

ANNUAL BUDGET OF

# POLOKWANE MUNICIPALITY



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

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## Abbreviations and Acronyms

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

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

#### **SPEECH BY THE EXECUTIVE MAYOR OF POLOKWANE MUNICIPALITY**

**CLLR F. GREAVER PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE CONSIDERATION OF THE APPROVAL OF THE 2014/2015, 2015/2016, 2016/2017 BUDGET IN THE COUNCIL CHAMBERS, POLOKWANE,**

**ON THURSDAY 29 MAY 2014**

### **1.2 Council Resolutions**

On 29 May 2014 the Council of Polokwane Municipality Local Municipality met in the Council Chambers of Polokwane Municipality to consider the annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1.1 The annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. A high-level Budget summation of the Municipality's operating – and capital budgets, cash flow financial position, asset management as contained in Table A1
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
- 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
- 1.1.4. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4
- 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5

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

- 1.2.1 Budgeted Financial Position as contained in Table A6
- 1.2.2 Budgeted Cash Flows as contained in Table A7
- 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in A8
- 1.2.4 Asset management as contained in A9
- 1.2.5 Basic service delivery measurement as contained in A10

2. The Council of Polokwane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:

1. the tariffs for property rates – as set out in Annexure A,
2. the tariffs for electricity – as set out in Annexure A
3. the tariffs for the supply of water – as set out in Annexure A
4. the tariffs for sanitation services – as set out in Annexure A

5. the tariffs for solid waste services – as set out in Annexure A
  6. other tariffs – as set out in Annexure A
3. To give proper effect to the annual budget, the Council of Polokwane Local Municipality approves:

That unspent conditional grants be cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations

4. That Council take cognisance and mandates the Accounting Officer to initiate and implement off-balance sheet projects as a way of alternate funding and revenue models.\
5. **That Council approve budget of PHA for implementation as attached**
6. **That the following reviewed budget related policies be approved for implementation: (Annexure C)**

- ✓ Indigent Management Policy( amendments were made)
- ✓ Cash management and Investment Policy( amendments were made)
- ✓ Supply chain management Policy and delegations ( amendments were made)
- ✓ Credit control and debt collection Policy( amendments were made)
- ✓ Tariff Policy (amendments were made)
- ✓ Rates Policy( amendments were made,)
- ✓ Asset Management Policy( amendments were made)
- ✓ Inventory Policy(amendments were made)
- ✓ Virement Policy(No changes on the current policy)
- ✓ Borrowing Policy(No changes on the current policy)
- ✓ Budget Policy(No changes on the current policy)
- ✓ Funding and reserves Policy(No changes on the current policy)
- ✓ Claims and Loss Control Policy( New)
- ✓ Leave Policy
- ✓ Customer Care Policy

The application of sound financial management principles for the compilation of the Polokwane Municipality's Medium Term Revenue Expenditure Framework (MTREF) budget plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Polokwane Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Municipality main focus for this MTREF budget was premised around appropriating more resources to capital expenditure programmes which seeks to address the backlog in the municipality while consideration was given for capital renewal programme. Municipality followed MFMA circular 70 in preparation of this budget and critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The Polokwane Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers, debt collectors were appointed to follow on long outstanding debtors while the credit control and debt collection policy was reviewed to include key strategies to deal with efficient collection of revenue. Municipality is at advance stage of appointing additional debt collectors to enforce credit control such as terminations, restrictions and other strategies.

The Municipality through the leadership of the Executive Mayor has undertaken Monday sessions with rate payers as part of customer care, data cleansing, indigent support and correct billing initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people lead government. This and other strategic initiatives are yielding improved revenue management.

National Treasury's MFMA Circular No. **70 and 72** were amongst other guidelines used in the compilation of the 2014/15 MTREF. The municipality also incorporated most of the Benchmarking Exercise recommendations as received from National Treasury during the 9<sup>TH</sup> May 2014 engagement including increased pro-poor support and budgeting for basic charges on services

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

- The ongoing difficulties in the national and local economy resulting in job losses, increasing debt due to the reduction in the disposable income per household and high cost of other goods and services;
- Budgeting for the maintenance and refurbishment of ailing and insufficiently maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and current cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents. These tariffs increases will affect the levels of affordability for both residential and business consumers, and the consequences of escalating debt will be unavoidable despite credit control measures being instituted.
- Budgeting for growth of the City with regard to capital, operational and human resources needs including an increase in employee related costs and
- Unfunded mandates

**The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:**

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;

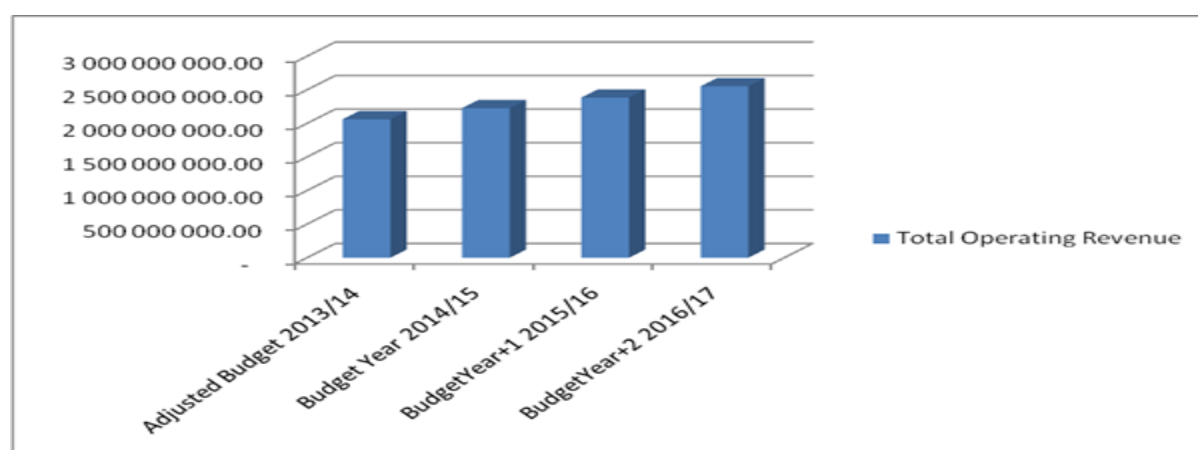


- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPIX, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- motivation setting out the intention and cost of the expenditure which was used to prioritize expenditures:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;
  - Refreshments and entertainment;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees (national & international).

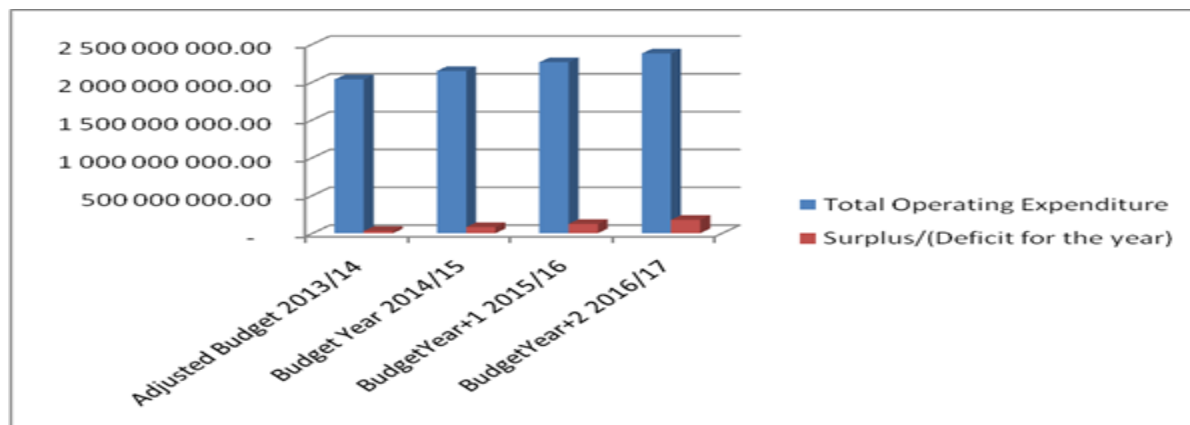
**Table 1 Consolidated Overview of the 2013/14 MTREF**

	Adjusted Budget 2013/14	Budget Year 2014/15	BudgetYear +1 2015/16	BudgetYear+2 2016/17
Total Operating Revenue	2 062 855	2 228 099	2 384 628	2 553 195
Total Operating Expenditure	2 033 002	2 145 711	2 261 283	2 376 307
Surplus/(Deficit for the year)	29 853	82 388	123 345	176 889
Total Capital Expenditure	<b>622 357</b>	<b>519 187</b>	<b>544 780</b>	<b>610 650</b>

Total operating revenue has grown by 8.01 per cent or **R 165 244 million** for the 2014/15 financial year as compared to the 2013/14 Adjustments Budget. For two outer years, operational revenue is projected to increase by **7.02** and **7.06** per cent respectively, equating to a total revenue growth of **R4.9 billion** over the MTREF. Below is the graphical depiction of operating revenue over Medium Term Revenue Expenditure Framework period (MTREF)



Total operating expenditure for the 2014/15 budget year has been appropriated at R2.1 billion and translates into a budgeted surplus of R82.3 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 5.54 per cent in 2014/15 budget year and by 5.38 and 5.08 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R300.2million. Below is the graphical depiction of operating expenditure and surplus over the MTREF period.



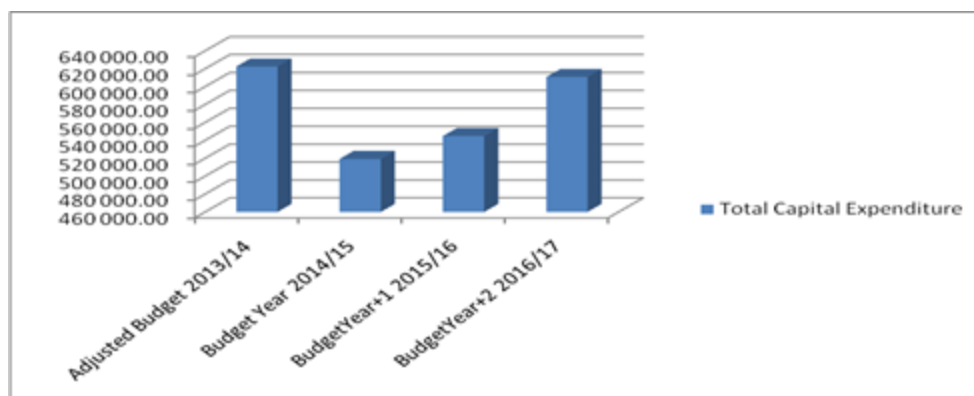
This surplus will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The municipality has committed itself to spend more funding through CRR on capital project as part of the commitment to the renewal of the existing assets and investment in infrastructure assets

Government grants and subsidies increased by 3% compared to 2013/14 original budget  
Municipality will make use of off-balance sheet projects to augment some of the key capital and revenue expenditure program.

The City continuously affirms the commitment of pushing back the frontiers of poverty and the adverse social and economic realities. As a result thereof, social relief will be provided to the elderly, indigent child-headed families and registered indigent's households as follows:

- Free 6 kl of water monthly
- Sanitation-100% rebate
- Refuse-100% rebate
- Free 100kw electricity monthly
- Basic charge-100% rebate
- Exemption of first R100 000 market value rating on residential properties



### 1.3 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 82 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- 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 following table is a summary of the 2014/15 MTREF (classified by main revenue source):

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	211,930	229,423	254,721	279,863	279,863	279,863	302,252	326,432	352,547
Service charges	415,805	556,892	605,486	699,341	699,341	699,341	1,181,739	1,259,728	1,342,930
Rental of facilities and equipment	4,337	5,102	12,154	17,566	17,566	17,566	20,020	21,221	22,494
Interest earned - external investments	8,732	24,554	23,017	12,500	12,500	12,500	23,000	23,000	23,000
Interest earned - outstanding debtors	20,190	17,678	7,377	18,000	18,000	18,000	30,000	31,000	32,000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	4,797	4,497	2,627	6,087	6,087	6,087	10,753	11,398	12,082
Licences and permits	8,065	8,234	8,816	8,516	8,516	8,516	9,027	9,569	10,143
Agency services	13,460	13,827	13,892	14,770	14,770	14,770	15,656	16,596	17,591
Transfers recognised - operational	330,381	358,638	501,275	480,836	558,258	558,258	556,489	657,024	710,160
Other revenue	66,981	68,781	23,430	33,393	55,393	55,393	26,963	28,461	30,049
Gains on disposal of PPE	20	246	1,451	200	200	200	52,200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,295,275</b>	<b>1,539,483</b>	<b>1,773,058</b>	<b>1,963,433</b>	<b>2,062,855</b>	<b>2,062,855</b>	<b>2,228,099</b>	<b>2,384,628</b>	<b>2,553,195</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>R thousand</b>						
<b>Revenue By Source</b>						
Property rates	302,252	13.6%	326,432	13.69%	352,547	13.81%
Property rates - penalties & collection charges	–	0.0%	–	0.00%	–	0.00%
Service charges - electricity revenue	775,071	34.8%	828,900	34.76%	886,492	34.72%
Service charges - water revenue	279,546	12.5%	296,168	12.42%	313,788	12.29%
Service charges - sanitation revenue	66,163	3.0%	70,043	2.94%	74,156	2.90%
Service charges - refuse revenue	60,959	2.7%	64,617	2.71%	68,494	2.68%
Service charges - other	–	0.0%	–	0.00%	–	0.00%
Rental of facilities and equipment	20,020	0.9%	21,221	0.89%	22,494	0.88%
Interest earned - external investments	23,000	1.0%	23,000	0.96%	23,000	0.90%
Interest earned - outstanding debtors	30,000	1.3%	31,000	1.30%	32,000	1.25%
Dividends received	–	0.0%	–	0.00%	–	0.00%
Fines	10,753	0.5%	11,398	0.48%	12,082	0.47%
Licences and permits	9,027	0.4%	9,569	0.40%	10,143	0.40%
Agency services	15,656	0.7%	16,596	0.70%	17,591	0.69%
Transfers recognised - operational	556,489	25.0%	657,024	27.55%	710,160	27.81%
Other revenue	26,963	1.2%	28,461	1.19%	30,049	1.18%
Gains on disposal of PPE	52,200	2.3%	200	0.01%	200	0.01%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,228,099</b>	<b>100%</b>	<b>2,384,628</b>	<b>100%</b>	<b>2,553,195</b>	<b>100%</b>
	<b>1,483,991</b>	<b>67%</b>	<b>1,586,160</b>	<b>67%</b>	<b>1,695,477</b>	<b>66%</b>

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.

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 two thirds of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges totalled R1.372 billion or 67 per cent. This increases to R1.483 billion, R1.586 billion and R1.695 billion in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity and water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and bulk water. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 59 MBRR SA1.

Operating Grants & Subsidies are the second largest revenue source totalling 25 per cent in 2014/15 and increases at 28 per cent in 2016/17. Property rates are the third largest revenue source totalling 14 per cent or R302.2 million rand and increases to R352.5 million by 2016/17. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related. 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	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2014/15	+1 2015/16	+2 2016/17
<b>R thousand</b>			
<b>RECEIPTS:</b>			
<b><u>Operating Transfers and Grants</u></b>			
<b>National Government:</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
Local Government Equitable Share	455,799	520,607	567,041
Finance Management	1,800	1,950	2,100
Municipal Systems Improvement	930	967	1,019
Infrastructure skills development fund	3,000	3,000	3,000
Integrated national electrification programme grant	20,000	25,000	25,000
Expanded public works programme incentive grant	3,960	–	–
Municipal Infrastructure (MIG)	46,000	65,500	67,000
Integrated national electrification programme grant	25,000	40,000	45,000
<b>Total Operating Transfers and Grants</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>

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 Eskom 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, 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.

### 1.3.1 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 Circulars No. 70 and 72 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 maximum R85 000 reduction on the market value of a property will be granted to all residential properties in terms of the Municipality's own Property Rates Policy;
- Rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, a rebate of 40 percent 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 exceed the amount equal to twice the annual state pension as approved by 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 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 rateable 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 rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 8 percent increase from 1 July 2014 is contained below:

**Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year**

<b>Category</b>	<b>Approved tariff from 1/07/2013</b>	<b>Proposed tariff from 1/07/2014</b>
Residential Property	.005141	.00475
Vacant land	.024614	.021
Industrial properties	.008856	.0095
Business & commercial properties	.008856	.0095
Agricultural purposes	.003537	.001188

Public benefit organizations	.008856	.001188
State owned properties	.008856	.0095
Municipal properties	Exempted	Exempted

### 1.3.2 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 and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Lepelle Water has increased its bulk tariffs with 7 per cent from 1 July 2014.

A tariff increase of 7 per cent from 1 July 2014 for water is proposed. This is based on input cost assumptions of 7 per cent increase in the cost of bulk water (Lepelle Water). In addition 6 kℓ water per 30-day period will again be granted free of charge to indigents.

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

**Table 6 Comparison between current water tariffs and increases**

Category	Approved tariff from 1/07/2013	Proposed tariff from 1/07/2014
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
For the first 5Kl; per Kl:	R5.18	R5.54
For the following 10Kl; per Kl:	R7.83	R8.38
For the following 15Kl; per Kl:	R8.46	R9.05
For the following 20Kl; per Kl:	R11.17	R11.95
For the following 50Kl; per Kl:	R13.51	R14.46
Thereafter, for consumption in excess of 100Kl, per Kl:	R16.35	R17.49



<b>NON-RESIDENTIAL</b>		
For the first 30KI; per KI:	R11.17	R11.95
For the following 20KI; per KI:	R15.02	R16.07
For the following 50KI; per KI:	R17.11	R18.31
For the following 19 900KI; per KI:	R18.62	R19.92
Thereafter for consumption in excess of 20 000KI, per KI	R14.26	R15.26

The tariff structure of the 2014/15 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

### 1.3.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff for high consumers had to be increased by 7 per cent to offset the additional bulk purchase cost from 1 July 2014. 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 100 kWh per 30-day period free of charge.

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

**Table 7 Comparison between current electricity charges and increases (Domestic)**

<b>Category</b>	<b>Approved tariff from 1/07/2013</b>	<b>Proposed tariff from 1/07/2014</b>
Basic charge, per month:	R0	R64.00
Block 1 (0-50)	67.00c	71.00c
Block 2 (51-350)	82.00c	87.00c
Block 3 (351-600)	111.00c	119.00c
Block 4 (>600)	133.00c	143.00c

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. 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). This Municipality has already implemented the stepped tariff structure but brought in an additional block and will continue with this practice in 2014/15.



The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980'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. As part of the 2014/15 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

### 1.3.4 Sanitation and Impact of Tariff Increases

A tariff increase of 7 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the surface area of the erf as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R66 million for the 2014/15 financial year.

The following table compares the current and proposed tariffs:

**Table 8 Comparison between current sanitation charges and increases**

Category	Approved tariff from 1/07/2013	Proposed tariff from 1/07/2014
	Per calendar month or part thereof	Per calendar month or part thereof
<b>(1) AVAILABILITY CHARGES</b>		
(i) Improved residential erven with a surface area not exceeding 500m <sup>2</sup>	No charge	No charge
<b>(2) ALL OTHER ERVEN</b>		
(i) For the first 500m <sup>2</sup> or part thereof, of surface area of the erf:	R31.20	R33.38
(ii) Thereafter, per 500m <sup>2</sup> or part thereof, up to 2 000m <sup>2</sup> of the surface area of the erf:	R10.35	R11.07
(iii) Thereafter, per 1 000m <sup>2</sup> or part thereof, of the surface area of the	R8.25	R8.83

	erf:		
(iv)	Additional charge per unimproved erf:	R11.93	R12.77
(v)	Maximum charge (887 000m <sup>2</sup> ):	R7 363.50	R7 881.14

### 1.3.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating 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 are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would 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 2014:

**Table 9 Comparison between current waste removal fees and increases**

Category			Approved tariff from 1/07/2013	Proposed tariff from 1/07/2014
			Per calendar month or part thereof	Per calendar month or part thereof
1.	(i)	Dwelling houses, churches and church halls which are used for that purpose		
		And		
	(ii)	Improved premises used exclusively by and registered in the name of the Boy Scouts, Girl Guides, Voortrekkers or a similar organisation		
		PER UNIT		
	(a)	On an erf with a surface area not exceeding 500m <sup>2</sup>	R27.98	R29.66
	(b)	All erven with a surface area in excess of 500m <sup>2</sup> :		
	(i)	For the first 500m <sup>2</sup> of the surface area of the erf	R44.94	R47.64
	(ii)	Thereafter, for the following 500m <sup>2</sup> or part thereof, of the surface area of the erf	R29.96	R31.75

	(iii) Thereafter, per 500m <sup>2</sup> or part thereof, of the surface area of the erf	R14.98	R15.88
	Provided that where more than one dwelling-unit is erected on an erf, the area of such erf shall be divided by the number of dwelling-units thereon, and the charge, for each portion so obtained, shall be calculated in terms of the above formula as if such portion constitutes a separate erf.		
	(iv) Maximum charge (11 000m <sup>2</sup> )	R374.50	R396.99

### 1.3.6 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 9 and 10.9 per cent, with the increase for indigent households closer to 18.1 per cent. Electricity increases however impacts on the total household bill. A basic charge for R64.00 on domestic consumers has been introduced. Registered indigents will be exempted from the basic charge.

**Table 10 MBRR Table SA14 – Household bills**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent							% incr.			
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Property rates	329.60	349.38	370.34	247.05	247.05	247.05	8.0%	240.00	254.40	269.66
Electricity: Basic levy								64.00	67.84	71.91
Electricity: Consumption	749.60	899.52	998.19	1,089.00	1,089.00	1,089.00	7.0%	1,166.00	1,235.96	1,310.12
Water: Consumption	170.74	183.55	216.59	231.10	231.10	231.10	7.0%	247.25	262.09	277.81
Sanitation	47.37	50.21	53.47	44.45	44.45	44.45	7.0%	47.56	50.41	53.44
Refuse removal	60.04	63.64	70.00	74.90	74.90	74.90	6.0%	79.39	84.15	89.20
Water Surcharge				100.00	100.00	100.00		100.00	100.00	100.00
<b>sub-total</b>	<b>1,357.35</b>	<b>1,546.30</b>	<b>1,708.59</b>	<b>1,786.50</b>	<b>1,786.50</b>	<b>1,786.50</b>	<b>8.8%</b>	<b>1,944.20</b>	<b>2,054.85</b>	<b>2,172.14</b>
VAT on Services	143.88	167.57	187.36	215.52	215.52	215.52		238.59	252.21	266.50
<b>Total large household bill:</b>	<b>1,501.23</b>	<b>1,713.87</b>	<b>1,895.95</b>	<b>2,002.02</b>	<b>2,002.02</b>	<b>2,002.02</b>	<b>9.0%</b>	<b>2,182.79</b>	<b>2,307.06</b>	<b>2,438.64</b>
<b>% increase/-decrease</b>		<b>14.2%</b>	<b>10.6%</b>	<b>5.6%</b>	<b>-</b>	<b>-</b>	<b>9.0%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>5.7%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates	74.91	79.40	84.16	171.37	171.37	171.37	8.0%	160.00	169.60	179.78
Electricity: Basic levy								64.00	67.84	71.91
Electricity: Consumption	358.93	430.72	478.23	446.00	446.00	446.00	7.0%	475.00	503.50	533.71
Water: Basic levy								-	-	-
Water: Consumption	139.42	149.88	176.86	188.80	188.80	188.80	7.0%	202.00	214.12	226.97
Sanitation	9.96	10.56	11.25	44.45	44.45	44.45	7.0%	47.56	50.41	53.44
Refuse removal	22.39	23.73	26.10	74.90	74.90	74.90	6.0%	79.39	84.15	89.20
Water Surcharge				50.00	50.00	50.00		50.00	50.00	50.00
<b>sub-total</b>	<b>605.61</b>	<b>694.29</b>	<b>776.60</b>	<b>975.52</b>	<b>975.52</b>	<b>975.52</b>	<b>10.5%</b>	<b>1,077.95</b>	<b>1,139.63</b>	<b>1,205.00</b>
VAT on Services	74.29	86.08	96.94	112.58	112.58	112.58		128.51	135.95	143.69
<b>Total small household bill:</b>	<b>679.90</b>	<b>780.37</b>	<b>873.54</b>	<b>1,088.10</b>	<b>1,088.10</b>	<b>1,088.10</b>	<b>10.9%</b>	<b>1,206.46</b>	<b>1,275.58</b>	<b>1,348.69</b>
<b>% increase/-decrease</b>		<b>14.8%</b>	<b>11.9%</b>	<b>24.6%</b>	<b>-</b>	<b>-</b>	<b>10.9%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>5.7%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates	18.91	20.04	21.24	85.68	85.68	85.68	8.0%	80.00	84.80	89.89
Electricity: Basic levy								64.00	67.84	71.91
Electricity: Consumption	335.88	403.06	447.52	246.00	246.00	246.00	7.0%	261.00	276.66	293.26
Water: Consumption	120.23	129.25	152.52	112.77	112.77	112.77	7.0%	120.67	127.91	135.58
Refuse removal				27.98	27.98	27.98		29.66	31.44	33.33
<b>sub-total</b>	<b>475.02</b>	<b>552.35</b>	<b>621.28</b>	<b>472.43</b>	<b>472.43</b>	<b>472.43</b>	<b>17.5%</b>	<b>555.33</b>	<b>588.65</b>	<b>623.97</b>
VAT on Services	63.85	74.52	84.00	54.15	54.15	54.15		66.55	70.69	74.93
<b>Total small household bill:</b>	<b>538.87</b>	<b>626.87</b>	<b>705.28</b>	<b>526.58</b>	<b>526.58</b>	<b>526.58</b>	<b>18.1%</b>	<b>621.88</b>	<b>659.34</b>	<b>698.90</b>
<b>% increase/-decrease</b>		<b>16.3%</b>	<b>12.5%</b>	<b>(25.3%)</b>	<b>-</b>	<b>-</b>	<b>18.1%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

## 1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 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*. If there is no business plan no funding allocation can be made.

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

**Table 11 Summary of operating expenditure by standard classification item**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Expenditure By Type</b>									
Employee related costs	724,344	399,033	412,055	448,000	448,000	448,000	504,000	535,700	569,986
Remuneration of councillors	19,779	20,615	21,922	23,684	23,684	23,684	25,410	26,918	28,517
Debt impairment	47,599	38,192	53,486	40,000	40,000	40,000	50,000	50,000	50,000
Depreciation & asset impairment	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
Finance charges	13,073	29,427	29,594	27,155	27,155	27,155	23,747	21,158	17,750
Bulk purchases	418,402	518,797	581,301	658,000	647,500	647,500	698,000	752,000	810,000
Other materials	95,301	96,881	119,343	124,975	145,838	145,838	170,000	172,410	179,295
Contracted services	38,862	39,935	56,380	76,542	75,892	75,892	75,854	67,327	68,520
Transfers and grants	240	6,122	5,540	5,140	6,940	6,940	5,240	5,240	5,240
Other expenditure	202,314	243,204	342,228	308,511	385,293	385,293	327,460	361,870	375,653
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1,736,374</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,307</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R504million, which equals 23 percent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.8 per cent for the 2014/15 financial year. An annual increase of 6.7 and 6.6 per cent has been included in the two outer years of the MTREF. Twenty three new positions to the amount of R5.8 million has been budgeted for.

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 at R50 million. This amount is inefficient and the municipality will embark on a profiling exercise to determine actual bad debts. 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 R266 million for the 2014/15 financial and equates to 12 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 1.11 percent (R23.7 million) of operating expenditure excluding annual redemption for 2014/15 and decreases to R21.1 million by 2015/16.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Lepelle Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases make up 33.8 percent (R658 million) of operating expenditure. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2014/15 the appropriation against this group of expenditure makes up 7.92 percent (R170 million) of operating expenditure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R75.8 million. For the two outer years growth has been limited to R67.3 and R68.5 million respectively. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2014/15 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

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. Printing and stationary, subsistence and travelling, attending of conferences and workshops have significantly been reduced or limited to zero growth. Other expenditure makes up 15.26 percent (R327.4 million) of operating expenditure

#### **1.4.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of

asset maintenance, as informed by the asset 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 12 Operational repairs and maintenance**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Total Repairs and Maintenance Expenditure</b>	95,301	96,881	119,343	124,975	136,890	136,890	170,000	172,410	179,295
<i>R&amp;M as a % of PPE</i>	1.8%	1.7%	2.1%	2.0%	2.2%	2.2%	2.5%	2.4%	2.4%
<i>R&amp;M as % Operating Expenditure</i>	5.5%	6.0%	6.3%	6.4%	6.7%	6.7%	7.9%	7.6%	7.5%

During the compilation of the 2014/15 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 substantially increased by 24 per cent in the 2014/15 financial year, from R136 million to R170 million. In relation to the total operating expenditure, repairs and maintenance comprises of 7.9, 7.6 and 7.5 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 13 Repairs and maintenance per asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>77,414</b>	<b>91,680</b>	<b>91,390</b>	<b>68,900</b>	<b>75,400</b>	<b>75,400</b>	<b>115,483</b>	<b>119,348</b>	<b>125,694</b>
Infrastructure - Road transport	21,007	20,898	23,160	10,965	17,465	17,465	25,543	25,798	26,057
<i>Roads, Pavements &amp; Bridges</i>	20,285	19,520	21,443	8,845	15,345	15,345	23,211	23,443	23,678
<i>Storm water</i>	722	1,377	1,717	2,120	2,120	2,120	2,332	2,355	2,379
Infrastructure - Electricity	20,498	19,479	27,807	18,005	18,005	18,005	26,669	26,886	27,105
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>	18,239	17,315	26,368	15,505	15,505	15,505	24,044	24,234	24,427
<i>Street Lighting</i>	2,260	2,164	1,439	2,500	2,500	2,500	2,625	2,651	2,678
Infrastructure - Water	23,065	25,995	23,282	22,948	22,948	22,948	32,344	36,462	42,083
<i>Dams &amp; Reservoirs</i>	4,456	5,509	4,396	4,203	4,203	4,203	6,807	7,830	7,854
<i>Water purification</i>	2,592	2,957	2,601	3,000	3,000	3,000	3,533	4,533	10,034
<i>Reticulation</i>	16,017	17,529	16,285	15,746	15,746	15,746	22,004	24,099	24,195
Infrastructure - Sanitation	5,161	5,633	6,810	4,996	4,996	4,996	7,527	8,567	8,608
<i>Reticulation</i>	4,011	4,248	4,356	3,574	3,574	3,574	6,005	7,030	7,056
<i>Sewerage purification</i>	1,151	1,384	2,453	1,422	1,422	1,422	1,522	1,537	1,553
Infrastructure - Other	7,683	19,675	10,332	11,987	11,987	11,987	23,400	21,634	21,841
<i>Waste Management</i>	7,683	19,675	10,332	11,987	11,987	11,987	23,400	21,634	21,841
<b>Community</b>	<b>17,886</b>	<b>5,202</b>	<b>27,953</b>	<b>56,075</b>	<b>61,490</b>	<b>61,490</b>	<b>54,517</b>	<b>53,062</b>	<b>53,600</b>
Parks & gardens	4,749	6,645	10,985	9,281	8,831	8,831	12,249	10,372	10,476
Sportsfields & stadia	6,420	9,385	8,048	4,789	4,789	4,789	5,336	5,389	5,444
Swimming pools	81	400	198	222	222	222	230	232	235
Community halls	242	187	0	193	193	193	197	199	201
Libraries	300	472	79	156	156	156	149	150	152
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	1,523	1,430	1,417	1,504	1,504	1,504	1,491	1,506	1,521
Security and policing	1,081	1,851	1,164	545	545	545	1,186	1,197	1,210
Buses	-	-	-	-	-	-	-	-	-
Clinics	2	0	1	7	7	7	6	6	7
Museums & Art Galleries	152	258	24	60	60	60	62	62	63
Cemeteries	2,134	1,073	953	1,290	1,290	1,290	1,355	1,369	1,382
Social rental housing	-	-	-	-	-	-	-	-	-
Other	1,201	(16,500)	5,084	38,027	43,892	43,892	32,257	32,580	32,909
<b>Total Repairs and Maintenance Expenditure</b>	<b>95,301</b>	<b>96,881</b>	<b>119,343</b>	<b>124,975</b>	<b>136,890</b>	<b>136,890</b>	<b>170,000</b>	<b>172,410</b>	<b>179,295</b>
<b>R&amp;M as a % of PPE</b>	1.8%	1.7%	2.1%	2.0%	2.2%	2.2%	2.5%	2.4%	2.4%
<b>R&amp;M as % Operating Expenditure</b>	5.5%	6.0%	6.3%	6.4%	6.7%	6.7%	7.9%	7.6%	7.5%

For the 2014/15 financial year, 68 per cent or R115 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received a significant proportion of this allocation totalling R32.3 million, followed by electricity infrastructure at R26.6 million. Community assets have been allocated R54.5 million of total repairs and maintenance equating to 32 percent. This is to move towards compliance with the requirements of National Treasury Circulars 70 & 72 to budget for at least 8% of Property, Plant & Equipment for renewal and operational repairs and maintenance of existing asset infrastructure.



## 1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Provision has been made in the budget to register 15000 households as indigent. In monetary terms indigent subsidy for the 2014/15 year amounts to R205 per month per household.

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.

## 1.5 Capital expenditure

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

**Table 14 2014/15 Medium-term capital budget per vote**

Municipal Vote/Capital project	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Parent municipality:</b>						
Communication & Marketing						
Facility Management	14,000	3.05%	15,000	3.10%	13,000	2.66%
Road Transport Infrastructure Services		19.99%		22.62%		23.46%
Water Supply and reticulation	3,000	22.94%	4,000	24.16%	4,000	24.64%
Sanitation	1,600	0.79%	–	1.16%	–	1.14%
Energy Services		3.82%		1.61%		1.20%
Disaster and Fire	500	0.10%		0.00%		0.00%
Environmental Mangement		0.19%		0.10%		0.10%
Waste Management	600	0.35%	600	0.21%	700	0.44%
Sport & Recreation	700	7.81%	500	7.65%	500	7.52%
Libraries	400	0.08%	600	0.12%	600	0.11%
Museums	400	0.15%	–	0.00%	–	0.00%
Information Services	500	1.12%	500	1.67%	500	1.64%
Transport Operations	200,000	38.55%	190,000	36.82%	190,000	36.15%
Secretariat& Records	1,000	0.19%	–	0.00%	–	0.00%
Housing & Building Inspections	550	0.11%	–	0.00%	–	0.00%
Supply chain Management	1,000	0.19%	–	0.00%	–	0.00%
<b>Parent Capital expenditure</b>	<b>518,749</b>		<b>516,035</b>		<b>525,561</b>	
<b>Entity Capital expenditure</b>	<b>–</b>		<b>–</b>		<b>–</b>	
<b>Total Capital expenditure</b>	<b>518,749</b>	<b>100%</b>	<b>516,035</b>	<b>100.00%</b>	<b>525,561</b>	<b>100.00%</b>

For 2014/15 an amount of R518 million has been appropriated for the development of infrastructure. In the outer years this amount totals R516 million and R525 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 24 MBRR A9 (Asset Management).

## 1.6 Annual Budget Tables - Parent Municipality

The following ten tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 15 MBRR Table A1 - Budget Summary**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>									
Property rates	211,930	229,423	254,721	279,863	279,863	279,863	302,252	326,432	352,547
Service charges	626,383	808,502	924,299	1,091,702	1,091,702	1,091,702	1,181,739	1,259,728	1,342,930
Investment revenue	8,732	24,554	23,017	12,500	12,500	12,500	23,000	23,000	23,000
Transfers recognised - operational	330,381	358,638	501,275	480,836	558,258	558,258	556,489	657,024	710,160
Other own revenue	117,850	118,366	69,747	98,532	120,532	120,532	164,619	118,444	124,559
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,295,275</b>	<b>1,539,483</b>	<b>1,773,058</b>	<b>1,963,433</b>	<b>2,062,855</b>	<b>2,062,855</b>	<b>2,228,099</b>	<b>2,384,628</b>	<b>2,553,195</b>
Employee costs	724,344	399,033	412,055	448,000	448,000	448,000	504,000	535,700	569,986
Remuneration of councillors	19,779	20,615	21,922	23,684	23,684	23,684	25,410	26,918	28,517
Depreciation & asset impairment	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
Finance charges	13,073	29,427	29,594	27,155	27,155	27,155	23,747	21,158	17,750
Materials and bulk purchases	513,703	615,678	700,644	782,975	793,338	793,338	868,000	924,410	989,295
Transfers and grants	240	6,122	5,540	5,140	6,940	6,940	5,240	5,240	5,240
Other expenditure	288,775	321,331	452,094	425,053	501,184	501,184	453,314	479,197	494,173
<b>Total Expenditure</b>	<b>1,736,374</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,307</b>
<b>Surplus/(Deficit)</b>	<b>(441,099)</b>	<b>(83,977)</b>	<b>(113,856)</b>	<b>18,726</b>	<b>29,853</b>	<b>29,853</b>	<b>82,388</b>	<b>123,345</b>	<b>176,889</b>
Transfers recognised - capital	159,611	259,007	187,077	485,307	592,504	592,504	436,799	421,435	433,761
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(281,488)</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(281,488)</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>287,886</b>	<b>354,503</b>	<b>333,311</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
Transfers recognised - capital	121,956	216,313	225,076	479,207	586,405	586,405	430,646	421,435	433,761
Public contributions & donations	-	-	-	-	-	-	6,153	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	165,930	138,190	112,357	24,800	35,708	35,708	81,950	94,600	91,800
<b>Total sources of capital funds</b>	<b>287,886</b>	<b>354,503</b>	<b>337,434</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Financial position</b>									
Total current assets	528,645	646,162	758,852	588,733	466,409	466,409	690,120	702,262	735,404
Total non current assets	5,648,172	5,829,490	6,017,353	6,362,931	6,633,078	6,633,078	7,117,895	7,430,604	7,743,313
Total current liabilities	435,285	493,463	585,694	399,363	299,363	299,363	509,755	519,606	533,869
Total non current liabilities	415,888	476,340	477,859	438,602	438,602	438,602	401,065	383,414	369,120
Community wealth/Equity	5,325,644	5,505,849	5,712,652	6,113,699	6,361,522	6,361,522	6,897,195	7,229,846	7,575,728

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>									
<b>Cash flows</b>									
Net cash from (used) operating	312,840	355,908	376,128	776,733	877,057	877,057	472,978	527,977	595,975
Net cash from (used) investing	(444,342)	(403,719)	(322,418)	(490,007)	(612,112)	(612,112)	(337,062)	(387,026)	(394,171)
Net cash from (used) financing	232,394	53,843	(12,921)	(31,363)	(31,363)	(31,363)	(31,806)	(32,509)	(32,236)
<b>Cash/cash equivalents at the year end</b>	<b>5,242</b>	<b>11,274</b>	<b>52,062</b>	<b>307,363</b>	<b>285,582</b>	<b>285,582</b>	<b>154,110</b>	<b>262,551</b>	<b>432,119</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	225,235	294,081	331,061	269,000	146,676	146,676	329,000	329,000	329,000
Application of cash and investments	107,135	103,805	1,604	(15,839)	(111,181)	(111,181)	112,965	110,097	97,862
<b>Balance - surplus (shortfall)</b>	<b>118,099</b>	<b>190,276</b>	<b>329,457</b>	<b>284,839</b>	<b>257,857</b>	<b>257,857</b>	<b>216,035</b>	<b>218,902</b>	<b>231,138</b>
<b>Asset management</b>									
Asset register summary (WDV)	5,631,558	5,753,605	5,931,182	6,287,147	6,557,294	6,557,294	7,033,440	7,347,007	7,660,574
Depreciation & asset impairment	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
Renewal of Existing Assets	-	-	68,304	111,500	121,308	121,308	197,253	205,000	203,000
Repairs and Maintenance	95,301	96,881	119,343	124,975	136,890	136,890	170,000	172,410	179,295
<b>Free services</b>									
Cost of Free Basic Services provided	4,228	15,534	24,413	22,121	22,121	22,121	35,438	37,563	39,817
Revenue cost of free services provided	45,824	48,573	31,598	32,641	32,641	32,641	57,193	59,624	64,263
<b>Households below minimum service level</b>									
Water:	8	8	21	7	6	6	6	6	6
Sanitation/sewage:	11	11	52	100	98	98	98	98	97
Energy:	80	80	36	30	30	30	29	29	29
Refuse:	82	82	65	86	86	86	86	86	86

### Explanatory notes to MBRR Table A1 - Budget Summary

- 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).
- 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.
- 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:
  - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the

Cash Flow Budget. The fact that the municipality's cash flow remains positive, 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 recently adopted Funding and Reserves Policy. 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 during the 2014/15 financial year, when a surplus will be 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.

**Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	768,857	943,772	983,173	1,284,253	1,490,872	1,490,872	1,356,752	1,467,584	1,560,670
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	277,630	323,967	291,519	314,100	314,100	314,100	359,213	384,619	411,972
Corporate services	491,227	619,805	691,654	970,153	1,176,772	1,176,772	997,539	1,082,965	1,148,697
<b>Community and public safety</b>	8,541	8,334	15,171	22,930	22,930	22,930	32,006	33,806	35,714
Community and social services	1,578	1,590	1,736	2,383	2,383	2,383	2,526	2,678	2,839
Sport and recreation	817	1,546	10,110	12,645	12,645	12,645	14,804	15,692	16,633
Public safety	6,112	5,169	3,313	7,863	7,863	7,863	12,634	13,392	14,196
Housing	35	30	12	39	39	39	41	44	46
Health	-	-	-	-	-	-	2,000	2,000	2,000
<b>Economic and environmental services</b>	49,892	34,192	36,066	48,040	48,040	48,040	92,477	42,906	45,480
Planning and development	40,389	24,792	29,364	27,719	27,719	27,719	81,382	31,145	33,014
Road transport	7,808	7,609	3,816	18,314	18,314	18,314	8,968	9,506	10,076
Environmental protection	1,695	1,790	2,885	2,007	2,007	2,007	2,127	2,255	2,390
<b>Trading services</b>	627,596	812,191	925,725	1,093,517	1,093,517	1,093,517	1,183,663	1,261,767	1,345,091
Electricity	415,882	559,547	605,543	699,481	699,481	699,481	775,220	829,057	886,659
Water	123,973	165,503	221,060	268,842	268,842	268,842	279,602	296,228	313,852
Waste water management	44,082	39,311	46,449	67,116	67,116	67,116	66,163	70,043	74,156
Waste management	43,659	47,830	52,674	58,077	58,077	58,077	62,677	66,438	70,424
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>1,454,886</b>	<b>1,798,489</b>	<b>1,960,135</b>	<b>2,448,740</b>	<b>2,655,359</b>	<b>2,655,359</b>	<b>2,664,898</b>	<b>2,806,063</b>	<b>2,986,956</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	190,360	344,761	478,835	468,470	475,846	475,846	504,106	501,075	515,312
Executive and council	88,861	113,177	117,181	105,632	109,632	109,632	115,000	117,151	120,551
Budget and treasury office	30,512	85,650	152,103	114,946	114,491	114,491	127,234	118,975	120,015
Corporate services	70,988	145,934	209,551	247,892	251,723	251,723	261,872	264,950	274,747
<b>Community and public safety</b>	329,567	346,763	316,095	385,731	388,781	388,781	327,593	337,580	350,982
Community and social services	63,492	74,169	66,957	81,891	81,441	81,441	79,682	81,637	85,831
Sport and recreation	151,541	145,420	121,615	160,406	163,906	163,906	99,647	101,298	102,697
Public safety	98,958	114,856	116,962	131,991	131,991	131,991	138,338	144,085	151,267
Housing	8,669	6,947	5,231	7,379	7,379	7,379	5,851	6,233	6,595
Health	6,907	5,370	5,330	4,064	4,064	4,064	4,075	4,326	4,593
<b>Economic and environmental services</b>	115,150	147,957	165,669	141,338	147,188	147,188	192,708	196,114	202,153
Planning and development	40,669	37,379	67,136	44,584	44,284	44,284	75,791	76,288	79,153
Road transport	66,318	95,913	91,489	80,073	86,573	86,573	108,702	111,175	113,881
Environmental protection	8,163	14,665	7,044	16,681	16,331	16,331	8,215	8,651	9,119
<b>Trading services</b>	739,124	783,978	926,316	949,167	1,021,186	1,021,186	1,121,305	1,226,514	1,307,856
Electricity	408,872	482,245	562,699	587,403	628,375	628,375	656,204	717,520	772,908
Water	195,746	199,105	267,874	249,082	241,082	241,082	317,942	339,385	359,958
Waste water management	92,824	67,992	70,804	51,204	90,251	90,251	86,742	108,823	111,924
Waste management	41,683	34,636	24,939	61,478	61,478	61,478	60,416	60,786	63,066
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>1,374,202</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,303</b>
<b>Surplus/(Deficit) for the year</b>	<b>80,684</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,653</b>

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 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 the Electricity, Water and Sanitation functions, but not the Waste Management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

**Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	583,938	764,361	873,099	1,045,483	1,045,483	1,045,483	1,121,185	1,195,541	1,274,892
Vote 5 - Community Services	73,513	77,358	82,009	91,938	91,938	91,938	104,870	111,043	117,585
Vote 6 - Community Development	1,615	2,418	11,038	14,089	14,089	14,089	16,334	17,314	18,353
Vote 7 - Corporate and Shared Services	1,211	2,136	3,279	3,986	3,986	3,986	4,226	4,479	4,748
Vote 8 - Planning and Economic Development	26,988	10,604	10,841	13,001	13,001	13,001	65,781	14,608	15,485
Vote 9 - Budget and Treasury	767,622	941,612	979,871	1,280,243	1,486,862	1,486,862	1,352,501	1,463,078	1,555,893
Vote 10 - Transport Operations	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>1,454,886</b>	<b>1,798,489</b>	<b>1,960,135</b>	<b>2,448,740</b>	<b>2,655,359</b>	<b>2,655,359</b>	<b>2,664,898</b>	<b>2,806,063</b>	<b>2,986,956</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Council	101,333	124,714	140,108	118,331	118,331	118,331	129,704	132,503	136,480
Vote 2 - Office of the Municipal Manager	2,748	25,916	20,395	25,938	25,338	25,338	26,567	27,880	29,258
Vote 3 - Strategic Planning Monitoring and Evaluation	12,268	12,032	12,296	19,480	19,480	19,480	21,068	21,479	22,637
Vote 4 - Engineering Services	766,726	845,394	990,786	944,873	1,023,392	1,023,392	1,159,875	1,266,578	1,347,686
Vote 5 - Community Services	191,240	215,141	201,703	267,775	266,975	266,975	260,798	268,154	281,080
Vote 6 - Community Development	203,421	197,549	169,366	225,673	231,678	231,678	168,885	173,756	178,472
Vote 7 - Corporate and Shared Services	28,335	82,664	137,574	167,132	173,058	173,058	176,284	176,060	181,886
Vote 8 - Planning and Economic Development	37,619	34,400	60,846	41,255	40,955	40,955	68,173	68,409	70,907
Vote 9 - Budget and Treasury	30,512	85,650	152,103	114,946	114,491	114,491	127,234	118,975	120,015
Vote 10 - Transport Operations	-	-	1,736	19,304	19,304	19,304	7,123	7,491	7,882
<b>Total Expenditure by Vote</b>	<b>1,374,202</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,303</b>
<b>Surplus/(Deficit) for the year</b>	<b>80,684</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,653</b>

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

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

**Table 18 Surplus/(Deficit) calculations for the electricity trading service**

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Electricity</b>									
Total Revenue	415,882	559,547	605,543	699,481	699,481	699,481	775,220	829,057	886,659
Total Expenditure	408,872	482,245	562,699	587,403	628,375	628,375	656,204	717,520	772,908
<b>Surplus/(Deficit) for the year</b>	<b>7,010</b>	<b>77,302</b>	<b>42,843</b>	<b>112,078</b>	<b>71,106</b>	<b>71,106</b>	<b>119,015</b>	<b>111,538</b>	<b>113,751</b>
Percentage Surplus	2%	14%	7%	16%	10%	10%	15%	13%	13%



**Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	211,930	229,423	254,721	279,863	279,863	279,863	302,252	326,432	352,547
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	415,805	556,892	605,486	699,341	699,341	699,341	775,071	828,900	886,492
Service charges - water revenue	123,973	165,503	221,060	268,788	268,788	268,788	279,546	296,168	313,788
Service charges - sanitation revenue	44,082	39,311	46,449	67,116	67,116	67,116	66,163	70,043	74,156
Service charges - refuse revenue	42,523	46,795	51,305	56,456	56,456	56,456	60,959	64,617	68,494
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	4,337	5,102	12,154	17,566	17,566	17,566	20,020	21,221	22,494
Interest earned - external investments	8,732	24,554	23,017	12,500	12,500	12,500	23,000	23,000	23,000
Interest earned - outstanding debtors	20,190	17,678	7,377	18,000	18,000	18,000	30,000	31,000	32,000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	4,797	4,497	2,627	6,087	6,087	6,087	10,753	11,398	12,082
Licences and permits	8,065	8,234	8,816	8,516	8,516	8,516	9,027	9,569	10,143
Agency services	13,460	13,827	13,892	14,770	14,770	14,770	15,656	16,596	17,591
Transfers recognised - operational	330,381	358,638	501,275	480,836	558,258	558,258	556,489	657,024	710,160
Other revenue	66,981	68,781	23,430	33,393	55,393	55,393	26,963	28,461	30,049
Gains on disposal of PPE	20	246	1,451	200	200	200	52,200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,295,275</b>	<b>1,539,483</b>	<b>1,773,058</b>	<b>1,963,433</b>	<b>2,062,855</b>	<b>2,062,855</b>	<b>2,228,099</b>	<b>2,384,628</b>	<b>2,553,195</b>
<b>Expenditure By Type</b>									
Employee related costs	724,344	399,033	412,055	448,000	448,000	448,000	504,000	535,700	569,986
Remuneration of councillors	19,779	20,615	21,922	23,684	23,684	23,684	25,410	26,918	28,517
Debt impairment	47,599	38,192	53,486	40,000	40,000	40,000	50,000	50,000	50,000
Depreciation & asset impairment	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
Finance charges	13,073	29,427	29,594	27,155	27,155	27,155	23,747	21,158	17,750
Bulk purchases	418,402	518,797	581,301	658,000	647,500	647,500	698,000	752,000	810,000
Other materials	95,301	96,881	119,343	124,975	145,838	145,838	170,000	172,410	179,295
Contracted services	38,862	39,935	56,380	76,542	75,892	75,892	75,854	67,327	68,520
Transfers and grants	240	6,122	5,540	5,140	6,940	6,940	5,240	5,240	5,240
Other expenditure	202,314	243,204	342,228	308,511	385,293	385,293	327,460	361,870	375,653
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1,736,374</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,307</b>
<b>Surplus/(Deficit)</b>	<b>(441,099)</b>	<b>(83,977)</b>	<b>(113,856)</b>	<b>18,726</b>	<b>29,853</b>	<b>29,853</b>	<b>82,388</b>	<b>123,345</b>	<b>176,889</b>
Transfers recognised - capital	159,611	259,007	187,077	485,307	592,504	592,504	436,799	421,435	433,761
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(281,488)</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>(281,488)</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(281,488)</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(281,488)</b>	<b>175,030</b>	<b>73,221</b>	<b>504,033</b>	<b>622,357</b>	<b>622,357</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>



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

1. Total revenue is R2.228 billion in 2014/15 and escalates to R2.553 billion by 2016/17. This represents a year-on-year increase of 7 percent for the 2015/16 and 2016/17 financial year.
2. Revenue to be generated from property rates is R302 million in the 2014/15 financial year and increases to R326 million by 2015/16 which represents 14 percent 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 8 per cent for each of the outer 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 R1.181 billion for the 2014/15 financial year and increasing to R1.342 billion by 2016/17. For the 2014/15 financial year services charges amount to 53 per cent of the total revenue base and remains constant 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 remaining constant over the MTREF by 25 per cent and 28 per cent for the two outer years.
5. Bulk purchases have significantly increased over the 2014/15 to 2016/17 period escalating from R698 million to R810 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Lepelle Water.
6. 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 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	50	50	50	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	223,560	299,101	267,350	280,750	348,655	348,655	249,600	258,735	268,061
Vote 5 - Community Services	20,004	1,006	1,133	18,450	19,412	19,412	3,300	2,600	4,800
Vote 6 - Community Development	15,963	6,888	119	22,300	22,662	22,662	56,499	56,100	54,100
Vote 7 - Corporate and Shared Services	13,357	19,957	25,345	3,000	6,455	6,455	6,500	8,600	8,600
Vote 8 - Planning and Economic Development	12,238	21,529	4,123	-	45,422	45,422	1,850	-	-
Vote 9 - Budget and Treasury	2,763	6,022	44	-	-	-	1,000	-	-
Vote 10 - Transport Operations	-	-	39,320	179,457	179,457	179,457	200,000	190,000	190,000
<b>Capital single-year expenditure sub-total</b>	<b>287,886</b>	<b>354,503</b>	<b>337,434</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Total Capital Expenditure - Vote</b>	<b>287,886</b>	<b>354,503</b>	<b>337,434</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>16,120</b>	<b>28,416</b>	<b>64,709</b>	<b>7,550</b>	<b>11,166</b>	<b>11,166</b>	<b>21,300</b>	<b>24,600</b>	<b>22,600</b>
Executive and council	-	-	-	50	50	50	-	-	-
Budget and treasury office	2,763	6,022	44	-	-	-	1,000	-	-
Corporate services	13,357	22,394	64,665	7,500	11,116	11,116	20,300	24,600	22,600
<b>Community and public safety</b>	<b>35,303</b>	<b>5,125</b>	<b>1,252</b>	<b>27,300</b>	<b>27,542</b>	<b>27,542</b>	<b>44,749</b>	<b>43,100</b>	<b>45,100</b>
Community and social services	2,249	726	1,133	9,300	9,342	9,342	3,200	3,600	5,600
Sport and recreation	13,714	4,369	119	17,500	17,700	17,700	40,499	39,500	39,500
Public safety	19,340	-	-	500	500	500	500	-	-
Housing	-	29	-	-	-	-	550	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>85,092</b>	<b>135,615</b>	<b>117,313</b>	<b>245,207</b>	<b>337,579</b>	<b>337,579</b>	<b>305,000</b>	<b>312,369</b>	<b>305,594</b>
Planning and development	12,238	21,516	-	-	45,422	45,422	1,300	-	-
Road transport	72,818	114,099	117,313	245,207	292,158	292,158	303,700	312,369	305,594
Environmental protection	35	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>151,371</b>	<b>185,348</b>	<b>150,037</b>	<b>223,950</b>	<b>245,824</b>	<b>245,824</b>	<b>147,700</b>	<b>135,966</b>	<b>152,267</b>
Electricity	51,788	58,652	21,965	51,500	14,237	14,237	19,800	8,300	6,300
Water	59,959	107,181	124,299	122,000	220,239	220,239	122,000	120,566	137,667
Waste water management	38,995	19,169	3,773	41,500	1,478	1,478	4,100	6,000	6,000
Waste management	629	346	-	8,950	9,870	9,870	1,800	1,100	2,300
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>287,886</b>	<b>354,503</b>	<b>333,311</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Funded by:</b>									
National Government	121,956	216,313	225,076	479,207	586,405	586,405	430,646	421,435	433,761
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>121,956</b>	<b>216,313</b>	<b>225,076</b>	<b>479,207</b>	<b>586,405</b>	<b>586,405</b>	<b>430,646</b>	<b>421,435</b>	<b>433,761</b>
Public contributions & donations	-	-	-	-	-	-	6,153	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	165,930	138,190	112,357	24,800	35,708	35,708	81,950	94,600	91,800
<b>Total Capital Funding</b>	<b>287,886</b>	<b>354,503</b>	<b>337,434</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>

## **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 (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R518 million for the 2014/15 financial year and decreases in 2015/16 at the level of R516 million and then increases to R525.5 million in 2016/17.
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 grants and contributions from the capital replacement reserve. For 2014/15, capital transfers totals R430.6 million and increases to R433.7 million by 2016/17. Internally generated funding totaling R81.9 million in 2014/15 and escalates to R91.8 million in 2016/17. For 2014/15 public contributions and donations totals R6.1 million. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 21 MBRR Table A6 - Budgeted Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	5,241	11,274	52,061	10,000	10,000	10,000	50,000	50,000	50,000
Call investment deposits	219,993	223,808	220,000	200,000	77,676	77,676	220,000	220,000	220,000
Consumer debtors	207,674	263,453	383,445	231,143	231,143	231,143	313,241	322,241	352,241
Other debtors	20,486	79,970	40,859	80,000	80,000	80,000	45,000	50,000	52,000
Current portion of long-term receivables	21,372	7,502	8,595	6,590	6,590	6,590	6,879	5,021	5,163
Inventory	53,880	60,155	53,891	61,000	61,000	61,000	55,000	55,000	56,000
<b>Total current assets</b>	<b>528,645</b>	<b>646,162</b>	<b>758,852</b>	<b>588,733</b>	<b>466,409</b>	<b>466,409</b>	<b>690,120</b>	<b>702,262</b>	<b>735,404</b>
<b>Non current assets</b>									
Long-term receivables	8,397	8,667	7,809	8,567	8,567	8,567	6,093	5,235	4,377
Investments	-	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
Investment property	138,360	138,360	234,602	138,360	234,602	234,602	234,602	234,602	234,602
Investment in Associate	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217
Property, plant and equipment	5,437,404	5,573,513	5,664,780	6,148,787	6,290,892	6,290,892	6,767,038	7,080,605	7,394,172
Agricultural	-	-	-	-	-	-	-	-	-
Biological	14,609	7,305	13,965	-	13,965	13,965	13,965	13,965	13,965
Intangible	41,185	34,428	17,834	-	17,834	17,834	17,834	17,834	17,834
Other non-current assets	-	-	11,145	-	-	-	11,145	11,145	11,145
<b>Total non current assets</b>	<b>5,648,172</b>	<b>5,829,490</b>	<b>6,017,353</b>	<b>6,362,931</b>	<b>6,633,078</b>	<b>6,633,078</b>	<b>7,117,895</b>	<b>7,430,604</b>	<b>7,743,313</b>
<b>TOTAL ASSETS</b>	<b>6,176,818</b>	<b>6,475,652</b>	<b>6,776,206</b>	<b>6,951,664</b>	<b>7,099,487</b>	<b>7,099,487</b>	<b>7,808,015</b>	<b>8,132,866</b>	<b>8,478,717</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	30,548	38,405	38,884	36,363	36,363	36,363	36,806	37,509	37,236
Consumer deposits	57,596	62,072	63,788	63,000	63,000	63,000	65,288	66,738	68,193
Trade and other payables	347,141	392,986	483,022	300,000	200,000	200,000	407,662	415,359	428,440
Provisions	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>435,285</b>	<b>493,463</b>	<b>585,694</b>	<b>399,363</b>	<b>299,363</b>	<b>299,363</b>	<b>509,755</b>	<b>519,606</b>	<b>533,869</b>
<b>Non current liabilities</b>									
Borrowing	257,078	298,588	283,472	225,862	225,862	225,862	188,591	150,378	113,415
Provisions	158,810	177,752	194,387	212,740	212,740	212,740	212,474	233,036	255,705
<b>Total non current liabilities</b>	<b>415,888</b>	<b>476,340</b>	<b>477,859</b>	<b>438,602</b>	<b>438,602</b>	<b>438,602</b>	<b>401,065</b>	<b>383,414</b>	<b>369,120</b>
<b>TOTAL LIABILITIES</b>	<b>851,173</b>	<b>969,803</b>	<b>1,063,553</b>	<b>837,965</b>	<b>737,965</b>	<b>737,965</b>	<b>910,821</b>	<b>903,020</b>	<b>902,989</b>
<b>NET ASSETS</b>	<b>5,325,644</b>	<b>5,505,849</b>	<b>5,712,652</b>	<b>6,113,699</b>	<b>6,361,522</b>	<b>6,361,522</b>	<b>6,897,195</b>	<b>7,229,846</b>	<b>7,575,728</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	4,543,650	4,723,762	4,931,059	5,331,426	5,579,249	5,579,249	6,115,508	6,448,067	6,793,855
Reserves	781,994	782,086	781,594	782,273	782,273	782,273	781,687	781,780	781,873
Minorities' interests	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5,325,644</b>	<b>5,505,849</b>	<b>5,712,652</b>	<b>6,113,699</b>	<b>6,361,522</b>	<b>6,361,522</b>	<b>6,897,195</b>	<b>7,229,846</b>	<b>7,575,728</b>

**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 64 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 22 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	970,087	949,491	1,389,637	1,452,097	1,452,097	1,452,097	1,309,048	1,398,478	1,494,129
Government - operating	358,909	367,485	501,275	486,936	564,358	564,358	562,642	657,024	710,160
Government - capital	131,083	250,160	187,077	479,207	586,404	586,404	430,646	421,435	433,761
Interest	28,922	42,233	23,017	30,500	30,500	30,500	23,000	23,000	23,000
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(1,163,088)	(1,224,034)	(1,695,283)	(1,644,852)	(1,729,147)	(1,729,147)	(1,828,611)	(1,950,802)	(2,047,326)
Finance charges	(13,073)	(29,427)	(29,594)	(27,155)	(27,155)	(27,155)	(23,747)	(21,158)	(17,750)
Transfers and Grants	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>312,840</b>	<b>355,908</b>	<b>376,128</b>	<b>776,733</b>	<b>877,057</b>	<b>877,057</b>	<b>472,978</b>	<b>527,977</b>	<b>595,975</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	1,847	-	11,442	-	-	-	52,000	-	-
Decrease (increase) in non-current debtors	2,690	13,599	(235)	14,000	14,000	14,000	-	-	-
Decrease (increase) other non-current receivables	-	(59,000)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(160,993)	(3,815)	3,808	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(287,886)	(354,503)	(337,434)	(504,007)	(626,112)	(626,112)	(389,062)	(387,026)	(394,171)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(444,342)</b>	<b>(403,719)</b>	<b>(322,418)</b>	<b>(490,007)</b>	<b>(612,112)</b>	<b>(612,112)</b>	<b>(337,062)</b>	<b>(387,026)</b>	<b>(394,171)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	226,634	49,367	21,171	-	-	-	-	-	-
Increase (decrease) in consumer deposits	5,760	4,476	1,716	5,000	5,000	5,000	5,000	5,000	5,000
<b>Payments</b>									
Repayment of borrowing	-	-	(35,808)	(36,363)	(36,363)	(36,363)	(36,806)	(37,509)	(37,236)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>232,394</b>	<b>53,843</b>	<b>(12,921)</b>	<b>(31,363)</b>	<b>(31,363)</b>	<b>(31,363)</b>	<b>(31,806)</b>	<b>(32,509)</b>	<b>(32,236)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>100,892</b>	<b>6,032</b>	<b>40,788</b>	<b>255,363</b>	<b>233,582</b>	<b>233,582</b>	<b>104,110</b>	<b>108,441</b>	<b>169,568</b>
Cash/cash equivalents at the year begin:	(95,650)	5,242	11,274	52,000	52,000	52,000	50,000	154,110	262,551
Cash/cash equivalents at the year end:	5,242	11,274	52,062	307,363	285,582	285,582	154,110	262,551	432,119

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R154million positive as at the end of the 2014/15 financial year and increases to R432 million by 2016/17.

**Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	5,242	11,274	52,062	307,363	285,582	285,582	154,110	262,551	432,119
Other current investments > 90 days	219,993	223,808	220,000	(97,363)	(197,906)	(197,906)	115,890	7,449	(162,119)
Non current assets - Investments	-	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
<b>Cash and investments available:</b>	<b>225,235</b>	<b>294,081</b>	<b>331,061</b>	<b>269,000</b>	<b>146,676</b>	<b>146,676</b>	<b>329,000</b>	<b>329,000</b>	<b>329,000</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	166,832	174,567	194,553	100,000	-	-	107,662	105,359	108,440
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements							4,055	4,461	4,907
Other working capital requirements	(59,697)	(70,762)	(192,949)	(115,839)	(111,181)	(111,181)	1,248	278	(15,485)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>107,135</b>	<b>103,805</b>	<b>1,604</b>	<b>(15,839)</b>	<b>(111,181)</b>	<b>(111,181)</b>	<b>112,965</b>	<b>110,097</b>	<b>97,862</b>
<b>Surplus(shortfall)</b>	<b>118,099</b>	<b>190,276</b>	<b>329,457</b>	<b>284,839</b>	<b>257,857</b>	<b>257,857</b>	<b>216,035</b>	<b>218,902</b>	<b>231,138</b>

**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. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a surplus of R216 million in 2014/15 to a surplus of R231.1 million by 2016/17.



**Table 24 MBRR Table A9 - Asset Management**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>287,886</b>	<b>354,503</b>	<b>269,130</b>	<b>392,507</b>	<b>500,804</b>	<b>500,804</b>	<b>320,996</b>	<b>311,035</b>	<b>322,561</b>
Infrastructure - Road transport	72,818	114,099	69,147	7,750	7,500	7,500	98,700	89,737	96,288
Infrastructure - Electricity	64,932	58,652	1,793	51,500	14,237	14,237	14,800	6,300	4,300
Infrastructure - Water	59,959	107,181	107,771	122,000	220,239	220,239	111,000	109,698	114,473
Infrastructure - Sanitation	38,995	19,169	1,378	1,500	-	-	1,000	2,000	2,000
Infrastructure - Other	-	-	39,320	188,407	230,745	230,745	61,800	58,100	59,300
Infrastructure	236,704	299,101	219,409	371,157	472,721	472,721	287,300	265,835	276,361
Community	-	5,000	445	19,800	20,262	20,262	26,546	37,600	38,600
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	51,182	50,402	49,275	1,550	7,821	7,821	7,150	7,600	7,600
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	<b>-</b>	<b>-</b>	<b>68,304</b>	<b>111,500</b>	<b>121,308</b>	<b>121,308</b>	<b>197,253</b>	<b>205,000</b>	<b>203,000</b>
Infrastructure - Road transport	-	-	48,166	54,000	105,201	105,201	5,000	27,000	27,000
Infrastructure - Electricity	-	-	-	-	-	-	5,000	2,000	2,000
Infrastructure - Water	-	-	16,849	-	-	-	11,000	18,000	18,000
Infrastructure - Sanitation	-	-	1,568	40,000	1,478	1,478	3,100	4,000	4,000
Infrastructure - Other	-	-	1,721	-	-	-	140,000	133,000	133,000
Infrastructure	-	-	68,304	94,000	106,679	106,679	164,100	184,000	184,000
Community	-	-	-	17,500	11,089	11,089	16,153	4,000	4,000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	3,540	3,540	17,000	17,000	15,000
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>									
Infrastructure - Road transport	72,818	114,099	117,313	61,750	112,701	112,701	103,700	116,737	123,288
Infrastructure - Electricity	64,932	58,652	1,793	51,500	14,237	14,237	19,800	8,300	6,300
Infrastructure - Water	59,959	107,181	124,620	122,000	220,239	220,239	122,000	127,698	132,473
Infrastructure - Sanitation	38,995	19,169	2,946	41,500	1,478	1,478	4,100	6,000	6,000
Infrastructure - Other	-	-	41,042	188,407	230,745	230,745	201,800	191,100	192,300
Infrastructure	236,704	299,101	287,713	465,157	579,400	579,400	451,400	449,835	460,361
Community	-	5,000	445	37,300	31,351	31,351	42,699	41,600	42,600
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	51,182	50,402	49,275	1,550	11,361	11,361	24,150	24,600	22,600
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>287,886</b>	<b>354,503</b>	<b>337,434</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>518,249</b>	<b>516,035</b>	<b>525,561</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	1,310,191	1,349,724	1,407,803	1,770,594	1,520,504	1,520,504	1,522,004	1,528,004	1,534,004
Infrastructure - Electricity	769,132	790,531	710,674	903,283	724,911	724,911	727,911	731,911	735,911
Infrastructure - Water	554,531	642,754	687,148	987,666	907,387	907,387	1,023,733	1,173,300	1,322,867
Infrastructure - Sanitation	307,257	306,297	236,817	430,051	238,295	238,295	239,795	243,795	247,795
Infrastructure - Other	2,496,292	2,484,208	2,622,338	2,057,193	2,899,795	2,899,795	3,253,595	3,403,595	3,553,595
Infrastructure	5,437,404	5,573,513	5,664,780	6,148,787	6,290,892	6,290,892	6,767,038	7,080,605	7,394,172
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	138,360	138,360	234,602	138,360	234,602	234,602	234,602	234,602	234,602
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	14,609	7,305	13,965	-	13,965	13,965	13,965	13,965	13,965
Intangibles	41,185	34,428	17,834	-	17,834	17,834	17,834	17,834	17,834
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5,631,558</b>	<b>5,753,605</b>	<b>5,931,182</b>	<b>6,287,147</b>	<b>6,557,294</b>	<b>6,557,294</b>	<b>7,033,440</b>	<b>7,347,007</b>	<b>7,660,574</b>



Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
<b>Repairs and Maintenance by Asset Class</b>	95,301	96,881	119,343	124,975	136,890	136,890	170,000	172,410	179,295
Infrastructure - Road transport	21,007	20,898	23,160	10,965	17,465	17,465	25,543	25,798	26,057
Infrastructure - Electricity	20,498	19,479	27,807	18,005	18,005	18,005	26,669	26,886	27,105
Infrastructure - Water	23,065	25,995	23,282	22,948	22,948	22,948	32,344	36,462	42,083
Infrastructure - Sanitation	5,161	5,633	6,810	4,996	4,996	4,996	7,527	8,567	8,608
Infrastructure - Other	7,683	19,675	10,332	11,987	11,987	11,987	23,400	21,634	21,841
Infrastructure	77,414	91,680	91,390	68,900	75,400	75,400	115,483	119,348	125,694
Community	17,886	5,202	27,953	56,075	61,490	61,490	54,517	53,062	53,600
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>271,762</b>	<b>328,136</b>	<b>384,408</b>	<b>357,675</b>	<b>369,590</b>	<b>369,590</b>	<b>436,000</b>	<b>441,070</b>	<b>450,641</b>
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	20.2%	22.1%	19.5%	19.5%	38.1%	39.7%	38.6%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	25.8%	47.9%	52.1%	52.1%	74.2%	76.3%	74.8%
<i>R&amp;M as a % of PPE</i>	1.8%	1.7%	2.1%	2.0%	2.2%	2.2%	2.5%	2.4%	2.4%
<i>Renewal and R&amp;M as a % of PPE</i>	2.0%	2.0%	3.0%	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%

### 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.
3. Due to substantial efforts, renewal of assets and repair and maintenance as a percentage of PPE has increased from 2.2 per cent from the 2013/14 financial year to 2.5 per cent in the 2014/15 financial year.

**Table 25 MBRR Table A10 - Basic Service Delivery Measurement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	40,673	40,673	41,484	43,559	43,737	43,737	43,800	43,850	44,000
Piped water inside yard (but not in dwelling)	31,547	31,547	35,923	40,962	43,202	43,202	43,300	43,400	43,500
Using public tap (at least min.service level)	50,450	50,450	58,281	52,371	51,092	51,092	51,000	49,800	49,700
Other water supply (at least min.service level)				34,162	33,523	33,523	33,601	34,751	34,701
<i>Minimum Service Level and Above sub-total</i>	122,670	122,670	135,688	171,054	171,554	171,554	171,701	171,801	171,901
Using public tap (< min.service level)									
Other water supply (< min.service level)	7,691	7,691	20,878	6,947	6,447	6,447	6,300	6,200	6,100
No water supply									
<i>Below Minimum Service Level sub-total</i>	7,691	7,691	20,878	6,947	6,447	6,447	6,300	6,200	6,100
<b>Total number of households</b>	<b>130,361</b>	<b>130,361</b>	<b>156,566</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	31,546	31,546	37,581	38,656	40,344	40,344	40,500	40,600	40,700
Flush toilet (with septic tank)	700	700	3,903	4,032	4,076	4,076	4,100	4,200	4,300
Chemical toilet	14,816	14,816	1,481	1,493	1,520	1,520	1,520	1,520	1,520
Pit toilet (ventilated)	72,480	72,480	61,403	33,688	33,961	33,961	34,000	34,100	34,100
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	119,542	119,542	104,368	77,869	79,901	79,901	80,120	80,420	80,620
Bucket toilet									
Other toilet provisions (< min.service level)	10,819	10,819	52,198	100,132	98,100	98,100	98,000	97,581	97,381
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	10,819	10,819	52,198	100,132	98,100	98,100	98,000	97,581	97,381
<b>Total number of households</b>	<b>130,361</b>	<b>130,361</b>	<b>156,566</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,120</b>	<b>178,001</b>	<b>178,001</b>
<b>Energy:</b>									
Electricity (at least min.service level)	24,300	24,300	53,140	80,094	79,802	79,802	79,802	79,802	79,802
Electricity - prepaid (min.service level)	26,300	26,300	66,946	67,616	68,408	68,408	69,000	69,100	69,200
<i>Minimum Service Level and Above sub-total</i>	50,600	50,600	120,086	147,710	148,210	148,210	148,802	148,902	149,002
Electricity (< min.service level)	18,162	18,162	21,000	14,780	13,808	13,808	13,216	13,116	13,016
Electricity - prepaid (< min. service level)	34,223	34,223	12,925	13,925	14,514	14,514	14,514	14,514	14,514
Other energy sources	27,376	27,376	2,555	1,586	1,469	1,469	1,469	1,469	1,469
<i>Below Minimum Service Level sub-total</i>	79,761	79,761	36,480	30,291	29,791	29,791	29,199	29,099	28,999
<b>Total number of households</b>	<b>130,361</b>	<b>130,361</b>	<b>156,566</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>
<b>Refuse:</b>									
Removed at least once a week	48,364	48,364	91,338	92,000	92,000	92,000	92,000	92,000	92,000
<i>Minimum Service Level and Above sub-total</i>	48,364	48,364	91,338	92,000	92,000	92,000	92,000	92,000	92,000
Removed less frequently than once a week			97	97	97	97	97	97	97
Using communal refuse dump			4,566	4,566	4,566	4,566	4,566	4,566	4,566
Using own refuse dump	81,997	81,997	60,565	81,338	81,338	81,338	81,338	81,338	81,338
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	81,997	81,997	65,228	86,001	86,001	86,001	86,001	86,001	86,001
<b>Total number of households</b>	<b>130,361</b>	<b>130,361</b>	<b>156,566</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	69,750	69,750	115,082	116,921	116,921	116,921	116,921	116,921	116,921
Sanitation (free minimum level service)	30,700	30,700	61,403	64,073	64,073	64,073	64,073	64,073	64,073
Electricity/other energy (50kwh per household per month)	34,223	34,223	27,000	28,000	28,000	28,000	28,000	28,000	28,000
Refuse (removed at least once a week)	30,700	30,700	91,338	99,433	99,433	99,433	99,433	99,433	99,433
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	1,423	5,596	6,190	7,560	7,560	7,560	6,105	6,471	6,859
Sanitation (free sanitation service)	609	1,055	3,158	4,537	4,537	4,537	8,047	8,530	9,042
Electricity/other energy (50kwh per household per month)	903	7,908	12,418	7,000	7,000	7,000	13,225	14,018	14,859
Refuse (removed once a week)	1,293	975	2,647	3,024	3,024	3,024	8,061	8,544	9,057
<b>Total cost of FBS provided (minimum social package)</b>	<b>4,228</b>	<b>15,534</b>	<b>24,413</b>	<b>22,121</b>	<b>22,121</b>	<b>22,121</b>	<b>35,438</b>	<b>37,563</b>	<b>39,817</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	11,500	50,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000
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)	12	33	36	38	38	38	48	51	54
Electricity (kw h per household per month)	50	50	50	50	50	50	100	100	100
Refuse (average litres per week)	26	27	30	32	32	32	34	36	38
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	3,145	3,334	3,534	3,746	3,746	3,746	3,457	3,664	3,884
Property rates (other exemptions, reductions and rebates)	3,250	3,445	3,651	6,774	6,774	6,774	15,886	15,839	17,850
Water	17,267	18,303	6,190	7,560	7,560	7,560	6,494	6,884	7,297
Sanitation	4,181	4,432	3,158	4,537	4,537	4,537	8,561	9,074	9,619
Electricity/other energy	9,109	9,655	12,418	7,000	7,000	7,000	14,220	15,073	15,978
Refuse	8,871	9,403	2,647	3,024	3,024	3,024	8,575	9,090	9,635
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>	<b>45,824</b>	<b>48,573</b>	<b>31,598</b>	<b>32,641</b>	<b>32,641</b>	<b>32,641</b>	<b>57,193</b>	<b>59,624</b>	<b>64,263</b>

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

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs.
3. The budget provides for 15000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities. The indigent subsidy for the 2014/15 year is set at R205.00 per month.

4. It is anticipated that these Free Basic Services will cost the municipality R35.4 million in 2014/15, increasing to R39.8 million in 2016/17 at current tariffs. This is covered by the municipality's equitable share allocation from national government.
5. The Revenue Cost of Free Basic Services amounts to R57.1 million in 2014/15, and increases at R64.2 million in 2016/17. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

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

The IDP/Budget/PMS Steering Committee consists of the all Members of Mayoral Committee; Municipal Manager, all Directors and selected Managers with the Executive Mayor chairing the Meeting.

The role of IDP/Budget/PMS Steering Committee is to:

- Provide political oversight in the development of IDP/Budget/PMS.
- Supervise the implementation of the IDP/Budget/PMS.
- Lead the IDP /Budget Public Participation process.
- Responsible for the submission of the IDP/Budget/PMS to Mayoral Committee for recommendation to council

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year .The Mayor tabled in Council the IDP/Budget/PMS Process plan on **29 August 2013**. The 2013/14 process plan was revised and adopted by Council on the **27 February 2014**.

According to MFMA Circular 70, Municipalities were advised to consider tabling their budgets earlier as opposed to (by ) 31 March annually , to enable processing of comments before tabling the final budget for approval. The following were cited as advantages:

- Provide for a lead-time for municipalities to incorporate the findings and recommendations of the engagements with the National Treasury and respective provincial treasuries on the 2014/15 budgets and MTREF's into their final budgets and MTREF's prior to tabling for consideration and approval by the municipal council;
- Provide a longer interval for the National Energy Regulator of South Africa (NERSA) to consider the proposed electricity tariff structures within their regulatory processes prior to adoption by the municipality.
- Municipalities to incorporate any comments and recommendations received by NERSA prior to finalisation of the 2014/15 budgets and MTREF's for consideration and approval (further guidance around tariff setting and the NERSA process is supplied in the section of this Circular dealing with revising of rates, tariff and other charges); and Provide more time for public participation as required by the MFMA
- For Polokwane Municipality to align with the requirements of circular 70 there was a need to amend the dates as mentioned on the process.

## 2.1.2 IDP and Service Delivery and Budget Implementation Plan

Integrated development planning is a **process** through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a **product** of the IDP process. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in a municipality. Through Integrated development planning, which necessitates the involvement of all relevant stakeholders, a municipality can:

- Identify its key development priorities;
- Formulate a clear vision, mission and values;
- Formulate appropriate strategies;
- Develop the appropriate organisational structure and systems to realise the vision and mission; and
- Align resources with the development priorities.

The SDBIP therefore serves as a “contract” between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of-year targets and implementing the budget.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor.

## 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 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 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 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

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 have been taken into consideration in the planning and prioritisation process.

## 2.1.4 Community Consultation

### 2014/2015 IDP/BUDGET REVIEW COMMUNITY AND STAKEHOLDER CONSULTATION

Section 16 of Municipal Systems Act (32 of 2000) mandate municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in:

- The preparation, implementation and review of its Integrated Development Plan (IDP).
- The establishment, implementation and review of its Performance Management System(PMS);
- Monitoring and review of its performance, including the outcomes and impact of such performance;
- The preparation of its budget;
- Strategic decision relating to the provision of municipal services.

Section 152 of the Constitution (108 of 1996) provides objectives of local government. One of the objectives is to encourage the involvement of communities and community organizations in the matters of local government.

In line with the above-mentioned legislative mandate, Polokwane Municipality undertook the IDP/Budget review consultation process from 1<sup>st</sup> April 2014-05 May 2014. Polokwane municipality is made up of thirty-eight (38) wards, which are grouped into four clusters for administrative purpose, namely;

- **Mankweng/ Sebayeng/Dikgale;**
- **Maja/Chuene/Molepo;**
- **Moletjie and;**
- **City/Seshego Cluster;**

For effective and efficient public participation process, the 2014/15 IDP/Budget Review consultation process was conducted as follows:

Date	Sector	Responsible	Venue	Time
01 April 2014	Traditional Leaders	Executive Mayor	Council Chamber	10h00
02 April 2014	Religious groups	Executive Mayor	Nirvana Hall	10h00
03 April 2014	Mankweng	Executive Mayor	Mankweng Community Hall	10h00

Date	Sector	Responsible	Venue	Time
07 April 2014	Farmers	Executive Mayor	Jack Botes hall	10h00
09 April 2014	Sebayeng, Dikgale	Executive Mayor	Bana ba thari	10h00
10 April 2014	Seshego	Executive Mayor	Ngoako Ramathlodi sports complex	10h00
15 April 2014	Business, transport and Institutions of higher learning	Executive Mayor	Mayors Parlour	10h00
16 April 2014	Legae La Batho, Mahlasedi Park, Polokwane Extensions, 71,73,75,76	Executive Mayor	Greenside Primary School	14h00
25 April 2014	Moletjie	Executive Mayor	Moletjie Community Hall	10h00
05 May 2014	NGO, Youth, Disability, Women Structures, Organised Labour, etc	Executive Mayor	Jack Botes hall	10h00
24 April 2014	Maja/Molepo/Chuene	Executive Mayor	Tshebela sports ground	10h00
29 April 2014	Traditional Healers	Executive Mayor	Jack Botes hall	10h00
30 April 2014	City	Executive Mayor	Jack Botes hall	18h00

The Executive Mayor with the members of Mayoral Committee and Management team convened consultation meetings with communities and stakeholders in all clusters as indicate above. The needs of the community are in order of priority. The following are the top three priority needs per ward and villages in accordance to the ward plans: wards have been grouped according to their Clusters.

The following were the overall concern in all the Municipal Clusters IDP/Budget Consultation Meetings according to Priority.

1. The Bad condition of Roads
2. Shortage of Water
3. Request for Apollo lights for community safety
4. Request for Electricity
5. RDP house



## 2.2 Overview of alignment of annual budget with IDP

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

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

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

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

The 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:

- NSDP
- Green Paper on National Strategic Planning of 2009;
- MTSF
- Government Programme of Action;
- New Growth Path
- Development Facilitation Act of 1995;
- Limpopo Employment , Growth and Development Plan
- Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- 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.

### **VISION 2030 - SMART CITY**

City of Polokwane has charted its post-election strategy for the next term and beyond through VISION 2030. This strategy is pegged against a long-term growth path to transform the municipality into a bustling and sustainable entity that distinguishes the Municipality as a nodal point that offers quality living experience through the **SMART CITY** concept.

Embedded in this strategic positioning is the need to craft an operating model that best fits the municipal ability to deliver on its strategy and mandate. It is precisely this process of envisioning operating model, which encouraged the leadership of the municipality to initiate a strategic planning session for the municipality.

A Strategic Planning Workshops was held with Departments which was then followed by Municipal Strategic Planning session to assess progress to date to deliver Vision 2030: unlike the previous year's Strategic Planning Session the main objective was to

- Assess Progress to date to deliver Vision 2030
- Review and refine the Logic Models (inputs)
- Review and refine the Scorecards
- Review and refine the Operating Model
- Develop Value Chain/Service Standards
- Roadmap for Vision 2030

## The Smart City Concept

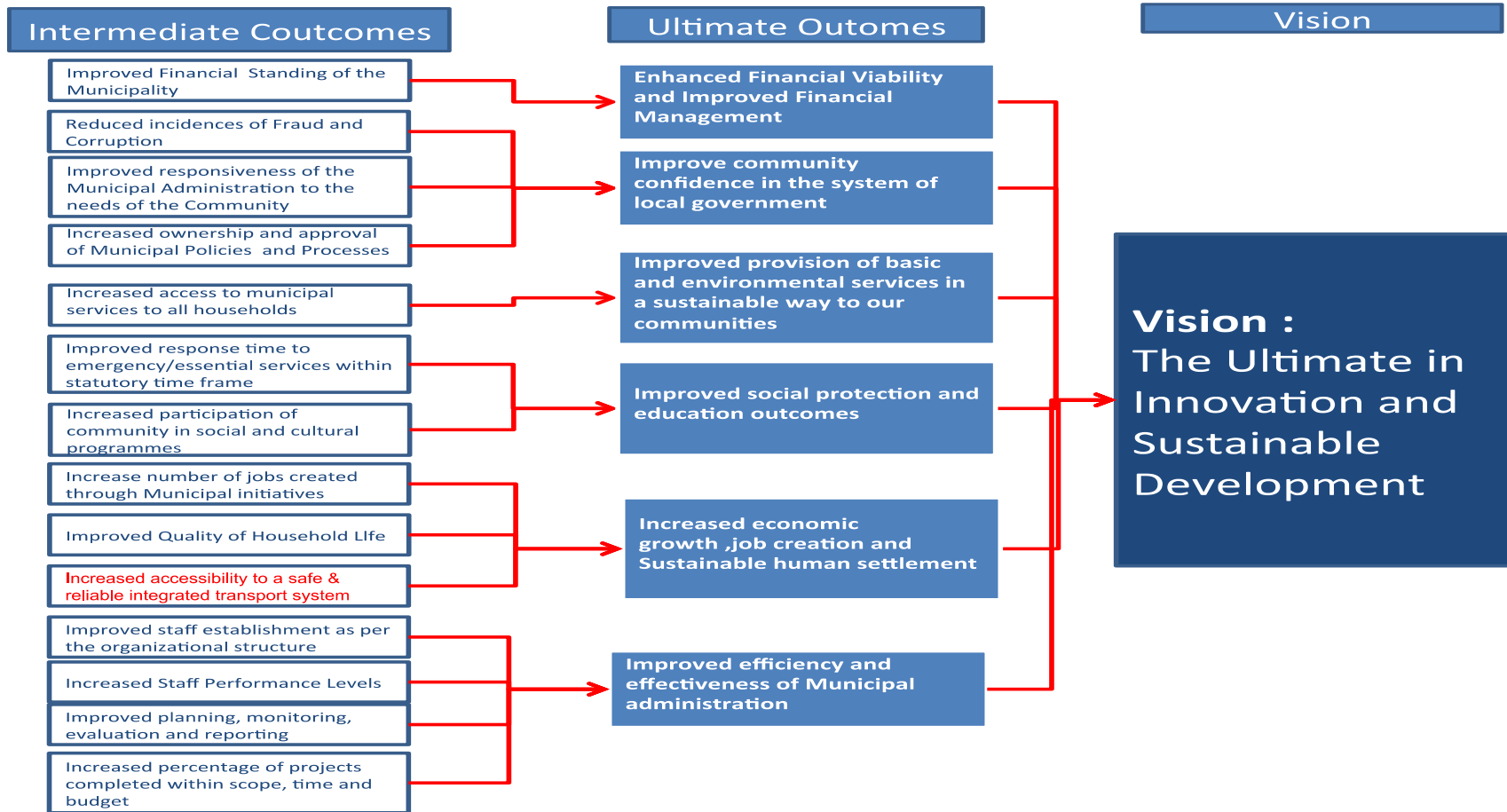


<b>Smart Economy</b>	<b>Smart Environment</b>	<b>Smart Governance</b>	<b>Smart Living</b>	<b>Smart Mobility</b>	<b>Smart People</b>
<ul style="list-style-type: none"> <li>Innovative spirit</li> <li>Entrepreneurship</li> <li>Economic image &amp; trademarks</li> <li>Productivity</li> <li>Flexibility of labour market</li> <li>Ability to transform</li> </ul>	<ul style="list-style-type: none"> <li>Attractively of natural conditions</li> <li>Pollution</li> <li>Environmental protection</li> <li>Sustainable resource management</li> </ul>	<ul style="list-style-type: none"> <li>Participation in decision-making</li> <li>Public and social services</li> <li>Transparent governance</li> <li>Political strategies &amp; perspectives</li> </ul>	<ul style="list-style-type: none"> <li>Cultural facilities</li> <li>Health conditions</li> <li>Individual safety</li> <li>Housing quality</li> <li>Education facilities</li> <li>Social cohesion</li> </ul>	<ul style="list-style-type: none"> <li>Local accessibility</li> <li>(Inter-)national accessibility</li> <li>Availability of ICT-infrastructure</li> <li>Sustainable, innovative and safe transport systems</li> </ul>	<ul style="list-style-type: none"> <li>Participation in decision-making</li> <li>Public and social services</li> <li>Transparent governance</li> <li>Political strategies &amp; perspectives</li> </ul>

Forward looking in Economy, People, Governance, Mobility, Environment and Spaces. Comprehensive integration of critical infrastructure in its totality. Build collective intelligence of the City through connecting the physical, the IT, the social, and the business infrastructure.

Using the 'Smart City' as a compass to reposition the City of Polokwane as the trailblazer in the knowledge economy of not only Limpopo Province, but in the country. Using it as a platform to transform the productive patterns of the City's groups of communities, i.e. citizens, business, NGOs, government departments, etc.

## GOALS AND OBJECTIVES MAP



Alignment of the Ultimate Outcomes/Goals for City of Polokwane to the KPA

Key Performance Area	Ultimate Outcomes/Goals
KPA 1: Municipal Transformation and Institutional Development	1. Improved efficiency and effectiveness of Municipal administration
KPA 2: Basic Services Delivery and Infrastructure	2. Improved provision of basic and environmental services in a sustainable way to our communities
KPA 2: Basic Services Delivery and Infrastructure	3. Improved social protection and education outcomes
KPA3 & 6 : Local Economic Development & Spatial Rationale	4. Increased economic growth ,job creation and Sustainable human settlement, Integrated sustainable human settlement
KPA 4: Municipal Financial Viability and Financial Management	5. Enhanced Financial Viability and Improved Financial Management
KPA 5. Good Governance and Public Participation	6. Improve community confidence in the system of local government

**Table 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Develop and refurbish	Water and sanitation	A	123,973	165,503	221,060	268,842	268,842	268,842	345,766	366,272	388,008
	Energy services	B	415,882	559,547	605,543	699,481	699,481	699,481	775,220	829,057	886,659
	Transport infrastructure	C	1	-	48	10,043	10,043	10,043	200	212	225
Create a conducive economic	Economic development and	D	-	-	-	1,082	1,082	1,082	1,147	1,215	1,288
	City and regional planning	E	3,906	7,347	5,572	6,001	6,001	6,001	58,361	6,743	7,147
	Transport operations	F	-	-	-	-	-	-	-	-	-
	Sports and Recreation	G	931	1,687	3,166	2,769	2,769	2,769	2,935	3,111	3,298
	Facility commercialisation	H	-	-	6,966	10,000	10,000	10,000	12,000	12,720	13,483
Enhance revenue and asset	Budget and treasury	J	831,704	980,923	1,026,320	1,347,359	1,553,978	1,553,978	1,352,501	1,463,078	1,555,897
Plan sustainable integrated	Housing & Building Inspections	K	3,082	3,258	5,269	5,919	5,919	5,919	6,274	6,650	7,049
Preserve natural resources	Environmental management	L	2,474	2,508	3,693	2,946	2,946	2,946	3,123	3,311	3,509
	Waste management	M	43,659	47,830	52,674	58,077	58,077	58,077	62,677	66,438	70,424
	Community health services	N	-	-	-	-	-	-	2,000	2,000	2,000
Facilitate, care and support	Fire and emergency services	O	233	158	259	271	271	271	287	304	322
	Arts and Culture	P	413	427	380	482	482	482	511	542	574
	Traffic and licence	Q	27,142	26,851	25,375	30,636	30,636	30,636	36,774	38,980	41,319
	Facility management	R	272	304	526	838	838	838	888	941	998
	Disaster management	S	-	-	-	-	-	-	-	-	-
	Community safety and Control centre	U	5	11	7	8	8	8	9	9	10
	Special focus (community	V	-	-	-	-	-	-	-	-	-
	Invest in human capital and	Human resources	W	1,210	2,136	3,278	3,985	3,985	3,985	4,225	4,478
Practice good governance	Internal audit	X	-	-	-	-	-	-	-	-	-
	Risk management	Y	-	-	-	-	-	-	-	-	-
	IDP	Z	-	-	-	-	-	-	-	-	-
	Project management	AA	-	-	-	-	-	-	-	-	-
	Performance management	AB	-	-	-	-	-	-	-	-	-
	Information systems	AC	1	-	0	1	1	1	1	1	1
	Legal services	AD	-	-	-	-	-	-	-	-	-
	Secretariat	AE	-	-	-	-	-	-	-	-	-
	Mechanical services	AF	-	-	-	-	-	-	-	-	-
	Councillor support, Traditional	AG	-	-	-	-	-	-	-	-	-
	Communication and marketing	AI	-	-	-	-	-	-	-	-	-
Council & Executive mayor's	AJ	-	-	-	-	-	-	-	-	-	
Municipal manager's office	AK	-	-	-	-	-	-	-	-	-	
<b>Allocations to other priorities</b>											
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>1,454,886</b>	<b>1,798,489</b>	<b>1,960,135</b>	<b>2,448,740</b>	<b>2,655,359</b>	<b>2,655,359</b>	<b>2,664,898</b>	<b>2,806,063</b>	<b>2,986,956</b>

**Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Develop and refurbish	Water and sanitation	A	195,746	197,888	266,385	247,592	239,592	239,592	391,789	434,780	457,813	
	Energy services	B	420,297	487,047	565,534	592,330	633,302	633,302	662,304	723,786	779,392	
	Transport infrastructure	C	66,015	100,791	94,627	61,498	67,998	67,998	105,781	108,012	110,481	
Create a conducive economic	Economic development and	D	10,512	8,347	7,689	10,562	10,562	10,562	12,017	12,469	13,198	
	City and regional planning	E	12,235	14,240	43,631	18,071	17,771	17,771	46,051	45,171	46,295	
	Transport operations	F	-	-	1,736	19,304	19,304	19,304	7,123	7,491	7,882	
	Sports and Recreation	G	101,180	101,789	91,397	143,637	147,137	147,137	95,346	97,251	99,164	
Enhance revenue and asset	Facility commercialisation	H	51,186	44,854	33,417	18,490	18,490	18,490	15,085	15,420	15,458	
	Budget and treasury	J	228,587	85,650	152,103	114,946	114,491	114,491	127,234	118,975	120,009	
Plan sustainable integrated	Housing & Building Inspections	K	14,871	11,814	9,524	12,622	12,622	12,622	10,105	10,769	11,414	
Preserve natural resources	Environmental management	L	41,419	57,227	48,586	61,574	60,774	60,774	49,767	50,089	52,565	
	Waste management	M	41,683	34,636	24,939	61,478	61,478	61,478	60,416	60,786	63,067	
Facilitate, care and support	Community health services	N	7,722	5,925	5,897	4,713	4,713	4,713	4,711	5,004	5,312	
	Fire and emergency services	O	23,639	24,444	22,476	29,065	29,065	29,065	26,167	27,489	29,032	
	Arts and Culture	P	25,945	27,973	20,081	32,318	32,318	32,318	26,187	27,595	29,184	
	Traffic and licence	Q	43,365	42,746	44,451	45,017	45,017	45,017	49,794	51,834	54,976	
	Facility management	R	25,109	22,932	24,470	31,227	33,732	33,732	32,266	33,489	34,667	
	Disaster management	S	3,139	4,041	4,406	5,078	5,078	5,078	4,843	5,141	5,431	
	Community safety and	T	28,929	40,803	47,163	53,592	53,592	53,592	58,508	60,876	63,365	
	Control centre	U	1,345	5,319	3,785	7,258	7,258	7,258	6,593	6,934	7,334	
	Invest in human capital and	Human resources	W	6,003	38,260	58,226	48,703	48,703	48,703	45,581	47,398	49,146
	Practice good governance	Internal audit	X	60	3,501	4,135	8,106	8,106	8,106	9,355	9,953	10,480
Risk management		Y	62	2,451	3,255	3,427	2,827	2,827	4,214	4,334	4,451	
IDP		Z	4,896	4,475	5,289	4,039	4,039	4,039	6,796	7,046	7,346	
Project management		AA	3,729	4,881	3,360	5,870	5,870	5,870	5,112	5,432	5,775	
Performance management		AB	-	-	1,065	2,594	2,594	2,594	9,160	9,000	9,516	
Information systems		AC	1,175	17,897	20,132	27,308	29,234	29,234	32,516	33,613	34,890	
Legal services		AD	6,574	7,137	8,172	8,631	8,631	8,631	13,331	9,623	10,466	
Secretariat		AE	1,025	9,110	7,982	10,833	10,833	10,833	9,762	9,276	9,742	
Mechanical services		AF	13,558	10,259	43,063	71,657	71,657	71,657	75,093	76,150	77,643	
Communication and marketing		AI	452	17,407	8,665	11,285	11,285	11,285	9,419	9,860	10,359	
Council & Executive mayor's		AJ	101,333	124,714	140,108	118,331	118,331	118,331	129,704	132,503	136,481	
Municipal manager's office	AK	2,174	2,557	4,341	3,120	3,120	3,120	3,579	3,733	3,969		
<b>Allocations to other priorities</b>												
<b>Total Expenditure</b>			<b>1,736,374</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,303</b>	



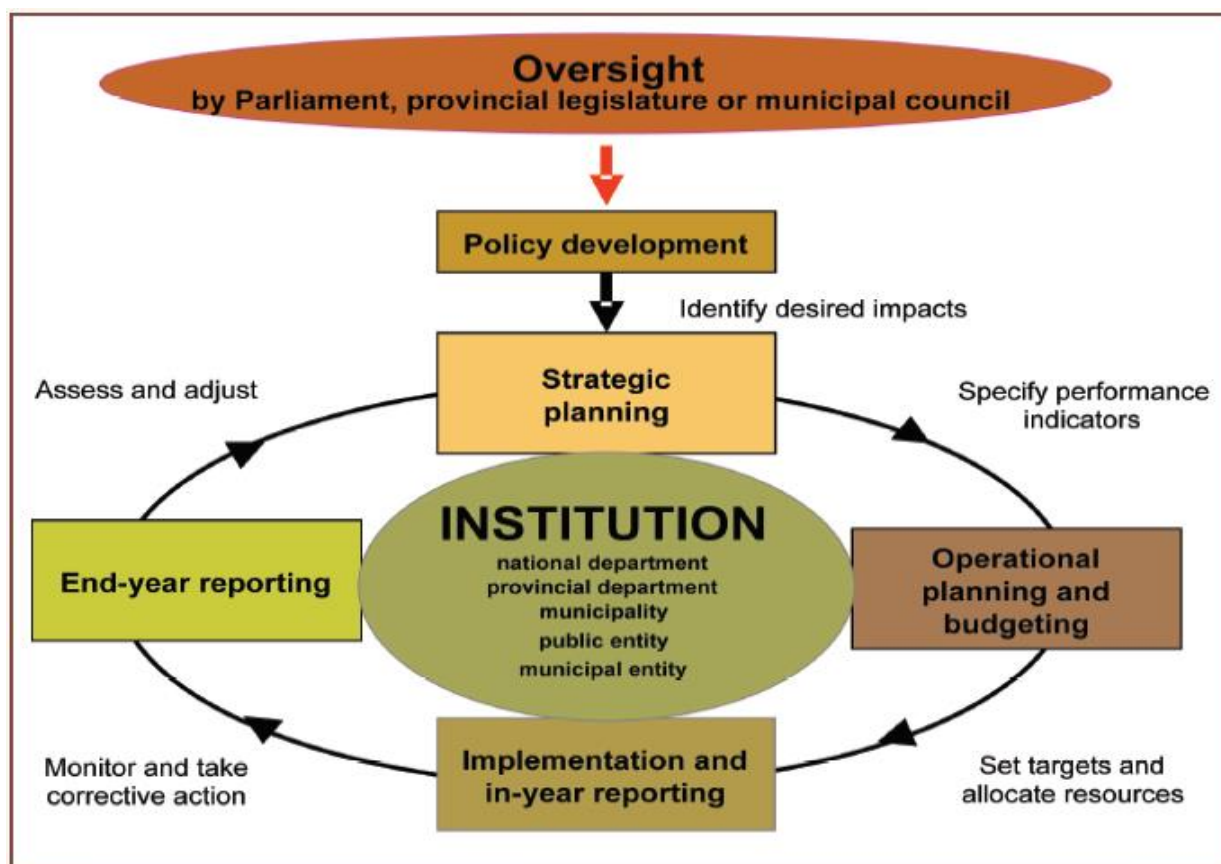
**Table 28 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Develop and refurbish	Water and sanitation	A	98,954	126,350	132,195	163,500	221,718	221,718	126,100	133,698	138,473
Create a conducive economic	Energy services	B	51,788	58,652	21,965	51,500	14,237	14,237	19,800	8,300	6,300
	Transport infrastructure	C	72,818	114,099	117,313	245,207	292,158	292,158	303,700	306,737	313,288
	Economic development and	D									
	City and regional planning	E	12,238	21,516		-	45,422	45,422	1,300	-	-
	Transport operations	F									
	Sports and Recreation	G	13,714	4,369	119	17,500	17,700	17,700	40,499	39,500	39,500
	Facility commercialisation	H									
Enhance revenue and asset	Budget and treasury	J	2,763	6,022	44	-	-	-	1,000	-	-
Plan sustainable integrated	Housing & Building Inspections	K	-	29					550		
Preserve natural resources	Environmental management	L	35	-	1,133	9,300	9,342	9,342	1,000	1,500	2,500
	Waste management	M	629	346		8,950	9,870	9,870	1,800	1,100	2,300
Facilitate, care and support	Community health services	N	-	-							
	Fire and emergency services	O				500	500	500	500		
	Arts and Culture	P							1,200	600	600
	Traffic and licence	Q									
	Facility management	R							15,800	16,000	14,000
	Disaster management	S									
	Community safety and Control centre	T	19,340	-		-	-	-	-	-	-
Invest in human capital and Practice good governance	Special focus (community)	V	2,249	726							
	Human resources	W									
	Internal audit	X									
	Risk management	Y									
	IDP	Z									
	Project management	AA									
	Performance management	AB									
	Information systems	AC	13,357	22,394	64,665	7,500	11,116	11,116	4,500	8,600	8,600
	Legal services	AD									
	Secretariat	AE									
Practice good governance	Mechanical services	AF									
	Councillor support, Traditional	AG									
	Communication and marketing	AI				50	50	50			
	council & Executive mayor's	AJ									
	Municipal manager's office	AK									
Secretariat	AE							1,000			
			287,886	354,503	337,434	504,007	622,112	622,112	518,749	516,035	525,561

## 2.3 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:

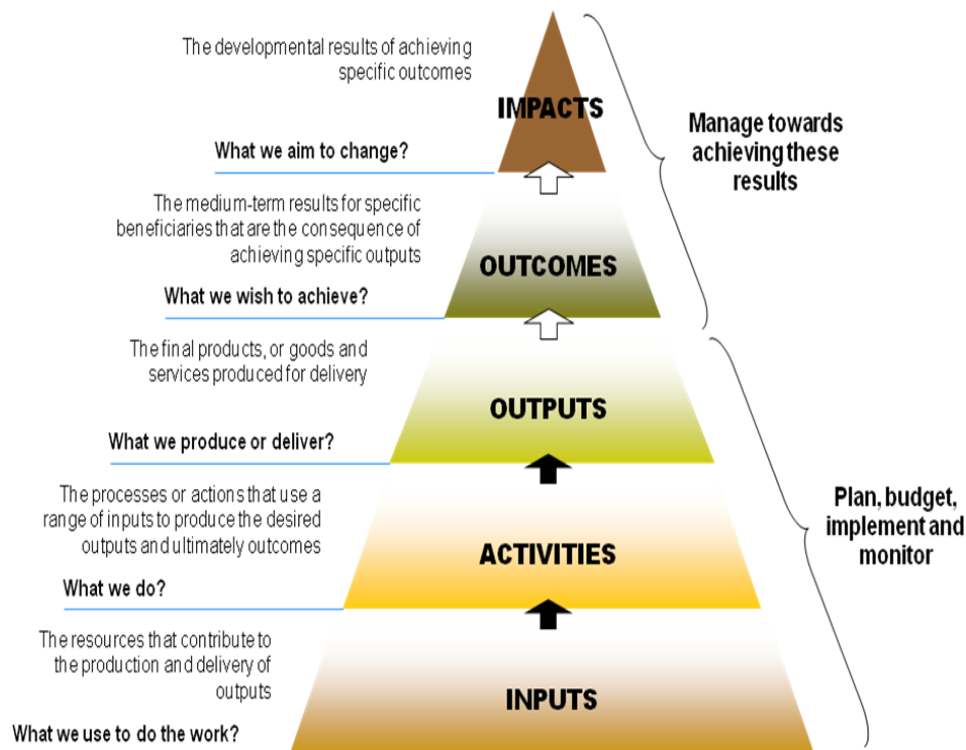


**Figure 1 Planning, budgeting and reporting cycle**

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 2 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 2014/15 MTREF.

**Table 29 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Borrowing Management</u></b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	1.8%	3.5%	3.3%	3.1%	3.1%	2.8%	2.6%	2.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.4%	2.5%	5.1%	4.3%	4.2%	4.2%	3.6%	3.4%	3.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	136.6%	35.7%	18.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	32.9%	38.2%	36.3%	28.9%	28.9%	28.9%	24.1%	19.2%	14.5%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	1.2	1.3	1.3	1.5	1.6	1.6	1.4	1.4	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.3	1.3	1.5	1.6	1.6	1.4	1.4	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.5	0.5	0.5	0.3	0.3	0.5	0.5	0.5
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		101.7%	78.2%	111.4%	99.7%	98.3%	0.0%	82.0%	82.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		101.5%	82.1%	111.4%	98.8%	97.3%	97.3%	82.0%	82.1%	82.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19.9%	23.4%	24.9%	16.6%	15.8%	15.8%	16.7%	16.0%	16.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Creditors to Cash and Investments		3440.0%	1937.4%	554.1%	65.1%	70.0%	70.0%	194.7%	118.1%	74.1%

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	91669634	73822461	66278896	67604474	67604474	67604474	68280518.66	68280518.66	68280518.66
	Total Cost of Losses (Rand '000)		51,902	39,172	39,956	39,956	39,956	40,355	40,355	40,355
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)	5,280	7,982	3,033	3,093	3,093	3,093	3,124	3,124	3,124
	Total Cost of Losses (Rand '000)		33844650	21070625	21492038	21492038	21492038	21706957.88	21706957.88	21706957.88
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	55.9%	25.9%	23.2%	22.8%	21.7%	21.7%	22.6%	22.5%	22.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	29.8%	26.2%	23.2%	24.3%	23.1%	23.1%	24.0%	23.8%	23.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.4%	6.3%	6.7%	6.4%	6.6%	6.6%	7.6%	7.2%	7.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.6%	16.9%	16.6%	13.2%	12.6%	12.6%	13.0%	12.2%	11.3%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	22.8	20.1	19.0	22.2	22.2	22.2	27.6	28.7	30.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.6%	33.6%	36.3%	22.9%	22.9%	22.9%	24.3%	23.5%	23.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.0	0.1	0.5	2.6	2.4	2.4	1.2	1.9	3.0

### 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 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, Polokwane City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. The cost of borrowing decreases from 2.8 % to 2.3% over the MTREF. 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.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

### 2.3.1.2 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.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. The gearing ratio should not exceed 50 per cent as a prudential limit, hence, over the 2014/15 MTREF the ratio decreases to 14.5 per cent by 2016/17.

### 2.3.1.3 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 2014/15 MTREF the current ratio is 1.4 and 1.4 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 2014/15 financial year the ratio was 1.4. 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 City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

### 2.3.1.4 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.

#### *2.3.1.5 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 99 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

#### *2.3.1.6 Other Indicators*

- Repairs and maintenance as percentage of operating expenditure 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 City's strategy to ensure the management of its asset base.

### **2.3.2 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. Only registered indigents qualify for the free basic services.

For the 2014/15 financial year 7 000 registered indigents have been provided for in the budget with this figured increasing to 7400 by 2014/15. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 100 kwh of electricity, sanitation and free waste removal once a week, as well as exemption of first R100 000 market value rating on residential properties.

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 25 MBRR A10 (Basic Service Delivery Measurement).

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.

### **2.3.3 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. Approximately 45 per cent of the City's bulk water needs are provided directly by Lepelle Water in the form of purified water. The remaining 55 per cent is generated from the Ebenezer Water



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.

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

## **2.4 Overview of budget related-policies**

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

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3. Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Subsistence & Travel Policy
- 2.4.7 Leave Policy
- 2.4.8 Virement Policy
- 2.4.9 Funding and Reserves Policy
- 2.4.10 Cash Management and Investment Policy
- 2.4.11 Asset Management Policy
- 2.4.12 Borrowing Policy
- 2.4.13 Indigent Policy
- 2.4.14 Petty Cash Policy
- 2.4.15 Customer Care Policy
- 2.4.16 Claims and Loss Control Policy ( New)

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies

for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

#### **2.4.1 BUDGET POLICY**

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management

#### **2.4.2 SUPPLY CHAIN MANAGEMENT POLICY**

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996

As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations

Best practices in supply chain management

Uniformity in supply chain management systems between organs of state in all spheres

Broad Based Black Economic Empowerment

#### **2.4.3 RATES POLICY**

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

#### **2.4.4 TARIFF POLICY**

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

#### **2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY**

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

#### **2.4.6 SUBSISTANCE AND TRAVEL POLICY**

The purpose of this policy is to determine guidelines for Councillors and officials for the payment of travelling and subsistence allowances when performing official functions on behalf of the Municipality.

#### **2.4.7 LEAVE POLICY**

The leave policy's goal is to ensure that the services rendered by this municipality to the community are efficient, effective and uninterrupted.

The objections are as follows:

- (i) Ensure continuity in operational requirements of the organisation while other employees are on leave.
- (ii) To develop a better understanding regarding leave policy and procedure.
- (iii) Ensure the development of clearly written administrative policy and procedure.
- (iv) To ensure proper and accurate record keeping.
- (v) To ensure that the private and confidential information is maintained.
- (vi) Ensure that leave policy respond effectively to crisis and emergency situations.

#### **2.4.8 VIREMENT POLICY**

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

#### **2.4.9 FUNDING AND RESERVES POLICY**

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in a optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality

#### **2.4.10 CASH MANAGEMENT AND INVESTMENT POLICY**

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

#### **2.4.11 ASSET MANAGEMENT POLICY**

To ensure the effective and efficient control of the municipality's assets through

- (a) proper recording of assets from authorisation to acquisition and to subsequent disposal;
- (b) providing for safeguarding procedures, and
- (c) setting proper guidelines as to authorised utilization
- (d) and prescribing for proper maintenance.

To assist officials in understanding their legal and managerial responsibilities with regard to assets.

#### **2.4.12 BORROWING POLICY**

The objectives of this Policy are to:-

manage interest rate and credit risk exposure;  
maintain debt within specified limits and ensure adequate provision for the repayment of debt;  
to ensure compliance with all Legislation and Council policy governing borrowing of funds.

#### **2.4.13 INDIGENT POLICY**

The objectives of this Policy are to:-

Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;  
Determine the criteria for qualification of Indigent and poor households;  
Ensure that the criteria is applied correctly and fairly to all applicants;  
Allow the municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;  
Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

#### **2.4.14 PETTY CASH POLICY**

Compliance with the regulatory framework in terms of the relevant legislation is required.

#### **2.4.15 Customer Care Policy**

The Municipality is committed to display the principle of "Customer First" and ensuring that service excellence forms an integral part of the planning and delivery of all Municipal services to the community.

#### **2.4.16 Claims and Loss Control Policy ( New)**

An overview of the individual procedures which support the Claims and Loss Control Committee and contain guidelines for Good Practice for claims and loss management within Polokwane Municipality.

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

The South African economy has averaged about 2.5 per cent growth a year since 2010. Against the background of the slowdown in the global economy, real GDP growth is likely to fall to about 2.1 per cent in 2013.

A recovery of up to 2.5 per cent and 3.0 per cent growth in 2014 and 2015 is expected, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer.

There was a welcome recovery in job creation during 2011, but unemployment has not yet returned to its 2008 peak and the unemployment rate remains high at 25 per cent.

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

### 2.5.2 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 2014/15 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 23% per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC has been concluded with the municipal workers unions and must be noted. Provision was made for a 6.85% increase.

### 2.5.3 Credit rating outlook

**Table 30 Credit rating outlook**

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	Prime -1	20 September 2005	A2
Long-term	Rand	Aa3	20 September 2005	BBB

#### **2.5.4 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 2014/15 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 2014/15 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

#### **2.5.5 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 (82 per cent) of annual billings. Cash flow is assumed to be 82 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.

#### **2.5.6 Growth or decline in tax base of the municipality**

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

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

#### **2.5.7 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and makes provision for an increase equal to the average CPI plus 1.25% in 2014/15. An across the board increase of 6.85 per cent has been provided for as per Circulars 70 & 72 from National Treasury.

#### **2.5.8 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.

### 2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 75 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

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

**Table 31 Breakdown of the operating revenue over the medium-term**

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>R thousand</b>						
<b>Revenue By Source</b>						
Property rates	302,252	13.6%	326,432	13.69%	352,547	13.81%
Property rates - penalties & collection charges	-	0.0%	-	0.00%	-	0.00%
Service charges	1,181,739	53.0%	1,259,728	52.83%	1,342,930	52.60%
Rental of facilities and equipment	20,020	0.9%	21,221	0.89%	22,494	0.88%
Interest earned - external investments	23,000	1.0%	23,000	0.96%	23,000	0.90%
Interest earned - outstanding debtors	30,000	1.3%	31,000	1.30%	32,000	1.25%
Dividends received	-	0.0%	-	0.00%	-	0.00%
Fines	10,753	0.5%	11,398	0.48%	12,082	0.47%
Licences and permits	9,027	0.4%	9,569	0.40%	10,143	0.40%
Agency services	15,656	0.7%	16,596	0.70%	17,591	0.69%
Transfers recognised - operational	556,489	25.0%	657,024	27.55%	710,160	27.81%
Other revenue	26,963	1.2%	28,461	1.19%	30,049	1.18%
Gains on disposal of PPE	52,200	2.3%	200	0.01%	200	0.01%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,228,099</b>	<b>153%</b>	<b>2,384,628</b>	<b>153%</b>	<b>2,553,195</b>	<b>153%</b>
<b>Total Expenditure</b>	<b>2,145,711</b>		<b>2,261,283</b>		<b>2,376,307</b>	
<b>Surplus/(Deficit)</b>	<b>82,388</b>		<b>123,345</b>		<b>176,889</b>	

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines 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 82 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy 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 2014/15 MTREF on the different revenue categories are:

**Table 32 Proposed tariff increases over the medium-term**

Revenue category	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2014/15 proposed tariff increase
	%	%	%
Property rates	8	8	8
Sanitation	7	6	6
Solid Waste	6	6	6
Water	7	6	6
Electricity	7	6	6
<b>Total</b>			

Revenue to be generated from property rates is R302.2 million in the 2014/15 financial year and increases to R352.5 million by 2016/17 which represents 14 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 is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections and appeals, although the Valuations Appeals Board has dealt with a limited number of these it is anticipated that the process will only be concluded during the 2014/15 MTREF. As the levying of property rates is considered a strategic revenue source further supplementary valuation processes will be undertaken in the 2014/15 MTREF. A new General Valuation Roll has been compiled in the 2014/15 MTREF for implementation from 1 July 2014. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.



Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.181 billion for the 2014/15 financial year and increasing to R1.342 billion by 2016/17. For the 2014/15 financial year services charges amount to 53 per cent of the total revenue base over the medium-term.

Operational grants and subsidies amount to R556.4 million, R657 million and R710 million for each of the respective financial years of the MTREF, or 25, 28 and 28 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are decreasing over the MTREF by 3 per cent and increase by 15 and 7 per cent for the two outer years respectively. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

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 33 MBRR SA15 – Detail Investment Information

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	160,993	223,808	220,000	200,000	77,676	77,676	220,000	220,000	220,000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Municipality sub-total</b>	<b>219,993</b>	<b>282,808</b>	<b>279,000</b>	<b>259,000</b>	<b>136,676</b>	<b>136,676</b>	<b>279,000</b>	<b>279,000</b>	<b>279,000</b>
<b>Entities</b>									
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>	<b>219,993</b>	<b>282,808</b>	<b>279,000</b>	<b>259,000</b>	<b>136,676</b>	<b>136,676</b>	<b>279,000</b>	<b>279,000</b>	<b>279,000</b>

Table 34 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months												
<b>Parent municipality</b>													
								CALL			-	-	-
Standard Bank	4 Years	Call deposit	Yes	Variable	0.045	No	N/A	ACCOUNT	59,000	2,655	-	-	61,655
ABSA	3 Months	Fixed deposit	No	Fixed	0.052	No	N/A	20 April 2014	55,000	2,860	-	-	57,860
Standard Bank	3 Months	Fixed deposit	No	Fixed	0.05275	No	N/A	20 April 2014	55,000	2,901	-	-	57,901
NED	3 Months	Fixed deposit	No	Fixed	0.0545	No	N/A	20 April 2014	55,000	2,998	-	-	57,998
FNB	3 Months	Fixed deposit	No	Fixed	0.05225	No	N/A	20 April 2014	55,000	2,874	-	-	57,874
<b>Municipality sub-total</b>									<b>279,000</b>		-	-	<b>293,288</b>
<b>Entities</b>													
<b>Entities sub-total</b>									-		-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>									<b>279,000</b>		-	-	<b>293,288</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R82.3 million, R123.3 million and R176.8 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds although this is not at all sufficient.

## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 35 Sources of capital revenue over the MTREF**

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Funded by:</b>						
National Government	430,646	83%	421,435	82%	433,761	83%
Provincial Government	-		-		-	
District Municipality	-		-		-	
Other transfers and grants	-		-		-	
<b>Transfers recognised - capital</b>	<b>430,646</b>		<b>421,435</b>		<b>433,761</b>	
<b>Public contributions &amp; donations</b>	<b>6,153</b>	<b>1%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Borrowing</b>	<b>-</b>		<b>-</b>		<b>-</b>	
<b>Internally generated funds</b>	<b>81,950</b>	<b>16%</b>	<b>94,600</b>	<b>18%</b>	<b>91,800</b>	<b>17%</b>
<b>Total Capital Funding</b>	<b>518,749</b>	<b>100%</b>	<b>516,035</b>	<b>100%</b>	<b>525,561</b>	<b>100%</b>

Capital grants and receipts equates to 83 per cent of the total funding source which represents R518 million for the 2014/15 financial year and amounts to R516 million or 83 per cent by 2016/17.

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

**Table 36 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorized by type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)	257,078	298,588	283,472	225,862	225,862	225,862	188,591	150,378	113,415
<b>Municipality sub-total</b>	<b>257,078</b>	<b>298,588</b>	<b>283,472</b>	<b>225,862</b>	<b>225,862</b>	<b>225,862</b>	<b>188,591</b>	<b>150,378</b>	<b>113,415</b>
<b>Entities</b>									
Entities sub-total	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	<b>257,078</b>	<b>298,588</b>	<b>283,472</b>	<b>225,862</b>	<b>225,862</b>	<b>225,862</b>	<b>188,591</b>	<b>150,378</b>	<b>113,415</b>

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 R82.3 million in 2014/15, R123.3 in 2015/16 and R176.8 million in 2016/17.

**Table 37 MBRR Table SA 18 - Transfers and grant receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>390,308</b>	<b>367,856</b>	<b>412,805</b>	<b>480,836</b>	<b>558,258</b>	<b>558,258</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
Local Government Equitable Share	307,859	350,705	388,232	415,990	415,990	415,990	455,799	520,607	567,041
Finance Management	1,000	1,250	1,500	1,650	1,650	1,650	1,800	1,950	2,100
Department of Water Affairs	19,132	13,111	3,273						
Municipal Systems Improvement	750	790	800	890	890	890	930	967	1,019
Public Transport	36,567			19,304	19,304	19,304			
Department Sport & Recreation		2,000							
CHAN Host City Operating Grant				30,000	33,500	33,500	-	-	-
Infrastructure skills development fund			3,000	3,200	3,200	3,200	3,000	3,000	3,000
Expanded public works programme incentive grant				4,614	4,614	4,614			
FIFA Local Organizing Committee	25,000								
Integrated national electrification programme grant							20,000	25,000	25,000
Expanded public works programme incentive grant							3,960	-	-
Municipal Infrastructure (MIG)				5,188	42,735	42,735	46,000	65,500	67,000
Integrated national electrification programme grant			16,000		36,375	36,375	25,000	40,000	45,000
<b>Provincial Government:</b>	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	<b>15,000</b>	-	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	-	-	-
National Lottery		15,000		6,100	6,100	6,100	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>390,308</b>	<b>382,856</b>	<b>412,805</b>	<b>486,936</b>	<b>564,358</b>	<b>564,358</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>164,114</b>	<b>241,001</b>	<b>295,517</b>	<b>479,207</b>	<b>586,404</b>	<b>586,404</b>	<b>430,646</b>	<b>421,435</b>	<b>433,761</b>
Municipal Infrastructure (MIG)	151,829	153,679	221,514	237,000	337,109	337,109	220,646	214,698	226,473
Public Transport	5,250	43,820	48,703	179,457	221,795	221,795	200,000	190,000	190,000
Sport and Recreation	-								
Water Affairs	-	6,407		10,000	10,000	10,000	-	6,000	6,000
Integrated national electrification programme grant		8,120		35,000	-	-			
Expanded public works programme incentive grant	7,035	2,743	5,300						
Electricity Demand Side Management		9,232	2,000	10,000	10,000	10,000	5,000	-	-
Neighbourhood development partnership grant		17,000	18,000	7,750	-	-	5,000	10,737	11,288
Dept Environmental Affairs					7,500	7,500			
<b>Provincial Government:</b>	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>21,961</b>	<b>1,506</b>	-	-	-	-	<b>6,153</b>	-	-
NER	20,000								
Anglo Platinum		1,506							
National Lottery							6,153	-	-
Eskom	1,961								
<b>Total Capital Transfers and Grants</b>	<b>186,075</b>	<b>242,507</b>	<b>295,517</b>	<b>479,207</b>	<b>586,404</b>	<b>586,404</b>	<b>436,799</b>	<b>421,435</b>	<b>433,761</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>576,383</b>	<b>625,363</b>	<b>708,322</b>	<b>966,143</b>	<b>1,150,762</b>	<b>1,150,762</b>	<b>993,288</b>	<b>1,078,459</b>	<b>1,143,921</b>

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 38 MBRR Table A7 - Budget cash flow statement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	970,087	949,491	1,389,637	1,452,097	1,452,097	1,452,097	1,309,048	1,398,478	1,494,129
Government - operating	358,909	367,485	501,275	486,936	564,358	564,358	562,642	657,024	710,160
Government - capital	131,083	250,160	187,077	479,207	586,404	586,404	430,646	421,435	433,761
Interest	28,922	42,233	23,017	30,500	30,500	30,500	23,000	23,000	23,000
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(1,163,088)	(1,224,034)	(1,695,283)	(1,644,852)	(1,729,147)	(1,729,147)	(1,828,611)	(1,950,802)	(2,047,326)
Finance charges	(13,073)	(29,427)	(29,594)	(27,155)	(27,155)	(27,155)	(23,747)	(21,158)	(17,750)
Transfers and Grants	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>312,840</b>	<b>355,908</b>	<b>376,128</b>	<b>776,733</b>	<b>877,057</b>	<b>877,057</b>	<b>472,978</b>	<b>527,977</b>	<b>595,975</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	1,847	-	11,442	-	-	-	52,000	-	-
Decrease (Increase) in non-current debtors	2,690	13,599	(235)	14,000	14,000	14,000	-	-	-
Decrease (increase) other non-current receivables	-	(59,000)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(160,993)	(3,815)	3,808	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(287,886)	(354,503)	(337,434)	(504,007)	(626,112)	(626,112)	(389,062)	(387,026)	(394,171)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(444,342)</b>	<b>(403,719)</b>	<b>(322,418)</b>	<b>(490,007)</b>	<b>(612,112)</b>	<b>(612,112)</b>	<b>(337,062)</b>	<b>(387,026)</b>	<b>(394,171)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	226,634	49,367	21,171	-	-	-	-	-	-
Increase (decrease) in consumer deposits	5,760	4,476	1,716	5,000	5,000	5,000	5,000	5,000	5,000
<b>Payments</b>									
Repayment of borrowing	-	-	(35,808)	(36,363)	(36,363)	(36,363)	(36,806)	(37,509)	(37,236)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>232,394</b>	<b>53,843</b>	<b>(12,921)</b>	<b>(31,363)</b>	<b>(31,363)</b>	<b>(31,363)</b>	<b>(31,806)</b>	<b>(32,509)</b>	<b>(32,236)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>100,892</b>	<b>6,032</b>	<b>40,788</b>	<b>255,363</b>	<b>233,582</b>	<b>233,582</b>	<b>104,110</b>	<b>108,441</b>	<b>169,568</b>
Cash/cash equivalents at the year begin:	(95,650)	5,242	11,274	52,000	52,000	52,000	50,000	154,110	262,551
Cash/cash equivalents at the year end:	5,242	11,274	52,062	307,363	285,582	285,582	154,110	262,551	432,119

The above table shows that cash and cash equivalents of the Municipality increased between the 2010/11 and 2013/14 financial year moving from positive cash balance of R5.2 million to R285.5 million with the approved 2013/14 MTREF. With the 2013/14 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.

For the 2014/15 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to improve to R154.1 million positive by 2014/15 and increasing to R432.1 million by 2016/17.

### **2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

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

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

**Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	5,242	11,274	52,062	307,363	285,582	285,582	154,110	262,551	432,119
Other current investments > 90 days	219,993	223,808	220,000	(97,363)	(197,906)	(197,906)	115,890	7,449	(162,119)
Non current assets - Investments	-	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
<b>Cash and investments available:</b>	<b>225,235</b>	<b>294,081</b>	<b>331,061</b>	<b>269,000</b>	<b>146,676</b>	<b>146,676</b>	<b>329,000</b>	<b>329,000</b>	<b>329,000</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	166,832	174,567	194,553	100,000	-	-	107,662	105,359	108,440
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements							4,055	4,461	4,907
Other working capital requirements	(59,697)	(70,762)	(192,949)	(115,839)	(111,181)	(111,181)	1,248	278	(15,485)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>107,135</b>	<b>103,805</b>	<b>1,604</b>	<b>(15,839)</b>	<b>(111,181)</b>	<b>(111,181)</b>	<b>112,965</b>	<b>110,097</b>	<b>97,862</b>
<b>Surplus(shortfall)</b>	<b>118,099</b>	<b>190,276</b>	<b>329,457</b>	<b>284,839</b>	<b>257,857</b>	<b>257,857</b>	<b>216,035</b>	<b>218,902</b>	<b>231,138</b>

From the above table it can be seen that the cash and investments available total R329 million positive in the 2014/15 financial year and remains at R329 million positive by 2016/17, 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 2012/13 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 2013/14 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2014/15 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.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totalled R4 million for the 2014/15 financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. 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.
- Against other provisions no amount has been provided for the 2014/15 financial year. This liability is informed by, amongst others, the supplementary pension liability.
  - Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
  - 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.

The 2014/15 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA

#### 2.6.4 Funding compliance measurement

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

**Table 40 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	18(1)b	5,242	11,274	52,062	307,363	285,582	285,582	154,110	262,551	432,119
Cash + investments at the yr end less applications - R'000	18(1)b	118,099	190,276	329,457	284,839	257,857	257,857	216,035	218,902	231,138
Cash year end/monthly employee/supplier payments	18(1)b	0.0	0.1	0.5	2.6	2.4	2.4	1.2	1.9	3.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(281,488)	175,030	73,221	504,033	622,357	622,357	519,187	544,780	610,650
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	17.8%	7.6%	10.3%	(6.0%)	(6.0%)	2.2%	0.9%	0.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	101.5%	82.1%	111.4%	98.8%	97.3%	97.3%	82.0%	82.1%	82.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	5.6%	3.7%	4.5%	2.9%	2.9%	2.9%	3.3%	3.1%	2.9%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.6%	100.6%	75.0%	75.0%	75.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	136.6%	35.7%	18.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	40.6%	23.4%	(26.6%)	0.0%	0.0%	14.9%	3.3%	8.5%
Long term receivables % change - incr(decr)	18(1)a	N.A.	3.2%	(9.9%)	9.7%	0.0%	0.0%	(28.9%)	(14.1%)	(16.4%)
R&M % of Property Plant & Equipment	20(1)(vi)	1.8%	1.7%	2.1%	2.0%	2.2%	2.2%	2.5%	2.4%	2.4%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	20.2%	22.1%	19.5%	19.5%	38.0%	39.7%	38.6%

#### *2.6.4.1 Cash/cash equivalent position*

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R154.1 million, R262.5 million and R432.1 million positive for each respective financial year.

#### *2.6.4.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 23. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2010/11 to 2013/14, moving from (0.0) to 2.4 with the adopted 2013/14 MTREF. As part of the 2014/15 MTREF the municipalities decreasing cash position causes the ratio to move to 1.2 and then increases to 3.0 for the 2016/17 year. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards three months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a surplus of R519 million, R544.7 million and R610.6 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.

#### *2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0, 0 and 0 per cent for the respective financial year of the 2014/15 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 8 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 82 per cent for each of the 2014/15 MTREF. Given that the assumed collection rate was based on a 82 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.

#### *2.6.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.3, 3.1 and 2.9 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.

#### *2.6.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 25 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.

#### *2.6.4.9 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.

#### *2.6.4.10 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.

#### *2.6.4.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

#### *2.6.4.12 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 are contained in Table 58 MBRR SA34C.

#### *2.6.4.13 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 57 MBRR SA34b.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 41 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants:</b>									
<b>National Government:</b>	<b>328,741</b>	<b>392,485</b>	<b>396,805</b>	<b>480,836</b>	<b>558,258</b>	<b>558,258</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
Equitable share	307,859	350,705	388,232	415,990	415,990	415,990	455,799	520,607	567,041
Finance Management	1,000	1,250	1,500	1,650	1,650	1,650	1,800	1,950	2,100
Department of Water Affairs	19,132	13,111	3,273				20,000	25,000	25,000
Municipal Systems Improvement	750	790	800	890	890	890	930	967	1,019
Public Transport				19,304	19,304	19,304			
Department Sport & Recreation									
2010 FIFA Host City Operating Grant				30,000	33,500	33,500			
Infrastructure skills development fund		25,000	3,000	3,200	3,200	3,200	3,000	3,000	3,000
Expanded public works programme incentive grant		1,629		4,614	4,614	4,614	3,960	-	-
FIFA Local Organizing Committee									
Municipal Infrastructure (MIG)				5,188	42,735	42,735	46,000	65,500	67,000
Integrated national electrification programme grant					36,375	36,375	25,000	40,000	45,000
<b>Provincial Government:</b>							-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>3,528</b>	<b>8,847</b>	-	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	-	-	-
National Lottery		8,847		6,100	6,100	6,100		-	-
Dept Transport	1,567								
Eskom	1,961								
<b>Total operating expenditure of Transfers and Grants</b>	<b>332,270</b>	<b>401,332</b>	<b>396,805</b>	<b>486,936</b>	<b>564,358</b>	<b>564,358</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
<b>Capital expenditure of Transfers and Grants:</b>									
<b>National Government:</b>	<b>157,722</b>	<b>213,511</b>	<b>291,176</b>	<b>479,207</b>	<b>586,404</b>	<b>586,404</b>	<b>430,646</b>	<b>421,435</b>	<b>433,761</b>
Municipal Infrastructure (MIG)	62,237	160,801	195,257	237,000	337,109	337,109	220,646	214,698	226,473
Public Transport	46,528	14,793	40,642	179,457	221,795	221,795	200,000	190,000	190,000
Sport and Recreation									
Water Affairs	11,726		4,349	10,000	10,000	10,000	-	6,000	6,000
Integrated national electrification programme grant	14,688	16,112	14,627	35,000	-	-			
Expanded public works programme incentive grant	14,510	952	7,765						
Electricity Demand Side Management	2,479	1,248	10,538	10,000	10,000	10,000	5,000	-	-
Neighbourhood development partnership grant	5,553	19,605	18,000	7,750	-	-	5,000	10,737	11,288
Dept Environmental Affairs					7,500	7,500			
<b>Provincial Government:</b>	-	-	-	-	-	-	<b>6,153</b>	-	-
National Lottery							6,153		
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	<b>2,802</b>	-	-	-	-	-	-	-
NER		2,802							
<b>Total capital expenditure of Transfers and Grants</b>	<b>157,722</b>	<b>216,313</b>	<b>291,176</b>	<b>479,207</b>	<b>586,404</b>	<b>586,404</b>	<b>436,799</b>	<b>421,435</b>	<b>433,761</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>489,992</b>	<b>617,645</b>	<b>687,981</b>	<b>966,143</b>	<b>1,150,762</b>	<b>1,150,762</b>	<b>993,288</b>	<b>1,078,459</b>	<b>1,143,921</b>

**Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Current year receipts	358,909	332,009	500,903	486,936	564,358	564,358	556,489	657,024	710,160
<b>Conditions met - transferred to revenue</b>	<b>358,909</b>	<b>332,009</b>	<b>500,903</b>	<b>486,936</b>	<b>564,358</b>	<b>564,358</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
Conditions still to be met - transferred to liabilities	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	318	333	721	365	365	365	365	365	365
Current year receipts	15	2,016	15	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>1,629</b>	<b>371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	333	721	365	365	365	365	365	365	365
<b>District Municipality:</b>									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year		25,000	6,153	6,153	6,153	6,153	-	-	-
Current year receipts	25,000	15,000							
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>33,847</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	25,000	6,153	6,153	6,153	6,153	6,153			
<b>Total operating transfers and grants revenue</b>	<b>358,909</b>	<b>367,485</b>	<b>501,275</b>	<b>486,936</b>	<b>564,358</b>	<b>564,358</b>	<b>556,489</b>	<b>657,024</b>	<b>710,160</b>
<b>Total operating transfers and grants - CTBM</b>	<b>26,937</b>	<b>8,478</b>	<b>8,122</b>	<b>8,122</b>	<b>8,122</b>	<b>8,122</b>	<b>1,969</b>	<b>1,969</b>	<b>1,969</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	74,150	135,650	163,140	183,481	183,481	183,481			
Current year receipts	179,927	241,001	245,418	295,726	402,924	402,924	430,646	421,435	433,761
<b>Conditions met - transferred to revenue</b>	<b>118,427</b>	<b>213,511</b>	<b>225,076</b>	<b>479,207</b>	<b>586,405</b>	<b>586,405</b>	<b>430,646</b>	<b>421,435</b>	<b>433,761</b>
Conditions still to be met - transferred to liabilities	135,650	163,140	183,481						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950
<b>District Municipality:</b>									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year		1,296					6,153		
Current year receipts	4,824	1,506							
<b>Conditions met - transferred to revenue</b>	<b>3,528</b>	<b>2,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,153</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	1,296	-							
<b>Total capital transfers and grants revenue</b>	<b>121,956</b>	<b>216,313</b>	<b>225,076</b>	<b>479,207</b>	<b>586,405</b>	<b>586,405</b>	<b>436,799</b>	<b>421,435</b>	<b>433,761</b>
<b>Total capital transfers and grants - CTBM</b>	<b>139,895</b>	<b>166,089</b>	<b>186,431</b>	<b>2,950</b>	<b>2,950</b>	<b>2,950</b>	<b>2,950</b>	<b>2,950</b>	<b>2,950</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>480,864</b>	<b>583,798</b>	<b>726,351</b>	<b>966,143</b>	<b>1,150,763</b>	<b>1,150,763</b>	<b>993,288</b>	<b>1,078,459</b>	<b>1,143,921</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>166,832</b>	<b>174,567</b>	<b>194,553</b>	<b>11,071</b>	<b>11,071</b>	<b>11,071</b>	<b>4,918</b>	<b>4,918</b>	<b>4,918</b>



## 2.8 Councillor and employee benefits

Table 43 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	11,520	13,057	14,408	15,234	15,234	15,234	14,959	15,857	16,808
Pension and UIF Contributions	1,703	1,969	1,802	2,285	2,285	2,285	2,244	2,379	2,521
Medical Aid Contributions	1,266	1,261	1,181	1,331	1,331	1,331	444	470	499
Motor Vehicle Allowance	4,363	3,264	3,551	3,808	3,808	3,808	5,882	6,235	6,609
Cellphone Allowance	926	883	980	1,027	1,027	1,027	1,607	1,703	1,806
Other benefits and allowances							274	274	274
<b>Sub Total - Councillors</b>	<b>19,779</b>	<b>20,435</b>	<b>21,922</b>	<b>23,684</b>	<b>23,684</b>	<b>23,684</b>	<b>25,410</b>	<b>26,918</b>	<b>28,516</b>
% increase		3.3%	7.3%	8.0%	-	-	7.3%	5.9%	5.9%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	3,264	4,969	5,563	7,661	7,661	7,661	8,114	8,633	9,186
Pension and UIF Contributions	628	862	775	960	960	960	1,057	1,125	1,197
Medical Aid Contributions	104	126	147	170	170	170	189	201	214
Motor Vehicle Allowance	773	1,175	1,034	1,188	1,188	1,188	1,260	1,341	1,426
Other benefits and allowances				354	354	354	390	415	442
<b>Sub Total - Senior Managers of Municipality</b>	<b>4,793</b>	<b>7,142</b>	<b>7,519</b>	<b>10,332</b>	<b>10,332</b>	<b>10,332</b>	<b>11,011</b>	<b>11,715</b>	<b>12,465</b>
% increase		49.0%	5.3%	37.4%	-	-	6.6%	6.4%	6.4%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	204,169	233,259	236,352	271,524	271,524	271,524	312,557	332,005	353,253
Pension and UIF Contributions	42,298	43,303	44,507	57,853	57,853	57,853	67,418	71,733	76,324
Medical Aid Contributions	13,773	14,405	15,666	13,908	13,908	13,908	13,775	14,657	15,595
Overtime	43,026	43,140	34,238	35,669	35,669	35,669	37,875	40,299	42,878
Motor Vehicle Allowance	21,497	23,078	28,681	28,355	28,355	28,355	30,121	32,049	34,100
Housing Allowances	3,879	4,207	3,810	3,854	3,854	3,854	3,950	4,203	4,472
Other benefits and allowances	28,736	10,065	19,359	26,505	26,505	26,505	27,293	29,040	30,899
<b>Sub Total - Other Municipal Staff</b>	<b>357,379</b>	<b>371,456</b>	<b>382,613</b>	<b>437,668</b>	<b>437,668</b>	<b>437,668</b>	<b>492,989</b>	<b>523,985</b>	<b>557,521</b>
% increase		3.9%	3.0%	14.4%	-	-	12.6%	6.3%	6.4%
<b>Total Parent Municipality</b>	<b>381,951</b>	<b>399,033</b>	<b>412,055</b>	<b>471,684</b>	<b>471,684</b>	<b>471,684</b>	<b>529,410</b>	<b>562,618</b>	<b>598,503</b>
		4.5%	3.3%	14.5%	-	-	12.2%	6.3%	6.4%
<b>Board Members of Entities</b>									
Basic Salaries and Wages	60	1,026		1,021	1,021	1,021	1,123	1,123	1,123
Motor Vehicle Allowance	5	115		206	206	206	227	227	227
<b>Sub Total - Board Members of Entities</b>	<b>65</b>	<b>1,141</b>	<b>-</b>	<b>1,227</b>	<b>1,227</b>	<b>1,227</b>	<b>1,350</b>	<b>1,350</b>	<b>1,350</b>
% increase		1,652.7%	(100.0%)	-	-	-	10.0%	-	-
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	700	548		691	691	691	851	851	851
Pension and UIF Contributions	60	68		68	68	68			
Medical Aid Contributions	50	25		40	40	40			
Overtime									
<b>Sub Total - Senior Managers of Entities</b>	<b>810</b>	<b>641</b>	<b>-</b>	<b>799</b>	<b>799</b>	<b>799</b>	<b>851</b>	<b>851</b>	<b>851</b>
% increase		(20.8%)	(100.0%)	-	-	-	6.5%	-	-
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	2,166	2,207		2,533	2,533	2,533	2,906	2,906	2,906
Pension and UIF Contributions	148	197		158	158	158	186	186	186
Medical Aid Contributions	104	142		191	191	191	203	203	203
Overtime	8	18		40	40	40	40	40	40
Housing Allowances	84	90		90	90	90	90	90	90
Other benefits and allowances	30	28		35	35	35	228	228	228
<b>Sub Total - Other Staff of Entities</b>	<b>2,541</b>	<b>2,683</b>	<b>-</b>	<b>3,047</b>	<b>3,047</b>	<b>3,047</b>	<b>3,653</b>	<b>3,653</b>	<b>3,653</b>
% increase		5.6%	(100.0%)	-	-	-	19.9%	-	-
<b>Total Municipal Entities</b>	<b>3,417</b>	<b>4,465</b>	<b>-</b>	<b>5,073</b>	<b>5,073</b>	<b>5,073</b>	<b>5,853</b>	<b>5,853</b>	<b>5,853</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>385,367</b>	<b>403,498</b>	<b>412,055</b>	<b>476,757</b>	<b>476,757</b>	<b>476,757</b>	<b>535,263</b>	<b>568,471</b>	<b>604,356</b>
% increase		4.7%	2.1%	15.7%	-	-	12.3%	6.2%	6.3%
<b>TOTAL MANAGERS AND STAFF</b>	<b>365,523</b>	<b>381,923</b>	<b>390,132</b>	<b>451,846</b>	<b>451,846</b>	<b>451,846</b>	<b>508,504</b>	<b>540,204</b>	<b>574,490</b>



**Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<b>Councillors</b>						
Speaker	432,906	91,404	199,238			723,548
Chief Whip	416,027	75,516	188,316			679,858
Executive Mayor	569,902	85,485	263,883			919,270
Deputy Executive Mayor	-	-	-			-
Executive Committee	2,989,454	598,830	1,440,775			5,029,059
Total for all other councillors	10,550,944	1,836,117	5,670,804			18,057,865
<b>Total Councillors</b>	<b>14,959,233</b>	<b>2,687,353</b>	<b>7,763,015</b>			<b>25,409,600</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager	1,235,228	279,354	168,000	-		1,682,582
Chief Finance Officer	1,366,339	1,861	120,000	-		1,488,200
Director Engineering Services	743,413	191,387	240,000	-		1,174,800
Director Community Services	697,223	197,603	216,000	-		1,110,826
Director Corporate & Shared Services	964,965	1,861	144,000	-		1,110,826
Director Planning & Economic Development	761,310	193,516	156,000	-		1,110,826
<i>List of each official with packages &gt;= senior manager</i>						
Director Community Development	1,108,965	1,861	-	-		1,110,826
Director Strategic Planning Monitoring & Evaluation	857,758	205,068	48,000	-		1,110,826
Director Transport Operations	763,753	179,073	168,000	-		1,110,826
<b>Total Senior Managers of the Municipality</b>	<b>8,498,954</b>	<b>1,251,584</b>	<b>1,260,000</b>	<b>-</b>		<b>11,010,538</b>
<b>A Heading for Each Entity</b>						
<i>List each member of board by designation</i>						
Director - Board Chairperson	339,405		37,466			376,871
Director	156,671		13,585			170,256
Director	156,672		44,000			200,672
Director	156,672		44,000			200,672
Director	156,672		44,000			200,672
Director	156,672		44,000			200,672
<b>Total for municipal entities</b>	<b>1,122,764</b>	<b>-</b>	<b>227,051</b>	<b>-</b>		<b>1,349,815</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>24,580,951</b>	<b>3,938,936</b>	<b>9,250,066</b>	<b>-</b>		<b>37,769,954</b>

**Table 45 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	76		76	77		77	77		77
Board Members of municipal entities	9		9	6		6	6		6
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	8		6	9		9	9		9
Other Managers	87	68		117	116	1	117	116	1
Professionals	39	38	–	373	65	10	373	65	10
<i>Finance</i>	12	12		2	2	5	2	2	5
<i>Spatial/town planning</i>	4	4		18	10		18	10	
<i>Information Technology</i>	4	4		32	21		32	21	
<i>Roads</i>	2	1		25	6		25	6	
<i>Electricity</i>	6	6		12	3		12	3	
<i>Water</i>	8	8		8	5		8	5	
<i>Sanitation</i>				13	12		13	12	
<i>Refuse</i>	3	3		7	5		7	5	
<i>Other</i>				256	1	5	256	1	5
Technicians	129	139	4	674	116	3	674	116	3
<i>Finance</i>	14	14	4	18	8		18	8	
<i>Spatial/town planning</i>	16	16		26	15		26	15	
<i>Information Technology</i>	10	10		19	3		19	3	
<i>Roads</i>		10		8	4		8	4	
<i>Electricity</i>	32	32		38	21		38	21	
<i>Water</i>	29	29		40	18		40	18	
<i>Sanitation</i>				18	12		18	12	
<i>Refuse</i>	28	28		45	23		45	23	
<i>Other</i>				462	12	3	462	12	3
Clerks (Clerical and administrative)	380	371		560	371	10	560	371	10
Service and sales workers	225	160		225	200		225	200	
Skilled agricultural and fishery workers	36	16							
Craft and related trades	100	83		100	83		100	83	
Plant and Machine Operators	362	217		566	217		566	217	
Elementary Occupations	1,143	634		1,160	634		1,160	634	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>2,594</b>	<b>1,726</b>	<b>95</b>	<b>3,867</b>	<b>1,802</b>	<b>116</b>	<b>3,867</b>	<b>1,802</b>	<b>116</b>
<b>% increase</b>				49.1%	4.4%	22.1%	–	–	–
<b>Total municipal employees headcount</b>	<b>1,914</b>	<b>1,550</b>	<b>75</b>	<b>3,849</b>	<b>1,802</b>	<b>118</b>	<b>3,849</b>	<b>1,802</b>	<b>118</b>
Finance personnel headcount	119	123	8	215	123	5	215	123	5
Human Resources personnel headcount	38	29	4	45	29	3	45	29	3

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>															
<b>Revenue By Source</b>															
Property rates	24,896	24,937	24,972	25,025	25,193	25,052	25,125	25,078	25,078	25,078	20,819	31,000	302,252	326,432	352,547
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	48,921	54,928	51,407	88,155	15,786	42,643	126,733	59,269	63,033	69,087	61,343	93,766	775,071	828,900	886,492
Service charges - water revenue	12,989	8,036	8,724	9,100	7,267	6,941	8,065	3,423	19,655	7,215	9,315	178,818	279,546	296,168	313,788
Service charges - sanitation revenue	7,255	6,886	1,177	7,224	9,264	3,928	5,168	6,570	4,752	4,834	6,053	3,053	66,163	70,043	74,156
Service charges - refuse revenue	4,891	5,081	5,088	5,113	5,080	5,115	5,095	5,095	5,092	5,087	5,090	5,133	60,959	64,617	68,494
Rental of facilities and equipment	1,274	1,183	1,168	1,075	1,878	1,782	816	858	2,323	3,591	1,461	2,610	20,020	21,221	22,494
Interest earned - external investments	-	287	513	475	248	583	392	320	-	350	-	19,832	23,000	23,000	23,000
Interest earned - outstanding debtors	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	31,000	32,000
Fines	308	510	74	515	489	253	667	547	714	336	438	5,903	10,753	11,398	12,082
Licences and permits	176	312	317	408	230	229	198	325	374	339	337	5,783	9,027	9,569	10,143
Agency services	287	298	99	409	267	356	9,103	401	400	397	279	3,361	15,656	16,596	17,591
Transfers recognised - operational	252,218	2,283	1,270	-	153,050	-	-	1,708	148,815	-	-	(2,855)	556,489	657,024	710,160
Other revenue	891	5,960	2,814	1,535	828	445	2,282	445	9,429	445	445	1,445	26,963	28,461	30,049
Gains on disposal of PPE	-	-	-	-	-	-	-	20,035	13,036	5,000	10,053	4,076	52,200	200	200
<b>Total Revenue (excluding capital transfers and</b>	<b>356,607</b>	<b>113,202</b>	<b>100,122</b>	<b>141,532</b>	<b>222,077</b>	<b>89,826</b>	<b>186,143</b>	<b>126,573</b>	<b>295,201</b>	<b>124,258</b>	<b>118,133</b>	<b>354,424</b>	<b>2,228,099</b>	<b>2,384,628</b>	<b>2,553,195</b>
<b>Expenditure By Type</b>															
Employee related costs	36,069	37,669	42,878	39,342	39,485	40,632	40,703	37,989	41,807	41,403	41,144	64,877	504,000	535,700	569,986
Remuneration of councillors	2,045	2,035	2,035	2,037	2,038	2,033	2,615	2,134	2,147	2,154	2,027	2,109	25,410	26,918	28,517
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000	50,000	50,000
Depreciation & asset impairment	0	0	0	0	0	0	0	0	0	0	0	266,000	266,000	268,660	271,347
Finance charges	-	-	-	-	-	11,777	-	-	-	-	-	11,970	23,747	21,158	17,750
Bulk purchases	77,000	75,000	61,000	51,000	53,000	50,000	50,000	51,000	48,000	51,000	52,000	79,000	698,000	752,000	810,000
Other materials	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	25,493	170,000	172,410	179,295
Contracted services	3,632	10,850	1,091	6,912	6,079	8,887	6,484	5,192	5,026	6,475	2,515	12,712	75,854	67,327	68,520
Transfers and grants	1,435	20	20	20	1,415	20	20	20	2,210	20	20	20	5,240	5,240	5,240
Other expenditure	14,490	38,827	17,002	11,483	22,941	14,080	25,797	24,537	37,434	28,118	37,447	55,303	327,460	361,870	375,653
<b>Total Expenditure</b>	<b>147,808</b>	<b>177,538</b>	<b>137,163</b>	<b>123,930</b>	<b>138,095</b>	<b>140,567</b>	<b>138,756</b>	<b>134,009</b>	<b>149,761</b>	<b>142,308</b>	<b>148,291</b>	<b>567,484</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,307</b>
<b>Surplus/(Deficit)</b>	<b>208,799</b>	<b>(64,336)</b>	<b>(37,041)</b>	<b>17,602</b>	<b>83,982</b>	<b>(50,740)</b>	<b>47,387</b>	<b>(7,436)</b>	<b>145,439</b>	<b>(18,050)</b>	<b>(30,158)</b>	<b>(213,060)</b>	<b>82,388</b>	<b>123,345</b>	<b>176,889</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>322,265</b>	<b>(33,666)</b>	<b>(37,041)</b>	<b>17,602</b>	<b>223,982</b>	<b>(50,740)</b>	<b>47,387</b>	<b>(7,436)</b>	<b>291,950</b>	<b>(18,050)</b>	<b>(30,158)</b>	<b>(206,907)</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>
<b>Surplus/(Deficit)</b>	<b>322,265</b>	<b>(33,666)</b>	<b>(37,041)</b>	<b>17,602</b>	<b>223,982</b>	<b>(50,740)</b>	<b>47,387</b>	<b>(7,436)</b>	<b>291,950</b>	<b>(18,050)</b>	<b>(30,158)</b>	<b>(206,907)</b>	<b>519,187</b>	<b>544,780</b>	<b>610,650</b>

**Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	92,181	89,867	61,325	104,495	82,333	84,319	139,983	92,431	92,455	95,875	96,725	89,198	1,121,185	1,195,541	1,274,892
Vote 5 - Community Services	6,289	7,482	5,885	7,057	7,000	6,276	15,327	14,726	12,881	6,490	6,605	8,854	104,870	111,043	117,585
Vote 6 - Community Development	515	4,169	815	684	274	1,111	430	492	1,999	2,614	1,090	2,143	16,334	17,314	18,353
Vote 7 - Corporate and Shared Services	181	1	501	499	1,120	101	201	201	301	108	534	477	4,226	4,479	4,748
Vote 8 - Planning and Economic Development	900	1,654	995	1,153	2,272	1,169	1,084	21,440	16,056	9,902	1,611	7,544	65,781	14,608	15,485
Vote 9 - Budget and Treasury	329,037	24,885	15,498	10,708	302,370	42,921	42,903	46,049	334,583	41,907	55,012	106,628	1,352,501	1,463,078	1,555,893
Vote 10 - Transport Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>429,103</b>	<b>128,058</b>	<b>85,020</b>	<b>124,595</b>	<b>395,369</b>	<b>135,898</b>	<b>199,927</b>	<b>175,340</b>	<b>458,274</b>	<b>156,895</b>	<b>161,576</b>	<b>214,843</b>	<b>2,664,898</b>	<b>2,806,063</b>	<b>2,986,956</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Council	6,249	8,542	4,419	4,860	5,691	4,958	6,125	4,921	7,053	4,872	1,836	70,178	129,704	132,503	136,480
Vote 2 - Office of the Municipal Manager	1,341	1,775	2,704	1,542	1,301	1,561	2,566	1,855	1,563	2,349	2,541	5,470	26,567	27,880	29,258
Vote 3 - Strategic Planning Monitoring and Evaluation	1,160	1,475	1,450	1,357	1,295	1,367	1,309	1,695	1,515	1,222	1,776	5,447	21,068	21,479	22,637
Vote 4 - Engineering Services	80,947	113,911	77,377	69,263	72,381	73,006	68,354	67,226	61,996	72,413	66,187	336,815	1,159,875	1,266,578	1,347,686
Vote 5 - Community Services	17,345	25,808	17,592	19,619	20,334	23,900	20,231	21,956	21,373	20,809	18,971	32,860	260,798	268,154	281,080
Vote 6 - Community Development	7,059	9,066	8,944	7,686	7,442	8,020	8,049	10,966	9,114	10,454	10,440	71,644	168,885	173,756	178,472
Vote 7 - Corporate and Shared Services	10,226	14,580	11,109	8,110	9,496	8,764	15,711	12,959	22,713	20,600	22,528	19,486	176,284	176,060	181,886
Vote 8 - Planning and Economic Development	2,492	3,430	3,035	2,948	2,451	3,151	2,600	22,519	8,004	3,198	3,850	10,496	68,173	68,409	70,907
Vote 9 - Budget and Treasury	4,395	7,270	5,554	6,711	6,039	19,799	9,175	4,908	5,907	7,915	4,890	44,671	127,234	118,975	120,015
Vote 10 - Transport Operations	269	269	269	269	269	269	269	269	301	269	269	4,132	7,123	7,491	7,882
<b>Total Expenditure by Vote</b>	<b>131,483</b>	<b>186,125</b>	<b>132,453</b>	<b>122,364</b>	<b>126,699</b>	<b>144,795</b>	<b>134,389</b>	<b>149,274</b>	<b>139,539</b>	<b>144,101</b>	<b>133,288</b>	<b>601,199</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,303</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>297,620</b>	<b>(58,068)</b>	<b>(47,433)</b>	<b>2,231</b>	<b>268,669</b>	<b>(8,898)</b>	<b>65,537</b>	<b>26,066</b>	<b>318,736</b>	<b>12,794</b>	<b>28,288</b>	<b>(386,355)</b>	<b>519,187</b>	<b>544,780</b>	<b>610,653</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>297,620</b>	<b>(58,068)</b>	<b>(47,433)</b>	<b>2,231</b>	<b>268,669</b>	<b>(8,898)</b>	<b>65,537</b>	<b>26,066</b>	<b>318,736</b>	<b>12,794</b>	<b>28,288</b>	<b>(386,355)</b>	<b>519,187</b>	<b>544,780</b>	<b>610,653</b>

**Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>																
<b>Governance and administration</b>	<b>250,540</b>	<b>73,465</b>	<b>73,209</b>	<b>97,438</b>	<b>224,960</b>	<b>84,506</b>	<b>78,756</b>	<b>90,761</b>	<b>191,481</b>	<b>82,369</b>	<b>67,954</b>	<b>41,312</b>	<b>1,356,752</b>	<b>1,467,584</b>	<b>1,560,670</b>	
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Budget and treasury office	28,681	14,595	29,570	29,077	28,532	42,477	40,621	45,604	43,104	41,462	14,567	922	359,213	384,619	411,972	
Corporate services	221,860	58,870	43,639	68,361	196,428	42,029	38,136	45,157	148,377	40,907	53,387	40,390	997,539	1,082,965	1,148,697	
<b>Community and public safety</b>	<b>896</b>	<b>5,551</b>	<b>1,015</b>	<b>1,358</b>	<b>1,549</b>	<b>1,460</b>	<b>1,204</b>	<b>1,152</b>	<b>2,787</b>	<b>3,037</b>	<b>1,647</b>	<b>10,351</b>	<b>32,006</b>	<b>33,806</b>	<b>35,714</b>	
Community and social services	136	216	219	245	(268)	700	184	164	147	207	203	374	2,526	2,678	2,839	
Sport and recreation	445	4,023	667	576	602	469	334	409	1,907	2,494	979	1,898	14,804	15,692	16,633	
Public safety	312	1,309	125	534	1,212	285	683	576	730	333	461	6,075	12,634	13,392	14,196	
Housing	3	3	3	3	3	6	3	3	3	3	3	4	41	44	46	
Health	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	2,000	2,000	
<b>Economic and environmental services</b>	<b>(289)</b>	<b>2,470</b>	<b>1,560</b>	<b>2,252</b>	<b>2,854</b>	<b>2,630</b>	<b>10,544</b>	<b>2,245</b>	<b>1,905</b>	<b>6,446</b>	<b>2,474</b>	<b>57,387</b>	<b>92,477</b>	<b>42,906</b>	<b>45,480</b>	
Planning and development	(616)	1,947	1,090	1,558	2,534	1,519	10,182	1,837	1,452	2,294	1,885	55,699	81,382	31,145	33,014	
Road transport	164	306	298	376	199	985	179	305	364	4,042	333	1,416	8,968	9,506	10,076	
Environmental protection	164	217	172	317	120	126	182	103	89	110	256	272	2,127	2,255	2,390	
<b>Trading services</b>	<b>72,475</b>	<b>75,148</b>	<b>66,444</b>	<b>109,776</b>	<b>37,474</b>	<b>58,784</b>	<b>145,073</b>	<b>76,692</b>	<b>92,697</b>	<b>86,395</b>	<b>81,907</b>	<b>280,797</b>	<b>1,183,663</b>	<b>1,261,767</b>	<b>1,345,091</b>	
Electricity	48,928	54,937	51,416	88,163	15,794	42,651	126,741	59,275	63,040	69,098	61,348	93,829	775,220	829,057	886,659	
Water	12,994	8,041	8,729	9,104	7,271	6,945	8,070	5,582	19,659	7,220	9,320	176,667	279,602	296,228	313,852	
Waste water management	5,255	6,886	1,177	7,224	9,264	3,928	5,168	6,570	4,752	4,834	6,053	5,053	66,163	70,043	74,156	
Waste management	5,299	5,285	5,123	5,285	5,145	5,259	5,095	5,265	5,246	5,243	5,186	5,248	62,677	66,438	70,424	
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Revenue - Standard</b>	<b>323,623</b>	<b>156,635</b>	<b>142,227</b>	<b>210,824</b>	<b>266,837</b>	<b>147,379</b>	<b>235,578</b>	<b>170,849</b>	<b>288,870</b>	<b>178,247</b>	<b>153,983</b>	<b>389,847</b>	<b>2,664,898</b>	<b>2,806,063</b>	<b>2,986,956</b>	
<b>Expenditure - Standard</b>																
<b>Governance and administration</b>	<b>24,141</b>	<b>45,325</b>	<b>26,737</b>	<b>23,981</b>	<b>35,280</b>	<b>38,184</b>	<b>36,716</b>	<b>27,685</b>	<b>50,322</b>	<b>33,965</b>	<b>25,958</b>	<b>135,814</b>	<b>504,106</b>	<b>501,075</b>	<b>515,312</b>	
Executive and council	4,568	7,492	3,421	3,650	4,991	3,582	4,239	3,732	5,971	3,739	2,239	67,374	115,000	117,151	120,551	
Budget and treasury office	4,395	7,270	5,554	6,711	6,039	19,799	9,175	4,908	5,907	7,915	4,890	44,671	127,234	118,975	120,015	

### Budgeted monthly revenue and expenditure (standard classification) – Continued

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Expenditure - Standard</b>															
Corporate services	15,177	30,562	17,761	13,619	24,250	14,803	23,302	19,045	38,444	22,310	18,829	23,769	261,872	264,950	274,747
<b>Community and public safety</b>	<b>18,218</b>	<b>27,322</b>	<b>17,865</b>	<b>20,095</b>	<b>20,603</b>	<b>22,042</b>	<b>20,755</b>	<b>25,348</b>	<b>22,442</b>	<b>23,805</b>	<b>21,893</b>	<b>87,207</b>	<b>327,593</b>	<b>337,580</b>	<b>350,982</b>
Community and social services	4,616	5,527	5,078	4,347	5,488	6,258	5,402	6,357	5,897	5,878	6,036	18,797	79,682	81,637	85,831
Sport and recreation	3,377	4,209	4,308	4,055	3,496	3,909	3,774	6,424	4,908	5,850	6,488	48,848	99,647	101,298	102,697
Public safety	9,373	16,541	7,746	10,959	10,732	11,108	10,683	11,712	10,829	11,265	8,552	18,839	138,338	144,085	151,267
Housing	580	601	393	424	562	458	586	400	458	438	491	459	5,851	6,233	6,595
Health	273	443	339	309	325	308	310	454	349	375	326	263	4,075	4,326	4,593
<b>Economic and environmental services</b>	<b>5,040</b>	<b>6,772</b>	<b>8,226</b>	<b>5,960</b>	<b>5,424</b>	<b>7,611</b>	<b>6,431</b>	<b>6,895</b>	<b>6,043</b>	<b>6,561</b>	<b>8,161</b>	<b>119,585</b>	<b>192,708</b>	<b>196,114</b>	<b>202,153</b>
Planning and development	2,671	3,537	3,280	3,242	2,708	3,406	2,828	3,280	3,440	3,402	4,693	39,305	75,791	76,288	79,153
Road transport	1,964	2,617	4,220	2,277	2,124	3,565	3,150	2,867	2,081	2,527	2,083	79,228	108,702	111,175	113,881
Environmental protection	405	618	726	441	592	640	453	748	523	632	1,385	1,051	8,215	8,651	9,119
<b>Trading services</b>	<b>84,084</b>	<b>116,508</b>	<b>79,325</b>	<b>72,130</b>	<b>75,393</b>	<b>76,759</b>	<b>70,488</b>	<b>69,147</b>	<b>65,432</b>	<b>74,571</b>	<b>68,504</b>	<b>268,965</b>	<b>1,121,305</b>	<b>1,226,514</b>	<b>1,307,856</b>
Electricity	73,341	76,300	49,875	43,177	45,320	42,062	43,451	42,870	40,109	43,788	42,878	113,034	656,204	717,520	772,908
Water	4,341	32,475	20,767	22,040	22,448	24,806	18,705	19,272	17,951	22,805	18,094	94,238	317,942	339,385	359,958
Waste water management	2,191	3,064	3,598	2,311	3,114	3,128	3,591	2,930	2,686	3,696	2,848	53,586	86,742	108,823	111,924
Waste management	4,211	4,669	5,086	4,602	4,511	6,763	4,742	4,075	4,685	4,282	4,684	8,107	60,416	60,786	63,066
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>131,483</b>	<b>195,925</b>	<b>132,153</b>	<b>122,164</b>	<b>136,699</b>	<b>144,595</b>	<b>134,389</b>	<b>129,074</b>	<b>144,239</b>	<b>138,901</b>	<b>124,516</b>	<b>611,570</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,303</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>192,139</b>	<b>(39,291)</b>	<b>10,074</b>	<b>88,660</b>	<b>130,137</b>	<b>2,783</b>	<b>101,188</b>	<b>41,775</b>	<b>144,631</b>	<b>39,346</b>	<b>29,466</b>	<b>(221,723)</b>	<b>519,187</b>	<b>544,780</b>	<b>610,653</b>
Share of surplus/ (deficit) of associate												-	-	-	-
<b>Surplus/(Deficit)</b>	<b>192,139</b>	<b>(39,291)</b>	<b>10,074</b>	<b>88,660</b>	<b>130,137</b>	<b>2,783</b>	<b>101,188</b>	<b>41,775</b>	<b>144,631</b>	<b>39,346</b>	<b>29,466</b>	<b>(221,723)</b>	<b>519,187</b>	<b>544,780</b>	<b>610,653</b>

**Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	1,346	5,000	9,000	24,000	31,000	25,000	30,000	22,000	32,000	18,000	22,000	30,254	249,600	258,735	268,061
Vote 5 - Community Services	-	-	1,000	-	-	-	-	-	1,000	-	-	1,300	3,300	2,600	4,800
Vote 6 - Community Development	-	-	3,000	-	-	-	3,000	7,000	4,000	5,000	-	34,499	56,499	56,100	54,100
Vote 7 - Corporate and Shared Services	-	-	-	1,700	-	-	2,000	-	-	-	-	2,800	6,500	8,600	8,600
Vote 8 - Planning and Economic Development	-	300	-	-	-	-	-	1,000	-	-	-	550	1,850	-	-
Vote 9 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-	-
Vote 10 - Transport Operations	4,000	8,000	15,000	20,000	20,000	20,000	25,000	15,000	30,000	13,000	10,000	20,000	200,000	190,000	190,000
Vote 11 - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>5,346</b>	<b>13,300</b>	<b>28,000</b>	<b>45,700</b>	<b>51,000</b>	<b>45,000</b>	<b>60,000</b>	<b>45,000</b>	<b>67,000</b>	<b>36,000</b>	<b>32,000</b>	<b>90,403</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Total Capital Expenditure</b>	<b>5,346</b>	<b>13,300</b>	<b>28,000</b>	<b>45,700</b>	<b>51,000</b>	<b>45,000</b>	<b>60,000</b>	<b>45,000</b>	<b>67,000</b>	<b>36,000</b>	<b>32,000</b>	<b>90,403</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>



**Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	-	-	-	2,000	-	-	2,000	-	2,000	-	-	15,300	21,300	24,600	22,600
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-	-
Corporate services	-	-	-	2,000	-	-	2,000	-	2,000	-	-	14,300	20,300	24,600	22,600
<b>Community and public safety</b>	-	-	3,000	700	-	-	3,000	4,000	4,500	5,000	-	24,549	44,749	43,100	45,100
Community and social services	-	-	-	700	-	-	-	1,000	-	-	-	1,500	3,200	3,600	5,600
Sport and recreation	-	-	3,000	-	-	-	3,000	3,000	4,000	5,000	-	22,499	40,499	39,500	39,500
Public safety	-	-	-	-	-	-	-	-	500	-	-	-	500	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	550	550	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	5,000	10,300	20,000	30,000	30,000	30,000	40,000	31,000	40,000	20,000	20,000	28,700	305,000	312,369	305,594
Planning and development	-	300	-	-	-	-	-	1,000	-	-	-	-	1,300	-	-
Road transport	5,000	10,000	20,000	30,000	30,000	30,000	40,000	30,000	40,000	20,000	20,000	28,700	303,700	312,369	305,594
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	346	3,000	5,000	13,000	21,000	15,000	15,000	10,000	20,000	11,000	12,000	22,354	147,700	135,966	152,267
Electricity	-	-	2,000	2,000	-	-	3,000	-	-	1,000	2,000	9,800	19,800	8,300	6,300
Water	346	3,000	3,000	10,000	20,000	15,000	10,000	10,000	20,000	10,000	10,000	10,654	122,000	120,566	137,667
Waste water management	-	-	-	1,000	-	-	2,000	-	-	-	-	1,100	4,100	6,000	6,000
Waste management	-	-	-	-	1,000	-	-	-	-	-	-	800	1,800	1,100	2,300
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>5,346</b>	<b>13,300</b>	<b>28,000</b>	<b>45,700</b>	<b>51,000</b>	<b>45,000</b>	<b>60,000</b>	<b>45,000</b>	<b>66,500</b>	<b>36,000</b>	<b>32,000</b>	<b>90,903</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Funded by:</b>															
National Government	3,346	10,300	27,000	41,700	45,000	40,000	54,000	43,000	61,000	31,000	24,000	50,300	430,646	421,435	433,761
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>3,346</b>	<b>10,300</b>	<b>27,000</b>	<b>41,700</b>	<b>45,000</b>	<b>40,000</b>	<b>54,000</b>	<b>43,000</b>	<b>61,000</b>	<b>31,000</b>	<b>24,000</b>	<b>50,300</b>	<b>430,646</b>	<b>421,435</b>	<b>433,761</b>
<b>Public contributions &amp; donations</b>												6,153	6,153	-	-
<b>Borrowing</b>												-	-	-	-
<b>Internally generated funds</b>	2,000	3,000	1,000	4,000	6,000	5,000	6,000	2,000	6,000	5,000	8,000	33,950	81,950	94,600	91,800
<b>Total Capital Funding</b>	<b>5,346</b>	<b>13,300</b>	<b>28,000</b>	<b>45,700</b>	<b>51,000</b>	<b>45,000</b>	<b>60,000</b>	<b>45,000</b>	<b>67,000</b>	<b>36,000</b>	<b>32,000</b>	<b>90,403</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>

**Table 51 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Receipts By Source</b>													1			
Property rates	24,896	24,937	24,972	25,025	25,193	25,052	25,125	25,078	25,078	25,078	20,819	31,000	302,252	326,432	352,547	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	48,921	54,928	51,407	88,155	15,786	42,643	126,733	59,269	63,033	69,087	61,343	45,433	726,738	777,183	831,155	
Service charges - water revenue	22,989	28,036	28,724	29,100	27,267	26,941	28,065	13,423	19,655	17,215	9,315	25,231	275,959	292,367	309,759	
Service charges - sanitation revenue	7,255	6,886	1,177	7,224	9,264	3,928	5,168	6,570	4,752	4,834	6,053	2,284	65,394	69,228	73,291	
Service charges - refuse revenue	4,891	5,081	5,088	5,113	5,080	5,115	5,095	5,095	5,092	5,087	5,090	4,017	59,843	63,434	67,240	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	1,274	1,183	1,168	1,075	1,878	1,782	816	858	2,323	3,591	1,461	1,210	18,620	19,737	20,921	
Interest earned - external investments	-	287	513	475	248	583	392	320	-	350	-	19,832	23,000	23,000	23,000	
Interest earned - outstanding debtors	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	31,000	32,000	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	308	510	74	515	489	253	667	547	714	336	438	1,603	6,453	6,840	7,250	
Licences and permits	176	312	317	408	230	229	198	325	374	339	337	5,783	9,027	9,569	10,143	
Agency services	287	298	99	409	267	356	9,103	401	400	397	279	3,361	15,656	16,596	17,591	
Transfer receipts - operational	252,218	2,283	1,270	-	153,050	-	-	1,708	148,815	-	-	3,298	562,642	657,024	710,160	
Other revenue	891	5,960	2,814	1,535	828	445	2,282	445	9,429	445	445	1,445	26,963	28,461	30,049	
<b>Cash Receipts by Source</b>	<b>366,607</b>	<b>133,202</b>	<b>120,122</b>	<b>161,532</b>	<b>242,077</b>	<b>109,826</b>	<b>206,143</b>	<b>116,538</b>	<b>282,164</b>	<b>129,258</b>	<b>108,081</b>	<b>146,997</b>	<b>2,122,548</b>	<b>2,320,870</b>	<b>2,485,107</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	113,465	30,671	-	-	140,000	-	-	-	146,510	-	-	-	430,646	421,435	433,761	
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	416	416	416	416	416	416	416	416	416	416	416	424	5,000	5,000	5,000	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Receipts by Source</b>	<b>480,489</b>	<b>164,289</b>	<b>120,538</b>	<b>161,948</b>	<b>382,493</b>	<b>110,242</b>	<b>206,559</b>	<b>116,954</b>	<b>429,090</b>	<b>129,674</b>	<b>108,497</b>	<b>147,421</b>	<b>2,558,194</b>	<b>2,747,305</b>	<b>2,923,868</b>	

## Budgeted monthly cash flow - Continued

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Payments by Type</b>																
Employee related costs	36,069	37,669	42,878	39,342	39,485	40,632	40,703	37,989	41,807	41,403	41,144	39,341	478,464	509,086	541,668	
Remuneration of councillors	2,045	2,035	2,035	2,037	2,038	2,033	2,615	2,134	2,147	2,154	2,027	2,109	25,410	26,918	28,517	
Finance charges	-	-	-	-	-	11,777	-	-	-	-	116	11,854	23,747	21,158	17,750	
Bulk purchases - Electricity	65,000	64,000	48,000	38,000	39,000	35,000	36,000	38,000	35,000	37,000	38,000	67,000	540,000	583,000	630,000	
Bulk purchases - Water & Sewer	12,000	11,000	13,000	13,000	14,000	15,000	14,000	13,000	13,000	14,000	14,000	12,000	158,000	169,000	180,000	
Other materials	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	13,137	17,874	162,381	164,715	171,523	
Contracted services	3,632	10,850	1,091	6,912	6,079	8,887	6,484	5,192	5,026	6,475	2,515	1,593	64,735	65,310	66,310	
Transfers and grants - other municipalities	1,435	20	-	-	1,415	20	80	-	2,210	20	20	20	5,240	5,240	5,240	
Transfers and grants - other	14,490	38,827	17,002	11,483	22,941	14,080	25,797	24,537	37,434	28,118	37,447	66,963	339,119	383,119	384,960	
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash Payments by Type</b>	<b>147,808</b>	<b>177,538</b>	<b>137,143</b>	<b>123,910</b>	<b>138,095</b>	<b>140,567</b>	<b>138,816</b>	<b>133,989</b>	<b>149,761</b>	<b>142,308</b>	<b>148,407</b>	<b>218,754</b>	<b>1,797,096</b>	<b>1,927,546</b>	<b>2,025,968</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	20,000	28,724	27,000	30,000	40,000	40,500	47,000	40,000	30,000	50,000	50,000	27,422	430,646	421,435	433,761	
Repayment of borrowing	-	-	-	-	-	18,109	-	-	-	-	-	18,697	36,806	37,509	37,236	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Payments by Type</b>	<b>167,808</b>	<b>206,262</b>	<b>164,143</b>	<b>153,910</b>	<b>178,095</b>	<b>199,176</b>	<b>185,816</b>	<b>173,989</b>	<b>179,761</b>	<b>192,308</b>	<b>198,407</b>	<b>264,873</b>	<b>2,264,548</b>	<b>2,386,491</b>	<b>2,496,965</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>312,681</b>	<b>(41,974)</b>	<b>(43,605)</b>	<b>8,038</b>	<b>204,398</b>	<b>(88,934)</b>	<b>20,743</b>	<b>(57,036)</b>	<b>249,329</b>	<b>(62,634)</b>	<b>(89,910)</b>	<b>(117,452)</b>	<b>293,645</b>	<b>360,814</b>	<b>426,903</b>	
Cash/cash equivalents at the month/year begin:	52,000	364,681	322,707	279,101	287,140	491,538	402,604	423,347	366,312	615,641	553,007	463,097	52,000	345,645	706,460	
Cash/cash equivalents at the month/year end:	364,681	322,707	279,101	287,140	491,538	402,604	423,347	366,312	615,641	553,007	463,097	345,645	345,645	706,460	1,133,362	

## 2.10 Annual budgets and SDBIPs – Internal departments

**Table 52 Services Department – Operating revenue by source, expenditure by type and total capital expenditure**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	211,930	229,423	254,721	279,863	279,863	279,863	302,252	326,432	352,547
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	415,805	556,892	605,486	699,341	699,341	699,341	775,071	828,900	886,492
Service charges - water revenue	123,973	165,503	221,060	268,788	268,788	268,788	279,546	296,168	313,788
Service charges - sanitation revenue	44,082	39,311	46,449	67,116	67,116	67,116	66,163	70,043	74,156
Service charges - refuse revenue	42,523	46,795	51,305	56,456	56,456	56,456	60,959	64,617	68,494
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	4,337	5,102	12,154	17,566	17,566	17,566	20,020	21,221	22,494
Interest earned - external investments	8,732	24,554	23,017	12,500	12,500	12,500	23,000	23,000	23,000
Interest earned - outstanding debtors	20,190	17,678	7,377	18,000	18,000	18,000	30,000	31,000	32,000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	4,797	4,497	2,627	6,087	6,087	6,087	10,753	11,398	12,082
Licences and permits	8,065	8,234	8,816	8,516	8,516	8,516	9,027	9,569	10,143
Agency services	13,460	13,827	13,892	14,770	14,770	14,770	15,656	16,596	17,591
Transfers recognised - operational	330,381	358,638	501,275	480,836	558,258	558,258	556,489	657,024	710,160
Other revenue	66,981	68,781	23,430	33,393	55,393	55,393	26,963	28,461	30,049
Gains on disposal of PPE	20	246	1,451	200	200	200	52,200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,295,275</b>	<b>1,539,483</b>	<b>1,773,058</b>	<b>1,963,433</b>	<b>2,062,855</b>	<b>2,062,855</b>	<b>2,228,099</b>	<b>2,384,628</b>	<b>2,553,195</b>
<b>Expenditure By Type</b>									
Employee related costs	724,344	399,033	412,055	448,000	448,000	448,000	504,000	535,700	569,986
Remuneration of councillors	19,779	20,615	21,922	23,684	23,684	23,684	25,410	26,918	28,517
Debt impairment	47,599	38,192	53,486	40,000	40,000	40,000	50,000	50,000	50,000
Depreciation & asset impairment	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
Finance charges	13,073	29,427	29,594	27,155	27,155	27,155	23,747	21,158	17,750
Bulk purchases	418,402	518,797	581,301	658,000	647,500	647,500	698,000	752,000	810,000
Other materials	95,301	96,881	119,343	124,975	145,838	145,838	170,000	172,410	179,295
Contracted services	38,862	39,935	56,380	76,542	75,892	75,892	75,854	67,327	68,520
Transfers and grants	240	6,122	5,540	5,140	6,940	6,940	5,240	5,240	5,240
Other expenditure	202,314	243,204	342,228	308,511	385,293	385,293	327,460	361,870	375,653
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1,736,374</b>	<b>1,623,459</b>	<b>1,886,914</b>	<b>1,944,707</b>	<b>2,033,002</b>	<b>2,033,002</b>	<b>2,145,711</b>	<b>2,261,283</b>	<b>2,376,307</b>

## Total Capital Expenditure

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>	16,120	28,416	64,709	7,550	11,166	11,166	15,166	21,300	24,600	22,600
Executive and council	-	-	-	50	50	50	50	-	-	-
Budget and treasury office	2,763	6,022	44	-	-	-	-	1,000	-	-
Corporate services	13,357	22,394	64,665	7,500	11,116	11,116	15,116	20,300	24,600	22,600
<b>Community and public safety</b>	35,303	5,125	1,252	27,300	27,542	27,542	27,542	44,749	43,100	45,100
Community and social services	2,249	726	1,133	9,300	9,342	9,342	9,342	3,200	3,600	5,600
Sport and recreation	13,714	4,369	119	17,500	17,700	17,700	17,700	40,499	39,500	39,500
Public safety	19,340	-	-	500	500	500	500	500	-	-
Housing	-	29	-	-	-	-	-	550	-	-
Health	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	85,092	135,615	117,313	245,207	337,579	337,579	337,579	305,000	312,369	305,594
Planning and development	12,238	21,516	-	-	45,422	45,422	45,422	1,300	-	-
Road transport	72,818	114,099	117,313	245,207	292,158	292,158	292,158	303,700	312,369	305,594
Environmental protection	35	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	151,371	185,348	150,037	223,950	245,824	245,824	245,824	147,700	135,966	152,267
Electricity	51,788	58,652	21,965	51,500	14,237	14,237	14,237	19,800	8,300	6,300
Water	59,959	107,181	124,299	122,000	220,239	220,239	220,239	122,000	120,566	137,667
Waste water management	38,995	19,169	3,773	41,500	1,478	1,478	1,478	4,100	6,000	6,000
Waste management	629	346	-	8,950	9,870	9,870	9,870	1,800	1,100	2,300
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>287,886</b>	<b>354,503</b>	<b>333,311</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>626,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>
<b>Funded by:</b>										
National Government	121,956	216,313	225,076	479,207	586,405	586,405	586,405	430,646	421,435	433,761
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	121,956	216,313	225,076	479,207	586,405	586,405	586,405	430,646	421,435	433,761
Public contributions & donations	-	-	-	-	-	-	-	6,153	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	165,930	138,190	112,357	24,800	35,708	35,708	39,708	81,950	94,600	91,800
<b>Total Capital Funding</b>	<b>287,886</b>	<b>354,503</b>	<b>337,434</b>	<b>504,007</b>	<b>622,112</b>	<b>622,112</b>	<b>626,112</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>

### 2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 2.12 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 53 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	430 894	236 704	299 101	233 367	324 155	324 155	371 157	184 285	262 653
Infrastructure - Road transport	181 833	72 818	114 099	1 100	3 229	3 229	7 750	14 250	23 750
<i>Roads, Pavements &amp; Bridges</i>	181 833	72 818	114 099	1 100	2 199	2 199	7 750	14 250	23 750
<i>Storm water</i>	-	-	-	-	1 030	1 030	-	-	-
Infrastructure - Electricity	97 616	64 932	58 652	88 221	92 586	92 586	51 500	53 800	73 300
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>	97 616	64 932	58 652	88 221	92 586	92 586	51 500	53 800	73 300
<i>Street Lighting</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	21 946	15 137	15 137	188 407	-	-
<i>Waste Management</i>	-	-	-	-	-	-	8 950	-	-
<i>Transportation</i>	-	-	-	-	-	-	179 457	-	-
<i>Gas</i>	-	-	-	21 946	15 137	15 137	-	-	-
<b>Community</b>	-	-	5 000	-	18 442	20 088	19 800	10 200	10 100
Parks & gardens	-	-	4 237	-	397	397	9 000	-	-
Libraries	-	-	-	-	-	-	300	700	600
Recreational facilities	-	-	-	-	28	28	-	-	-
Fire, safety & emergency	-	-	-	-	350	-	1 000	-	-
Security and policing	-	-	-	-	9 095	9 095	-	-	-
Cemeteries	-	-	644	-	216	-	-	-	-
Social rental housing	-	-	-	-	8 151	10 147	-	-	-
Other	-	-	-	-	-	216	-	-	-
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	466 287	51 182	50 402	251 703	191 207	191 557	1 550	4 800	7 417
General vehicles	-	-	-	-	450	450	-	-	-
Specialised vehicles	-	-	-	-	350	350	-	-	-
Civic Land and Buildings	-	-	-	109 453	4 940	4 940	-	-	-
Other Buildings	3 925	629	2 437	750	3 002	3 002	-	-	-
Other	462 362	50 553	34 496	141 050	176 811	177 161	1 050	2 300	1 000
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>897 181</b>	<b>287 886</b>	<b>354 503</b>	<b>485 070</b>	<b>533 804</b>	<b>535 800</b>	<b>392 507</b>	<b>199 285</b>	<b>280 170</b>

**Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	68,304	94,000	106,679	106,679	164,100	184,000	184,000
Infrastructure - Road transport	-	-	48,166	54,000	105,201	105,201	5,000	27,000	27,000
Roads, Pavements & Bridges	-	-	48,166	54,000	105,201	105,201	5,000	27,000	27,000
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	5,000	2,000	2,000
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	5,000	2,000	2,000
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	16,849	-	-	-	11,000	18,000	18,000
Reticulation	-	-	16,849	-	-	-	11,000	18,000	18,000
Infrastructure - Sanitation	-	-	1,568	40,000	1,478	1,478	3,100	4,000	4,000
Reticulation	-	-	1,568	40,000	1,478	1,478	3,100	4,000	4,000
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	1,721	-	-	-	140,000	133,000	133,000
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	140,000	133,000	133,000
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	1,721	-	-	-	-	-	-
<b>Community</b>	-	-	-	17,500	11,089	11,089	16,153	4,000	4,000
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	8,000	8,000	8,000	16,153	4,000	4,000
Other	-	-	-	9,500	3,089	3,089	-	-	-
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	-	-	3,540	3,540	17,000	17,000	15,000
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	2,000	2,000	2,000
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	3,540	3,540	15,000	15,000	13,000
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing</b>	-	-	68,304	111,500	121,308	121,308	197,253	205,000	203,000
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	20.2%	22.1%	19.5%	19.5%	38.1%	39.7%	38.6%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	25.8%	47.9%	52.1%	52.1%	74.2%	76.3%	74.8%

**Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>77,414</b>	<b>91,680</b>	<b>91,390</b>	<b>68,900</b>	<b>75,400</b>	<b>75,400</b>	<b>115,483</b>	<b>119,348</b>	<b>125,694</b>
Infrastructure - Road transport	21,007	20,898	23,160	10,965	17,465	17,465	25,543	25,798	26,057
<i>Roads, Pavements &amp; Bridges</i>	20,285	19,520	21,443	8,845	15,345	15,345	23,211	23,443	23,678
<i>Storm water</i>	722	1,377	1,717	2,120	2,120	2,120	2,332	2,355	2,379
Infrastructure - Electricity	20,498	19,479	27,807	18,005	18,005	18,005	26,669	26,886	27,105
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>	18,239	17,315	26,368	15,505	15,505	15,505	24,044	24,234	24,427
<i>Street Lighting</i>	2,260	2,164	1,439	2,500	2,500	2,500	2,625	2,651	2,678
Infrastructure - Water	23,065	25,995	23,282	22,948	22,948	22,948	32,344	36,462	42,083
<i>Dams &amp; Reservoirs</i>	4,456	5,509	4,396	4,203	4,203	4,203	6,807	7,830	7,854
<i>Water purification</i>	2,592	2,957	2,601	3,000	3,000	3,000	3,533	4,533	10,034
<i>Reticulation</i>	16,017	17,529	16,285	15,746	15,746	15,746	22,004	24,099	24,195
Infrastructure - Sanitation	5,161	5,633	6,810	4,996	4,996	4,996	7,527	8,567	8,608
<i>Reticulation</i>	4,011	4,248	4,356	3,574	3,574	3,574	6,005	7,030	7,056
<i>Sewerage purification</i>	1,151	1,384	2,453	1,422	1,422	1,422	1,522	1,537	1,553
Infrastructure - Other	7,683	19,675	10,332	11,987	11,987	11,987	23,400	21,634	21,841
<i>Waste Management</i>	7,683	19,675	10,332	11,987	11,987	11,987	23,400	21,634	21,841
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Community</b>	<b>17,886</b>	<b>5,202</b>	<b>27,953</b>	<b>56,075</b>	<b>61,490</b>	<b>61,490</b>	<b>54,517</b>	<b>53,062</b>	<b>53,600</b>
Parks & gardens	4,749	6,645	10,985	9,281	8,831	8,831	12,249	10,372	10,476
Sportsfields & stadia	6,420	9,385	8,048	4,789	4,789	4,789	5,336	5,389	5,444
Swimming pools	81	400	198	222	222	222	230	232	235
Community halls	242	187	0	193	193	193	197	199	201
Libraries	300	472	79	156	156	156	149	150	152
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	1,523	1,430	1,417	1,504	1,504	1,504	1,491	1,506	1,521
Security and policing	1,081	1,851	1,164	545	545	545	1,186	1,197	1,210
Buses	-	-	-	-	-	-	-	-	-
Clinics	2	0	1	7	7	7	6	6	7
Museums & Art Galleries	152	258	24	60	60	60	62	62	63
Cemeteries	2,134	1,073	953	1,290	1,290	1,290	1,355	1,369	1,382
Social rental housing	-	-	-	-	-	-	-	-	-
Other	1,201	(16,500)	5,084	38,027	43,892	43,892	32,257	32,580	32,909
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Repairs and Maintenance Expenditure</b>	<b>95,301</b>	<b>96,881</b>	<b>119,343</b>	<b>124,975</b>	<b>136,890</b>	<b>136,890</b>	<b>170,000</b>	<b>172,410</b>	<b>179,295</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>R&amp;M as a % of PPE</b>	<b>1.8%</b>	<b>1.7%</b>	<b>2.1%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.4%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>5.5%</b>	<b>6.0%</b>	<b>6.3%</b>	<b>6.4%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>7.9%</b>	<b>7.6%</b>	<b>7.5%</b>



**Table 56 MBRR- SA34d Depreciation by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>82,565</b>	<b>120,523</b>	<b>159,604</b>	<b>100,543</b>	<b>100,543</b>	<b>100,543</b>	<b>157,468</b>	<b>159,042</b>	<b>160,633</b>
Infrastructure - Road transport	42,128	63,063	55,639	31,965	31,965	31,965	55,639	56,195	56,757
<i>Roads, Pavements &amp; Bridges</i>	41,996	62,811	55,617	31,665	31,665	31,665	55,617	56,173	56,734
<i>Storm water</i>	131	251	22	300	300	300	22	23	23
Infrastructure - Electricity	16,921	29,200	23,226	34,850	34,850	34,850	20,155	20,356	20,560
<i>Generation</i>		-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>	16,863	21,127	19,442	25,215	25,215	25,215	20,155	20,356	20,560
<i>Street Lighting</i>	58	8,073	3,784	9,635	9,635	9,635			
Infrastructure - Water	10,128	12,765	74,409	15,235	15,235	15,235	75,345	76,098	76,859
<i>Dams &amp; Reservoirs</i>	152	-	-	-	-	-	-	-	-
<i>Water purification</i>	3,206	3,540	580	4,225	4,225	4,225	580	586	592
<i>Reticulation</i>	6,770	9,224	73,829	11,009	11,009	11,009	74,764	75,512	76,267
Infrastructure - Sanitation	10,834	12,949	4,990	15,455	15,455	15,455	4,990	5,040	5,091
<i>Reticulation</i>	2,108	4,003	-	4,777	4,777	4,777			
<i>Sewerage purification</i>	8,727	8,946	4,990	10,677	10,677	10,677	4,990	5,040	5,091
Infrastructure - Other	2,554	2,546	1,339	3,038	3,038	3,038	1,339	1,352	1,366
<i>Waste Management</i>	2,554	2,546	1,339	3,038	3,038	3,038	1,339	1,352	1,366
<b>Community</b>	<b>93,896</b>	<b>110,732</b>	<b>105,461</b>	<b>132,157</b>	<b>132,157</b>	<b>132,157</b>	<b>108,532</b>	<b>109,618</b>	<b>110,714</b>
Parks & gardens	1,964	2,962	501	3,535	3,535	3,535	501	506	511
Sportsfields & stadia	57,304	58,245	55,723	69,515	69,515	69,515	59,010	59,601	60,197
Swimming pools	3	120	86	144	144	144	86	87	88
Community halls	185	224	91	267	267	267	91	92	93
Libraries	2,671	3,950	586	4,714	4,714	4,714	586	592	598
Recreational facilities		-	-	-	-	-	-	-	-
Fire, safety & emergency	4,077	4,434	2,757	5,292	5,292	5,292	2,757	2,785	2,812
Security and policing		3,419	1,027	4,080	4,080	4,080	1,027	1,038	1,048
Buses		-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-
Museums & Art Galleries	4,623	4,113	201	4,909	4,909	4,909	201	203	205
Cemeteries	323	327	185	390	390	390	185	187	189
Social rental housing		-	-	-	-	-	-	-	-
Other	22,744	32,937	44,303	39,310	39,310	39,310	44,087	44,528	44,974
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	-	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>176,461</b>	<b>231,254,348</b>	<b>265,064,665</b>	<b>232,700,000</b>	<b>232,700,000</b>	<b>232,699,825</b>	<b>266,000,000</b>	<b>268,660,000</b>	<b>271,346,600</b>

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

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>			
<b>Capital expenditure</b>			
Vote 1 - Council	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-
Vote 4 - Engineering Services	249,600	258,735	268,061
Vote 5 - Community Services	3,300	2,600	4,800
Vote 6 - Community Development	56,499	56,100	54,100
Vote 7 - Corporate and Shared Services	6,500	8,600	8,600
Vote 8 - Planning and Economic Development	1,850	-	-
Vote 9 - Budget and Treasury	1,000	-	-
Vote 10 - Transport Operations	200,000	190,000	190,000
<b>Total Capital Expenditure</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>

**Table 58 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project	Program/Project description	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information
		Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	New or renewal
<b>Parent municipality:</b>							
	Planning & Construction for NMT along Nelson Mandela	1,166	8,000				
	EPWP Projects	4,966					
	Arterial roads Molepo / Maja / Chuene (Paledi) Phase 3	6,051					
	Arterial roads Makotopong Phase 3	6,391					
	Arterial roads Mamatsa Phase 4	2,613					
	Matamanyane to Mashobohlang phase 3	5,239					
	Ga - Mamphaka Phase 3	19,011					
	Upgrading stormwater Mankweng	4,288					
	Sebayeng access roads	401					
	Badimong Access roads	320					
	Molefjje Cluster Upgrading of arterial road	1,033					
	Construction of Lawton Bridge	13,031					
	Widening & upgrading of Nelson Mandela	7,297					
	Planning for roads projects	1,997					
	Rehabilitation of streets and road signs in Mankweng	3,124					
	Rehabilitation of streets in Polokwane East(A) and West (B)	17,564					
	Rehabilitation of streets and road signs in Seshego	12,833					
	Rehabilitation of main arterials in Polokwane	8,879					
	None motorized transport	1,109					
	Upgrading of arterial road Mamatsa		10,187				
	Upgrading of arterial road Makotopong		9,380				
	Upgrading of arterial road Khohloane		9,800				
Road Transport Infrastructure Services	Upgrading of arterial road D3413 from D19 (Mamadila to Ramakgaphola: D3414)		8,599	10,000	10,000	10,000	New
	Upgrading of Arterial road D977 (Silicon to Matobole 19km)		8,500	17,000	10,000	10,000	New
	Upgrading of Arterial road D4030 & D1809 (Nobody to Laastehoop to Mothapo 1)		1,000	10,000	9,000	10,000	New
	Upgrading of arterial road Sebayeng to Mantheding		9,080	10,000	8,000	8,000	New
	Upgrading of access road SDA 1 (Lethuli and Madiba Park)		800	10,000	8,000	8,000	New
	Construction of low level bridges		1,500	1,000	3,000	3,000	New
	Rehabilitation of street in Polokwane West			-	3,000	3,000	Renewal
	Rehabilitation of street in Polokwane East			-	3,000	3,000	Renewal
	Rehabilitation of street in Mankweng			5,000	3,000	3,000	Renewal
	Rehabilitation of street in Seshego			-	3,000	3,000	Renewal
	Rehabilitation of main arterial road			-	3,000	3,000	Renewal
	Routine road maintenance			-	3,000	3,000	Renewal
	Re-gravelling of rural roads			-	6,000	6,000	Renewal
	Side walks maintenance			-	3,000	3,000	Renewal
	Road Signage			1,000	3,000	3,000	New
	Contribution to Private Development			3,975	-	-	New
	Gravel Management System			225	-	-	New
	Road to Rampheri			5,000	2,000	1,000	New
	Installation of traffic lights			500	3,000	3,000	New
	NDPG Projects			5,000	10,737	11,288	New
	Upgrading of arterial road Mamatsa			5,000	5,500	9,000	New
	Upgrading of arterial road Makotopong			10,000	8,500	10,000	New
	Upgrading of arterial road Khohloane			10,000	9,000	10,000	New

Municipal Vote/Capital project	Program/Project description	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information
		Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	New or renewal
<b>R thousand</b>							
<b>Parent municipality:</b>							
Communication & Marketing	Audio visual equipment		50				
Facility Management	Renovation/Refurbishment of Offices	245	490	14,000	15,000	13,000	Renewal
	Renovation of Offices Stadium		3,000	1,000	-	-	Renewal
	Furniture and Office Equipment	228	1,055	800	1,000	1,000	New
Mechanical Workshop	1 x 22 Seater game viewer vehicle (Parks)	402					
	1x SUV	109					
	Other vehicles	24,060					
Water Supply and reticulation	Mmotong wa perikisi	12,634		3,000	4,000	4,000	Renewal
	Scada system boreholes	8,455		1,000	2,000	2,000	Renewal
	Upgrading of water reticulation in City cluster	5,329		6,000	2,000	2,000	Renewal
	Prepaid water meters			300	2,000	2,000	Renewal
	Roodepoort reservoir			-	2,000	2,000	Renewal
	Clock machines			700	-	-	New
	Extension 78 bulk reticulation		500	1,000	-	-	New
	Refurbishment of infrastructure	4,349	10,000	-	6,000	6,000	Renewal
	Mothapo RWS	3,829	8,560	10,000	10,000	10,000	New
	Molelje East RWS	3,526	9,206	10,000	10,000	10,000	New
	Molelje North RWS	4,399	2,486	2,000	2,000	2,000	New
	Sebayeng/Dikgale RWS	22,260	17,000	12,000	14,698	20,473	New
	Molelje South RWS	6,052	9,502	10,000	10,000	10,000	New
	Houtrivier RWS	2,284	8,777	9,000	9,000	9,000	New
	Chuene Maja RWS	2,543	9,073	15,000	8,000	8,000	New
	Molepo RWS	11,972	9,000	10,000	9,000	9,000	New
	Laastehoop RWS	2,608	2,403	3,000	3,000	3,000	New
	Mankweng RWS	11,678	14,443	10,000	13,000	15,000	New
Boyne RWS	7,562	7,754	5,000	7,000	7,000	New	
Segwasi RWS		1,027	2,000	1,000	1,000	New	
Badimong RWS	14,820	9,003	12,000	13,000	10,000	New	
Sanitation	Upgrading of laboratory	1,170		1,600	-	-	Renewal
	Upgrading of Oxidation ponds			1,000	2,000	2,000	Renewal
	Storm water management planning	635					
	Water services development plan	400					
	Upgrade CBD sewer	1,568					
	Extension 78 bulk reticulation			1,000	2,000	2,000	New
	Sewer regional plant			500	2,000	2,000	Renewal
Energy Services	Install fourth 20MVA transformer in Delta		1,290				
	Demand Side Management Projects	8,272	10,000	5,000	-	-	New
	Plant & Equipment		262	800	300	300	New
	Installation of Additional Cable from Sigma to Hospital sub (third cable)			4,000	-	-	Renewal
	Upgrade 800A Busbars to 1200A in Alpha 66KV Distribution substation			1,000	2,000	2,000	Renewal
	Build Bakone 66KV intake substation			1,000	2,000	2,000	New
	Delta substation additional transformer and extensions	9,993					
	Build 66KV/11KV Tweefontein substation			2,000	2,000	2,000	New
	High Mast & Street Lights			6,000	2,000	-	New
	Electricity low income houses Urban	1,002					
Transformers	2,522						
Eskom check meters	176						

Municipal Vote/Capital project	Program/Project description	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
		Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	New or renewal	
<b>Parent municipality:</b>								
Community Safety	Upgrading of CCTV cameras and access control systems	476						
Disaster and Fire	Acquisition of fire Equipment	269	500	500			New	
Environmental Mangement	New cemetary	174						
	Green Goal	51						
	Development of Tom Naude Dam		1,000	-	1,000	2,000	New	
	Development of Ext 44/71 park		4,000					
	Zone 5 park development	49						
	Greening & Landscape Westenburg/seshego/mankweng	114						
	Grass cutting equipment			920	500	-	-	New
	Development Sterpark Botanical Garden			500	500	500	New	
Waste Management	Waste 6m3 skip containers		600	600	600	700	New	
	240 Litre Bins		350	400	500	600	New	
	Rural transfer station		8,000	-	-	1,000	New	
	Weighbridge Landfill			800	-	-	New	
Sport & Recreation	Purchase of Grass Cutting equipment		500	700	500	500	New	
Sport & Recreation	Upgrading of Seshego Stadium			7,000	4,000	4,000	Renewal	
	Upgrading of Ga- Manamela Sport Field		3,000	2,000	-	-	Renewal	
	Construction of Ga-Molepo/Maja Sport Complex		1,000	7,000	12,000	12,000	New	
	Construction Mankweng Sport Complex			12,000	13,646	20,000	20,000	New
	Outdoor Sport facilities all clusters	32	1,000	1,000	3,000	3,000	New	
	Rehabilitation of Seshego Stadium			1,153	-	-	Renewal	
	Heating of Polokwane Olympic Pool			2,000	-	-	Renewal	
	Sport stadium in Ga-Maja			3,000	-	-	Renewal	
	Rehabilitation of polokwane town pool			3,000	-	-	Renewal	
Libraries	Books	76	300	400	600	600	New	
Museums	Ex hibition: 2 decades of democracy Irish House			400	-	-	New	
	Ex hibition: Retrospectiv e Art			400	-	-	New	
Information Services	ICT Equipment	773	500	500	500	500	New	
	Network Upgrade		2,184	2,000	2,000	2,000	Renewal	
	Development and Implementation of IT Strategy			2,000	6,100	6,100	New	
City Planning	Integrated GIS System			1,300	-	-	New	
Transport Operations	IRPTS Project	39,320	179,457	200,000	190,000	190,000	New	
LED	African Market	3,569						
	Mankweng Taxi Rank & Hawkers Centre	135						
Secretariat& Records	Records filing cabinets			1,000	-	-	New	
Housing & Building Inspections	Plan Scanner (Electronic Approval of Building Plans)			550	-	-	New	
Supply chain Management	Store filing cabinets			1,000	-	-	New	
<b>Parent Capital expenditure</b>		<b>337,434</b>		<b>518,749</b>	<b>516,035</b>	<b>525,561</b>		
<b>Entity Capital expenditure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total Capital expenditure</b>		<b>337,434</b>	<b>417,036</b>	<b>518,749</b>	<b>516,035</b>	<b>525,561</b>		

**Table 59 MBRR SA37 - Projects delayed from previous financial year**

Municipal Vote/Capital project	Project name	Previous target year to complete	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
			Original Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand		Year					
Parent municipality:							
Admin & Maintenance	Renovation of Offices	2012/13	50	50			
	Furniture & equipment	2012/13	67	67			
Roads and Stormwater	Arterial roads Molepo / Maja / Chuene (Paledi) Phase 3	2012/13	4,993	4,993			
	Arterial roads Makotopong Phase 3	2012/13	8,151	8,151			
	Arterial roads Mamatsa Phase 4	2012/13	1,680	1,680			
	Matamanyane to Mashobohlang phase 3	2012/13	4,757	4,757			
	Ga - Mamphaka Phase 3	2012/13	1,493	1,493			
	Upgrading stormwater Mankweng	2012/13	939	939			
	Sebayeng access roads	2012/13	6,199	6,199			
	Badimong Access roads	2012/13	5,495	5,495			
	Molejje Cluster Upgrading of arterial road	2012/13	10,960	10,960			
	Ablusion facility & store room Workshop	2012/13	132	132			
	Planning of NMT along Nelson Mandela	2012/13	30	30			
	Rehabilitation of streets and road signs in Mankweng	2012/13	500	500			
	Rehabilitation of streets in Polokwane East(A) and West (B)	2012/13	1,149	1,149			
	Rehabilitation of streets and road signs in Seshego	2012/13	500	500			
	Regraveling of roads	2012/13	2,227	2,227			
	Asset Renewal-Planned routine maintenance	2012/13	651	651			
Sanitation	Upgrading of laboratory	2012/13	1,478	1,478			
Water Supply and reticulation	Mothapo RWS	2012/13	9,000	9,000			
	Molejje East RWS	2012/13	7,828	7,828			
	Molejje North RWS	2012/13	3,960	3,960			
	Molejje South RWS	2012/13	4,651	4,651			
	Houtrivier RWS	2012/13	3,937	3,937			
	Chuene Maja RWS	2012/13	2,353	2,353			
	Molepo RWS	2012/13	3,856	3,856			
	Laastehoop RWS	2012/13	12,312	12,312			
	Mmotong wa perikisi	2012/13	29,116	29,116			
	Mankweng RWS	2012/13	1,266	1,266			
	Boyne RWS	2012/13	52	52			
	Badimong RWS	2012/13	7,034	7,034			
	Sebayeng/Dikgale RWS	2012/13	11,104	11,104			
	Planning for water and Sanitation	2012/13	396	396			
	Refurbishment of infrastructure	2012/13	2,058	2,058			
	Upgrading of water reticulation in City cluster	2012/13	2,584	2,584			
Electricity	Electricity low income houses rural	2012/13	2,685	2,685			
Environmental Management	Replacement of cemetery New Pietersburg	2012/13	42	42			
Sport & Recreation	Sport equipment	2012/13	200	200			
IT Services	Network Infrastructure upgrade	2012/13	3,744	3,744			
	ICT Equipment	2012/13	27	27			
Transportation Services	Integrated transport planning	2012/13	42,338	42,338			
Land use and Spatial planning	Revision of the Town Planning Scheme	2012/13	620	620			
	Township establishment ext 78	2012/13	2,125	2,125			
	Sebayeng development framework plan	2012/13	295	295			
	Mankweng development framework plan	2012/13	44	44			
<b>Total</b>			<b>205,077</b>	<b>205,077</b>			

## **2.13 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 two interns undergoing training in various divisions of the Financial Services Department. Of the five interns, three have been absorbed by the municipality. Total of five interns will be appointed.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in June 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report was 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  
All budget related policies are reviewed on an annual basis

## **2.13 Other supporting documents**



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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b><u>Property rates</u></b>									
Total Property Rates	211,930	229,423	254,721	286,637	286,637	286,637	338,837	365,944	395,220
less Revenue Foregone				6,774	6,774	6,774	36,585	39,512	42,673
<b>Net Property Rates</b>	<b>211,930</b>	<b>229,423</b>	<b>254,721</b>	<b>279,863</b>	<b>279,863</b>	<b>279,863</b>	<b>302,252</b>	<b>326,432</b>	<b>352,547</b>
<b><u>Service charges - electricity revenue</u></b>									
Total Service charges - electricity revenue	415,805	556,892	605,486	706,341	706,341	706,341	789,291	843,973	902,471
less Revenue Foregone				7,000	7,000	7,000	14,220	15,073	15,979
<b>Net Service charges - electricity revenue</b>	<b>415,805</b>	<b>556,892</b>	<b>605,486</b>	<b>699,341</b>	<b>699,341</b>	<b>699,341</b>	<b>775,071</b>	<b>828,900</b>	<b>886,492</b>
<b><u>Service charges - water revenue</u></b>									
Total Service charges - water revenue	123,973	165,503	221,060	276,348	276,348	276,348	286,040	303,052	321,085
less Revenue Foregone				7,560	7,560	7,560	6,494	6,884	7,297
<b>Net Service charges - water revenue</b>	<b>123,973</b>	<b>165,503</b>	<b>221,060</b>	<b>268,788</b>	<b>268,788</b>	<b>268,788</b>	<b>279,546</b>	<b>296,168</b>	<b>313,788</b>
<b><u>Service charges - sanitation revenue</u></b>									
Total Service charges - sanitation revenue	44,082	39,311	46,449	71,653	71,653	71,653	74,724	79,117	83,775
less Revenue Foregone				4,537	4,537	4,537	8,561	9,074	9,619
<b>Net Service charges - sanitation revenue</b>	<b>44,082</b>	<b>39,311</b>	<b>46,449</b>	<b>67,116</b>	<b>67,116</b>	<b>67,116</b>	<b>66,163</b>	<b>70,043</b>	<b>74,156</b>
<b><u>Service charges - refuse revenue</u></b>									
Total refuse removal revenue	42,523	46,795	51,305	59,480	59,480	59,480	63,951	67,789	71,856
Total landfill revenue									
less Revenue Foregone	-	-	-	3,024	3,024	3,024	2,992	3,172	3,362
<b>Net Service charges - refuse revenue</b>	<b>42,523</b>	<b>46,795</b>	<b>51,305</b>	<b>56,456</b>	<b>56,456</b>	<b>56,456</b>	<b>60,959</b>	<b>64,617</b>	<b>68,494</b>
<b><u>Other Revenue by source</u></b>									
List other revenue by source									
FEES - BUILDING PLANS	2,873	3,085	4,902	5,069	5,069	5,069	5,300	5,618	5,955
REFUND - SETA LEVY	1,200	2,092	3,278	3,974	3,974	3,974	3,180	3,371	3,573
FEES - ROYALTIES SILICON	1,000	316	2,197	474	474	474	2,120	2,247	2,382
INSURANCE CLAIMS	-	-	1,744	2,000	2,000	2,000	2,120	2,247	2,382
RECEIPT OF DONATIONS	-	-	-	-	-	-	2,000	2,000	2,000
FEES - REMOVAL COSTS	1,135	1,035	1,313	1,620	1,620	1,620	1,717	1,820	1,929
RECEIPT OF DONATIONS	-	-	-	1,500	1,500	1,500	1,590	1,685	1,787
FEES - TENDER DEPOSIT	500	626	775	1,225	1,225	1,225	795	843	893
FEES - TOWN PLANNING	180	248	992	731	731	731	775	821	870
FEES - BURIAL SERVICE	616	495	540	678	678	678	575	609	646
Other Minor Revenue items	59,477	60,884	7,690	16,122	38,122	38,122	6,792	7,200	7,631
<b>Total 'Other' Revenue</b>	<b>66,981</b>	<b>68,781</b>	<b>23,430</b>	<b>33,393</b>	<b>55,393</b>	<b>55,393</b>	<b>26,963</b>	<b>28,461</b>	<b>30,049</b>

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	214,543	234,038	256,349	279,318	279,318	279,318	320,671	340,638	362,439
Pension and UIF Contributions	44,007	45,893	48,025	59,649	59,649	59,649	68,475	72,857	77,521
Medical Aid Contributions	14,321	15,610	16,994	13,989	13,989	13,989	13,964	14,858	15,809
Overtime	40,299	50,881	34,238	35,669	35,669	35,669	37,875	40,299	42,878
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	21,786	26,016	28,681	29,663	29,663	29,663	31,381	33,389	35,526
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	3,981	3,771	3,810	3,881	3,881	3,881	3,950	4,203	4,472
Other benefits and allowances	23,236	22,824	23,958	25,831	25,831	25,831	27,684	29,455	31,341
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	362,172	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>724,344</b>	<b>399,033</b>	<b>412,055</b>	<b>448,000</b>	<b>448,000</b>	<b>448,000</b>	<b>504,000</b>	<b>535,700</b>	<b>569,986</b>
<b>Less: Employees costs capitalised to PPE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Employee related costs</b>	<b>724,344</b>	<b>399,033</b>	<b>412,055</b>	<b>448,000</b>	<b>448,000</b>	<b>448,000</b>	<b>504,000</b>	<b>535,700</b>	<b>569,986</b>
<b>Contributions recognised - capital</b>									
<b>Total Contributions recognised - capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	176,461	231,254	265,065	232,700	232,700	232,700	266,000	268,660	271,347
Lease amortisation									
Capital asset impairment									
Depreciation resulting from revaluation of PPE									
<b>Total Depreciation &amp; asset impairment</b>	<b>176,461</b>	<b>231,254</b>	<b>265,065</b>	<b>232,700</b>	<b>232,700</b>	<b>232,700</b>	<b>266,000</b>	<b>268,660</b>	<b>271,347</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases	314,000	402,772	455,813	500,000	500,000	500,000	540,000	583,000	630,000
Water Bulk Purchases	104,402	116,025	125,488	158,000	147,500	147,500	158,000	169,000	180,000
<b>Total bulk purchases</b>	<b>418,402</b>	<b>518,797</b>	<b>581,301</b>	<b>658,000</b>	<b>647,500</b>	<b>647,500</b>	<b>698,000</b>	<b>752,000</b>	<b>810,000</b>
<b>Transfers and grants</b>									
Cash transfers and grants	240	6,122	5,540	5,140	6,940	6,940	5,240	5,240	5,240
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	<b>240</b>	<b>6,122</b>	<b>5,540</b>	<b>5,140</b>	<b>6,940</b>	<b>6,940</b>	<b>5,240</b>	<b>5,240</b>	<b>5,240</b>

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Contracted services</b>									
ASSET VERIFICATION	600	1,458	1,017	2,200	2,200	2,200	10,000	3,000	3,000
AUDIT FEES - OUTSOURCED	670	1,617	2,075	1,055	1,055	1,055	3,000	3,180	3,371
COMMISSION FEES	-	1,824	5,019	4,700	4,700	4,700	4,999	5,000	5,000
CONSULTATION FEES	4,750	1,425	8,024	8,600	8,600	8,600	12,831	8,969	8,969
EXTERNAL PRINTING	70	110	-	-	-	-	-	-	-
FEES - EASYPAY SYSTEM	1,112	797	994	1,272	1,272	1,272	1,400	1,400	1,400
GUARD SERVICES : RENTAL	19,000	21,095	30,388	33,000	33,000	33,000	35,000	36,000	37,000
METER READING SERVICES	4,089	6,120	3,934	4,612	4,612	4,612	2,283	5,086	5,086
RESEARCH AND DEVELOPMENT	3,802	4,699	4,016	8,705	8,055	8,055	2,750	2,000	2,000
SWIMMING SUPERVISION	267	339	511	534	534	534	561	589	589
TERMINATION OF SERVICES	2,505	26	-	1,363	1,363	1,363	1,430	1,503	1,503
VALUATION ROLL	1,996	424	402	10,500	10,500	10,500	1,600	600	600
<b>sub-total</b>	<b>38,862</b>	<b>39,935</b>	<b>56,380</b>	<b>76,542</b>	<b>75,892</b>	<b>75,892</b>	<b>75,854</b>	<b>67,327</b>	<b>68,520</b>
<b>Allocations to organs of state:</b>									
<b>Total contracted services</b>	<b>38,862</b>	<b>39,935</b>	<b>56,380</b>	<b>76,542</b>	<b>75,892</b>	<b>75,892</b>	<b>75,854</b>	<b>67,327</b>	<b>68,520</b>
<b>Other Expenditure By Type</b>									
Collection costs	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions	45,357	33,591	14,269	6,671	6,671	6,671	6,671	6,671	6,671
Consultant fees	-	-	-	-	-	-	-	-	-
Audit fees	2,700	2,303	3,247	2,968	2,968	2,968	3,700	3,922	4,158
General ex penses	-	-	-	-	-	-	-	-	-
RURAL HOUSEHOLD SANITATION	-	-	37,634	-	37,547	37,547	40,000	59,000	60,000
FLEET MANAGEMENT	-	-	20,234	46,073	46,073	46,073	46,000	46,073	46,073
RURAL HOUSEHOLD ELECTRIFICATIO	-	-	23,009	-	36,374	36,374	25,000	40,000	45,000
CONTRIBUTION: MEDICAL AID - CO	3,830	24,573	15,458	20,000	18,200	18,200	16,000	16,960	17,978
PROTECTIVE CLOTHING	-	-	6,406	9,551	9,551	9,551	4,500	4,770	5,056
FREE BASIC SERVICES	13,142	18,742	17,925	22,122	22,122	22,122	22,000	23,320	24,719
SPECIAL EVENTS	873	9,924	1,210	14,737	14,737	14,737	8,630	8,681	8,699
FUEL AND OIL	4,182	7,922	7,113	7,255	7,255	7,255	9,500	10,260	10,864
PROMOTIONS	1,399	2,037	1,186	4,590	4,590	4,590	4,590	4,590	4,590
CHAN GAMES	-	-	-	30,000	33,500	33,500	-	-	-
REBATE - ASSESSMENT RATES	1,008	2,172	9,415	9,300	9,300	9,300	8,000	8,480	8,989
LEGAL EXPENSES	6,701	7,032	5,615	3,967	3,967	3,967	10,500	8,500	9,000
WARD COMMITTEE MEETINGS	500	3,261	5,109	4,560	4,560	4,560	4,560	4,560	4,560
RENTAL - EQUIPMENT	9,875	8,389	7,474	12,626	8,071	8,071	6,428	6,735	7,015
TRAINING	2,373	2,556	7,353	10,359	10,359	10,359	9,885	10,035	10,185
FUEL AND OIL	35	104	7,073	7,065	7,065	7,065	9,500	10,070	10,674
SUBSCRIPTION FEES	2,528	3,478	3,993	4,106	4,106	4,106	5,046	4,106	4,106
PRINTING & STATIONARY	3,213	4,315	4,166	4,588	4,588	4,588	5,825	5,491	5,543
INSURANCE	7,422	8,451	9,172	8,324	8,324	8,324	9,722	8,824	10,306
TELEPHONE	5,221	4,913	7,174	7,315	7,315	7,315	8,209	8,209	8,520
DEPARTMENTAL CHARGES	15,400	9,891	9,862	10,810	10,810	10,810	10,810	10,810	10,810
OTHER EXPENDITURE ITEMS	76,555	89,552	118,130	81,524	67,240	67,240	52,385	51,803	52,134
<b>Total 'Other' Expenditure</b>	<b>202,314</b>	<b>243,204</b>	<b>342,228</b>	<b>308,511</b>	<b>385,293</b>	<b>385,293</b>	<b>327,460</b>	<b>361,870</b>	<b>375,653</b>
<b>Repairs and Maintenance</b>									
Employee related costs									
Other materials	95,301	96,881	119,343	124,975	136,890	136,890	170,000	172,410	179,295
Contracted Services									
Other Expenditure									
<b>Total Repairs and Maintenance Expenditure</b>	<b>95,301</b>	<b>96,881</b>	<b>119,343</b>	<b>124,975</b>	<b>136,890</b>	<b>136,890</b>	<b>170,000</b>	<b>172,410</b>	<b>179,295</b>

**Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<b>R thousand</b>									
<b>Contributions recognised - capital</b>									
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
<b>Total Depreciation &amp; asset impairment</b>	<b>107 768</b>	<b>112 694</b>	<b>231 254</b>	<b>186 997</b>	<b>276 000</b>	<b>275 968</b>	<b>232 700</b>	<b>244 568</b>	<b>256 552</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases	229 752	314 000	402 772	460 546	466 106	466 106	500 000	540 000	583 000
Water Bulk Purchases	85 079	101 588	116 025	119 736	121 440	121 440	158 000	167 000	177 000
<b>Total bulk purchases</b>	<b>314 831</b>	<b>415 588</b>	<b>518 797</b>	<b>580 282</b>	<b>587 546</b>	<b>587 546</b>	<b>658 000</b>	<b>707 000</b>	<b>760 000</b>
<b>Transfers and grants</b>									
Cash transfers and grants	220	400	6 122	3 240	5 540	4 740	5 140	5 240	5 240
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	<b>220</b>	<b>400</b>	<b>6 122</b>	<b>3 240</b>	<b>5 540</b>	<b>4 740</b>	<b>5 140</b>	<b>5 240</b>	<b>5 240</b>
<b>Contracted services</b>									
Asset verification	198	600	1 458	1 200	2 200	2 200	2 200	2 312	2 425
<b>sub-total</b>	<b>40 348</b>	<b>56 302</b>	<b>74 263</b>	<b>52 005</b>	<b>64 060</b>	<b>63 886</b>	<b>73 542</b>	<b>66 782</b>	<b>70 055</b>
<b>Allocations to organs of state:</b>									
<b>Total contracted services</b>	<b>40 348</b>	<b>56 302</b>	<b>74 263</b>	<b>52 005</b>	<b>64 060</b>	<b>63 886</b>	<b>73 542</b>	<b>66 782</b>	<b>70 055</b>
<b>Other Expenditure By Type</b>									
Collection costs	1 692	1 700	818	2 000	967	967	967	1 016	1 066
Contributions to 'other' provisions	20 709	7 191	41 287	8 295	8 295	8 295	25 971	27 295	28 633
Consultant fees	-	-	-	-	-	-	3 000	3 153	3 307
Audit fees	1 510	2 700	2 303	2 968	2 968	2 968	2 968	3 119	3 272
General expenses									
Bank charges	1 420	1 967	2 746	2 120	2 820	2 820	2 820	2 964	3 109
Fleet Management	-	-	-	30 000	25 300	8 433	46 073	48 423	50 795
Transport operation costs	-	-	-	-	2 000	1 118	16 241	-	-
Protective clothing	-	-	-	5 051	9 551	9 551	9 551	10 038	10 530
Rebates assessment rates	-	-	-	374	374	374	9 300	9 774	10 253
Training	2 306	2 373	2 556	6 842	8 442	5 528	10 359	13 832	14 470
Ward Committee meetings	471	500	3 261	5 000	5 000	5 000	4 560	4 793	5 027
Telephone/cellphone expenses	5 500	5 190	4 913	7 896	7 850	7 854	7 300	7 672	8 048
Free basic services	13 347	8 389	3 207	24 413	24 413	24 413	22 122	23 250	24 389
Fuel & oil	8 955	4 182	7 922	3 065	7 255	7 255	7 255	7 625	7 999
Insurance	9 336	7 422	8 451	8 324	8 324	8 324	8 324	8 674	9 026
Legal expenses	4 405	5 238	7 032	5 104	4 271	4 071	3 967	4 169	4 373
Marketing	4 759	5 354	7 596	6 870	10 037	7 853	6 277	6 597	6 920
Special Events	491	873	9 924	7 432	1 087	1 087	14 737	9 077	9 522
Rental of equipment	9 138	9 874	8 388	11 094	12 825	11 770	12 625	13 269	13 919
Promotions	-	-	-	1 000	600	600	3 690	3 878	4 068
Subscription fees	2 427	2 528	3 478	4 433	4 111	4 109	4 106	4 315	4 527
<b>Total 'Other' Expenditure</b>	<b>237 597</b>	<b>159 380</b>	<b>225 906</b>	<b>210 274</b>	<b>243 363</b>	<b>205 948</b>	<b>311 511</b>	<b>275 309</b>	<b>288 751</b>
<b>Repairs and Maintenance</b>									
<b>by Expenditure Item</b>									
Employee related costs									
Other materials	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697
Contracted Services									
Other Expenditure									
<b>Total Repairs and Maintenance Expenditure</b>	<b>86 782</b>	<b>95 301</b>	<b>96 881</b>	<b>84 348</b>	<b>89 254</b>	<b>89 254</b>	<b>124 975</b>	<b>126 499</b>	<b>132 697</b>

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

Description	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Strategic Planning Monitoring	Vote 4 - Engineering Services	Vote 5 - Community Services	Vote 6 - Community Development	Vote 7 - Corporate and Shared Services	Vote 8 - Planning and Economic	Vote 9 - Budget and Treasury	Vote 10 - Transport Operations	Total
<b>R thousand</b>											
<b>Revenue By Source</b>											
Property rates	-	-	-	-	-	-	-	-	302,252	-	302,252
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	775,071	-	-	-	-	-	-	775,071
Service charges - water revenue	-	-	-	279,546	-	-	-	-	-	-	279,546
Service charges - sanitation revenue	-	-	-	66,163	-	-	-	-	-	-	66,163
Service charges - refuse revenue	-	-	-	-	60,959	-	-	-	-	-	60,959
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	1,451	13,878	-	4,691	-	-	20,020
Interest earned - external investments	-	-	-	-	-	-	-	-	23,000	-	23,000
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	30,000	-	30,000
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	60	10,585	108	-	-	-	-	10,753
Licences and permits	-	-	-	-	8,819	-	-	112	96	-	9,027
Agency services	-	-	-	-	15,656	-	-	-	-	-	15,656
Other revenue	-	-	-	345	7,400	2,348	4,226	8,979	3,665	-	26,963
Transfers recognised - operational	-	-	-	-	-	-	-	-	556,489	-	556,489
Gains on disposal of PPE	-	-	-	-	-	-	-	52,000	200	-	52,200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,121,185</b>	<b>104,870</b>	<b>16,334</b>	<b>4,226</b>	<b>65,781</b>	<b>915,702</b>	<b>-</b>	<b>2,228,099</b>
<b>Expenditure By Type</b>											
Employee related costs	10,043	16,627	14,292	120,941	162,006	51,531	48,985	28,289	45,597	5,689	504,000
Remuneration of councillors	25,410	-	-	-	-	-	-	-	-	-	25,410
Debt impairment	50,000	-	-	-	-	-	-	-	-	-	50,000
Depreciation & asset impairment	309	1,469	2,380	156,129	6,707	59,450	6,174	31,962	1,052	368	266,000
Finance charges	-	-	-	-	-	-	-	-	23,747	-	23,747
Bulk purchases	-	-	-	698,000	-	-	-	-	-	-	698,000
Other materials	-	106	35	92,010	36,800	24,575	16,442	24	10	-	170,000
Contracted services	-	3,200	1,531	4,113	35,350	3,961	100	600	26,999	-	75,854
Transfers and grants	5,240	-	-	-	-	-	-	-	-	-	5,240
Other expenditure	38,703	5,165	2,830	88,682	19,936	29,368	104,583	7,298	29,829	1,066	327,460
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>129,704</b>	<b>26,567</b>	<b>21,068</b>	<b>1,159,875</b>	<b>260,798</b>	<b>168,885</b>	<b>176,284</b>	<b>68,173</b>	<b>127,234</b>	<b>7,123</b>	<b>2,145,711</b>
<b>Surplus/(Deficit)</b>	<b>(129,704)</b>	<b>(26,567)</b>	<b>(21,068)</b>	<b>(38,689)</b>	<b>(155,928)</b>	<b>(152,550)</b>	<b>(172,058)</b>	<b>(2,392)</b>	<b>788,468</b>	<b>(7,123)</b>	<b>82,388</b>
Transfers recognised - capital	-	-	-	200,146	8,153	22,700	4,500	1,300	-	200,000	436,799
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(129,704)</b>	<b>(26,567)</b>	<b>(21,068)</b>	<b>161,457</b>	<b>(147,775)</b>	<b>(129,850)</b>	<b>(167,558)</b>	<b>(1,092)</b>	<b>788,468</b>	<b>192,877</b>	<b>519,187</b>

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	219,993	223,808	220,000	200,000	77,676	77,676	220,000	220,000	220,000
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
<b>Total Call investment deposits</b>	<b>219,993</b>	<b>223,808</b>	<b>220,000</b>	<b>200,000</b>	<b>77,676</b>	<b>77,676</b>	<b>220,000</b>	<b>220,000</b>	<b>220,000</b>
<b>Consumer debtors</b>									
Consumer debtors	353,530	431,800	604,204	457,000	457,000	457,000	624,000	683,000	763,000
Less: Provision for debt impairment	(145,857)	(168,347)	(220,759)	(225,857)	(225,857)	(225,857)	(310,759)	(360,759)	(410,759)
<b>Total Consumer debtors</b>	<b>207,674</b>	<b>263,453</b>	<b>383,445</b>	<b>231,143</b>	<b>231,143</b>	<b>231,143</b>	<b>313,241</b>	<b>322,241</b>	<b>352,241</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year	–	–	168,347	185,857	185,857	185,857	260,759	310,759	360,759
Contributions to the provision	–	–	52,412	40,000	40,000	40,000	50,000	50,000	50,000
Bad debts written off	–	–	–	–	–	–	–	–	–
<b>Balance at end of year</b>	<b>–</b>	<b>–</b>	<b>220,759</b>	<b>225,857</b>	<b>225,857</b>	<b>225,857</b>	<b>310,759</b>	<b>360,759</b>	<b>410,759</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/valuation (excl. finance leases)	5,910,022	6,254,923	6,416,308	7,133,015	7,275,120	7,275,120	8,017,266	8,599,493	9,184,407
Leases recognised as PPE	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	472,618	681,410	751,528	984,228	984,228	984,228	1,250,228	1,518,888	1,790,235
<b>Total Property, plant and equipment (PPE)</b>	<b>5,437,404</b>	<b>5,573,513</b>	<b>5,664,780</b>	<b>6,148,787</b>	<b>6,290,892</b>	<b>6,290,892</b>	<b>6,767,038</b>	<b>7,080,605</b>	<b>7,394,172</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Short term loans (other than bank overdraft)	–	2,597	2,499	–	–	–	–	–	–
Current portion of long-term liabilities	30,548	35,808	36,385	36,363	36,363	36,363	36,806	37,509	37,236
<b>Total Current liabilities - Borrowing</b>	<b>30,548</b>	<b>38,405</b>	<b>38,884</b>	<b>36,363</b>	<b>36,363</b>	<b>36,363</b>	<b>36,806</b>	<b>37,509</b>	<b>37,236</b>
<b>Trade and other payables</b>									
Trade and other creditors	180,309	218,419	288,469	200,000	200,000	200,000	300,000	310,000	320,000
Unspent conditional transfers	166,832	174,567	194,553	100,000	–	–	107,662	105,359	108,440
VAT	–	–	–	–	–	–	–	–	–
<b>Total Trade and other payables</b>	<b>347,141</b>	<b>392,986</b>	<b>483,022</b>	<b>300,000</b>	<b>200,000</b>	<b>200,000</b>	<b>407,662</b>	<b>415,359</b>	<b>428,440</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing	254,481	298,588	262,203	225,862	225,862	225,862	188,591	150,378	113,415
Finance leases (including PPP asset element)	2,597	–	21,269	–	–	–	–	–	–
<b>Total Non current liabilities - Borrowing</b>	<b>257,078</b>	<b>298,588</b>	<b>283,472</b>	<b>225,862</b>	<b>225,862</b>	<b>225,862</b>	<b>188,591</b>	<b>150,378</b>	<b>113,415</b>
<b>Provisions - non-current</b>									
Retirement benefits	138,685	154,438	160,387	185,838	185,838	185,838	175,208	191,853	210,360
List other major provision items	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation	3,047	3,351	3,686	4,055	4,055	4,055	4,055	4,461	4,907
Other	17,078	19,963	30,314	22,847	22,847	22,847	33,211	36,722	40,438
<b>Total Provisions - non-current</b>	<b>158,810</b>	<b>177,752</b>	<b>194,387</b>	<b>212,740</b>	<b>212,740</b>	<b>212,740</b>	<b>212,474</b>	<b>233,036</b>	<b>255,705</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance	4,825,138	4,548,732	4,857,838	4,827,393	4,956,892	4,956,892	5,530,872	5,857,127	6,130,542
GRAP adjustments	–	–	–	–	–	–	–	–	–
Restated balance	4,825,138	4,548,732	4,857,838	4,827,393	4,956,892	4,956,892	5,530,872	5,857,127	6,130,542
Surplus/(Deficit)	(281,488)	175,030	73,221	504,033	622,357	622,357	519,187	544,780	610,650
Appropriations to Reserves	–	–	–	–	–	–	–	–	–
Transfers from Reserves	–	–	–	–	–	–	–	–	–
Depreciation offsets	–	–	–	–	–	–	–	–	–
Other adjustments	–	–	–	–	–	–	–	–	–
<b>Accumulated Surplus/(Deficit)</b>	<b>4,543,650</b>	<b>4,723,762</b>	<b>4,931,059</b>	<b>5,331,426</b>	<b>5,579,249</b>	<b>5,579,249</b>	<b>6,050,059</b>	<b>6,401,907</b>	<b>6,741,192</b>
<b>Reserves</b>									
Housing Development Fund	11,155	11,248	10,755	11,434	11,434	11,434	10,848	10,941	11,034
Capital replacement	–	–	–	–	–	–	–	–	–
Self-insurance	–	–	–	–	–	–	–	–	–
Other reserves	–	–	–	–	–	–	–	–	–
Revaluation	770,839	770,839	770,839	770,839	770,839	770,839	770,839	770,839	770,839
<b>Total Reserves</b>	<b>781,994</b>	<b>782,086</b>	<b>781,594</b>	<b>782,273</b>	<b>782,273</b>	<b>782,273</b>	<b>781,687</b>	<b>781,780</b>	<b>781,873</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5,325,644</b>	<b>5,505,849</b>	<b>5,712,652</b>	<b>6,113,699</b>	<b>6,361,522</b>	<b>6,361,522</b>	<b>6,831,746</b>	<b>7,183,687</b>	<b>7,523,065</b>



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

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>											
Population	Stats SA Estimates	508	-	629	629	629	465	638	640	641	642
Females aged 5 - 14	Stats SA Estimates	47		58	58	58	66	59	59	60	60
Males aged 5 - 14	Stats SA Estimates	48		60	60	60	66	61	61	61	61
Females aged 15 - 34	Stats SA Estimates	100		123	123	123	60	125	125	126	126
Males aged 15 - 34	Stats SA Estimates	100		123	123	123	60	125	125	126	126
Unemployment	Stats SA Estimates	211		204	204	204	151	207			
<b>Monthly household income (no. of households)</b>											
No income	Stats SA	21,485		24,585	24,585	24,585	24,585	24,585	24,585	24,585	24,585
R1 - R4 800	Stats SA	7,473		8,551	8,551	8,551	8,551	8,551	8,551	8,551	8,551
R4801 - R9600	Stats SA	13,234		15,051	15,051	15,051	15,051	15,051	15,051	15,051	15,051
R9601 - R19600	Stats SA	30,048		34,367	34,367	34,367	34,367	34,367	34,367	34,367	34,367
R19601 - R38200	Stats SA	30,671		35,053	35,053	35,053	35,053	35,053	35,053	35,053	35,053
R38201 - R76400	Stats SA	18,216		20,794	20,794	20,794	20,794	20,794	20,794	20,794	20,794
R76401 - R153800	Stats SA	12,611		14,454	14,454	14,454	14,454	14,454	14,454	14,454	14,454
R153801 - R307600	Stats SA	11,210		12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900
R307 601- R614400	Stats SA	7,162		8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201
R614 001 - R 1 228 800	Stats SA	2,491		2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834
R1228801- R2 457 600	Stats SA	623		691	691	691	691	691	691	691	691
> R2457601	Stats SA	467		510	510	510	510	510	510	510	510
<b>Household/demographics (000)</b>											
Number of people in municipal area		508,277		628,999	579	638	629	638	629	629	629
Number of households in municipal area		124,978		130,361	130	130	178	157	178	178	178
<b>Housing statistics</b>											
Formal		99,107		110,285	110,285	110,285	171,539	135,688	171,539	171,539	171,539
Informal		25,871		20,076	20,076	20,076	6,462	20,878	6,462	6,462	6,462
<b>Total number of households</b>		<b>124,978</b>	<b>-</b>	<b>130,361</b>	<b>130,361</b>	<b>130,361</b>	<b>178,001</b>	<b>156,566</b>	<b>178,001</b>	<b>178,001</b>	<b>178,001</b>
<b>Economic</b>											
Inflation/inflation outlook (CPIX)					5.4%	6.0%	6.0%	5.1%	6.2%	5.9%	5.5%
Interest rate - borrowing					17.0%	8.8%	8.8%	9.0%	9.0%	9.0%	9.0%
Interest rate - investment					8.5%	7.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases					8.5%	6.0%	6.0%	6.2%	6.8%	6.4%	6.4%
Consumption growth (electricity)					1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Consumption growth (water)					1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Collection rates</b>											
Property tax/service charges					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Rental of facilities & equipment					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



**Table 65 MBRR PHA Budget**

DESCRIPTION	2010/2011	2011/2012	2012/2013	Current Year 2013/2014			2014/15 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year + 2 2016/17
<b>INCOME</b>									
Rental Income	10,069,286	10,343,912	10,393,100	12,308,110	10,518,480	10,518,480	12,308,110	33,345,070	35,012,324
Admin Fee	23,300	16,400	32,800	57,800	48,000	48,000	63,580	69,938	73,435
Grant- Municipality		5,881,695	5,300,000	4,900,000	6,700,000	6,700,000	5,000,000	2,600,000	2,730,000
Fair Value adjustment of property	9,270,677								
Interest Received	1,702	27,924	2,639	65,000	220	220	71,500	78,650	82,583
Bad debt reversal			2,365,001	-					
<b>TOTAL OPERATIONAL INCOME</b>	<b>19,364,965</b>	<b>16,269,931</b>	<b>18,093,540</b>	<b>17,330,910</b>	<b>17,266,700</b>	<b>17,266,700</b>	<b>17,443,190</b>	<b>36,093,658</b>	<b>37,898,341</b>
<b>TOTAL INCOME</b>	<b>19,364,965</b>	<b>16,269,931</b>	<b>18,093,540</b>	<b>17,330,910</b>	<b>17,266,700</b>	<b>17,266,700</b>	<b>17,443,190</b>	<b>36,093,658</b>	<b>37,898,341</b>
<b>EXPENDITURE</b>									
<b>DIRECTORS EMOLUMENTS</b>	<b>16,083</b>	<b>1,140,629</b>	<b>1,208,924</b>	<b>1,349,815</b>	<b>1,227,100</b>	<b>1,227,100</b>	<b>1,349,810</b>	<b>1,484,791</b>	<b>1,484,791</b>
Directors -Subsistence, accomodation & Travel		114,858	161,279	227,051	206,410	206,410	227,051	227,051	227,051
Directors - Remuneration	16,083	1,025,771	1,047,645	1,122,764	1,020,690	1,020,690	1,122,764	1,122,764	122,764
<b>EMPLOYMENT COST</b>	<b>3,334,264</b>	<b>3,324,544</b>	<b>3,003,020</b>	<b>3,845,720</b>	<b>3,916,443</b>	<b>3,916,443</b>	<b>4,503,530</b>	<b>6,327,831</b>	<b>6,644,223</b>
Salaries	2,732,539	2,727,569	2,458,003	3,165,647	3,268,676	3,268,676	3,746,259	5,559,127	5,837,083
UIF	15,037	15,457	14,181	21,924	22,395	22,395	25,419	25,217	26,478
Medical aid	104,079	142,321	146,500	190,600	202,806	202,806	202,806	219,229	230,190
Provident fund	133,051	181,925	172,927	136,476	140,003	140,003	160,869	156,975	164,824
13 Cheque	176,087	105,074	111,902	165,915	165,915	165,915	199,191	190,836	200,378
Workmanns Compensations	597	283	497	675	675	675	675	776	815
Skills Development Levy	29,653	27,917	27,010	24,483	24,973	24,973	28,311	28,161	29,569
Temporary Staff	50,252	5,440		10,000	10,000	10,000	10,000	11,502	12,077
Overtime	8,469	17,893		40,000	-	-	40,000	46,008	48,308
Housing	84,500	100,665	72,000	90,000	81,000	81,000	90,000	90,000	94,500
<b>GENERAL EXPENSES</b>	<b>8,711,999</b>	<b>14,135,965</b>	<b>10,136,352</b>	<b>8,750,231</b>	<b>10,348,743</b>	<b>10,348,743</b>	<b>10,649,075</b>	<b>24,772,180</b>	<b>26,010,789</b>
Advertising, Marketing & Promotion		9,819	25,047	100,000	75,000	75,000	110,000	121,000	127,050
Audit fees	200,931	254,974	259,227	450,000	425,000	425,000	450,000	544,500	571,725
Accounting Fees					150,000	150,000	100,000	250,000	262,500
Bank Charges	81,663	79,767	76,398	214,000	150,000	150,000	200,000	258,940	271,887
Landscapping and garden services	12,240	7,712		80,000	40,000	40,000	40,000	96,800	101,640
Communications - Telephone and Cellphone	157,696	174,981	174,681	216,000	216,000	216,000	250,000	261,360	274,428
Credit Checks		2,172	1,453	50,000	30,000	30,000	30,000	60,500	63,525
Depreciation, amortisation and Impairments	222,244	4,281,936	3,586,263	60,000	3,500,000	3,500,000	3,000,000	72,600	76,230
Debt Impairment	1,736,697	3,212,511	-						
Motor v ehicle expenses - Fuel	13,614	20,387	18,587	26,000	26,000	26,000	28,600	31,460	33,033
Motor v ehicle expenses - Repairs		6,000		10,000	10,000	10,000	11,000	12,100	12,705
Institute Membership Fees	12,638	15,240	21,795	120,000	80,000	80,000	132,000	145,200	152,460
Insurance	159,262	196,010	218,256	483,688	450,000	450,000	532,057	585,263	614,526
NHFC Repayment	3,835,602	2,950,159	3,519,313	3,360,000	2,700,000	2,700,000	2,700,000	18,000,000	18,900,000

## PHA Budget - Continued

DESCRIPTION	2010/2011	2011/2012	2012/2013	Current Year 2013/2014			2014/15 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year + 2 2016/17
IT Infrastructure and maintenance							-		-
Software Licences				76,743	76,743	76,743	84,417	92,859	97,502
Postage & Courier	670	3,030	2,090	4,000	4,000	4,000	4,400	4,840	5,082
Printing and Stationery	13,703	26,098	14,663	93,800	60,000	60,000	100,000	113,498	119,173
Professional Fees	68,900	52,127	11,571	-		-			-
Rates and taxes(Ga Rena)	-	785,940	1,224,182	1,500,000	900,000	900,000	960,000	1,815,000	1,905,750
Office groceries	10,286	15,412	5,071	12,000	10,000	10,000	13,200	14,520	15,246
Rental - External Equipment	50,613	65,811	48,552	72,000	90,000	90,000	79,200	87,120	91,476
Security	1,060,706	1,631,452	544,725	1,044,000	788,000	788,000	1,148,400	1,263,240	1,326,402
Subsistence and Travel	34,419	29,412	40,355	100,000	100,000	100,000	110,000	121,000	127,050
Seminars and workshops	63,101	126,537	243,165	310,000	250,000	250,000	341,000	375,100	393,855
Tenant training				20,000	20,000	20,000	22,000	24,200	25,410
Safety clothing	13,017	5,434	7,478	48,000	48,000	48,000	52,800	58,080	60,984
Legal expenses	868,237	183,044	-	150,000	50,000	50,000	50,000	181,500	190,575
Valuation fees	95,760	-	93,480	150,000	100,000	100,000	100,000	181,500	190,575
<b>REPAIRS AND MAINTENANCE</b>	<b>291,740</b>	<b>342,417</b>	<b>302,729</b>	<b>388,000</b>	<b>388,000</b>	<b>388,000</b>	<b>626,800</b>	<b>1,469,480</b>	<b>1,542,954</b>
Repairs & Maintenance - Office				388,000	388,000		426,800	1,469,480	1,542,954
<b>TOTAL OPERATIONAL COST</b>	<b>12,354,086</b>	<b>18,943,555</b>	<b>14,651,025</b>	<b>14,333,767</b>	<b>15,880,286</b>	<b>15,880,286</b>	<b>17,129,215</b>	<b>34,054,282</b>	<b>35,682,757</b>
<b>CAPITAL BUDGET</b>				<b>88,000</b>	<b>123,000</b>	<b>123,000</b>	<b>240,000</b>		
<b>TOTAL EXPENSES</b>	<b>12,354,086</b>	<b>18,943,555</b>	<b>14,651,025</b>	<b>14,421,767</b>	<b>16,003,286</b>	<b>16,003,286</b>	<b>17,369,215</b>	<b>34,054,282</b>	<b>35,682,757</b>
<b>SURPLUS/(DEFICIT)</b>	<b>7,010,879</b>	<b>-2,673,624</b>	<b>3,442,515</b>	<b>2,909,144</b>	<b>1,263,414</b>	<b>1,263,414</b>	<b>73,975</b>	<b>2,039,376</b>	<b>2,215,584</b>

## Municipal manager's quality certificate



### Office of the Municipal Manager

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

PRINT NAME

MRS. T.C. MAMETJA

MUNICIPAL MANAGER OF POLOKWANE MUNICIPALITY (LIM354)

SIGNATURE

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DATE

29 MAY 2014