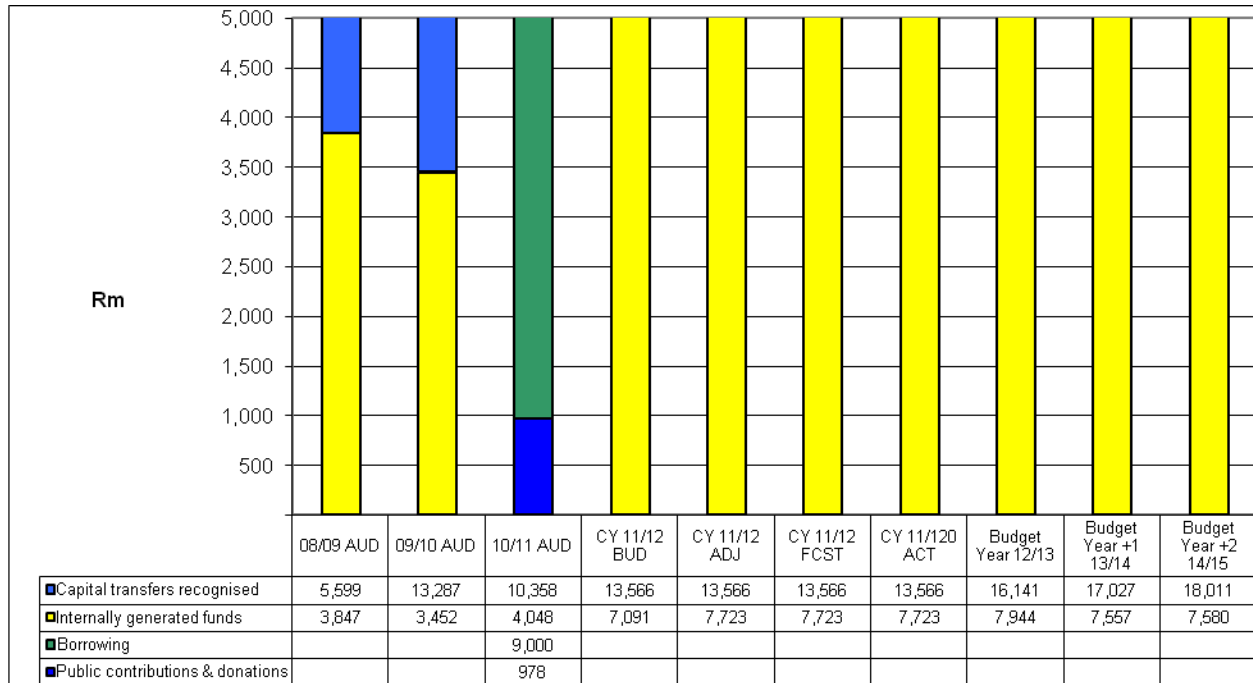


Figure 8 Sources of capital revenue for the 2012/13 financial year

Capital grants and receipts equates to 70 per cent of the total funding source which represents R16, 141 million for the 2012/13 financial year and steadily increase to R18.027 million or 70 per cent by 2013/14. Growth relating to grant receipts is 6 per cent over the medium-term.

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

Table 38 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality										
Long-Term Loans (annuity/reducing balance)		5,027	4,203	10,820	12,554	12,554	12,554	9,947	10,543	11,176
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Total Borrowing	1	5,027	4,203	10,820	12,554	12,554	12,554	9,947	10,543	11,176

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2013/14 period.

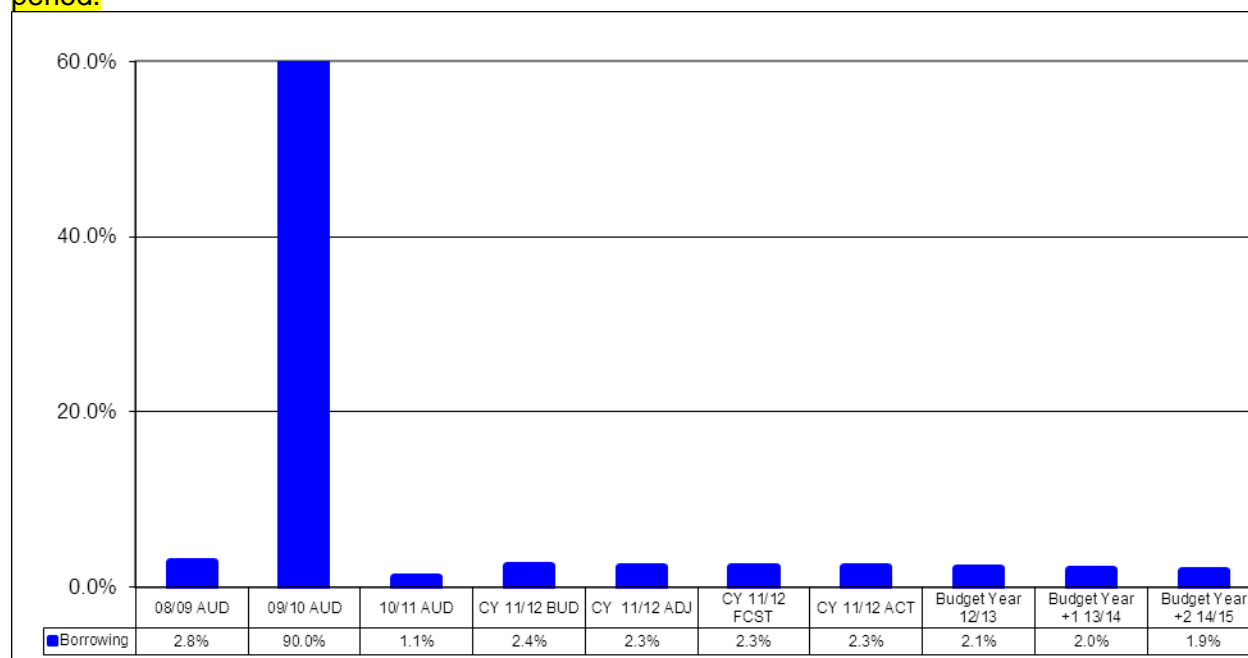


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R7, 944 million in 2012/13, R7, 557 in 2013/14 and R7, 560 million in 2014/15. The percentage funding remains constant over the MTEF period. This reflects the commitment of the municipality to invest in renewal of their existing assets.

Table 39 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Transfers and Grants										
National Government:		5,159	13,228	9,730	13,566	13,566	13,566	16,141	17,027	18,011
Municipal Infrastructure Grant (MIG)		2,700	11,172	9,570	13,306	13,306	13,306	16,141	17,027	18,011
Regional Bulk Infrastructure			652	160	260	260	260	-	-	
Other capital transfers/grants [insert desc]		2,459	1,404		-	-	-			
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										

District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: Lotto		-	638	-	-	-	-	-	-	-
			638	-	-	-	-			
Total Capital Transfers and Grants	5	5,159	13,866	9,730	13,566	13,566	13,566	16,141	17,027	18,011

1.6.3 Cash Flow Management

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

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

Table 40 MBRR Table A7 - Budget cash flow statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		102,047	93,614	121,223	133,745	131,725	131,725		119,277	126,434	134,020
Government - operating	1	22,837	34,590	31,857	32,680	32,680	32,680		38,311	40,610	43,046
Government - capital	1	5,159	9,615	9,621	15,266	15,266	15,266		16,141	17,109	18,136
Interest		2,753	1,626	1,746	148	148	148		734	778	825
Dividends		-	-	1	-				1	1	1
Payments											
Suppliers and employees		(115,305)	(100,717)	(110,727)	(145,391)	(143,569)	(143,569)		(129,788)	(137,575)	(145,830)
Finance charges		(985)	(2,577)	(755)	(2,162)	(2,162)	(2,162)		(1,121)	(1,188)	(1,260)
Transfers and Grants	1	(6,084)	(14,126)	(41,085)	(15,968)	(15,968)	(15,968)		(12,805)	(13,573)	(14,388)
NET CASH FROM/(USED) OPERATING ACTIVITIES		10,422	22,025	11,881	18,318	18,120	18,120	-	30,750	32,595	34,551
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											

Proceeds on disposal of PPE		444	1,736	17	105	105	105	65	69	73	
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables		16	20	13	20	20	20	22	23	25	
Decrease (increase) in non-current investments		-	-	0	-	-	-	-	-	-	
Payments											
Capital assets			(24,487)	(24,384)	-	-	-	(24,085)	(25,530)		
NET CASH FROM/(USED) INVESTING ACTIVITIES		460	(22,731)	(24,354)	125	125	125	-	(23,998)	(25,438)	98
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	9,000	-	-	-	-	-	-	
Borrowing long term/refinancing		1,615	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits		164	80	76	98	98	98	105	111	118	
Payments											
Repayment of borrowing		(3,314)	1,253	(1,350)	(1,807)	(1,807)	(1,807)	(2,350)	(2,538)	(2,741)	
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,535)	1,333	7,726	(1,709)	(1,709)	(1,709)	-	(2,245)	(2,427)	(2,623)
NET INCREASE/ (DECREASE) IN CASH HELD		9,347	627	(4,746)	16,734	16,536	16,536	-	4,507	4,731	32,026
Cash/cash equivalents at the year begin:	2	85	9,432	10,059	5,313	5,313	5,313	5,313	5,951	10,458	15,189
Cash/cash equivalents at the year end:	2	9,432	10,059	5,313	22,047	21,849	21,849	5,313	10,458	15,189	47,214

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2008/09 and 2010/11 financial year moving from a positive cash balance of R5, 951 million. With the 2011/12 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R10, 458 million by the financial year end. For the 2012/13 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R10, 458 million by 2012/13 and steadily increasing to R47.214 million by 2014/15.

1.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

- What is the net funds available or funding shortfall?

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

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available										
Cash/cash equivalents at the year end	9,432	10,059	5,313	22,047	21,849	21,849	5,313	10,458	15,189	47,214
Other current investments > 90 days	(1,978)	(580)	0	(8,260)	(8,062)	(8,062)	(5,313)	550	(3,138)	(33,609)
Non current assets - Investments	-	-	8	-	-	-	-	-	-	-
Cash and investments available:	7,454	9,479	5,321	13,787	13,787	13,787	-	11,008	12,051	13,606
Application of cash and investments										
Unspent conditional transfers	1,508	4,414	2,325	3,652	3,652	3,652	-	1,200	1,272	1,348
Unspent borrowing Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	(13,480)	(5,974)	(4,320)	(12,780)	(12,990)	(12,990)	-	(12,359)	(12,914)	(12,881)
Other provisions		(922)	(1,091)	(1,157)	(1,157)	(1,157)		(1,226)	(1,300)	(1,378)
Long term investments committed Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
	-	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253
Total Application of cash and investments:	(11,972)	(229)	(833)	(8,032)	(8,242)	(8,242)	2,253	(10,132)	(10,689)	(10,657)
Surplus(shortfall)	19,426	9,708	6,154	21,819	22,029	22,029	(2,253)	21,140	22,740	24,263

From the above table it can be seen that the cash and investments available total R11 008 million in the 2012/13 financial year and progressively increase to R13. 606 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2012/13 financial year no provision has been made for this liability as the total unspent conditional grant liability of R2, 325 million has been factored into the 2012/13 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is

ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2010/11 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non cash-backing progressively deteriorated over the period 2008/09 to 2014/15 escalating from R11, 972 million to R10.657 million in 2014/15. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

1.6.5 Funding compliance measurement

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

Table 42 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	9,432	10,059	5,313	22,047	21,849	21,849	5,313	10,458	15,189	21,623
Cash + investments at the yr end less applications - R'000	18(1)b	2	19,426	9,708	6,154	21,819	22,029	22,029	(2,253)	21,140	22,740	24,263
Cash year end/monthly employee/supplier payments	18(1)b	3	1.0	1.1	0.5	1.9	2.2	2.2	-	0.9	1.2	1.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(50,704)	3,470	(36,117)	8,060	29,746	29,746	-	21,074	14,533	19,637
Service charge rev % change -	18(1)a,(2)	5	N.A.	12.7%	10.2%	4.6%	(8.3%)	(6.0%)	(106.0%)	9.2%	4.8%	5.5%

macro CPIX target exclusive												
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	141.4%	99.6%	129.8%	118.1%	119.3%	119.3%	0.0%	95.6%	91.5%	87.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	88.2%	23.4%	21.0%	12.5%	8.8%	8.8%	0.0%	8.4%	7.9%	7.6%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	146.3%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	103.8%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	42.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	9.1%	(40.1%)	85.4%	0.0%	0.0%	(100.0%)	3.2%	10.3%	6.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.2%	3.7%	1.2%	5.9%	3.7%	3.7%	0.0%	1.3%	1.3%	1.3%
Asset renewal % of capital budget	20(1)(vi)	14	49.3%	50.8%	23.2%	47.5%	46.1%	46.1%	0.0%	32.8%	30.7%	29.6%

1.6.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R10. 458 million, R15. 189 million and R47.214 million for each respective financial year.

1.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2008/09 to 2012/13, moving from 1.0 to 0.9 with the adopted 2011/12 MTREF. As part of the 2012/13 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then improves slightly slightly to 1.2 and 3.3 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually

move towards two months coverage. This measure will have to be carefully monitored going forward.

1.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R21.140 million, R22.740 million and R24.263 million.

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

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9.2, 4.8 and 5.5 per cent for the respective financial year of the 2012/13 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.2 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.6, 91.5 and 87.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 96 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 8.4, 7.9 and 7.6 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

1.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to less than a per cent of own funded capital.

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

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

1.6.5.11 Consumer debtors change (Current and Non-current)

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

1.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

1.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

1.7 Expenditure on grants and reconciliations of unspent funds

Table 43 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
EXPENDITURE:									
-									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	19,153	26,531	29,962	32,680	32,680	32,680	37,623	39,762	42,803
Local Government Equitable Share	17,573	24,169	28,012	30,440	30,440	30,440	34,323	37,112	40,103
Finance Management	500	750	1,200	1,450	1,450	1,450	1,500	1,750	1,750
Municipal Systems Improvement	735	859	750	790	790	790	800	900	950
EPWP Incentive	-				-	-	1,000	-	-
Energy Efficiency and Demand Management	345	753	-	-	-	-	-	-	-
Other transfers/grants [insert description]									
Provincial Government:	5,513	5,211	440	1,669	1,669	1,669	1,683	1,796	1,912
Health subsidy	845	-	-	979	979	979	1,001	1,056	1,114
Sport and Recreation	1,484		440	690	690	690	682	740	798
Housing	1,700	5,211	-	-			-	-	-
Other transfers/grants [insert description]	1,484	-	-				-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									

Total operating expenditure of Transfers and Grants:	24,666	31,742	30,402	34,349	34,349	34,349	39,306	41,558	44,715
Capital expenditure of Transfers and Grants									
National Government:	5,159	11,190	9,760	13,566	13,566	13,566	16,141	17,027	18,011
Municipal Infrastructure Grant (MIG)	2,700	9,134	9,600	13,306	13,306	13,306	16,141	17,027	18,011
Regional Bulk Infrastructure		652	160	260	260	260	-	-	
Other capital transfers/grants [insert desc]	2,459	1,404	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	998	-	-	-	-	-	-	-
Lotto		998							
Total capital expenditure of Transfers and Grants	5,159	12,188	9,760	13,566	13,566	13,566	16,141	17,027	18,011
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	29,825	43,930	40,162	47,915	47,915	47,915	55,447	58,585	62,726

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-

Current year receipts	19,112	25,779	38,907	33,216	33,216	33,216	36,628	39,762	42,803
Conditions met - transferred to revenue	19,112	25,779	38,907	33,216	33,216	33,216	36,628	39,762	42,803
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	4,029	7,910	1,640	690	690	690	1,683	1,796	1,912
Conditions met - transferred to revenue	4,029	8,811	2,571	1,669	1,669	1,669	1,683	1,796	1,912
Conditions still to be met - transferred to liabilities	-	(901)	(931)	(979)	(979)	(979)			
District Municipality:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue	23,141	34,590	41,478	34,885	34,885	34,885	38,311	41,558	44,715
Total operating transfers and grants - CTBM	-	(901)	(931)	(979)	(979)	(979)	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	94	2,038	2,008	2,008	2,008	-	-	-
Current year receipts	5,348	13,500	10,328	11,558	11,558	11,558	16,141	17,027	18,011
Conditions met - transferred to revenue	5,254	11,556	10,358	13,566	13,566	13,566	16,141	17,027	18,011

Conditions still to be met - transferred to liabilities	94	2,038	2,008	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	345	753	-	-	-	-	-	-	-
Conditions met - transferred to revenue	345	753	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	638	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	978	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	(340)	-	-	-	-	-	-	-
Total capital transfers and grants revenue	5,599	13,287	10,358	13,566	13,566	13,566	16,141	17,027	18,011
Total capital transfers and grants – CTBM	94	1,698	2,008	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	28,740	47,877	51,835	48,451	48,451	48,451	54,452	58,585	62,726
TOTAL TRANSFERS AND GRANTS - CTBM	94	797	1,077	(979)	(979)	(979)	-	-	-

1.8 Councillor and employee benefits

Table 45 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework
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R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
-	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	2,371	2,536	2,713	2,475	2,475	2,475	2,475	5,110	5,097
Pension and UIF Contributions	-			-	-	-	-	-	
Medical Aid Contributions	-			-	-	-	-	-	
Motor Vehicle Allowance	332	328	273	825	825	825	825	926	1,018
Cellphone Allowance	177	189	202	183	183	183	183	201	222
Housing Allowances				-	-	-			
Other benefits and allowances			35	38	-	-			
Sub Total – Councillors	2,880	3,053	3,223	3,521	3,483	3,483	3,503	6,237	6,337
% increase		6.0%	5.6%	9.2%	(1.1%)	-	0.6%	75.7%	1.6%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	1,516	1,652	1,965	2,701	2,701	2,701	2,660	2,819	2,988
Pension and UIF Contributions	230	251	270	449	449	449	441	935	991
Medical Aid Contributions	45	49	53	40	40	40	90	96	101
Overtime	445	485	521	633	633	633	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	728	772	818
Cellphone Allowance	258	281	302	298	298	298	47	50	53
Housing Allowances	35	38	41	307	307	307		-	-
Other benefits and allowances	-	-	-	-	-	-	575	609	646
Payments in lieu of leave	-	-	-	-	-	-		-	-
Long service awards	-	-	-	-	-	-		-	-
Post-retirement benefit obligations	-	-	-	-	-	-		-	-
Sub Total - Senior Managers of Municipality	2,529	2,756	3,152	4,428	4,428	4,428	4,541	5,281	5,598
% increase		9.0%	14.4%	40.5%	-	-	(2.5%)	16.2%	6.0%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	23,511	25,274	27,170	32,061	31,741	31,741	36,570	38,764	41,090
Pension and UIF Contributions	3,734	4,014	7,377	5,315	5,195	5,195	6,750	9,679	11,303
Medical Aid Contributions	1,480	1,591	1,710	2,555	2,555	2,555	2,605	2,761	2,927
Overtime	386	415	446	797	797	797	419	444	471
Performance Bonus	284	305	328	-	-	-		-	-

Motor Vehicle Allowance	–	896	963	–	–	–	892	946	1,002
Cellphone Allowance	611	657	706	435	435	435	–	–	–
Housing Allowances	303	326	350	–	–	–	785	832	882
Other benefits and allowances	1,673	1,798	1,933	1,937	1,937	1,937	189	200	212
Payments in lieu of leave	–	–	–	–	–	–	–	–	–
Long service awards	–	–	2,307	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	5,001	–	–	–	683	724	768
Sub Total - Other Municipal Staff	31,982	35,277	48,292	43,100	42,660	42,660	48,893	54,351	58,655
% increase		10.3%	36.9%	(10.8%)	(1.0%)	–	15.2%	11.1%	7.9%
Total Parent Municipality	37,391	41,086	54,667	51,049	50,571	50,571	56,937	65,869	70,590
		9.9%	33.1%	(6.6%)	(0.9%)	–	11.7%	15.5%	7.2%

Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<u>Councillors</u>							
Speaker	1	351,951	–	139,080			491,031
Chief Whip	1	131,982		56,970			188,952
Executive Mayor	1	439,943		172,006			611,949
Deputy Executive Mayor	–	–	–	–			–
Executive Committee	2	363,000		147,540			510,540
Total for all other councillors	9	1,187,838		512,730			1,700,568
Total Councillors	14	2,474,714	–	1,028,326			3,503,040
<u>Senior Managers of the Municipality</u>							
Municipal Manager (MM)	1	540,723	126,650	533,218			1,200,147
Chief Finance Officer	1	590,004	142,451	332,740			1,066,825
Director of Infrastructure and Housing Services	1	600,391	112,395	149,652			891,166
Director of Corporate, Community and Development Services	1	479,050	106,515	110,840			725,133
Director of Corporate, Community and Development Services	1	421,850	95,911	139,588			657,329
							–
							–

<i>List of each official with packages >= senior manager</i>						
Manager of Corporate Services	1	466,000	116,000	156,000		738,000
Manager of Housing Services	1	304,000	111,000	145,000		560,000
Manager of Development Services	1	332,000	88,000	137,000		557,000
Manager of Financial Services	1	347,000	92,000	232,000		671,000
Manager of Technical Services	1	298,000	115,000	91,000		504,000
Manager of Techno Electrical Services	1	252,000	48,000	151,000		451,000
Manager in the Office of the Mayor and Speaker	1	370,000	88,000	106,000		564,000
						-
Total Senior Managers of the Municipality	11	5,001,018	1,241,922	2,342,660	-	8,585,600
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	25	7,475,723	1,241,922	3,370,986	-	12,088,640

Table 47 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
		Position s	Permanen t employee s	Contract employee s	Position s	Permanen t employee s	Contract employee s	Position s	Permanen t employee	Contr act emplo yees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	4	-	4	5		5	4	3	1

Other Managers	7	7	1	6	7	3	4	7	1	6
Professionals		1	-	10	2	-	2	2	-	2
<i>Finance</i>		1	-	10	1	-	1	1	-	1
<i>Spatial/town planning</i>		-	-	-	-	-	-	-	-	-
<i>Information Technology</i>		-	-	-	-	-	-	-	-	-
<i>Roads</i>		-	-	-	-	-	-	-	-	-
<i>Electricity</i>		-	-	-	1	-	1	1	-	1
<i>Water</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Refuse</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Technicians		17	11	6	-	-	-	16	11	5
<i>Finance</i>		6	-	6			5		5	
<i>Spatial/town planning</i>		-	-	-			-			
<i>Information Technology</i>		-	-	-			-			
<i>Roads</i>		3	3	-			3		3	

<i>Electricity</i>		6	6	-				6	6	
<i>Water</i>		2	2	-				2	2	
<i>Sanitation</i>		-	-	-				-	-	
<i>Refuse</i>		-	-	-				-	-	
<i>Other</i>		-	-	-				-	-	
Clerks (Clerical and administrative)		120	120	-				109	109	
Service and sales workers		-	-	-				-	-	
Skilled agricultural and fishery workers		-	-	-				-	-	
Craft and related trades		36	36	-				36	36	
Plant and Machine Operators		20	20	-				24	24	
Elementary Occupations		133	133	-				132	122	10
TOTAL PERSONNEL NUMBERS		352	323	38	28	5	23	344	308	36
% increase					(92.0%)	(98.5%)	(39.5%)	1,128.6%	6,060.0%	56.5%
Total municipal employees headcount	6	64	52	12	68	56	12	68	56	12
Finance personnel headcount	8	44	38	6	46	41	5	46	41	5

Human Resources personnel headcount	8	20	14	6	22	15	7	22	15	7
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1.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source															
Property rates	4,575	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,992	18,397	20,249	22,981
Property rates - penalties & collection charges												-	-	-	-
Service charges - electricity revenue	5,661	5,801	3,430	3,007	2,906	2,860	2,560	2,312	3,560	3,739	4,100	3,831	43,767	49,457	56,876
Service charges - water revenue	1,086	1,023	1,162	1,297	1,642	1,979	1,903	1,871	1,609	1,268	1,134	928	16,902	17,916	18,991
Service charges - sanitation revenue	999	999	999	999	999	999	999	999	999	999	999	1,000	11,991	12,711	13,474
Service charges - refuse revenue	599	599	599	599	599	599	599	599	599	599	599	599	7,182	7,613	8,070
Service charges – other	12	12	12	12	12	12	12	12	12	12	12	12	139	147	154
Rental of facilities and equipment	21	23	60	30	28	125	26	19	34	80	28	25	499	529	535
Interest earned - external investments	-	-	184	-	-	184	-	-	184	-	-	184	734	793	809
Interest earned - outstanding debtors	58	58	58	98	58	58	58	58	58	58	58	59	741	786	833
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	843	360	360	984	360	360	1,546	360	360	773	360	360	7,025	7,575	7,816
Licences and permits	97	97	97	97	97	97	97	97	97	97	97	93	1,160	1,230	1,304
Agency services												-	-	-	-
Transfers recognised – operational	17,240	-	-	-	11,493	-	-	9,578	-	-	-	995	38,311	41,558	44,715
Other revenue	2,003	2,072	2,119	2,056	1,509	1,257	1,018	865	923	1,002	1,358	1,624	17,807	20,018	22,870
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	6	6	6	6
Total Revenue (excluding capital transfers and contributions)	33,193	12,227	10,262	10,361	20,886	9,713	10,000	17,953	9,617	9,810	9,928	11,708	165,658	180,589	199,433
Expenditure By Type															
Employee related costs	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,893	53,434	59,180	63,112
Remuneration of councilors	296	296	296	296	296	296	296	296	296	296	296	250	3,549	6,237	6,601

Debt impairment	–	–	–	–	–	–	–	–	–	–	–	8,217	8,217	8,627	9,145
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–	–	7,924	7,924	8,479	8,987
Finance charges	67	67	224	67	67	67	67	67	224	67	67	67	1,121	1,155	1,137
Bulk purchases	4,920	5,072	2,975	2,631	2,517	2,479	2,021	1,983	3,089	3,242	3,547	3,666	38,142	44,194	51,210
Other materials	468	1,322	1,107	1,230	1,658	326	427	1,507	1,120	521	541	790	11,017	11,678	12,197
Contracted services	788	328	330	920	341	333	1,444	312	316	722	339	390	6,989	6,949	7,366
Transfers and grants	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	893	12,630	13,642	14,470
Other expenditure	2,751	2,849	2,898	2,825	2,063	1,744	1,400	1,204	1,277	1,376	1,866	2,349	24,602	25,239	25,629
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	14,770	15,414	13,310	13,449	12,422	10,724	11,135	10,849	11,802	11,704	12,136	29,865	167,579	185,381	199,854
Surplus/(Deficit)	18,424	(3,187)	(3,047)	(3,088)	8,464	(1,012)	(1,135)	7,104	(2,184)	(1,894)	(2,208)	(18,158)	(1,921)	(4,792)	(421)
Transfers recognised – capital	7,263	–	–	–	4,842	–	–	4,035	–	–	–	0	16,141	17,027	18,011
Contributions recognised – capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	25,687	(3,187)	(3,047)	(3,088)	13,306	(1,012)	(1,135)	11,139	(2,184)	(1,894)	(2,208)	(18,157)	14,220	12,235	17,590
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	25,687	(3,187)	(3,047)	(3,088)	13,306	(1,012)	(1,135)	11,139	(2,184)	(1,894)	(2,208)	(18,157)	14,220	12,235	17,590

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote															
Vote 1 - EXECUTIVE AND COUNCIL	1,217	-	-	-	812	-	-	676	-	-	-	0	2,705	3,262	3,714
Vote 2 - FINANCE AND ADMINISTRATION	15,862	-	-	-	10,575	-	-	8,813	-	-	-	800	36,050	39,325	43,294
Vote 3 - PLANNING AND DEVELOPMENT	7,543	85	65	63	4,995	53	54	4,396	46	58	52	138	18,483	18,478	19,523
Vote 4 - HEALTH	1,001	-	-	-	-	-	-	-	-	-	-	-	1,001	1,056	1,114
Vote 5 - COMMUNITY AND SOCIAL SERVICES	61	61	134	61	61	278	61	61	156	61	61	57	1,113	1,198	1,281
Vote 6 - PUBLIC SAFETY	843	360	360	984	360	360	1,546	360	360	773	360	688	7,354	7,923	8,399
Vote 7 - SPORT AND RECREATION	7	7	7	7	7	7	7	7	7	7	7	9	86	91	96
Vote 8 - ROAD TRANSPORT	54	54	54	54	54	54	54	54	54	54	54	64	658	698	740
Vote 9 - OTHER															
Vote 10 - HOUSING SERVICES	2	2	2	2	2	2	2	2	2	2	2	3	19	20	21
Vote 11 - WASTE MANAGEMENT	599	599	599	599	599	599	599	599	599	599	599	5,170	11,754	12,509	13,330
Vote 12 - WASTE WATER MANAGEMENT	3,999	875	875	875	4,520	875	875	875	875	875	875	875	19,380	20,624	21,973
Vote 13 - ELECTRICITY	8,149	8,402	4,927	4,359	4,169	4,106	3,980	3,285	5,117	3,739	4,100	4,843	63,176	71,178	81,386
Vote 14 - WATER	2,486	1,023	1,162	1,297	2,642	1,979	1,903	2,471	1,609	1,268	1,134	1,047	20,021	21,254	22,574
Vote 15 - [NAME OF VOTE 15]															
Total Revenue by Vote	38,823	11,591	8,308	8,424	25,274	8,436	9,204	21,722	8,948	7,559	7,367	13,694	181,799	197,616	217,444
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	764	764	764	764	764	764	764	764	764	764	764	2,201	10,605	14,382	15,322
Vote 2 - FINANCE AND ADMINISTRATION	2,163	1,163	2,163	663	2,163	763	2,163	2,163	2,163	2,163	2,163	2,381	30,274	34,087	34,806

Vote 3 - PLANNING AND DEVELOPMENT	4,980	200	5,700	152	7,520	63	52	4,532	55	1074	69	1,074	25,471	25,810	27,250
Vote 4 – HEALTH	18	18	18	18	18	18	18	18	18	18	18	19	217	230	245
Vote 5 - COMMUNITY AND SOCIAL SERVICES	448	448	448	448	1,448	448	448	1,045	448	448	448	1,126	7,651	8,801	9,394
Vote 6 - PUBLIC SAFETY	927	628	610	1,220	641	625	1,704	412	316	722	339	885	9,123	10,187	10,836
Vote 7 - SPORT AND RECREATION	301	301	301	301	301	301	301	301	301	301	301	300	3,599	4,122	4,402
Vote 8 - ROAD TRANSPORT	736	952	1,042	1,874	2,201	655	863	2,435	2,713	785	821	893	15,970	16,874	17,844
Vote 9 – OTHER	191	191	191	121	191	191	111	191	191	191	191	16	1,967	3,266	3,483
Vote 10 - HOUSING SERVICES	179	179	179	179	179	179	179	179	179	179	179	177	2,139	2,626	2,807
Vote 11 - WASTE MANAGEMENT	996	918	918	918	918	918	918	918	918	918	918	1,918	12,411	13,547	14,394
Vote 12 - WASTE WATER MANAGEMENT	392	391	1,256	386	3,471	399	405	396	381	411	342	2,419	10,399	11,615	12,330
Vote 13 – ELECTRICITY	6,785	4,995	4,102	3,629	3,471	3,419	2,787	2,735	4,260	4,471	4,891	7,056	52,585	54,119	61,248
Vote 14 – WATER	475	714	483	495	526	795	854	863	654	621	597	2,424	9,289	10,298	11,083
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Total Expenditure by Vote	19,355	11,862	14,175	10,238	21,812	9,538	11,647	16,355	11,361	12,066	12,041	22,802	191,698	209,964	225,445
Surplus/(Deficit) before assoc.	19,468	(271)	(5,867)	(1,814)	3,462	(1,102)	(2,443)	5,367	(2,413)	(4,507)	(4,674)	(9,108)	(9,899)	(12,348)	(8,001)
Taxation												-	-	-	-
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	19,468	(271)	(5,867)	(1,814)	3,462	(1,102)	(2,443)	5,367	(2,413)	(4,507)	(4,674)	(9,108)	(9,899)	(12,348)	(8,001)

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard	-															
Governance and administration		17,119	-	800	-	11,387	-	-	9,449	-	-	-	1	38,755	42,587	47,008
Executive and council		1,217	-	-	-	812	-	-	676	-	-	-	0	2,705	3,262	3,714
Budget and treasury office		15,862	-	800	-	10,575	-	-	8,773	-	-	-	0	35,210	39,282	43,248
Corporate services		40	-	-	-	-	-	-	-	-	-	-	0	40	43	45
Community and public safety		1,909	425	498	1,048	64	642	1,610	424	519	836	424	1,177	9,573	10,288	10,911
Community and social services		61	61	134	61	61	278	61	61	156	61	61	125	1,181	1,270	1,357
Sport and recreation		2	2	2	2	1	2	2	1	1	1	1	1	18	19	20
Public safety		843	360	360	984	0	360	1,546	360	360	773	360	1,048	7,354	7,923	8,399
Housing		2	2	2	2	2	2	2	2	2	2	2	3	19	20	21
Health		1,001	-	-	-	-	-	-	-	-	-	-	-	1,001	1,056	1,114
Economic and environmental services		7,597	139	119	117	5,049	107	108	4,360	1,260	112	106	67	19,141	19,176	20,263
Planning and development		7,543	85	65	63	4,995	53	54	4,306	1,206	58	52	3	18,483	18,478	19,523
Road transport		54	54	54	54	54	54	54	54	54	54	54	64	658	698	740
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		14,762	13,100	11,273	7,840	10,486	8,269	8,067	7,940	8,910	7,191	7,294	9,203	114,330	125,565	139,262
Electricity		8,149	8,402	7,927	4,359	4,169	4,106	3,980	3,285	5,117	3,739	4,100	5,843	63,176	71,178	81,386
Water		2,486	1,023	1,162	1,297	2,642	1,979	1,903	2,471	1,609	1,268	1,134	1,047	20,021	21,254	22,574
Waste water management		3,147	2,695	1,204	1,204	2,695	1,204	1,204	1,204	1,204	1,204	1,204	1,211	19,380	20,624	21,973
Waste management		980	980	980	980	980	980	980	980	980	980	856	1,098	11,754	12,509	13,330
Other													-	-	-	-
Total Revenue - Standard																

	41,387	13,664	12,690	9,005	26,985	9,418	9,785	22,472	10,689	8,139	7,824	9,743	181,799	197,616	217,444
		22,212	20,016	13,488	37,022	13,455	13,880	30,680	14,848	11,997	12,037				
Expenditure - Standard															
Governance and administration	3,907	2,907	2,560	2,407	2,374	2,507	3,907	3,907	3,907	3,907	3,907	4,681	40,878	48,470	50,128
Executive and council	764	764	764	764	764	764	764	764	764	764	764	2,543	10,947	14,823	15,791
Budget and treasury office	2,163	1,163	816	663	630	763	2,163	2,163	2,163	2,163	2,163	929	17,942	20,011	21,144
Corporate services	980	980	980	980	980	980	980	980	980	980	980	1,210	11,990	13,635	13,193
Community and public safety	1,951	1,702	1,699	2,347	1,804	1,833	2,951	1,541	1,409	1,744	1,484	2,405	22,728	25,967	27,685
Community and social services	771	821	836	874	910	955	994	876	840	769	892	1,038	10,576	12,161	12,982
Sport and recreation	56	56	56	56	56	56	56	56	56	56	56	58	674	762	814
Public safety	927	628	610	1,220	641	625	1,704	412	316	722	339	979	9,123	10,187	10,836
Housing	179	179	179	179	179	179	179	179	179	179	179	170	2,139	2,626	2,807
Health	18	18	18	18	18	18	18	18	18	18	18	19	217	230	245
Economic and environmental services	5,716	1,152	5,212	1,026	8,721	718	915	6,967	768	859	890	8,497	41,441	42,684	45,094
Planning and development	4,980	200	4,170	152	7,520	63	52	4,532	55	74	69	3,604	25,471	25,810	27,250
Road transport	736	952	1,042	874	1,201	655	863	2,435	713	785	821	4,893	15,970	16,874	17,844
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	8,648	7,018	6,759	5,428	8,386	5,531	4,964	4,912	6,213	6,421	6,748	13,817	84,643	89,579	89,055
Electricity	6,785	4,995	4,102	3,629	3,471	3,419	2,787	2,735	4,260	4,471	4,891	7,040	52,585	54,119	61,248
Water	475	714	483	495	526	795	854	863	654	621	597	2,212	9,289	10,298	11,083
Waste water management	392	391	1,256	386	3,471	399	405	396	381	411	342	2,169	10,399	11,615	12,330
Waste management	996	918	918	918	918	918	918	918	918	918	918	2,235	12,411	13,547	14,394
Other												1,967	1,967	3,266	3,483
Total Expenditure - Standard	20,222	12,779	16,230	11,208	21,285	10,589	12,737	17,327	12,297	12,931	13,029	31,064	191,698	209,964	225,445
Surplus/(Deficit) before assoc.	21,165	885	(4,340)	(2,203)	5,700	(1,571)	(2,952)	4,935	(2,768)	(4,792)	(5,205)	(21322)	(9,899)	(12,348)	(8,001)

Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	21,165	885	(4,340)	(2,203)	5,700	(1,571)	(2,952)	4,935	(2,768)	(4,792)	(5,205)	(21,322)	(9,899)	(12,348)	(8,001)

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION												-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT												-	-	-	-
Vote 4 - HEALTH												-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES	-	250		130			128					-	508	750	496
Vote 6 - PUBLIC SAFETY												-	-	-	-
Vote 7 - SPORT AND RECREATION												-	-	-	-
Vote 8 - ROAD TRANSPORT												-	-	11,227	14,000
Vote 9 - OTHER												-	-	-	-
Vote 10 - HOUSING SERVICES												-	-	-	-
Vote 11 - WASTE MANAGEMENT												-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		3,200			2,000							-	5,200	300	-
Vote 13 - ELECTRICITY												-	-	-	-
Vote 14 - WATER	1,258		3,658		1,450			1,200	865		1,747	-	10,178	5,500	4,011
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital multi-year expenditure sub-total	1,258	3,450	3,658	130	3,450	-	128	1,200	865	-	1,747	-	15,886	17,777	18,506
Single-year expenditure to be															

appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	29		120					60				–	209	221	234
Vote 2 - FINANCE AND ADMINISTRATION	530	689		320		120		24				0	1,683	1,959	2,076
Vote 3 - PLANNING AND DEVELOPMENT												19	19	20	21
Vote 4 – HEALTH					19							1	20	21	23
Vote 5 - COMMUNITY AND SOCIAL SERVICES	0	60	85		69		55	128	210	89	65	47	808	48	51
Vote 6 - PUBLIC SAFETY				300			120			1		99	470	551	584
Vote 7 - SPORT AND RECREATION			95									(0)	95	101	107
Vote 8 - ROAD TRANSPORT			362	569	632		470	757	421	365		35	3,461	2,965	3,063
Vote 9 – OTHER												–	–	–	–
Vote 10 - HOUSING SERVICES												–	–	–	–
Vote 11 - WASTE MANAGEMENT		52										600	652	55	58
Vote 12 - WASTE WATER MANAGEMENT												–	–	–	–
Vote 13 – ELECTRICITY			425					375				–	800	848	848
Vote 14 – WATER					17							(0)	17	18	19
Vote 15 - [NAME OF VOTE 15]												–	–	–	–
Capital single-year expenditure sub- total	559	801	1,087	1,189	737	120	645	1,284	691	455	65	8 201	8,234	6,807	7,084
Total Capital Expenditure	1,817	4,251	4,745	1,519	4,187	120	773	2,649	1,556	455	1,812	801	24,120	24,584	25,591

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard															
Governance and administration	122	529	205	320	89	120	-	189	180	237	-	0	1,892	2,180	2,310
Executive and council	29		120						60			-	209	221	234
Budget and treasury office	-	529		320		120		189		137		0	1,296	1,479	1,568
Corporate services	93		85		89				120			(0)	387	479	508
Community and public safety	0	310	180	630	69	-	303	128	57	90	65	69	1,901	1,471	1,260
Community and social services	0	310	85	330	69		183	128	57	89	65	0	1,316	798	546
Sport and recreation			95									(0)	95	101	107
Public safety				300			120			1		49	470	551	584
Housing												-	-	-	-
Health												20	20	21	23
Economic and environmental services	-	19	362	569	632	-	470	757	306	365	-	0	3,480	14,212	17,085
Planning and development		19										(0)	19	20	21
Road transport			362	569	632		470	757	306	365		0	3,461	14,192	17,063
Environmental protection												-	-	-	-
Trading services	1,258	3,252	4,083	-	3,450	-	17	1,575	865	-	1,747	600	16,847	6,721	4,936
Electricity			425					375				-	800	848	848
Water	1,258		3,658		1,450		17	1,200	865		1,747	0	10,195	5,518	4,030
Waste water management		3,200			2,000							-	5,200	300	-
Waste management		52										600	652	55	58
Other												-	-	-	-
Total Capital Expenditure - Standard	1,380	4,110	4,830	1,519	4,240	120	790	2,649	1,408	592	1,812	670	24,1205	24,584	25,591

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1			
Property rates	4,392	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,912	17,661	18,721	19,844	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	5,491	5,627	3,327	2,917	2,819	2,774	2,483	2,243	3,453	3,627	3,977	3,717	42,454	45,002	47,702	
Service charges - water revenue	999	941	1,069	1,193	1,511	1,821	1,751	1,721	1,480	1,167	1,043	1,361	16,057	17,021	18,042	
Service charges - sanitation revenue	919	919	919	919	919	919	919	919	919	919	919	1,279	11,392	12,075	12,800	
Service charges - refuse revenue	551	551	551	551	551	551	551	551	551	551	551	766	6,823	7,232	7,666	
Service charges - other	10	10	10	10	10	10	10	10	10	10	10	15	129	137	145	
Rental of facilities and equipment	21	23	60	30	28	125	26	19	34	80	28	25	499	529	561	
Interest earned - external investments	-	-	184	-	-	184	-	-	184	-	-	184	734	778	825	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	843	360	360	984	360	360	1,546	360	360	773	360	360	7,025	7,447	7,894	
Licences and permits	97	97	97	97	97	97	97	97	97	97	97	93	1,160	1,230	1,304	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	17,240	-	-	-	11,493	-	-	9,578	-	-	-	995	39,306	41,558	44,715	
Other revenue	2,003	2,072	2,119	2,056	1,509	1,257	1,018	865	923	1,002	1,358	2,124	18,307	19,405	20,569	
Cash Receipts by Source	32,566	11,736	9,832	9,893	20,433	9,234	9,536	17,499	9,147	9,361	9,479	12,832	161,549	171,135	182,067	
Other Cash Flows by Source																
Transfer receipts - capital	7,263	-	-	-	4,842	-	-	4,035	-	-	-	0	16,141	17,027	18,011	
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	65	65	69	73	

Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	105	105	111	118	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	39,830	11,736	9,832	9,893	25,275	9,234	9,536	21,534	9,147	9,361	9,479	13,002	177,860	188,343	200,2696	
Cash Payments by Type																
Employee related costs	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	52,954	56,131	59,499	
Remuneration of councillors	296	296	296	296	296	296	296	296	296	296	296	296	3,549	3,762	3,988	
Finance charges	67	67	224	67	67	67	67	67	224	67	67	67	1,121	1,188	1,260	
Bulk purchases - Electricity	4,772	4,919	2,885	2,552	2,441	2,404	1,960	1,923	2,996	3,321	3,440	3,687	37,300	39,538	41,910	
Bulk purchases - Water & Sewer	148	152	89	80	75	74	61	60	92	103		(92)	842	893	946	
Other materials	468	1,322	1,107	1,230	1,658	326	427	1,507	1,120	521	541	790	11,017	11,678	12,379	
Contracted services	788	328	330	920	341	333	1,444	312	316	722	339	390	6,563	6,957	7,374	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,068	12,805	13,573	14,388	
Other expenditure	2,751	2,849	2,898	2,825	2,063	1,744	1,400	1,204	1,277	1,376	1,866	2,310	24,563	26,037	27,599	
Cash Payments by Type	14,770	15,413	13,309	13,450	12,421	10,723	11,135	10,849	11,801	11,886	12,029	12,929	150,714	159,757	169,342	
Other Cash Flows/Payments by Type																
Capital assets	1,380	4,110	4,830	1,519	4,240	120	790	2,649	1,741	692	1,812	202	24,085	24,583	25,891	
Repayment of borrowing	129	130	388	133	136	135	136	143	408	142	141	144	2,166	2,382	2,620	
Other Cash Flows/Payments													-	-	-	
Total Cash Payments by Type	16,279	19,653	18,526	15,102	16,797	10,979	12,061	13,641	13,949	12,720	13,982	13,275	176,965	186,722	197,854	
NET INCREASE/(DECREASE) IN CASH																

HELD	23,551	(7,917)	(8,695)	(5,209)	8,478	(1,745)	(2,525)	7,893	(4,802)	(3,359)	(4,503)	(1,041)	127	807	1,553
Cash/cash equivalents at the month/year begin:	5,313	28,864	20,947	12,252	7,043	15,521	13,777	11,252	19,145	14,343	10,984	6,481	5,313	5,440	6,247
Cash/cash equivalents at the month/year end:	28,864	20,947	12,252	7,043	15,521	13,777	11,252	19,145	14,343	10,984	6,481	5,440	5,440	6,247	7,799

1.10 Annual budgets and SDBIPs – internal departments

1.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of the Director of Infrastructural and Housing Services, three Managers who report directly to him.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2012/13 financial year is and has been informed by a collection rate of 96 per cent and distribution losses of 12 per cent.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 per cent efficiency gain per annum. In relation to this target, past performance has been irregular with a total distribution loss of 23.1 per cent in 2008/09, dropping to 17.5 per cent the next year and then significantly increasing by 12.5 per cent for the 2010/11 financial year resulting in a total distribution loss.

The establishment of a water demand management unit has proven to be extremely successful with the reduction of distribution losses by 6.6 per cent for the 2011/12 financial year. The further expansion of this unit will inevitably result in the further lowering of the distribution losses, thus paying for the unit itself and effecting additional savings for the municipality.

1.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.12 Capital expenditure details

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

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
-									
Infrastructure	4,003	8,233	8,790	7,944	7,944	7,944	15,378	17,027	18,011
Infrastructure - Road transport	1,012	-	3,430	7,684	7,684	7,684	10,178	16,727	18,011
<i>Roads, Pavements & Bridges</i>	1,012		3,430	1,378	1,378	1,378		11,227	14,000
<i>Storm water</i>			-	6,306	6,306	6,306	10,178	5,500	4,011
Infrastructure - Electricity	-	-	981	260	260	260	-	-	-
<i>Generation</i>				-					
<i>Transmission & Reticulation</i>			981	260	260	260			
<i>Street Lighting</i>				-					
Infrastructure - Water	-	-	4,380	-	-	-	-	-	-
<i>Dams & Reservoirs</i>									
<i>Water purification</i>			-						
<i>Reticulation</i>			4,380						
Infrastructure - Sanitation	2,991	1,952	-	-	-	-	5,200	300	-
<i>Reticulation</i>	2,991	1,952	-						
<i>Sewerage purification</i>							5,200	300	-
Infrastructure - Other	-	6,281	-	-	-	-	-	-	-
<i>Waste Management</i>			-						
<i>Transportation</i>			-						
<i>Gas</i>			-						
<i>Other</i>		6,281	-						
Community	-	-	816	1,000	1,000	1,000	808	-	-
Parks & gardens									
Sportsfields & stadia			110						
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries			706	1,000	1,000	1,000	808	-	-
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-

Buildings							-	-	
Other							-	-	
Investment properties	-	-	-	-	-	-	-	-	-
Housing development							-	-	
Other							-	-	
Other assets	789	-	9,111	1,899	2,531	2,531	-	-	-
General vehicles			5,923		632	632	-	-	
Specialised vehicles	-	-	3,077	-	-	-	-	-	-
Plant & equipment							-	-	-
Computers - hardware/equipment							-	-	-
Furniture and other office equipment							-	-	-
Abattoirs							-	-	-
Markets							-	-	-
Civic Land and Buildings							-	-	-
Other Buildings							-	-	-
Other Land							-	-	-
Surplus Assets - (Investment or Inventory)							-	-	-
Other	789		111	1,899	1,899	1,899	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming							-		
Other (<i>list sub-class</i>)									
Total Capital Expenditure on new assets	4,792	8,233	18,717	10,843	11,475	11,475	16,186	17,027	18,011
Specialised vehicles	-	-	3,077	-	-	-	-	-	-
Refuse			3,077	-	-	-	-	-	-
Fire			-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
-									
Infrastructure	2,469	4,808	5,381	7,760	7,760	7,760	4,480	3,886	3,989
Infrastructure - Road transport	-	2,130	2,155	1,760	1,760	1,760	3,611	2,965	3,063
<i>Roads, Pavements & Bridges</i>		2,130	2,155	1,760	1,760	1,760	3,611	2,965	3,063
<i>Storm water</i>									
Infrastructure - Electricity	563	260	3,226	-	-	-	800	848	848
<i>Generation</i>									
<i>Transmission & Reticulation</i>	563	260	3,226				800	848	848
<i>Street Lighting</i>									
Infrastructure - Water	52	48	-	6,000	6,000	6,000	17	18	19
<i>Dams & Reservoirs</i>									
<i>Water purification</i>									
<i>Reticulation</i>	52	48		6,000	6,000	6,000	17	18	19
Infrastructure - Sanitation	1,026	2,370	-	-	-	-	-	-	-
<i>Reticulation</i>	1,026	2,370							
<i>Sewerage purification</i>									
Infrastructure - Other	828	-	-	-	-	-	52	55	58
<i>Waste Management</i>	828						52	55	58
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>									
Community	-	447	-	42	42	42	1,611	899	653
Parks & gardens				-	-	-	45	48	51
Sportsfields & stadia				-	-	-	50	53	56
Swimming pools				-	-	-	-	-	-
Community halls		447		-	-	-	708	750	496
Libraries				-	-	-	-		
Recreational facilities				-	-	-			
Fire, safety & emergency				-	-	-			
Security and policing				-	-	-			
Buses				-	-	-			
Clinics				-	-	-			
Museums & Art Galleries				-	-	-			
Cemeteries				-	-	-			

				42	42	42	808	48	51
Social rental housing				-	-	-			
Other				-	-	-			
Heritage assets	-	-	-	-	-	-	708	750	496
Buildings							708	750	496
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	2,185	3,164	286	1,641	1,641	1,641	1,038	1,940	2,344
General vehicles	101	485							
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	218	270		-			108	114	119
Computers - hardware/equipment	186	231		-			555	597	614
Furniture and other office equipment	269	314	286	-			375	402	413
Abattoirs				430	430	430			
Markets				647	647	647			
Civic Land and Buildings				-					
Other Buildings				563	563	563		827	1,199
Other Land				1	1	1			
Surplus Assets - (Investment or Inventory)				-					
Other	1,411	1,865		-					
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Intangibles	-	87	-	371	371	371	62	82	99
Computers - software & programming		87		371	371	371	62	82	99
Other (<i>list sub-class</i>)									
Total Capital Expenditure on renewal of existing assets	4,654	8,506	5,667	9,814	9,814	9,814	7,899	7,557	7,580
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse				-	-	-	-	-	-
Fire				-	-	-	-	-	-
Conservancy				-	-	-	-	-	-
Ambulances				-	-	-	-	-	-

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
-									
Infrastructure	5,246	6,525	3,350	7,702	4,306	4,306	5,136	5,462	5,803
Infrastructure - Road transport	-	2,200	776	2,365	1,479	1,479	1,368	1,455	1,542
<i>Roads, Pavements & Bridges</i>	-	2,200	776	2,365	1,479	1,479	1,368	1,455	1,542
<i>Storm water</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	116	1,626	968	968	1,595	1,697	1,804
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	-	116	739	436	436	1,595	1,697	1,804
<i>Street Lighting</i>	-	-	-	887	532	532	-	-	-
Infrastructure - Water	4,013	-	841	1,035	405	405	749	797	851
<i>Dams & Reservoirs</i>	-	-	-	-	-	-	149	159	170
<i>Water purification</i>	4,013	-	841	591	220	220	237	255	272
<i>Reticulation</i>	-	-	-	444	186	186	363	382	408
Infrastructure - Sanitation	1,233	4,025	905	163	88	88	712	758	805
<i>Reticulation</i>	-	-	-	-	-	-	712	758	805
<i>Sewerage purification</i>	1,233	4,025	905	163	88	88	-	-	-
Infrastructure - Other	-	300	711	2,513	1,365	1,365	711	755	801
<i>Waste Management</i>	-	300	711	2,513	1,365	1,365	711	755	801
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Community	-	230	970	2,302	1,622	1,622	1,626	1,738	1,846
Parks & gardens	-	-	-	292	69	69	33	35	37
Sportsfields & stadia	-	-	-	201	55	55	58	62	66
Swimming pools	-	-	582	44	10	10	278	297	315
Community halls	-	230	388	336	102	102	375	405	431
Libraries	-	-	-	174	37	37	38	40	43
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	762	812	861

Security and policing	-	-							
Buses	-	-							
Clinics	-	-							
Museums & Art Galleries	-	-							
Cemeteries	-	-					34	36	38
Social rental housing	-	-		1,254	736	736			
Other	-	-		-	613	613	48	52	55
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-							
Other	-	-							
Investment properties	-	-	-	-	-	-	158	167	177
Housing development	-	-							
Other	-	-					158	167	177
Other assets	896	1,852	5,224	4,742	3,274	3,274	4,047	4,183	4,313
General vehicles	-	563	1,811	1,708	1,224	1,224	1,872	1,877	1,882
Specialised vehicles	-	-	3,077	630	530	530	317	318	319
Plant & equipment	565	-		103	44	44	218	232	246
Computers - hardware/equipment	-	-	306	260	66	66	321	342	363
Furniture and other office equipment	-	-	30	56	12	12	443	474	503
Abattoirs	-	-							
Markets	-	-							
Civic Land and Buildings	-	-							
Other Buildings	-	-					496	535	569
Other Land	-	-					140	150	160
Surplus Assets - (Investment or Inventory)	-	-							
Other	331	1,289		1,986	1,398	1,398	240	256	271
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-							
	-	-							
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-							
	-	-							

Intangibles	365	–	–	37	37	37	51	54	58
Computers - software & programming	365	–		37	37	37	51	54	58
Other (list sub-class)	–	–							
Total Repairs and Maintenance Expenditure	6,507	8,607	9,544	14,782	9,239	9,239	11,017	11,604	12,197
Specialised vehicles	–	–	3,077	630	530	530	317	318	319
Refuse	–		3,077	630	530	530	317	318	319
Fire	–						–	–	–
Conservancy	–						–	–	–
Ambulances	–						–	–	–
R&M as a % of PPE	1.2%	3.7%	1.2%	5.9%	3.7%	3.7%	1.3%	1.3%	1.3%
R&M as % Operating Expenditure	4.3%	6.3%	5.2%	8.8%	6.4%	6.4%	6.6%	6.1%	5.9%

Table 57 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
R thousand							
Capital expenditure							
Vote 1 - EXECUTIVE AND COUNCIL	209	221	234	252	267	288	302
Vote 2 - FINANCE AND ADMINISTRATION	1,848	1,959	2,076	2,232	2,366	2,555	2,683
Vote 3 - PLANNING AND DEVELOPMENT	19	20	21	23	24	26	27
Vote 4 – HEALTH	20	21	23	24	26	28	29
Vote 5 - COMMUNITY AND SOCIAL SERVICES	1,516	798	546	587	622	672	706
Vote 6 - PUBLIC SAFETY	520	551	584	628	666	719	755
Vote 7 - SPORT AND RECREATION	95	101	107	115	122	131	138
Vote 8 - ROAD TRANSPORT	3,611	14,192	17,063	18,343	19,444	20,999	22,049
Vote 9 – OTHER	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES	–	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT	52	55	58	63	67	72	76
Vote 12 - WASTE WATER MANAGEMENT	5,200	300	–	–	–	–	–
Vote 13 - ELECTRICITY	800	848	848	912	966	1,044	1,096
Vote 14 – WATER	10,195	5,518	4,030	4,332	4,592	4,959	5,207
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–
List entity summary if applicable							
Total Capital Expenditure	24,085	24,584	25,591	27,510	29,161	31,493	33,068
Future operational costs by vote							
Vote 1 - EXECUTIVE AND COUNCIL	25	27	28	30	32	33	35

Vote 2 - FINANCE AND ADMINISTRATION	320						
Vote 3 - PLANNING AND DEVELOPMENT	30	32	34	36	38	40	43
Vote 4 - HEALTH	-						
Vote 5 - COMMUNITY AND SOCIAL SERVICES	140	148	157	167	177	187	199
Vote 6 - PUBLIC SAFETY	72						
Vote 7 - SPORT AND RECREATION	18	19	20	21	23	24	26
Vote 8 - ROAD TRANSPORT	276						
Vote 9 - OTHER	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES	-						
Vote 11 - WASTE MANAGEMENT	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT	834						
Vote 13 - ELECTRICITY	189	200	212	225	239	253	268
Vote 14 - WATER	516						
Vote 15 - [NAME OF VOTE 15]							
<i>List entity summary if applicable</i>							
Total future operational costs	2,420	426	452	479	508	538	570
<u>Future revenue by source</u>							
Property rates	31	33	35	37	39	41	44
Property rates - penalties & collection charges	-	-	-	-	-	-	-
Service charges - electricity revenue	657	696	738	782	829	879	931
Service charges - water revenue	186	197	209	221	235	249	264
Service charges - sanitation revenue	144	152	162	171	182	192	204
Service charges - refuse revenue	86	91	97	102	108	115	122
Service charges - other	8	8	9	10	10	11	11
Rental of facilities and equipment	22	23	25	26	28	29	31
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	1,133	1,201	1,273	1,350	1,431	1,516	1,607
Net Financial Implications	25,372	23,809	24,769	26,639	28,238	30,515	32,031

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	ID PGOI code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS coordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
WATER		Britstown Water Supply: Reservoir		BS D16	Yes	Infrastructure - Water	Water purification	Ward 7	9,011	6,649	-	-	5,000	4,011	Ward 7	New
Sewerage		Upgrading of Purification Works in De Aar		BS D26	Yes	Infrastructure - Sanitation	Sewerage purification	Ward 4	6,350	7,258	850	5,200	300	-	Ward 4	New
Water		Storm Water Drainage		BS D62	Yes	Infrastructure - Water	Storm water	Ward 1 to 5	19,434	-	8,756	10,178	500	-	Ward 1 to 5	New
Road Transport		Construction of New Tarred Streets		BS D77	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	Ward 1, 2, 3, 4	28,428	5,732	1,378	3,584	10,315	13,151	Ward 1, 2, 3, 4	New
Road Transport		Rehabilitation of Streets in Emthanjeni		BS D30	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	Ward 1, 2, 3, 5	6,000	-	-	-	3,000	3,000	Ward 1, 2, 3, 5	Renewal
Road Transport		Resealing of Streets in Emthanjeni		BS D30	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	Ward 1, 2, 3, 6	3,490	-	1,760	-	848	882	Ward 1, 2, 3, 6	Renewal
Infrastructural Services		Replacement of Equipment and Machinery		FV F M 8	Yes	Other Assets	Plant & equipment	Ward 5	2,080	980	-	735	653	692	Ward 5	Renewal
Finance and Admin		Replacement of Computer Equipment		FV F M 3	Yes	Other Assets	Computers - hardware/equipment	Ward 5, 6 and 7	2,377	-	647	551	572	606	Ward 5, 6 and 7	Renewal
Infrastructural Services		Vehicle for Infrastructure Services		BS D47	Yes	Infrastructure - Other	General vehicles	Ward 5	430	1,603	430	-	-	-	Ward 5	New
Electricity		Electrification of 75 houses		BS	Yes	Infrastructure - Electricity	Transmission & Reticulation	Ward 7	260	-	260	-	-	-	Ward 7	New

Community Services	EIA: New Cemetery Bristown	D58	Yes	Community	Cemeteries	Ward 7	1,763		1,000	763	-	-	Ward 7	New
Community Services	Upgrading of existing cemeteries	BS D63	Yes	Community	Cemeteries	Ward 4	42	1,181	42	-	-	-	Ward 4	Renewal
Electricity	Installation of Prepaid Electricity Meters	BS D81	Yes	Infrastructure - Electricity	Transmission & Reticulation	Ward 1 to 7	3,344	981	848	800	848	8,480	Ward 1 to 7	Renewal
Public Safety	Procurement of Traffic Equipment	BS D70	Yes	Other Assets	Security and policing	Ward 5	1,178		-	370	392	416	Ward 5	New
Finance and Admin	Upgrading of municipal buildings	BS D34	Yes	Community	Buildings	Ward 1 to 7	3,391		517	903	957	1,015	Ward 1 to 7	Renewal
Finance and Admin	Intangibles of GRAP Compliance	FV FM 2	Yes	Intangibles	Computers - software & programming	Ward 5	3,184	-	-	1,000	1,060	11,236	Ward 5	New
Parent Capital expenditure	1									24,085	24,445	43,488		

Table 59 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS coordinates 4	Previous target year to complete	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework			
							Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year r+1 2013/14	Budget Year r+2 2014/15	
												Year
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>			<i>Examples</i>	<i>Examples</i>								
Water	Regional Bulk Water Infrastructure for De Aar	BS D17	<i>Infrastructure - Water</i>	<i>Reticulation</i>	<i>Wards 1-7</i>	2009/10	-			300 000	300 000	300 000

1.20 Legislation compliance status

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

1. In year reporting

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

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from April 2012. The remaining four have completed their two year contract on 28 February 2010, and extension for one year has been granted by National Treasury. Since the introduction of the Internship programme the Municipality has successfully employed and trained 12 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as DBSA Vulindlela Academy, KPMG, Ernest & Young, SARS, Auditor General, National Treasury. One new intern will be appointed before the end of the current financial year.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional. Capacitation training will be provided to Audit Committee members.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in June 2012 directly aligned and informed by the 2012/13 MTREF.

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

1.13 Other supporting documents

Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	10,322	11,357	12,193	15,321	15,321	15,321		19,495	21,413	24,214
less Revenue Foregone								1,098	1,164	1,233
Net Property Rates	10,322	11,357	12,193	15,321	15,321	15,321	-	18,397	20,249	22,981
Service charges - electricity revenue										
Total Service charges - electricity revenue	19,705	26,689	38,912	38,622	36,622	36,622		43,767	49,457	56,876
less Revenue Foregone										
Net Service charges - electricity revenue	19,705	26,689	38,912	38,622	36,622	36,622	-	43,767	49,457	56,876
Service charges - water revenue										
Total Service charges - water revenue	12,349	13,665	13,371	14,791	14,791	14,791		16,902	17,916	18,991
less Revenue Foregone										
Net Service charges - water revenue	12,349	13,665	13,371	14,791	14,791	14,791	-	16,902	17,916	18,991
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	8,929	9,815	9,011	11,183	11,183	11,183		11,991	12,711	13,474
less Revenue Foregone										
Net Service charges - sanitation revenue	8,929	9,815	9,011	11,183	11,183	11,183	-	11,991	12,711	13,474
Service charges - refuse revenue										
Total refuse removal revenue	5,395	5,784	4,696	6,664	6,664	6,664		7,182	7,613	8,070
Total landfill revenue					-	-		-	-	-
less Revenue Foregone								-	-	-
Net Service charges - refuse revenue	5,395	5,784	4,696	6,664	6,664	6,664	-	7,182	7,613	8,070
Other Revenue by source										
Prepaid Electricity Sales	8,605	14,320		13,914	12,458	12,458		15,906	17,974	20,729
Cemetery Fees	65	89		110	120	120		200	212	225
Sundry Income	966	1,681	3,826	622	2,267	2,267		1,701	1,832	1,916
Total 'Other' Revenue	9,636	16,090	3,826	14,646	14,845	14,845	-	17,807	20,018	22,870
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	25,510	26,574	33,071	34,289	33,638	33,638		39,142	41,882	44,487
Pension and UIF Contributions	6,000	6,547	6,846	8,499	8,770	8,770		6,937	7,432	7,942
Medical Aid Contributions	158		869	-	-	-		2,339	2,503	2,678
Overtime	611	1,098	1,331	421	607	607		735	490	524
Performance Bonus										

	–			2,516	217	217			243	257
Motor Vehicle Allowance	1,666	1,286	1,909	1,626	1,332	1,332		1,630	2,539	2,717
Cellphone Allowance						–		390	620	664
Housing Allowances	179	142	111	177	177	177		168	264	282
Other benefits and allowances		2,000		–		–		1742	2,850	3,176
Payments in lieu of leave	387	386		–	1,264	1,264		350	366	384
Long service awards			2,307	–	1,035	1,035		–	–	
Post-retirement benefit obligations			5,001	–	–	–		–	–	
sub-total	34,511	38,033	51,444	47,528	47,040	47,040	–	53,434	59,180	63,112
<u>Less: Employees costs capitalised to PPE</u>	–	–	–	–	–	–		–	–	–
Total Employee related costs	34,511	38,033	51,444	47,528	47,040	47,040	–	52,954	59,180	63,112
<u>Contributions recognised - capital</u>										
<i>List contributions by contract</i>	–									
Total Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
<u>Depreciation & asset impairment</u>										
Depreciation of Property, Plant & Equipment	21,583	12,921	47,709	11,516	11,516	11,516		50,093	53,600	56,816
Lease amortization	–	–	–	–	–	–		–	–	–
Capital asset impairment	–	–	–	–	–	–		–	–	–
Depreciation resulting from revaluation of PPE	–	–	–	–	10,045	10,045		42,169	45,121	47,828
Total Depreciation & asset impairment	21,583	12,921	47,709	11,516	1,471	1,471	–	7,924	8,479	8,987
<u>Bulk purchases</u>										
Electricity Bulk Purchases	14,983	20,065	25,509	32,985	32,985	32,985		37,300	43,268	50,191
Water Bulk Purchases	595	787	871	1,043	1,043	1,043		842	926	1,019
Total bulk purchases	15,578	20,852	26,380	34,028	34,028	34,028	–	38,142	44,194	51,210
<u>Transfers and grants</u>										
Cash transfers and grants	6,388	10,834	568	22,674	12,671	12,671	–	12,805	13,642	14,470
Non-cash transfers and grants	–	–	–	–	–	–	–	–	–	–
Total transfers and grants	6,388	10,834	568	22,674	12,671	12,671	–	12,805	13,642	14,470
<u>Contracted services</u>										
<i>Traffic Violation Systems</i>	587	6,041	5,308	6,272	4,005	4,005		3,840	4,070	4,315
<i>Security Services</i>			1,043		1,107	1,107		1,173	1,244	1,318
<i>IMQS: Asset Maintenance</i>					–	–				
<i>Ubertech: IT Maintenance</i>					–	–				
<i>Syntell: Prepaid Electricity</i>			351		329	329		840	890	944
<i>Professional Consultancy Fees</i>			2,278		332	332		709	745	790
sub-total	587	6,041	8,980	6,272	5,772	5,772	–	6,563	6,949	7,366

Allocations to organs of state:										
Electricity	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total contracted services	587	6,041	8,980	6,272	5,772	5,772	-	6,563	6,949	7,366
Other Expenditure By Type										
Collection costs	750	138	-	177	177	177		1,600	1,696	1,798
Contributions to 'other' provisions	325	(5,071)		160	-	-			160	160
Consultant fees	-	-		-	-	-				
Audit fees	998	974	1,437	2,012	1,884	1,884		2,035	2,207	2,373
General expenses	1,598	2,717	5,110	-	4,145	4,145		1,964	1,643	1,737
<i>Departmental Service Accounts</i>	1,479	1,526	1,190	2,234	2,900	2,900		5,119	5,498	6,258
<i>External Licences and Subscriptions</i>	296	303	319	372	297	297		315	334	354
<i>Fuel and Oil</i>	1,183	1,457	1,968	1,841	2,613	2,613		2,640	2,838	2,838
<i>General Valuation Roll expenses</i>	789	256	-	867	920	920		1,300	650	488
<i>Insurance</i>	887	932	1,041	859	999	999		969	1,052	1,152
<i>Workmen's Compensation (COIDA)</i>	246	-	37	378	366	366		388	411	436
<i>SALGA Membership Fees</i>	213	256	216	358	324	324		435	461	489
<i>Telephone expenses</i>	821	888	1,188	712	992	992		845	895	949
<i>Printing and Stationery</i>	527	546	1,054	615	725	725		722	773	831
<i>Protective Clothing</i>	241	279	193	372	372	372		434	465	493
<i>Publicity Costs</i>	180	201	321	187	252	252		268	284	301
<i>Tourism Strategy</i>		220	522	436	436	436		450	466	490
<i>Subsistence and Travel</i>	996	1,010	1,776	1,585	1,710	1,710		1,770	1,876	1,989
<i>SAIMSA Games</i>		300		300	300	300		420	420	433
<i>Skills Development Training</i>		336	217	406	406	406		583	618	655
<i>Electricity Costs for Rural Water pumps</i>	402	563	899	415	653	653		1,145	1,214	1,408
<i>Employee Wellness expenses</i>		820	1,005	1,018	1,018	1,018		1,162	1,278	-
Total 'Other' Expenditure	11,931	8,650	18,492	15,304	21,489	21,489	-	24,563	25,239	25,629
Repairs and Maintenance by Expenditure Item										
Employee related costs	651	861	858	1,478	-	-		-	-	-
Other materials	5,336	7,059	6,013	12,121	9,239	9,239		7,274	7,679	8,078
Contracted Services	390	516	2,672	887	-	-		3,743	3,925	4,119
Other Expenditure	130	171	-	296	-	-		-	-	-
Total Repairs and Maintenance Expenditure	6,507	8,607	9,544	14,782	9,239	9,239	-	11,017	11,604	12,197

Table 61 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMINISTRATION	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL SERVICES	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORT AND RECREATION	Vote 8 - ROAD TRANSPORT	Vote 9 - OTHER	Vote 10 - HOUSING SERVICES	Vote 11 - WASTE MANAGEMENT	Vote 12 - WASTE WATER MANAGEMENT	Vote 13 - ELECTRICITY	Vote 14 - WATER	Total
R thousand															
Revenue By Source															
Property rates	–	18,397				–	–								18,397
Property rates - penalties & collection charges	–					–	–								–
Service charges - electricity revenue	–					–	–						43,767		43,767
Service charges - water revenue	–					–	–							16,902	16,902
Service charges - sanitation revenue	–					–	–					11,991			11,991
Service charges - refuse revenue	–					–	–				7,182				7,182
Service charges - other	–	2			119	–	–			18					139
Rental of facilities and equipment	–				472	–	24	3							109
Interest earned - external investments	–	734				–	–								734
Interest earned - outstanding debtors	–	101				–	–			1	80	160	197	202	741
Dividends received	–					–	–								–
Fines	–					6,835	–						190		7,025
Licences and permits	–					516	–	645							1,160
Agency services	–					–	–								–
Other revenue	493	54	993	1,001	230	3	62	10				27	15,953	29	19,203
Transfers recognised - operational	2,206	16,762	1,000		682						4,492	7,202	3,074	2,887	37,305
Gains on disposal of PPE	6														6
Total Revenue (excluding capital transfers and contributions)	2,704	36,0250	1,993	1,001	1,503	7,354	86	658	–	19	11,754	19,380	63,135	20,021	165,658

Expenditure By Type															
Employee related costs	2,542	15,181	4,051		3,712	3,149	2,515	5,120	1,555	1,853	5,718	2,381	4,340	1,320	53,434
Remuneration of councillors	3,503		-		-	-	-	-		-	-	-	-	-	3,5403
Debt impairment	-	2,303	-		-	-	-	-		1	594	1,018	3,040	1,262	8,217
Depreciation & asset impairment	11	730	19	117	1,635	-	-	3,193		46	199	636	449	890	7,924
Finance charges	-	36	-		-	-	-	503			55	62	435	30	1,121
Bulk purchases	-	-	-		-	-	-	-				-	37,300	842	38,142
Other materials	218	1,165	2,363		587	762	387	1,538	200	30	711	712	1,595	749	11,017
Contracted services	-	2,000	-		-	3,840	-	-				-	840	-	6,989
Transfers and grants	462	338	-		682	-	-	-			3,364	3,804	1,842	2,139	12,630
Other expenditure	3,711	7,020	1,819	80	499	757	856	2,110	536	616	1,225	1,558	1,740	2,075	24,601
Loss on disposal of PPE	-						-								-
Total Expenditure	10,755	28,772	8,251	197	7,115	8,509	3,758	12,463	2,290	2,546	11,864	10,171	51,580	9,306	167,579
Surplus/(Deficit)	(7,787)	7,278	(6,258)	804	(5,612)	(1,155)	(3,672)	(11,805)	(2,290)	(2,527)	(110)	9,209	11,554	10,714	(1,921)
Transfers recognised - capital	-		16,141									-			16,141
Contributions recognised - capital	-														-
Contributed assets	-														-
Surplus/(Deficit) after capital transfers & contributions	(7,787)	7,278	9,883	804	(5,612)	(1,155)	(3,672)	(11,805)	(2,290)	(2,527)	(110)	9,209	11,554	10,714	(14,220)

Table 62 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2008/9		2009/10		2010/11		Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework	
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days										
Other current investments > 90 days	7,680	8,307	8,868	12,757	12,757	12,757		10,110	10,716	11,788
Total Call investment deposits	7,680	8,307	8,868	12,757	12,757	12,757	–	10,110	10,716	11,788
Consumer debtors										
Consumer debtors	24,245	37,692	59,034	48,965	48,965	48,965		70,570	79,038	83,781
Less: Provision for debt impairment	(12,608)	(25,702)	(49,321)	(36,520)	(36,520)	(36,520)		(59,822)	(67,001)	(71,021)
Total Consumer debtors	11,637	11,990	9,713	12,445	12,445	12,445	–	10,748	12,038	12,760
Debt impairment provision										
Balance at the beginning of the year			(29,309)		–	–		(49,321)	(53,267)	(56,463)
Contributions to the provision	(12,608)	(25,702)	(20,011)	362,520	(36,520)	(36,520)		(9,501)	(10,356)	(10,977)
Bad debts written off			–	–	–	–			–	–
Balance at end of year	(12,608)	(25,702)	(49,320)	362,520	(36,520)	(36,520)	–	(58,822)	(63,623)	(67,440)
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	557,636	264,692	1,257,859	301,527	301,527	301,527		1,303,233	1,407,492	1,491,941
Leases recognised as PPE	1,412	350	149	46	46	46		46	50	53
Less: Accumulated depreciation	22,025	34,010	440,143	52,637	52,637	52,637		480,137	518,548	549,661
Total Property, plant and equipment (PPE)	537,023	231,032	817,864	248,936	248,936	248,936	–	823,142	888,993	942,332
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	1,615	1,189	–	1,256	1,256	1,256		–	–	–
Current portion of long-term liabilities	–	–	2,024		–	–		1,200	1,296	1,374
Total Current liabilities – Borrowing	1,615	1,189	2,024	1,256	1,256	1,256	–	1,200	1,296	1,374
Trade and other payables										
Trade and other creditors	7,636	10,246	8,326	8,570	8,570	8,570		5,485	5,924	6,279
Unspent conditional transfers	1,508	4,414	2,325	3,652	3,652	3,652		1,200	1,272	1,348
VAT	–	–	(3,273)	–	–	–		3,274	3,470	3,679
Total Trade and other payables	9,144	14,660	7,378	12,222	12,222	12,222	–	9,959	10,666	11,306
Non current liabilities – Borrowing										
Borrowing	4,950	4,000	10,793	12,500	12,500	12,500		9,893	10,486	11,115

asset element)	77	203	28	54	54	54		54	57	61
Total Non current liabilities – Borrowing	5,027	4,203	10,820	12,554	12,554	12,554	–	9,947	10,543	11,176
Provisions - non-current										
Retirement benefits <i>List other major provision items</i>	15,243	20,481	25,508	26,587	26,587	26,587		27,570	29,224	30,977
Refuse landfill site rehabilitation	–	–	2,412	378	378	378		2,863	3,035	3,217
Other	296	810	2,307	–	–	–				
Total Provisions - non-current	15,539	21,291	30,227	26,965	26,965	26,965	–	30,433	32,259	34,194
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	11,748	523,531	616,223	206,588	206,588	206,588		551,505	626,132	676,319
GRAP adjustments	521,304	(309,223)	(37,821)	(3,426)	(13,571)	(13,571)				
Restated balance	533,052	214,308	578,402	203,162	193,017	193,017	–	551,505	626,132	676,319
Surplus/(Deficit)	(50,704)	3,470	(47,898)	(6,305)	15,382	15,382	–	13,150	6,133	10,733
Appropriations to Reserves	(82)	–	14,812	–	–	–			–	–
Transfers from Reserves	1,560	(4,658)	2,253	–	–	–			–	–
Depreciation offsets	–	–	11,781	14,365	14,365	14,365		7,924	8,399	8,903
Other adjustments	39,633	(2,454)	–	11,542	–	–		–	–	–
Accumulated Surplus/(Deficit) Reserves	523,459	210,666	559,350	222,764	222,764	222,764	–	572,579	640,665	695,956
Housing Development Fund	–	–	–	–	–	–				
Capital replacement	2,253	2,253	–	2,589	2,589	2,589				
Self-insurance	–	–	–	–	–	–				
Other reserves	–	–	–	–	–	–				
Revaluation	–	–	271,307	–	–	–		271,307	271,307	271,307
Total Reserves	2,253	2,253	271,307	2,589	2,589	2,589	–	271,307	271,307	271,307
TOTAL COMMUNITY WEALTH/EQUITY	525,712	212,919	830,657	225,353	225,353	225,353	–	843,886	911,972	967,263
Provision of basic services										

Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996 Census	2001 Censu s	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	Census 2001		36	39	39	39	39	39	43	45	46
Females aged 5 – 14	Census 2001		6	7	7	7	7	7	8	9	9
Males aged 5 – 14	Census 2001		6	7	7	7	7	7	8	8	9
Females aged 15 – 34	Census 2001		5	7	7	7	7	7	8	9	9
Males aged 15 – 34	Census 2001		5	5	5	5	5	5	6	6	7
Unemployment	Census 2001		14	14	14	14	14	14	14	14	14
Monthly household income (no. of households)											
No income	Census 2001										
R1 - R1 600	Census 2001										
R1 601 - R3 200	Census 2001										
R3 201 - R6 400	Census 2001										
R6 401 - R12 800	Census 2001										
R12 801 - R25 600	Census 2001										
R25 601 - R51 200	Census 2001										
R52 201 - R102 400	Census 2001										
R102 401 - R204 800	Census 2001										
R204 801 - R409 600	Census 2001										
R409 601 - R819 200	Census 2001										
> R819 200	Census 2001										
Poverty profiles (no. of households)											
< R2 060 per household per month	Census 2001							2280.00	2450.00	2450.00	2450.00
Indigent Households	Census 2001										
Household/demographics (000)											
Number of people in municipal area	Census 2001							39	43	45	46
Number of poor people in municipal area	Census 2001							12	14	16	19
Number of households in municipal area	Census 2001							8	8	8	9
Number of poor households in municipal area	Census 2001							2	3	3	4
Definition of poor household (R per month)								2,450	2,450	2,450	2,450
Housing statistics											
Formal	Census 2001							7,500	8,000	8,200	8,800
Informal	Census 2001							200	220	240	250
Total number of households		-	-	-	-	-	-	7,700	8,220	8,440	9,050

Dwellings provided by municipality	Census 2001										
Dwellings provided by province/s	Census 2001										
Dwellings provided by private sector	Census 2001										
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)					3.0%	6.0%	6.0%	6.0%	6.2%	6.1%	5.9%
Interest rate - borrowing					8.5%	11.5%	9.0%	9.0%	10.5%	10.0%	9.0%
Interest rate – investment					9.8%	7.5%	7.0%	7.0%	6.5%	6.5%	6.5%
Remuneration increases					10.0%	8.3%	6.1%	6.1%	7.5%	7.0%	7.0%
Consumption growth (electricity)					21.0%	25.0%	24.0%	24.0%	16.0%	17.0%	18.0%
Consumption growth (water)					10.0%	11.0%	9.0%	9.0%	12.0%	13.0%	14.0%
Collection rates											
Property tax/service charges					88.5%	91.0%	89.0%	89.0%	97.0%	97.0%	97.0%
Rental of facilities & equipment					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Interest - external investments					10.0%	8.8%	7.5%	5.4%	5.6%	5.8%	6.0%
Interest – debtors					8.5%	11.5%	9.0%	9.0%	10.5%	10.0%	9.0%
Revenue from agency services					90.0%	90.0%	95.0%	100.0%	100.0%	100.0%	100.0%

Table 64 MBRR SA32 – List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Fortogenic Solutions	Yrs	1	Employee Wellness	30 June 2013	1,100
Vucozenzela Construction	Yrs	1	Security Services	30 June 2012	1,100
Active Group Management Service	Yrs	1	Britstown Bulk Water	30 June 2012	7,544
Aon Insurance	Yrs	3	Shortterm Insurance	30 June 2015	3,000
Worley Parsons	Yrs	2	Provision for Professional Services on Storm Water	30 June 2014	2,363
Jorian	Yrs	3	Storm Water Project	30 June 2015	13,487
E-Valuations	Yrs	4	Compilation of General and Supplementary Valuation Roll	30 June 2016	2,043
Ducharme Consulting	Yrs	2	Technical Assistance in complying with GRAP standards	30 June 2014	2,000
Vela Vke Consulting Engineers	Yrs	2	Consulting Engineers:Britstown Bulk water Supply Scheme	30 June 2014	2,816

1.14 Municipal manager's quality certificate

I, Isak Visser, municipal manager of Emthanjeni, 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 Isak Visser

Municipal manager of Emthanjeni (NC073)

Signature _____

Date 31/05/2012