

ANNUAL BUDGET OF
UMSOBOMVU
MUNICIPALITY

2013/14 TO 2015/16

**MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor’s Report

In his Budget Speech to Parliament on 27 February 2013, the Minister of Finance said: “Hope and confidence come from energetic involvement and a willingness to make a direct contribution to change. The imperatives of change are not just challenges to government, they confront all of society. A new framework for development is an opportunity to unite around an inclusive vision, and join hands in constructing a shared future. Our new story, our period of transition, is about building modern infrastructure, a vibrant economy, a decent quality of life for all, reduced poverty, decent employment opportunities. It is a story that must be written by all of us. Not just by government. Not just by business. Not just by unions. By all of us, South Africans from all corners of our country.”

Management within local government has a significant role to play in strengthening the link between the citizen and government’s overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Umsobomvu Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

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

1.2 Council Resolutions

On 18 April 2013 the Council of Umsobomvu Municipality Local Municipality met in the Council Chambers of Umsobomvu Municipality to consider the draft annual budget of the municipality for the financial year 2013/2014. The Council approved and adopted the following resolutions:

1. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/2014 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
- 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 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Umsobomvu Municipality 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 2012:
- 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure C
 - 2.4. the tariffs for sanitation services – as set out in Annexure E
 - 2.5. the tariffs for solid waste services – as set out in Annexure F
3. The Council of Umsobomvu Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexure G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of Umsobomvu Municipality Local Municipality approves:
- 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are 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.

1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R.393 million or 1.8 percent of the current financial year's adjusted budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2013/2014 MTREF.

The main challenges experienced during the compilation of the 2013/2014 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/2014 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/2014 MTREF:

- The 2012/13 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 2013/2014 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

- An upper limit of R90 million was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Furniture and office equipment;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/2014 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/2014 MTREF

	Adjustment Budget2013/2014	Budget year+1 2013/2014	Budget year +2 2014/2015	Budget year +3 2015/2016
Total Operating Revenue	78 818 810	88 379 746	92 161 227	97 814 196
Total Operating Expenditure	107 143 509	116 698 279	120 851 741	126 547 758
<u>Surplus/(Deficit)</u>	<u>-28 324 698</u>	<u>-28 318 533</u>	<u>-28 690 513</u>	<u>-28 733 562</u>
Total Capital Expenditure	65 079 251	71 017 939	47 898 000	47 478 000

Total operating revenue has grown by 12.13 per cent or R9.56million for the 2013/2014 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 4.28 and 6.13 per cent respectively, equating to a total revenue growth of R18.99 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/2014 financial year has been appropriated at R116 698million and translates into a budgeted deficit of R28 319 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 9 per cent in the 2013/2014 budget and by 3.5 and 4.7 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years increases to R28.691 and then results in a deficit of R28 734. These deficits will be non-cash related and is due to the council providing for infrastructure impairment and depreciation.

The capital budget of R71 016 million for 2013/2014 is 7.59 per cent more when compared to the 2012/13 Adjustment Budget. The increase is due to additional grants sources for electricity projects. The capital programme decreases to R47.89 million in the 2014/15 financial year and then decreases with 14.4 per cent in 2014/15 to R47.48million. All capital over the MTREF will be financed by Grants from National and

Provincial government and own revenue. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Umsobomvu 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 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/2014 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	% Increase/ (Decrease)	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source							
Property rates	4 151 512	4 194 000	4 194 000	4 445 640.00	6%	4 712 378.40	4 995 121.10
Property rates - penalties & collection charges	300 000	150 000	150 000	159 000.00	6%	168 540.00	178 652.40
Service charges - electricity revenue	19 865 099	19 500 000	19 500 000	21 060 000.00	8%	22 744 800.00	24 564 384.00
Service charges - water revenue	8 103 173	8 500 000	8 500 000	9 180 000.00	8%	9 730 800.00	10 314 648.00
Service charges - sanitation revenue	5 712 058	6 075 378	6 075 378	6 804 423.36	12%	7 416 821.46	7 861 830.75
Service charges - refuse revenue	4 643 444	4 862 638	4 862 638	5 198 060.00	7%	5 509 943.60	5 840 540.22
Rental of facilities and equipment	158 339	291 761	291 761	307 630.40	5%	324 451.96	342 282.82
Interest earned - external investments	18 000	21 500	21 500	21 500.00	0%	21 500.00	21 500.00
Interest earned - outstanding debtors	1 209 588	1 225 000	1 225 000	1 328 300.00	8%	1 424 618.00	1 520 859.08
Fines	1 875 520	1 237 500	1 237 500	12 600.00	-99%	13 230.00	13 891.50
Licences and permits	422 286	355 578	355 578	373 242.34	5%	391 789.46	411 263.93
Agency services	-	80 000	80 000	84 000.00	5%	88 200.00	92 610.00
Transfers recognised - operational	33 124 000	29 976 000	29 976 000	35 116 500.00	17%	36 613 400.00	39 044 900.00
Other revenue	372 540	2 349 455	2 349 455	4 288 850.00	83%	3 000 754.60	2 611 711.72
Total Revenue (excluding capital transfers and contributions)	79 955 559	78 818 810	78 818 810	88 379 746.10	12%	92 161 227.48	97 814 195.52

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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R38.938million or 54.9 per cent. This increases to R42 242million, R45.402 million and R48.581 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Property rates is the smallest revenue source from services totalling 5 per cent or R4.605 million rand and increases to R5.174 million by 2015/16. The smallest source is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R35.1179 million in the 2013/2014 financial year and steadily increases to R39.044 million by 2015/16. Note that the year-on-year growth for the 2013/2014 financial year is 17 per cent and then flattens out to 4.1 and 6.1 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	25 707	28 335	31 619	28 471	28 471	34 402	35 898	38 330
Equitable share		-	23 637	26 095	29 319	26 171	26 171	30 684	32 357	34 839
FINANCE MANAGEMENT		-	1 215	1 450	1 500	1 500	1 500	1 650	1 800	1 950
LOCAL ECON DEVELOPMENT		-	-	-	-	-	-	-	-	-
NEIGHBOURHOOD		-	-	-	-	-	-	-	-	-
MSIG		-	750	790	800	800	800	890	934	967
MIG ADMIN - PMU		-	-	-	-	-	-	678	557	574
SETA - TRAINING		-	105	-	-	-	-	500	250	-
SUBSIDY STATE		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	359	522	715	715	715	715	715	715
DEPT ART & CULTURE (LIBRARY)		-	359	522	715	715	715	715	715	715
YOUTH PROGRAMS		-	-	-	-	-	-	-	-	-
IMMUNISATION GRANT		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
DISTRICT MUNICIPALITY		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
IEC INFRASTRUCTURE		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	26 066	28 857	32 334	29 186	29 186	35 117	36 613	39 045
Capital Transfers and Grants										
National Government:		-	1 620	45 492	-	5 000	5 000	59 150	47 898	47 478
RBIG - DWAF		-	-	37 869	-	-	-	35 000	30 000	30 000
HOUSING PROJECTS		-	1 620	1 664	-	-	-	-	-	-
EEDG		-	-	59	-	5 000	5 000	4 500	4 750	-
MIG - CAPITAL		-	-	3 584	-	-	-	17 050	11 148	11 478
INEP		-	-	2 316	-	-	-	2 600	2 000	6 000
Provincial Government:		-	2 804	298	-	-	-	-	-	-
DISASTER		-	-	-	-	-	-	-	-	-
DEPRT OF SAFETY		-	2 804	298	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	4 424	45 790	-	5 000	5 000	59 150	47 898	47 478
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	30 490	74 647	32 334	34 186	34 186	94 267	84 511	86 523

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 and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). ;
- 20 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant’s account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/2014 financial year based on a 10 per cent increase from 1 July 2012 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2013/2014 financial y

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2012)
	C	C
Residential properties	.0109	0.011573
State owned properties	.0176	0.01866
Business & Commercial	.0128	0.0129267
Agricultural	.0027	0.00273

1.4.2 Sale of Water and Impact of Tariff Increases

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

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

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

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 8per cent from 1 July 2013 for water is proposed. This is based on input cost of inputs increasing by 6 per cent and the commissioning of the extended water treatment works. In addition 6 kℓ water per 30-day period will again be granted at a subsidized price to all residents.

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

Table 6 Proposed Water Tariffs

CATEGORY		CURRENT TARIFFS 2011/12 Rand per kℓ	PROPOSED TARIFFS 2013/2014 Rand per kℓ
RESIDENTIAL			
(i)	0 to 6 kℓ per 30-day period	3.86	R 4.09
(ii)	7 to 20 kℓ per 30-day period	4.66	R 4.94
(iii)	21 to 30 kℓ per 30-day period	5.99	R 6.35
(iv)	30+	7.91	R 8.38
NON-RESIDENTIAL			
(i)	0 – 60 kℓ per 30-day period	5.67	R 6.01
(ii)	60+kℓ per 30-day period	7.61	R 8.07

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

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

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	88.40	95.47	7.07	8%
30	135.00	145.80	10.80	8.0%
40	227.40	245.59	18.19	8.0%

The tariff structure of the 2013/2014 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R7.91 per kilolitre for consumption in excess of 30kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 8 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality’s revenue from electricity.

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

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

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

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	74.00	79.18	5,18.	7%
250	197.00	210.79	13,79	7%
500	469.50	502.36	32.86	7%
750	772.00	826.04	54.04	7%
1 000	1094.50	1 171.08	76.58	7%
2 000	2384.50	2 551.42	166.92	7%

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). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

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 2013/2014 medium-term capital programme, funding has been allocated to electricity infrastructure to decrease expenditure through alternative energy and consumption reducing equipment.

Sanitation and Impact of Tariff Increases

A tariff increase of 12 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 12 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The commissioning of the new sludge activated Waste water Treatment works compared to the previous oxidation pond system
The total revenue expected to be generated from rendering this service amounts to R6.804million for the 2013/2014 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

Description	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	2011/12	Current Year 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Waste water tariffs					
Basic charge/fixed fee (Rands/month)	72.30	75.92	85.02	92.67	98.23
Service point - vacant land (Rands/month)	41.73	43.82	49.07	53.49	56.70
Conservancy tank Households (1 service per month)	54.15	56.86	63.68	69.41	73.58
Conservancy tank Households (additional service per month).Payable in advance	57.40	60.27	67.50	73.58	77.99
Conservancy tank Schools per load	78.64	83.36	93.36	101.76	107.87
Conservancy tank Businesses per load with a minimum of 1 load per month.	78.64	83.36	93.36	101.76	107.87
Nightsoil Removal (per bucket per month)	39.38	41.35	46.31	50.48	53.51
Nightsoil Rondawel (per bucket per month)	27.77	29.16	32.66	35.60	37.73
Meatlands industrial effluent per month				-	-
Meatlands sewerage same as business tariffs				-	-
Meatlands dumpingcharges of blood and dung's per month	613.01	649.79	727.77	793.26	840.86
Sewerage household \Colesberg hoërskool\per month	72.30	75.92	85.02	92.68	98.24
Sewerage prison per point per month	240.83	255.28	285.91	311.65	330.34
Sewerage garages and state per point per month	144.94	153.64	172.07	187.56	198.81
Sewerage hospital per point per month	257.70	273.16	305.94	333.48	353.48
Sewerage bussiness normal	92.83	98.40	110.21	120.13	127.33
Sewerage business with minimum of 2 points pm	143.24	151.83	170.05	185.36	196.48
Sewerage business additional connection	34.48	36.55	40.93	44.62	47.30
Sewerage availability per month	41.73	43.82	49.07	53.49	56.70
Meatlands per sheep (Effluent)	0.59	0.63	0.70	0.76	0.81

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

Table 10 Comparison between current sanitation charges and increases, single dwelling- houses

Monthly sanitation Level of service	Current amount	Proposed amount	Difference
	payable	payable	(11% increase)
	R	R	R
Domestic – conservancy tanks	56.86	63.68	12%
Domestic - connected	75.92	85.02	12%

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure 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 2013. Higher increases will not be viable in 2013/2014 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 2013:

Table 11 Comparison between current waste removal fees and increases

	CURRENT TARIFFS 2010/11		PROPOSED TARIFFS 2011/12	
	WASTE REMOVAL	MUNICIPAL ITY CLEANING	WASTE REMOVAL	MUNICIPALI TY CLEANING
Domestic - monthly	1 bin	Per month (R) 57.76	1 bin	Per month (R) 61.23
Additional bin per month		19.68		20.68
Bussiness		78.46		88.16
Garden Refuse Households				5.82
				6.17

1.4.5 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 7.4 and 7.6 per cent and 7.6 per cent for indigents.

NC072 Umsobomvu - Supporting Table SA14 Household bills											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		570.83	570.83	605.08	622.21	622.21	622.21	6.0%	659.54	699.12	741.06
Electricity: Basic levy		47.56	49.94	52.44	55.58	55.58	55.58	7.0%	59.47	64.23	69.37
Electricity: Consumption		646.00	760.00	946.50	1 081.00	1 081.00	1 081.00	7.0%	1 156.67	1 249.20	1 349.14
Water: Basic levy		49.65	51.14	52.67	55.30	55.30	55.30	8.0%	59.72	63.31	67.11
Water: Consumption		130.82	135.34	140.92	148.30	148.30	148.30	8.0%	160.16	169.77	179.96
Sanitation		64.96	68.20	72.30	75.92	75.92	75.92	12.0%	85.03	92.68	98.24
Refuse removal		50.39	51.90	55.01	57.76	57.76	57.76	6.0%	61.23	64.90	68.79
Other											
sub-total		1 560.21	1 687.35	1 924.92	2 096.07	2 096.07	2 096.07	7.0%	2 241.83	2 403.21	2 573.67
VAT on Services											
Total large household bill:		1 560.21	1 687.35	1 924.92	2 096.07	2 096.07	2 096.07	7.0%	2 241.83	2 403.21	2 573.67
% increase/-decrease			8.1%	14.1%	8.9%	-	-		7.0%	7.2%	7.1%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		58.33	60.07	428.42	440.54	440.54	440.54	6.0%	466.97	494.99	524.69
Electricity: Basic levy		47.56	49.94	49.94	55.58	55.58	55.58	7.0%	59.47	64.23	69.37
Electricity: Consumption		321.70	378.48	402.00	456.00	456.00	456.00	7.0%	487.92	526.95	569.11
Water: Basic levy		49.65	51.14	52.67	55.30	55.30	55.30	8.0%	59.72	63.31	67.11
Water: Consumption		105.17	108.41	112.67	118.35	118.35	118.35	8.0%	127.82	135.49	143.62
Sanitation		64.96	68.20	68.20	75.92	75.92	75.92	12.0%	85.03	92.68	98.24
Refuse removal		50.39	51.90	51.90	57.76	57.76	57.76	6.0%	61.23	64.90	68.79
Other											
sub-total		697.76	768.14	1 165.80	1 259.45	1 259.45	1 259.45	7.0%	1 348.16	1 442.55	1 540.93
VAT on Services											
Total small household bill:		697.76	768.14	1 165.80	1 259.45	1 259.45	1 259.45	7.0%	1 348.16	1 442.55	1 540.93
% increase/-decrease			10.1%	51.8%	8.0%	-	-		7.0%	7.0%	6.8%
Monthly Account for Household - 'Indigent Household receiving free basic services'	3										
Rates and services charges:											
Property rates				251.75	258.88	258.88	258.88	6.0%	274.41	290.88	308.33
Electricity: Basic levy								7.0%	-		
Electricity: Consumption		160.85	189.24	201.00	228.00	228.00	228.00	7.0%	243.96	263.48	284.55
Water: Basic levy		49.65	51.14	52.67	55.30	55.30	55.30	8.0%	59.72	63.31	67.11
Water: Consumption		84.14	86.73	90.41	95.19	95.19	95.19	8.0%	102.81	108.97	115.51
Sanitation		64.96	68.20	72.30	75.92	75.92	75.92	12.0%	85.03	92.68	98.24
Refuse removal		50.39	51.90	55.01	57.76	57.76	57.76	6.0%	61.23	64.90	68.79
Other											
sub-total		409.99	447.21	723.14	771.05	771.05	771.05	7.3%	827.16	884.22	942.54
VAT on Services											
Total small household bill:		409.99	447.21	723.14	771.05	771.05	771.05	7.3%	827.16	884.22	942.54
% increase/-decrease			9.1%	61.7%	6.6%	-	-		7.3%	6.9%	6.6%

1.5 Operating Expenditure Framework

The Municipality’s expenditure framework for the 2013/14 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2013/2014 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by standard classification item

Expenditure by type	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	% Increase/ (Decrease)	Budget Year +1 2014/15	Budget Year +2 2015/16
Employee related costs	30 328 665	30 381 992	30 381 992	34 620 235.85	14%	36 802 796.73	39 140 504.53
Remuneration of councillors	1 922 170	2 670 765	2 670 765	2 804 303.60	5%	2 944 518.78	3 091 744.72
Debt impairment	3 843 777	4 065 118	4 065 118	4 392 863.55	8%	4 683 491.27	4 960 345.86
Depreciation & asset impairment	917 758	27 449 122	27 449 122	27 586 963.48	1%	27 659 178.48	27 738 623.48
Finance charges	325 239	160 250	160 250	364 322.00	127%	354 149.00	339 149.00
Bulk purchases	15 524 124	15 510 000	15 510 000	16 726 000.00	8%	18 039 280.00	19 457 622.40
Other materials							
Contracted services	634 000	634 000	634 000	672 040.00	6%	712 362.40	755 104.14
Transfers and grants	-	-	-	-		-	-
Other expenditure	26 786 684	26 271 032	26 271 032	29 530 322.87	12%	29 654 735.83	31 063 435.37
Loss on disposal of PPE	-	1 228	1 228	1 228.13	0%	1 228.13	1 228.13
Total Expenditure	80 282 417	107 143 509	107 143 509	116 698 279.47	9%	120 851 740.62	126 547 757.63

The budgeted allocation for employee related costs for the 2013/2014 financial year totals R34.6 million, which equals 29.7 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement which expires at the end of the current financial year, salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2013/2014 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of R2 .78 million in the 2013/2014 financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The fact that a settlement has not been reached by the SALGBC parties in the salary dispute resulted in a uncertainty on this area of expenditure. A preliminary amount of R3 million has been included in the 2013/2014 MTREF. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2013/2014 financial year this amount equates to R4.4 million and escalates to R4.7 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. 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 1.17 per cent (R.364 million) of operating expenditure excluding annual redemption for 2013/2014. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 1.17 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. 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 Municipality’s repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality’s infrastructure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2013/2014 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/2014 financial year, this group of expenditure totals R.65 million and has escalated by 6 per cent. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 12 per cent for 2013/2014 and curbed at 6.2 and 5.9 per cent for the two outer years, indicating that significant cost savings have been already realised. The following table gives a breakdown of the main expenditure categories for the 2013/2014 financial year.

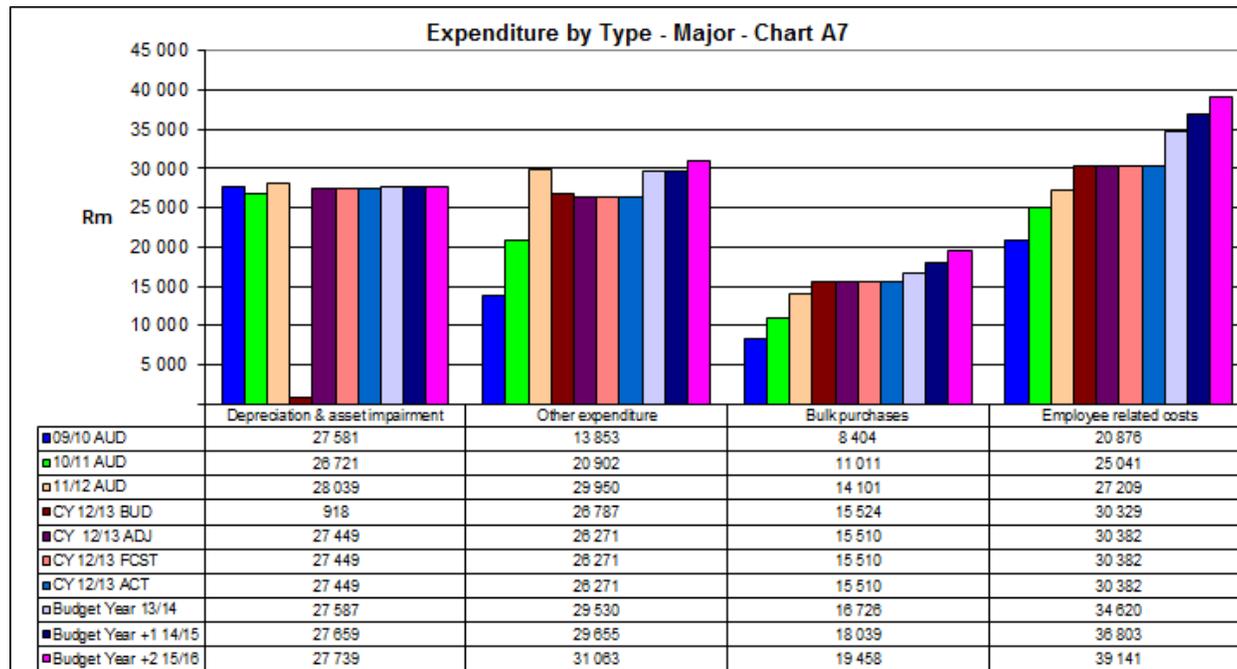


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/2014 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.

During the compilation of the 2013/2014 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 18 per cent in the 2013/2014 financial year, from R2.3 million to R2.7 million. This strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/2014 equates to R2.7 million a growth of 18 per cent in relation to the Adjustment Budget and continues to grow at 7 and 6.2 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 3.4 per cent for the respective financial years of the MTREF. This is mainly due to bulk electricity purchases that continually exceed growth in other expenditure items.

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

Table 13 Repairs and maintenance per asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	858	1 480	1 516	1 181	1 181	1 199	1 238	1 278
Infrastructure - Road transport		-	194	524	530	230	230	230	230	230
Roads, Pavements & Bridges		-	194	524	530	230	230	230	230	230
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	390	522	722	601	601	601	621	641
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	359	443	421	421	421	421	421	421
Street Lighting		-	31	79	301	180	180	180	200	220
Infrastructure - Water		-	250	425	232	300	300	318	337	357
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	250	425	232	300	300	318	337	357
Infrastructure - Sanitation		-	24	8	33	50	50	50	50	50
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	24	8	33	50	50	50	50	50
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	6	3	53	25	25	25	25	25
Parks & gardens		-	2	3	27	5	5	5	5	5
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	4	-	26	20	20	20	20	20
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		1 286	1 564	934	1 098	902	902	1 002	1 007	1 012
General vehicles		1 286	656	541	571	583	583	583	583	583
Specialised vehicles		-	10	2	-	-	-	-	-	-
Plant & equipment		-	450	158	195	129	129	204	209	213
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	33	14	81	45	45	45	45	45
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	370	206	195	139	139	164	164	164
Other Land		-	6	14	57	8	8	8	8	8
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	1 286	2 429	2 418	2 668	2 108	2 108	2 226	2 270	2 315
Specialised vehicles		-	10	2	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	10	2	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

For the 2013/2014 financial year, 53.8 per cent or R2.3 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 50 per cent (R.601million), followed by water infrastructure at 26.5 per cent (R.319 million), water at 12.5per cent (R.341 million) and sanitation at 4.1 per cent (R.050 million). Community assets have been allocated R.025 million of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3132 or more indigent households during the 2013/2014 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

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

1.6 Capital expenditure

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

Table 14 2011/12 Medium-term capital budget per vote

NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	30 050	57 557	35 000	35 000	35 000	63 367	45 898	41 478
Capital multi-year expenditure sub-total	7	-	-	30 050	57 557	35 000	35 000	35 000	63 367	45 898	41 478
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		87	-	476	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		2 623	-	482	-	-	-	-	1 550	-	-
Vote 3 - COMMUNITY SERVICES		14	23	218	-	2 103	2 103	2 103	-	-	-
Vote 4 - TECHNICAL SERVICES		6 355	27 496	13 733	4 300	27 976	27 976	27 976	6 100	2 000	6 000
Capital single-year expenditure sub-total		9 080	27 518	14 910	4 300	30 079	30 079	30 079	7 650	2 000	6 000
Total Capital Expenditure - Vote		9 080	27 518	44 960	61 857	65 079	65 079	65 079	71 017	47 898	47 478

For 2013/2014 an amount of R71.017 million has been appropriated for the development of infrastructure which represents 99 per cent of the total capital budget. In the outer years this amount totals R47.898 million, 100 per cent and R47.478million, 100 per cent respectively for each of the financial years. Water services receives the highest allocation of R 58 million in 2013/2014 which equates to 93 per cent followed by electricity infrastructure at 5 per cent, R7.1 million.

Total new assets represent 100 per cent or R million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity for all (backlog eradication) – R2.6 million;
- Bulk supply and backlog eradication of water – R48. million;
- Backlog eradication of roads – R3.5. million;

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

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

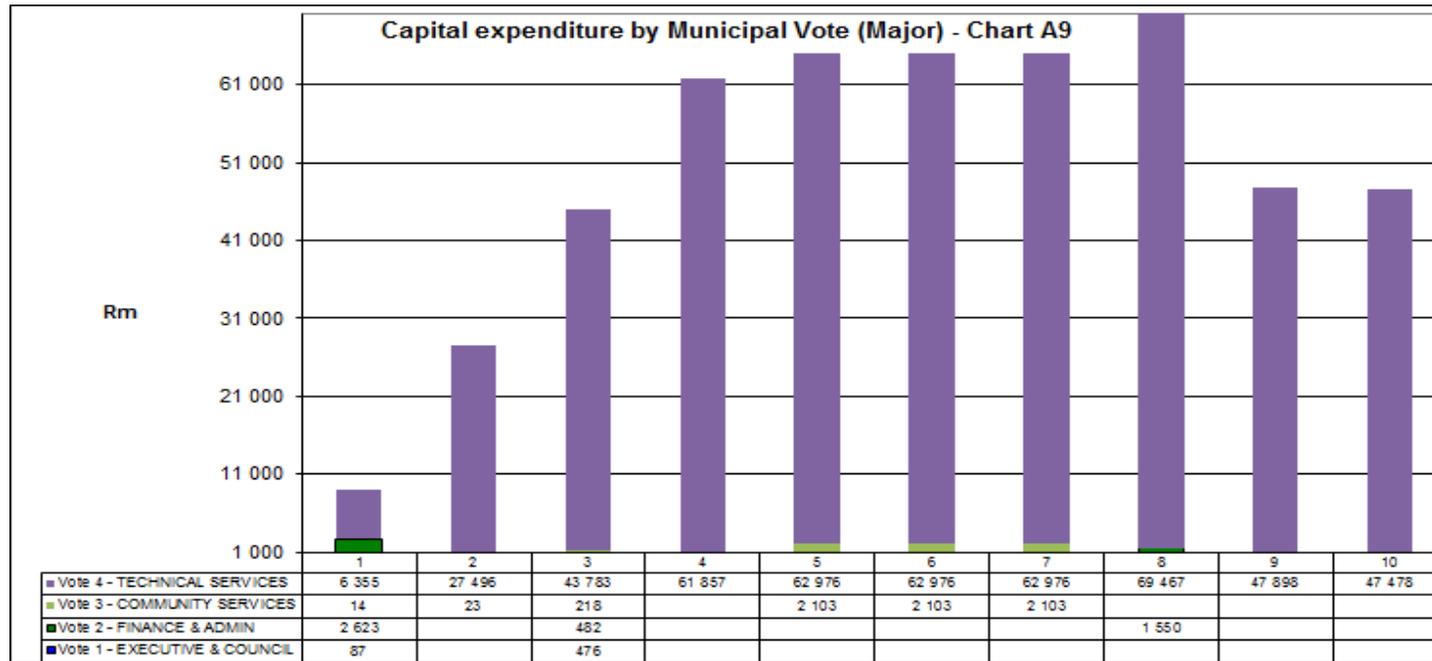


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R2 million by 2016/17. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/2014 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

NC072 Umsobomvu - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	3 729	4 371	4 431	4 452	4 344	4 344	4 344	4 605	4 881	5 174
Service charges	29 777	30 078	35 052	38 324	38 938	38 938	38 938	42 242	45 402	48 581
Investment revenue	102	56	419	18	22	22	22	22	22	22
Transfers recognised - operational	20 613	26 451	28 857	33 124	29 976	29 976	29 976	35 117	36 613	39 045
Other own revenue	3 530	7 492	14 559	4 038	5 539	5 539	5 539	6 395	5 243	4 993
Total Revenue (excluding capital transfers and contributions)	57 751	68 447	83 318	79 956	78 819	78 819	78 819	88 380	92 161	97 814
Employee costs	20 876	25 041	27 209	30 329	30 382	30 382	30 382	34 620	36 803	39 141
Remuneration of councillors	2 119	2 218	2 413	1 922	2 671	2 671	2 671	2 804	2 945	3 092
Depreciation & asset impairment	27 581	26 721	28 039	918	27 449	27 449	27 449	27 587	27 659	27 739
Finance charges	378	203	127	325	160	160	160	364	354	339
Materials and bulk purchases	9 690	11 011	14 101	15 524	15 510	15 510	15 510	16 726	18 039	19 458
Transfers and grants	17 588	-	-	-	-	-	-	-	-	-
Other expenditure	57 235	31 315	33 053	31 264	30 971	30 971	30 971	34 596	35 052	36 780
Total Expenditure	135 466	96 508	104 942	80 282	107 144	107 144	107 144	116 698	120 852	126 548
Surplus/(Deficit)	(77 715)	(28 060)	(21 624)	(327)	(28 325)	(28 325)	(28 325)	(28 319)	(28 691)	(28 734)
Transfers recognised - capital	15 535	30 985	46 378	-	5 000	5 000	5 000	59 150	47 898	47 478
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744
Capital expenditure & funds sources										
Capital expenditure	7 066	27 339	44 960	61 867	65 079	65 079	65 079	70 017	47 898	47 478
Transfers recognised - capital	9 080	27 518	44 002	61 857	52 857	52 857	52 857	69 467	47 898	47 478
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	4 374	4 374	4 374	-	-	-
Internally generated funds	-	-	958	-	7 848	7 848	7 848	1 550	-	-
Total sources of capital funds	9 080	27 518	44 960	61 857	65 079	65 079	65 079	71 017	47 898	47 478
Financial position										
Total current assets	18 193	22 278	56 668	14 179	56 286	56 286	56 286	26 291	25 291	25 291
Total non current assets	83 335	448 312	466 013	670 348	(390 847)	(390 847)	(390 847)	586 888	605 576	625 316
Total current liabilities	24 514	16 800	43 696	6 169	45 379	45 379	45 379	728	800	880
Total non current liabilities	14 335	19 281	20 424	11 963	25 820	25 820	25 820	3 646	2 846	1 966
Community wealth/Equity	62 679	434 508	458 561	666 395	(405 759)	(405 759)	(405 759)	608 805	627 222	647 761
Cash flows										
Net cash from (used) operating	11 099	26 612	76 774	65 436	55 726	55 726	55 726	62 811	51 550	51 443
Net cash from (used) investing	(7 069)	(27 333)	(44 954)	(61 857)	(65 080)	(65 080)	(65 080)	(71 017)	(47 898)	(47 478)
Net cash from (used) financing	(561)	291	(1 331)	(1 419)	(1 419)	(1 419)	(1 419)	(452)	(728)	(800)
Cash/cash equivalents at the year end	1 549	1 118	31 607	33 766	20 834	20 834	20 834	12 176	15 100	18 266
Cash backing/surplus reconciliation										
Cash and investments available	1 937	2 207	31 995	500	31 995	31 995	31 995	2 000	1 000	1 000
Application of cash and investments	(17 305)	(560)	5 984	(10 548)	20 641	20 641	20 641	(23 685)	(23 668)	(23 663)
Balance - surplus (shortfall)	19 242	2 767	26 011	11 048	11 354	11 354	11 354	25 685	24 668	24 663
Asset management										
Asset register summary (WDV)	7 162	27 339	44 960	464 102	447 636	447 636	518 653	518 653	565 001	612 479
Depreciation & asset impairment	27 581	26 721	28 039	918	27 449	27 449	27 587	27 587	27 659	27 739
Renewal of Existing Assets	-	-	-	-	5 000	-	-	7 500	5 000	-
Repairs and Maintenance	1 286	2 429	2 418	2 668	2 108	2 108	2 226	2 226	2 270	2 315
Free services										
Cost of Free Basic Services provided	550	648	648	13	55	13	8 329	8 329	8 967	9 537
Revenue cost of free services provided	1 196	1 298	1 298	810	810	810	665	665	670	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	0	0	0	0	0	0	0	0	0	0
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been eliminated.

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

NC072 Umsobomvu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		42 227	38 270	34 554	36 406	35 316	35 316	42 277	43 140	45 717
Executive and council		18 948	23 637	26 095	29 319	26 171	26 171	30 684	32 357	34 839
Budget and treasury office		23 278	14 246	7 726	6 938	8 837	8 837	11 266	10 437	10 511
Corporate services		1	386	733	149	308	308	327	347	367
<i>Community and public safety</i>		1 966	1 761	9 433	3 049	2 408	2 408	1 205	1 230	1 255
Community and social services		36	76	548	745	738	738	737	739	740
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 931	1 685	5 804	2 304	1 669	1 669	468	491	515
Housing		-	-	3 081	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		25	53	37	69	61	61	3 561	61	61
Planning and development		-	53	37	69	61	61	3 561	61	61
Road transport		25	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		29 067	59 349	85 672	40 431	46 034	46 034	100 487	95 629	98 259
Electricity		12 942	17 620	19 933	20 466	25 080	25 080	29 286	30 421	31 295
Water		7 344	32 550	38 559	9 259	9 665	9 665	58 812	51 865	52 821
Waste water management		4 821	5 062	22 517	5 913	6 276	6 276	7 029	7 662	8 122
Waste management		3 960	4 117	4 663	4 793	5 013	5 013	5 359	5 680	6 021
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	73 285	99 432	129 696	79 956	83 819	83 819	147 530	140 059	145 292
Expenditure - Standard										
<i>Governance and administration</i>		41 102	28 962	33 969	33 034	34 711	34 711	40 579	41 473	43 695
Executive and council		12 692	12 933	14 124	15 911	17 376	17 376	18 724	19 569	20 568
Budget and treasury office		26 362	12 718	15 827	10 950	11 250	11 250	14 842	14 505	15 319
Corporate services		2 049	3 311	4 019	6 173	6 085	6 085	7 014	7 399	7 807
<i>Community and public safety</i>		2 956	5 446	14 000	5 852	10 078	10 078	9 777	10 070	10 379
Community and social services		941	1 404	6 549	3 420	7 285	7 285	7 645	7 827	8 021
Sport and recreation		393	576	-	-	-	-	-	-	-
Public safety		1 309	1 462	5 374	1 997	2 365	2 365	1 695	1 779	1 869
Housing		314	2 004	2 077	434	428	428	438	463	489
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4 751	5 921	11 294	5 882	10 269	10 269	10 046	10 340	10 651
Planning and development		-	-	11 294	5 882	10 269	10 269	10 046	10 340	10 651
Road transport		4 751	5 921	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		86 657	56 179	45 679	35 513	52 085	52 085	56 296	58 968	61 822
Electricity		41 378	18 337	18 043	18 874	21 004	21 004	22 161	23 637	25 226
Water		35 870	7 020	19 564	7 499	19 144	19 144	19 801	20 242	20 713
Waste water management		4 946	26 938	4 460	4 820	6 406	6 406	8 594	9 101	9 628
Waste management		4 462	3 884	3 611	4 320	5 531	5 531	5 740	5 989	6 255
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	135 466	96 508	104 942	80 282	107 144	107 144	116 698	120 852	126 548
Surplus/(Deficit) for the year		(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	30 831	19 207	18 744

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

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

NC072 Umsobomvu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
Revenue by Vote										
Vote 1 - EXECUTIVE & COUNCIL	1	18 948	23 637	26 095	29 319	26 171	26 171	30 684	32 357	34 839
Vote 2 - FINANCE & ADMIN		23 291	14 632	8 459	7 087	9 145	9 145	11 593	10 783	10 878
Vote 3 - COMMUNITY SERVICES		5 914	5 907	14 095	7 843	7 421	7 421	6 564	6 910	7 277
Vote 4 - TECHNICAL SERVICES		25 132	55 256	81 046	35 707	41 082	41 082	98 688	90 009	92 298
Total Revenue by Vote	2	73 285	99 432	129 696	79 956	83 819	83 819	147 530	140 059	145 292
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE & COUNCIL	1	12 692	12 933	14 124	15 911	17 376	17 376	18 724	19 569	20 568
Vote 2 - FINANCE & ADMIN		28 760	16 029	19 442	16 748	16 970	16 970	21 477	21 506	22 706
Vote 3 - COMMUNITY SERVICES		7 069	9 330	17 943	10 531	15 666	15 666	15 843	16 403	16 998
Vote 4 - TECHNICAL SERVICES		86 945	58 216	53 433	37 092	57 131	57 131	60 654	63 374	66 275
Total Expenditure by Vote	2	135 466	96 508	104 942	80 282	107 144	107 144	116 698	120 852	126 548
Surplus/(Deficit) for the year	2	(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	30 831	19 207	18 744

References

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

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

Table 18 Surplus/(Deficit) calculations for the trading services

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	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
R thousand									
ELECTRICITY -Revenue	12 942	17 620	19 933	20 466	25 080	25 080	29 286	30 421	31 295
ELECTRICITY - Expenditure	41 378	18 337	18 043	18 874	21 004	21 004	22 161	23 637	25 226
	(28 437)	(717)	1 890	1 592	4 076	4 076	7 125	6 785	6 069
% Surplus(Deficit)	-219.73	-4.07	9.48	7.78	16.25	16.25	24.33	22.30	19.39
WATER - Revenue	7 344	32 550	38 559	9 259	9 665	9 665	58 812	51 865	52 821
4.5 - WATER Expenditure	35 870	7 020	19 564	7 499	19 144	19 144	19 301	19 712	20 151
4.6 - WATER TREATMENT WORKS		-	-	-	-	-	500	530	562
	(28 526)	25 530	18 994	1 760	(9 479)	(9 479)	39 011	31 623	32 108
% Surplus(Deficit)	-388.42	78.43	49.26	19.01	-98.08	-98.08	66.33	60.97	60.79

- The electricity trading surplus is deteriorating over the 2013/14 MTREF from 24.3 per cent or R7 million in 2013/14 to 19 per cent by 2014/15. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 66 per cent, 60 per cent and 60 per cent for each of the respective financial years.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**NC072 Umsobomvu - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	3 585	3 812	4 146	4 152	4 194	4 194	4 194	4 446	4 712	4 995
Property rates - penalties & collection charges		143	559	285	300	150	150	150	159	169	179
Service charges - electricity revenue	2	14 150	13 963	16 680	19 865	19 500	19 500	19 500	21 060	22 745	24 564
Service charges - water revenue	2	6 901	7 351	8 117	8 103	8 500	8 500	8 500	9 180	9 731	10 315
Service charges - sanitation revenue	2	4 621	4 835	5 506	5 712	6 075	6 075	6 075	6 804	7 417	7 862
Service charges - refuse revenue	2	3 806	3 929	4 478	4 643	4 863	4 863	4 863	5 198	5 510	5 841
Service charges - other		298		270	-	-	-	-	-	-	-
Rental of facilities and equipment		388	408	379	158	292	292	292	308	324	342
Interest earned - external investments		102	56	419	18	22	22	22	22	22	22
Interest earned - outstanding debtors		1 110	1 258	1 431	1 210	1 225	1 225	1 225	1 328	1 425	1 521
Dividends received											
Fines		1 573	1 313	5 365	1 876	1 238	1 238	1 238	13	13	14
Licences and permits		362	373	435	422	356	356	356	373	392	411
Agency services						80	80	80	84	88	93
Transfers recognised - operational		20 613	26 451	28 857	33 124	29 976	29 976	29 976	35 117	36 613	39 045
Other revenue	2	97	4 140	6 948	373	2 349	2 349	2 349	4 289	3 001	2 612
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		57 751	68 447	83 318	79 956	78 819	78 819	78 819	88 380	92 161	97 814
Expenditure By Type											
Employee related costs	2	20 876	25 041	27 209	30 329	30 382	30 382	30 382	34 620	36 803	39 141
Remuneration of councillors		2 119	2 218	2 413	1 922	2 671	2 671	2 671	2 804	2 945	3 092
Debt impairment	3	42 907	6 008	2 021	3 844	4 065	4 065	4 065	4 393	4 683	4 960
Depreciation & asset impairment	2	27 581	26 721	28 039	918	27 449	27 449	27 449	27 587	27 659	27 739
Finance charges		378	203	127	325	160	160	160	364	354	339
Bulk purchases	2	8 404	11 011	14 101	15 524	15 510	15 510	15 510	16 726	18 039	19 458
Other materials	8	1 286									
Contracted services		475	4 405	675	634	634	634	634	672	712	755
Transfers and grants		17 588									
Other expenditure	4, 5	13 853	20 902	29 950	26 787	26 271	26 271	26 271	29 530	29 655	31 063
Loss on disposal of PPE				407		1	1	1	1	1	1
Total Expenditure		135 466	96 508	104 942	80 282	107 144	107 144	107 144	116 698	120 852	126 548
Surplus/(Deficit)		(77 715)	(28 060)	(21 624)	(327)	(28 325)	(28 325)	(28 325)	(28 319)	(28 691)	(28 734)
Transfers recognised - capital		15 535	30 985	46 378		5 000	5 000	5 000	59 150	47 898	47 478
Contributions recognised - capital											
Contributed assets	6										
Surplus/(Deficit) after capital transfers & contributions		(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744
Taxation											
Surplus/(Deficit) after taxation		(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744

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

1. Total revenue is R88.380 million in 2013/14 and escalates to R97.814 million by 2015/16. This represents a year-on-year increase of 4.1 per cent for the 2013/2014 financial year and 6 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R4.446 million in the 2013/14 financial year and increases to R4.995 million by 2015/16 which represents 5 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R42.242 million for the 2013/2014 financial year and increasing to R48.581 million by 2015/16. For the 2012/13 financial year services charges amount to 48 per cent of the total revenue base and grows by 1 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 4 per cent and 6 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.

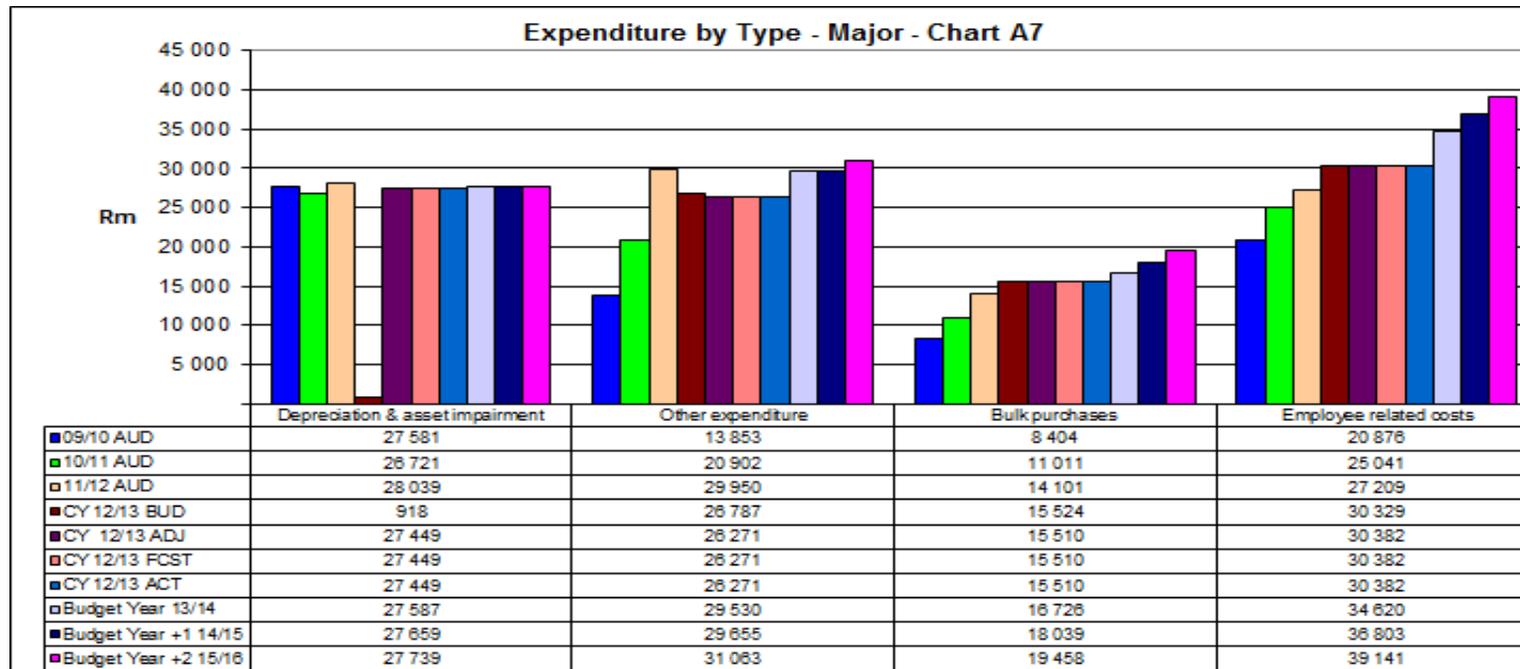


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2009/2010 to 2014/15 period escalating from R8.270 million to R16.416 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
7. 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

NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	30 050	57 557	35 000	35 000	35 000	63 367	45 898	41 478
Capital multi-year expenditure sub-total	7	-	-	30 050	57 557	35 000	35 000	35 000	63 367	45 898	41 478
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		87	-	476	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		2 623	-	482	-	-	-	-	1 550	-	-
Vote 3 - COMMUNITY SERVICES		14	23	218	-	2 103	2 103	2 103	-	-	-
Vote 4 - TECHNICAL SERVICES		6 355	27 496	13 733	4 300	30 476	30 476	30 476	6 100	2 000	6 000
Capital single-year expenditure sub-total		9 080	27 518	14 910	4 300	32 579	32 579	32 579	7 650	2 000	6 000
Total Capital Expenditure - Vote		9 080	27 518	44 960	61 857	67 579	67 579	67 579	71 017	47 898	47 478
Capital Expenditure - Standard											
Governance and administration		-	4	685	-	-	-	-	1 550	-	-
Executive and council		-	-	477	-	-	-	-	-	-	-
Budget and treasury office		-	4	198	-	-	-	-	1 550	-	-
Corporate services		-	-	10	-	-	-	-	-	-	-
Community and public safety		-	23	365	-	131	131	131	-	-	-
Community and social services		-	-	365	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	23	-	-	-	-	-	-	-	-
Housing		-	-	-	-	131	131	131	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		49	-	55	1 000	1 444	1 444	1 444	3 500	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		49	-	55	1 000	1 444	1 444	1 444	3 500	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		7 066	27 313	43 855	60 857	63 505	63 505	63 505	65 967	47 898	47 478
Electricity		1 274	1 836	2 398	3 300	23 300	23 300	23 300	7 100	6 750	6 000
Water		5 323	63	27 806	57 557	30 000	30 000	30 000	58 867	41 148	41 478
Waste water management		-	25 414	13 433	-	8 233	8 233	8 233	-	-	-
Waste management		469	-	218	-	1 972	1 972	1 972	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	7 116	27 339	44 960	61 857	65 079	65 079	65 079	71 017	47 898	47 478
Funded by:											
National Government		9 080	27 518	44 002	61 857	52 857	52 857	52 857	56 650	47 898	47 478
Provincial Government		-	-	-	-	2 500	2 500	2 500	2 500	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	9 080	27 518	44 002	61 857	55 357	55 357	55 357	59 150	47 898	47 478
Public contributions & donations	5										
Borrowing	6					4 374	4 374	4 374			
Internally generated funds				958		7 848	7 848	7 848	11 867		
Total Capital Funding	7	9 080	27 518	44 960	61 857	67 579	67 579	67 579	71 017	47 898	47 478

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R63.367 million for the 2013/2014 financial year and remains relatively constant over the MTREF at levels of R45.898 million and R47.478 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers. For 2013/2014, capital transfers totals R71 million (100 per cent) and R47.478 million by 2013/14 (100 per cent). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 21 MBRR Table A6 - Budgeted Financial Position**NC072 Umsobomvu - Table A6 Budgeted Financial Position**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		1 705	1 101	11 620	-	-	-	-	-	-	-
Call investment deposits	1	632	1 506	20 375	500	31 995	31 995	31 995	2 000	1 000	1 000
Consumer debtors	1	14 821	13 430	21 514	13 679	24 291	24 291	24 291	24 291	24 291	24 291
Other debtors		991	5 830	2 777	-	-	-	-	-	-	-
Current portion of long-term receivables			4	-	-	-	-	-	-	-	-
Inventory	2	44	408	382	-	-	-	-	-	-	-
Total current assets		18 193	22 278	56 668	14 179	56 286	56 286	56 286	26 291	25 291	25 291
Non current assets											
Long-term receivables		9	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		348	238	1 655	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	82 978	447 659	464 102	670 348	(390 847)	(390 847)	(390 847)	585 338	605 576	625 316
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	415	256	-	-	-	-	1 550	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		83 335	448 312	466 013	670 348	(390 847)	(390 847)	(390 847)	586 888	605 576	625 316
TOTAL ASSETS		101 528	470 590	522 681	684 527	(334 560)	(334 560)	(334 560)	613 179	630 868	650 607
LIABILITIES											
Current liabilities											
Bank overdraft	1	400	400	-	-	-	-	-	-	-	-
Borrowing	4	1 058	1 331	252	1 419	452	452	452	728	800	880
Consumer deposits		545	556	606	-	-	-	-	-	-	-
Trade and other payables	4	11 978	14 513	42 838	4 750	44 927	44 927	44 927	-	-	-
Provisions		10 533	-	-	-	-	-	-	-	-	-
Total current liabilities		24 514	16 800	43 696	6 169	45 379	45 379	45 379	728	800	880
Non current liabilities											
Borrowing		1 251	546	295	5 263	5 000	5 000	5 000	3 646	2 846	1 966
Provisions		13 084	18 735	20 129	6 700	20 820	20 820	20 820	-	-	-
Total non current liabilities		14 335	19 281	20 424	11 963	25 820	25 820	25 820	3 646	2 846	1 966
TOTAL LIABILITIES		38 849	36 081	64 120	18 132	71 199	71 199	71 199	4 374	3 646	2 846
NET ASSETS	5	62 679	434 508	458 561	666 395	(405 759)	(405 759)	(405 759)	608 805	627 222	647 761
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		62 679	434 078	458 131	666 395	(405 759)	(405 759)	(405 759)	608 805	627 222	647 761
Reserves	4	-	430	430	-	-	-	-	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	62 679	434 508	458 561	666 395	(405 759)	(405 759)	(405 759)	608 805	627 222	647 761

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		68 550	32 824	80 641	45 509	47 595	47 595	47 595	51 913	54 102	57 227
Government - operating	1	20 613	26 451	28 857	33 124	29 976	29 976	29 976	35 117	36 613	39 045
Government - capital	1	15 535	30 985	46 378	61 857	52 857	52 857	52 857	59 150	47 898	47 478
Interest		1 212	1 873	2 136	1 218	1 247	1 247	1 247	1 350	1 446	1 542
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(94 434)	(65 317)	(81 111)	(75 784)	(75 784)	(75 784)	(75 784)	(84 354)	(88 155)	(93 510)
Finance charges		(378)	(203)	(127)	(488)	(165)	(165)	(165)	(364)	(354)	(339)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 099	26 612	76 774	65 436	55 726	55 726	55 726	62 811	51 550	51 443
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	3	-	(1)	(1)	(1)	(0)	(0)	(0)
Decrease (increase) in non-current debtors		6	6	4	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(7 075)	(27 339)	(44 960)	(61 857)	(65 079)	(65 079)	(65 079)	(71 017)	(47 898)	(47 478)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7 069)	(27 333)	(44 954)	(61 857)	(65 080)	(65 080)	(65 080)	(71 017)	(47 898)	(47 478)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(561)	291	(1 331)	(1 419)	(1 419)	(1 419)	(1 419)	(452)	(728)	(800)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(561)	291	(1 331)	(1 419)	(1 419)	(1 419)	(1 419)	(452)	(728)	(800)
NET INCREASE/ (DECREASE) IN CASH HELD		3 469	(431)	30 489	2 159	(10 773)	(10 773)	(10 773)	(8 657)	2 924	3 165
Cash/cash equivalents at the year begin:	2	(1 920)	1 549	1 118	31 607	31 607	31 607	31 607	20 834	12 176	15 100
Cash/cash equivalents at the year end:	2	1 549	1 118	31 607	33 766	20 834	20 834	20 834	12 176	15 100	18 266

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increased significantly over the 2009/10 to 2013/14 period owing directly to a net increase in cash for the financial year of R20.83million.
4. The approved 2013/2014 MTREF provide for a further net increase in cash of R2 million for the 2013/14 financial year resulting in an overall projected positive cash position of R12.176million at year end.
5. As part of the 2012/13 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R2.7 million for the 2012/13 financial year and cash and cash equivalents totaled R20.83 million at year end.
7. The 2013/2014 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R12.176 million as at the end of the 2013/2014 financial year and escalates to R18.266 million by 2014/15.

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

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	1 549	1 118	31 607	33 766	20 834	20 834	20 834	12 176	15 100	18 266
Other current investments > 90 days		388	1 089	388	(33 266)	11 161	11 161	11 161	(10 176)	(14 100)	(17 266)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		1 937	2 207	31 995	500	31 995	31 995	31 995	2 000	1 000	1 000
Application of cash and investments											
Unspent conditional transfers		6 700	8 481	29 359	2 000	29 359	29 359	29 359	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(24 006)	(9 042)	(23 375)	(12 548)	(8 718)	(8 718)	(8 718)	(23 685)	(23 668)	(23 663)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(17 305)	(560)	5 984	(10 548)	20 641	20 641	20 641	(23 685)	(23 668)	(23 663)
Surplus(shortfall)		19 242	2 767	26 011	11 048	11 354	11 354	11 354	25 685	24 668	24 663

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 to 2011/12 the surplus deteriorated from R19 million to R11 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was funded owing to the significant remaining surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2013/2014 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively increase from R11.07 million to R12.2 million by 2014/15.

Table 24 MBRR Table A9 - Asset Management

NC072 Umsobomvu - Table A9 Asset Management

R thousand	Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			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
CAPITAL EXPENDITURE											
	Total New Assets	1	9 080	27 518	44 960	61 857	60 079	65 079	63 517	42 898	47 478
	Infrastructure - Road transport		-	-	-	1 000	1 000	1 000	1 000	-	-
	Infrastructure - Electricity		5 062	137	-	3 300	8 300	8 300	7 600	7 000	6 000
	Infrastructure - Water		103	26 483	44 960	57 557	26 972	31 972	48 435	35 898	41 478
	Infrastructure - Sanitation		-	-	-	-	6 275	6 275	-	-	-
	Infrastructure - Other		1 173	876	-	-	-	-	-	-	-
	Infrastructure		6 338	27 496	44 960	61 857	42 546	47 546	57 035	42 898	47 478
	Community		14	-	-	-	-	-	-	-	-
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		0	-	-	-	-	-	-	-	-
	Other assets	6	2 728	23	-	-	17 533	17 533	4 932	-	-
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	-	-	-	1 550	-	-
	Total Renewal of Existing Assets	2	-	-	-	-	5 000	-	7 500	5 000	-
	Infrastructure - Road transport		-	-	-	-	-	-	2 500	-	-
	Infrastructure - Electricity		-	-	-	-	5 000	-	5 000	5 000	-
	Infrastructure - Water		-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
	Infrastructure - Other		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	5 000	-	7 500	5 000	-
	Community		-	-	-	-	-	-	-	-	-
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Other assets	6	-	-	-	-	-	-	-	-	-
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	-	-	-	-	-	-
	Total Capital Expenditure	4	-	-	-	1 000	1 000	1 000	3 500	-	-
	Infrastructure - Road transport		-	-	-	1 000	1 000	1 000	3 500	-	-
	Infrastructure - Electricity		5 062	137	-	3 300	13 300	8 300	12 600	12 000	6 000
	Infrastructure - Water		103	26 483	44 960	57 557	26 972	31 972	48 435	35 898	41 478
	Infrastructure - Sanitation		-	-	-	-	6 275	6 275	-	-	-
	Infrastructure - Other		1 173	876	-	-	-	-	-	-	-
	Infrastructure		6 338	27 496	44 960	61 857	47 546	47 546	64 535	47 898	47 478
	Community		14	-	-	-	-	-	-	-	-
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		0	-	-	-	-	-	-	-	-
	Other assets	6	2 728	23	-	-	17 533	17 533	4 932	-	-
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	-	-	-	1 550	-	-
	TOTAL CAPITAL EXPENDITURE - Asset class	2	9 080	27 518	44 960	61 857	65 079	65 079	71 017	47 898	47 478
ASSET REGISTER SUMMARY - PPE (WDV)											
	Infrastructure - Road transport	5	-	-	-	136 577	136 577	136 577	140 077	140 077	140 077
	Infrastructure - Electricity		6 814	26 686	43 049	33 560	33 560	33 560	46 160	58 160	64 160
	Infrastructure - Water		-	-	-	182 696	182 696	182 696	231 131	267 029	308 507
	Infrastructure - Sanitation		-	-	-	62 171	62 171	62 171	62 171	62 171	62 171
	Infrastructure - Other		-	-	-	-	-	-	-	-	-
	Infrastructure		6 814	26 686	43 049	415 004	415 004	415 004	479 538	527 436	574 914
	Community		-	-	-	8 895	8 895	8 895	8 895	8 895	8 895
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		348	238	1 655	-	-	-	-	-	-
	Other assets		-	-	-	40 203	23 738	23 738	28 670	28 670	28 670
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	-	-	-	1 550	-	-
	TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	7 162	27 339	44 960	464 102	447 636	447 636	518 633	563 001	612 479
EXPENDITURE OTHER ITEMS											
	Depreciation & asset impairment		27 581	26 721	28 039	918	27 449	27 449	27 587	27 659	27 739
	Repairs and Maintenance by Asset Class	3	1 286	2 429	2 418	2 668	2 108	2 108	2 226	2 270	2 315
	Infrastructure - Road transport		-	194	524	530	230	230	230	230	230
	Infrastructure - Electricity		-	390	522	722	601	601	601	621	641
	Infrastructure - Water		-	250	425	232	300	300	318	337	357
	Infrastructure - Sanitation		-	24	8	33	50	50	50	50	50
	Infrastructure - Other		-	-	-	-	-	-	-	-	-
	Infrastructure		-	858	1 480	1 516	1 181	1 181	1 199	1 238	1 278
	Community		-	6	3	53	25	25	25	25	25
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Other assets	6, 7	1 286	1 564	934	1 098	902	902	1 002	1 007	1 012
	TOTAL EXPENDITURE OTHER ITEMS		28 867	29 149	30 457	3 586	29 557	29 557	29 813	29 929	30 053
	<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	7.7%	0.0%	10.6%	10.4%	0.0%
	<i>Renewal of Existing Assets as % of deprecn*</i>		0.0%	0.0%	0.0%	0.0%	18.2%	0.0%	27.2%	18.1%	0.0%
	<i>R&M as a % of PPE</i>		1.5%	0.5%	0.5%	0.4%	-0.5%	-0.5%	0.4%	0.4%	0.4%
	<i>Renewal and R&M as a % of PPE</i>		18.0%	9.0%	5.0%	1.0%	2.0%	0.0%	2.0%	1.0%	0.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to 4.8 per cent.

Table 25 MBRR Table A10 - Basic Service Delivery Measurement

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		3	3	3	4 399	4 399	4 399	4 799	5 049	5 299
Piped water inside yard (but not in dwelling)		2	3	3	3 104	3 104	3 104	3 404	3 404	3 404
Using public tap (at least min.service level)	2				270	270	270	270	270	270
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		5	6	6	7 773	7 773	7 773	8 473	8 723	8 973
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	5	6	6	7 773	7 773	7 773	8 473	8 723	8 973
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		3	4	4	7 049	7 049	7 049	7 449	7 699	7 949
Flush toilet (with septic tank)			1	1	112	112	112	112	112	112
Chemical toilet										
Pit toilet (ventilated)		1			612	612	612	612	612	612
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		4	5	5	7 773	7 773	7 773	8 173	8 423	8 673
Bucket toilet		1	1	1	43	43	43	43	43	46
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		1	1	1	43	43	43	43	43	46
Total number of households	5	5	6	6	7 816	7 816	7 816	8 216	8 466	8 719
Energy:										
Electricity (at least min.service level)		3	3	3	2 822	2 822	2 822	2 822	2 822	
Electricity - prepaid (min.service level)		2	3	3	4 951	4 951	4 951	5 351	5 601	5 851
Minimum Service Level and Above sub-total		5	6	6	7 773	7 773	7 773	8 173	8 423	8 673
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	5	6	6	7 773	7 773	7 773	8 173	8 423	8 673
Refuse:										
Removed at least once a week		5	6	6	7 773	7 773	7 773	8 173	8 423	8 673
Minimum Service Level and Above sub-total		5	6	6	7 773	7 773	7 773	8 173	8 423	8 673
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	5	6	6	7 773	7 773	7 773	8 173	8 423	8 673
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		2	3	3	3	3	3	3 532	3 782	4 032
Sanitation (free minimum level service)		2	2	2	2	2	2	3 532	3 782	4 032
Electricity/other energy (50kwh per household per mo		2	3	3	3	3	3	3 532	3 782	4 032
Refuse (removed at least once a week)		2	3	3	3	3	3	3 532	3 782	4 032

Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		170	175	175	3	3	3	636	674	714
Sanitation (free sanitation service)		155	192	192	3	3	3	1 900	2 071	2 195
Electricity/other energy (50kwh per household per month)		104	131	131	3	3	3	1 494	1 614	1 743
Refuse (removed once a week)		121	150	150	3	3	3	2 595	2 751	2 916
Total cost of FBS provided (minimum social package)		550	648	648	13	55	13	6 625	7 110	7 569
Highest level of free service provided										
Property rates (R value threshold)		30	31	31				37	37	37
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	
Sanitation (kilolitres per household per month)		1	1	1	1	1	1			
Sanitation (Rand per household per month)		65	68	68	60	60	60	91	99	105
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		1	1	1	1	1	1	200	200	200
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		645	650	650	660	660	660	665	670	675
Property rates (other exemptions, reductions and rebates)										
Water		170	175	175	38	38	38	636	674	714
Sanitation		155	192	192	38	38	38	1 900	2 071	2 195
Electricity/other energy		104	131	131	38	38	38	1 494	1 614	1 743
Refuse		122	150	150	38	38	38	2 595	2 751	2 916
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		1 196	1 298	1 298	810	810	810	7 290	7 780	8 244

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years time. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years time.
 - c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
 - d. Refuse services – backlog does not exist at this stage.

3. The budget provides for 3 532 households to be registered as indigent in 2013/2014, and therefore entitled to receiving Free Basic Services. The number is set to increase to 4032 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R.607 million per month or R 7.290 million in 2013/2014 increasing to R8.244 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

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

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 27 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/2014 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **13 to 27 January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **31 March 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;
- **18 April 2013** - Tabling in Council of the draft 2013/2014 IDP and 2013/2014 MTREF for public consultation;
- **April 2013** – Public consultation;
- **6 May 2013** - Closing date for written comments;
- **6 to 21 May 2013** – finalisation of the 2013/2014 IDP and 2013/2014 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2013/2014 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2011. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/2014 MTREF in August.

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

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

The IDP has been taken into a business and financial planning process leading up to the 2013/2014 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/2014 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/2014 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 2012/13 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 58 and 59 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2013/2014 MTREF as tabled before Council on 18 April 2013 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 19 to 30 April, and included 3 public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 50 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2013/2014 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2013/2014 MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2013, was factored into the proposed consumer tariffs, applicable from 1 July 2013. This resulted in an increase of 8 per cent;

-
- The SALGBC parties' settlement regarding the salary dispute resulted in a preliminary amount of R3 million being provided for in the 2013/2014 financial year;
- The 2013 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

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:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP’s five strategic objectives for the 2013/2014 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 26 IDP Strategic Objectives

2012/13 Financial Year	2013/2014 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Umsobomvu principles through a caring, accessible and accountable service	4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure

development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

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

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

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective Municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.

- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Umsobomvu in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

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

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

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

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

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

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

The 2013/2014 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC072 Umsobomvu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				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
R thousand												
Basic Services	Provision & maintenance of infrastructure & basic services	1		25 401	59 881	88 782	40 496	46 090	46 090	104 047	95 689	98 319
	PUBLIC WORKS	1		25	53	36	69	60	60	3 560	60	60
	WORKSHOP	5			-	-	-	-	-	-	-	-
	HOUSING SERVICES	5			1 620	3 081	-	-	-	-	-	-
	WATER TREATMENT WORKS	6			14 974	-	-	-	-	-	-	-
	WATER	1		7 344	19 647	38 559	9 259	9 665	9 665	58 812	51 865	52 821
	SEWERAGE	1		4 821	5 062	22 517	5 913	6 276	6 276	7 029	7 662	8 122
	WASTE WATER TREATMENT WO	3			-	-	-	-	-	-	-	-
	SOLID WASTE	3		3 960	4 116	4 656	4 789	5 008	5 008	5 359	5 680	6 021
	ELECTRICITY	4		9 250	14 408	19 933	20 466	25 080	25 080	29 286	30 421	31 295
	REFUSE DUPM	2			7	7	5	5	5	-	-	-
		4										
Municipal Institutional Development and Transformation	Social Services			5 659	9 835	11 501	7 647	7 043	7 043	6 119	6 438	6 776
	PARKS & RECREATION	2			-	-	-	-	-	-	-	-
	TRAFFIC SERVICES	13		1 931	2 077	5 804	2 304	1 669	1 669	468	491	515
	MUSEUM	12			6	2	1	2	2	2	2	2
	LIBRARIES	8			361	523	716	717	717	715	715	715
	CEMETERIES	9			26	23	29	20	20	21	22	23
	PROPERTY SERVICES	15			2 994	718	147	291	291	309	328	347
	ASSESSMENT RATES	8		3 729	4 371	4 431	4 452	4 344	4 344	4 605	4 881	5 174
		17										
Local Economic Development	Tourism			-	-	0	-	1	1	1	1	1
	LED AND IDP	3			-	0	-	1	1	1	1	1
		7										
Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality			19 549	6 061	3 295	2 487	4 493	4 493	6 662	5 556	5 337
	FINANCE	17		19 549	6 061	3 295	2 487	4 493	4 493	6 662	5 556	5 337
Good Governance and Public Participation	Council			22 676	23 655	26 111	29 321	26 188	26 188	30 702	32 376	34 859
	MAYOR				-	-	-	-	-	-	-	-
	COUNCIL EXPENSES	17		18 948	23 637	26 095	29 319	26 171	26 171	30 684	32 357	34 839
	MUNICIPAL MANAGER	17			-	-	-	-	-	-	-	-
	CORPORATE SERVICE	17		3 729	18	16	2	17	17	18	19	20
		16										
Allocations to other priorities		2		-	-	-	-	-	-	-	-	-

Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC072 Umsobomvu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				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
R thousand												
Basic Services	Provision & maintenance of infrastructure & basic services	1		91 830	63 801	59 108	41 749	62 992	62 992	66 832	69 826	73 020
	PUBLIC WORKS	1		4 751	5 655	10 962	5 524	10 212	10 212	9 720	9 996	10 287
	WORKSHOP	5			266	404	375	365	365	378	399	421
	HOUSING SERVICES	5		4 946	2 004	2 077	434	428	428	438	463	489
	WATER TREATMENT WORKS	6			-	-	-	-	-	500	530	562
	WATER	1		41 378	6 949	19 564	7 499	19 144	19 144	19 301	19 712	20 151
	SEWERAGE	1		35 870	26 938	4 460	4 820	6 406	6 406	7 101	7 392	7 668
	WASTE WATER TREATMENT WO	3			-	-	-	-	-	1 493	1 708	1 961
	SOLID WASTE	3		4 885	3 795	3 598	4 222	5 433	5 433	5 740	5 989	6 255
	ELECTRICITY	4			18 194	18 043	18 874	21 004	21 004	22 161	23 637	25 226
	REFUSE DUPM	2			89	13	98	98	98	-	-	-
		4										
Municipal Institutional Development and Transformation	Social Services			135	17 643	15 071	7 723	11 770	11 770	12 979	12 236	12 642
	PARKS & RECREATION	2			(1 260)	1 153	1 092	1 059	1 059	1 204	1 275	1 350
	TRAFFIC SERVICES	13		591	1 462	5 374	1 997	2 365	2 365	1 695	1 779	1 869
	MUSEUM	12		393	399	569	648	636	636	673	712	753
	LIBRARIES	8		1 309	991	1 045	1 387	1 526	1 526	1 690	1 747	1 808
	CEMETERIES	9			14	3 781	294	4 064	4 064	4 078	4 093	4 110
	PROPERTY SERVICES	15		314	982	987	1 291	1 189	1 189	1 502	1 583	1 669
	ASSESSMENT RATES	8			15 055	2 161	1 015	930	930	2 137	1 047	1 083
		17		4 462								
Local Economic Development	Tourism			-	-	332	359	57	57	326	344	364
	LED AND IDP	3				332	359	57	57	326	344	364
		7										
Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality			28 760	(1 932)	13 666	9 935	10 320	10 320	12 704	13 459	14 236
	FINANCE	17			(1 932)	13 666	9 935	10 320	10 320	12 704	13 459	14 236
Good Governance and Public Participation	Council			14 740	16 996	16 751	20 419	21 907	21 907	23 857	24 986	26 286
	MAYOR			10 805	888	999	1 764	2 119	2 119	2 317	2 433	2 556
	COUNCIL EXPENSES	17			11 109	10 535	12 069	12 908	12 908	13 927	14 582	15 354
	MUNICIPAL MANAGER	17		1 887	2 669	2 590	2 078	2 349	2 349	2 480	2 554	2 658
	CORPORATE SERVICE	17		2 049	2 329	2 628	4 508	4 531	4 531	5 134	5 417	5 718
		16										
Allocations to other priorities				-	-	-	-	-	-	-	-	-
Total Expenditure		1		135 466	96 507	104 928	80 185	107 046	107 046	116 698	120 852	126 548

Table 29 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC072 Umsobomvu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				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
R thousand												
Basic Services	Provision & maintenance of infrastructure & basic services		1	6 355	27 496	44 002	61 857	65 079	65 079	69 467	47 898	47 478
	PUBLIC WORKS WORKSHOP		1	18	-	13 580	1 000	1 444	1 444	4 500	-	-
	HOUSING SERVICES		5	-	-	-	-	131	131	-	-	-
	WATER TREATMENT W		6	-	-	-	-	-	-	-	-	-
	WATER		1	689	63	30 050	57 557	30 000	30 000	57 867	41 148	41 478
	SEWERAGE		1	586	-	-	-	8 233	8 233	-	-	-
	WASTE WATER TREAT		3	-	-	-	-	-	-	-	-	-
	SOLID WASTE		3	-	-	-	-	-	-	-	-	-
	ELECTRICITY		4	5 062	27 432	153	3 300	23 300	23 300	7 100	6 750	6 000
	REFUSE DUPM		2	-	-	218	-	1 972	1 972	-	-	-
			4									
Municipal Institutional Development and Transformation	Social Services			14	23	365	-	-	-	-	-	-
	PARKS & RECREATION		2	14	-	-	-	-	-	-	-	-
	TRAFFIC SERVICES		13	-	23	-	-	-	-	-	-	-
	MUSEUM		12	-	-	-	-	-	-	-	-	-
	LIBRARIES		8	-	-	-	-	-	-	-	-	-
	CEMETERIES		9	-	-	-	-	-	-	-	-	-
	PROPERTY SERVICES		15	-	-	365	-	-	-	-	-	-
	ASSESSMENT RATES		8	-	-	-	-	-	-	-	-	-
			17									
Local Economic Development	Tourism			-	-	-	-	-	-	-	-	-
	LED AND IDP		3	-	-	-	-	-	-	-	-	-
			7									
Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality			2 623	-	117	-	-	-	1 550	-	-
	FINANCE		17	2 623	-	117	-	-	-	1 550	-	-
Good Governance and Public Participation	Council			87	-	476	-	-	-	-	-	-
	MAYOR			87	-	476	-	-	-	-	-	-
	COUNCIL EXPENSES		17	-	-	-	-	-	-	-	-	-
	MUNICIPAL MANAGER		17	-	-	-	-	-	-	-	-	-
	CORPORATE SERVICE		17	-	-	-	-	-	-	-	-	-
			16									
Allocations to other priorities			3	-	-	-	-	-	-	-	-	-
Total Capital Expenditure			1	9 080	27 518	44 960	61 857	65 079	65 079	71 017	47 898	47 478

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:

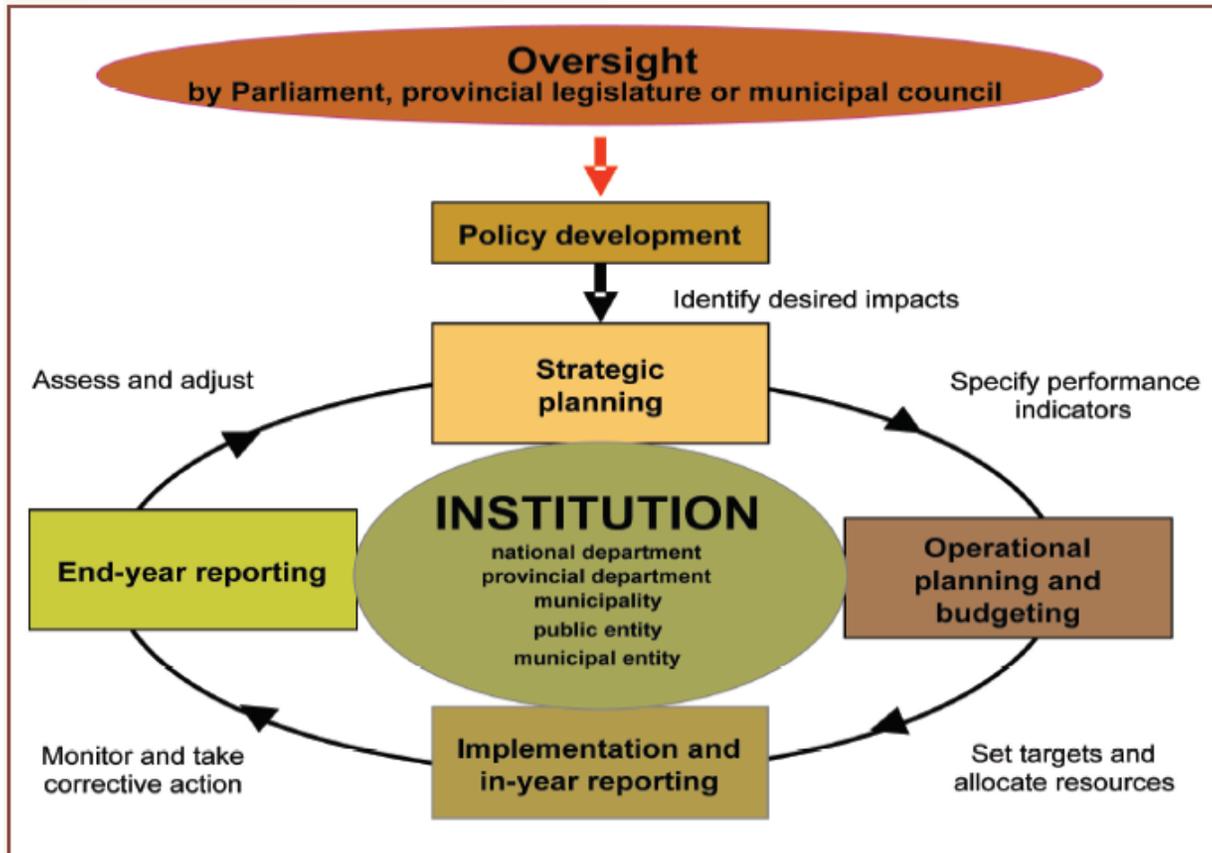


Figure 4 Planning, budgeting and reporting cycle

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:

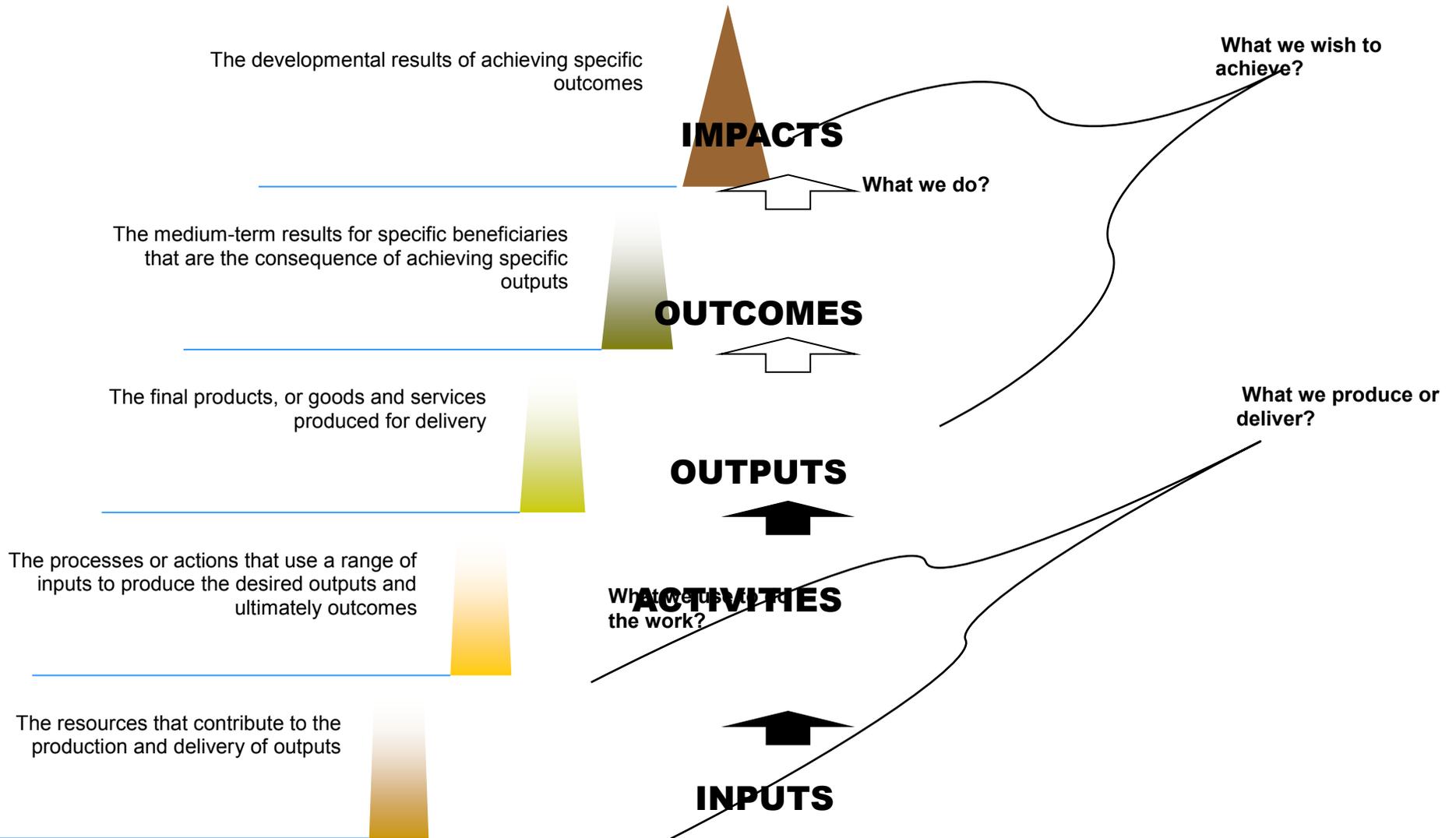


Figure 5 Definition of performance information concepts

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

Table 30 MBRR Table SA7 - Measurable performance objectives

NC072 Umsobomvu - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
Council										
Council and Municipal Manager										
Council										
Annual performance reporting	Annual report and				100.0%			100.0%	100.0%	100.0%
Approval of adjustments budget	Approval of adjustments				100.0%			100.0%	100.0%	100.0%
Effective functioning of committee system	No of section 79				4			4	4	4
Effective functioning of MPAC	No of MPAC meetings				4			4	4	4
Effective functioning of ward committees	No of ward committee				8			12	12	12
Approval of final budget	Approval of final budget	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Mayor										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Municipal Manager										
Functional Internal Audit unit	Reviewed and approved	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the		4	4	4			4	4	4
Improved good governance	% implementation of anti-									
Institutional performance management system	No of performance		4	4	3			4	4	4
Municipality comply with all relevant legislation	No of compliance			0%	0%			0%	0%	0%
Finance										
Finance										
Clean Audit	% of Root causes of			100.0%	100.0%			100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of total conditional	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Updated indigent register for the provision of	Updated indigent register	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of conditional capital				100.0%			100.0%	100.0%	100.0%
New financial system	% procurement of new							100.0%		
Improved revenue collection	% debt recovery rate	75.0%	84.0%	84.0%	90.0%			90.0%	90.0%	90.0%
Effective Supply Chain Management System	No of tenders	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Reduce section 32 expenditure	Value less < than R5m				100.0%			100.0%	100.0%	100.0%
Asset Management	Compliance with GRAP	100.0%	50.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Corporate Services										
Corporate Services										
Sub-function 1 - (name)										
Reaching of employment equity targets	% Target reached as per				90.0%			100.0%	100.0%	100.0%
Targeted skills development	The % of budget spent on				90.0%			100.0%	100.0%	100.0%
Effective labour relations	No of LLF meetings							4	4	4
Effective and update HR policies	Revision of all HR	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Local Economic Development										
Reviewed IDP	IDP reviewed annually	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Enhancement of economic development	Value of contracts signed									
Employment through job creation initiatives	No of temporary jobs							10	10	10
Community Services										
Maintenance of halls and facilities	% of maintenance budget							100.0%	100.0%	100.0%

Technical Services										
Roads and Stormwater										
Sub-function 1 - (name)										
Improvement in conditional grant spending-	% of conditional capital	%								
Maintenance of municipal roads	% of maintenance budget				100.0%			100.0%	100.0%	100.0%
Maintenance of municipal roads (Reseal)	Kilometres of roads				2			2	2	2
Maintenance of refuse removal services	% of maintenance budget on refuse removal spent							100.0%	100.0%	100.0%
Maintenance of sanitation services	% of maintenance budget							100.0%	100.0%	100.0%
Maintenance of water assets	% of maintenance budget on water services spent							100.0%	100.0%	100.0%
New water connections	No of new water connections				100			100	100	100
Replacement of existing water meters	No of meters replaced									
Maintenance of electricity network	% of maintenance budget							100.0%	100.0%	100.0%
New electricity connections	No of new electricity				100			100	100	100
Replacement of existing electricity meters	No of electricity meters				20			10	10	10
Maintenance of stormwater services	% of maintenance budget							100.0%	100.0%	100.0%

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

NC072 Umsobomvu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.7%	-0.1%	1.4%	2.2%	1.5%	1.5%	1.5%	0.7%	0.9%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.5%	-0.2%	2.7%	3.7%	3.2%	3.2%	3.2%	1.5%	1.9%	1.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	126.8%	68.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.7	1.3	1.3	2.3	1.2	1.2	1.2	36.1	31.6	28.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.3	1.3	2.3	1.2	1.2	1.2	34.7	31.6	28.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.2	0.7	0.1	0.7	0.7	0.7	2.7	1.2	1.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	185.1%	78.3%	78.3%	149.2%	97.2%	97.5%	97.5%	97.5%	97.5%	97.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		185.1%	78.3%	78.3%	149.2%	97.2%	97.5%	97.5%	97.5%	97.5%	97.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	27.4%	28.1%	29.2%	17.1%	30.8%	30.8%	30.8%	27.5%	26.4%	24.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	89.0%	98.0%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		340.7%	539.4%	40.7%	2.2%	71.8%	71.8%	71.8%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.1%	36.6%	32.7%	37.9%	38.5%	38.5%	38.5%	39.2%	39.9%	40.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	4.5%	39.8%	35.6%	40.3%	41.9%	41.9%	41.9%	42.3%	43.1%	43.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.2%	3.5%	2.9%	3.3%	2.7%	2.7%	2.7%	2.5%	2.5%	2.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	48.4%	39.3%	33.8%	1.6%	35.0%	35.0%	35.0%	31.6%	30.4%	28.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.5	12.1	20.7	17.6	17.6	17.6	27.1	24.5	23.7	25.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	46.7%	55.3%	60.9%	31.9%	55.7%	55.7%	55.7%	51.5%	48.0%	44.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.2	0.2	6.6	6.5	4.0	4.0	4.0	2.1	2.4	2.8

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, Umsobomvu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is less than .7 per cent in 2013/2014 and increase to .9 per cent in 2015/16. 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 zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

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

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2017. Debt service costs are expected to peak in 2017 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/2014 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

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.

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 2013/2014 MTREF the current ratio is 3.6 in the 2013/2014 financial year and 3,1 and 2.8 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 2012/13 financial year the ratio was 0.7 and as part of the financial planning strategy it has been stabilized at 2.7 in the 2012/13 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

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

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

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. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/2014 financial year 3532 registered indigents have been provided for in the budget with this figured increasing to 4032 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

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. The total water supply of is extracted and treated by the municipality, from rivers and boreholes.

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.

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;

- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2012 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2013/2014 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

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

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

2.4.3 Budget Adjustment Policy

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

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2012. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in JULY 2012 and was amended on 16 February 2013 in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in May 2013. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

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

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2013/2014 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2012/13 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

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

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

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about 400 million jobs were created, our economy shrank by an estimated 1.8 per cent last. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2012 will be .7 per cent rising to .8 per cent by 2015.

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 2013/2014 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 38 per cent of total operating expenditure in the 2013/2014 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

No credit rating have been done by the Municipality

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 Umsobomvu Municipality the 2013/2014 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 2013/2014 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 (90 per cent) of annual billings. Cash flow is assumed to be 90 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

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

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

2.5.7 Salary increases

The collective agreement regarding salaries/wages that came into operation on 1 July 2009 ends on 30 June 2012. The new agreement has not been reached and a provision of 6 per cent has been made..

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 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/2014 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 32 Breakdown of the operating revenue over the medium-term

Description	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Property rates	3,088,356	20%	3,440,147	20%	3,835,764	20%
Service charges	8,492,829	56%	9,866,101	58%	11,466,027	59%
Investment revenue	120,080	1%	64,139	0%	71,375	0%
Transfers recognised - operational	1,001,918	7%	1,118,355	7%	1,217,891	6%
Other own revenue	2,435,435	16%	2,608,992	15%	2,775,223	14%
Total Operating Revenue (excluding capital transfers and contributions)	15,138,618	100%	17,097,734	100%	19,366,281	100%
Total Operating Expenditure	14,679,924		16,538,558		18,813,187	
Surplus/(Deficit)	458,694		559,176		553,095	

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

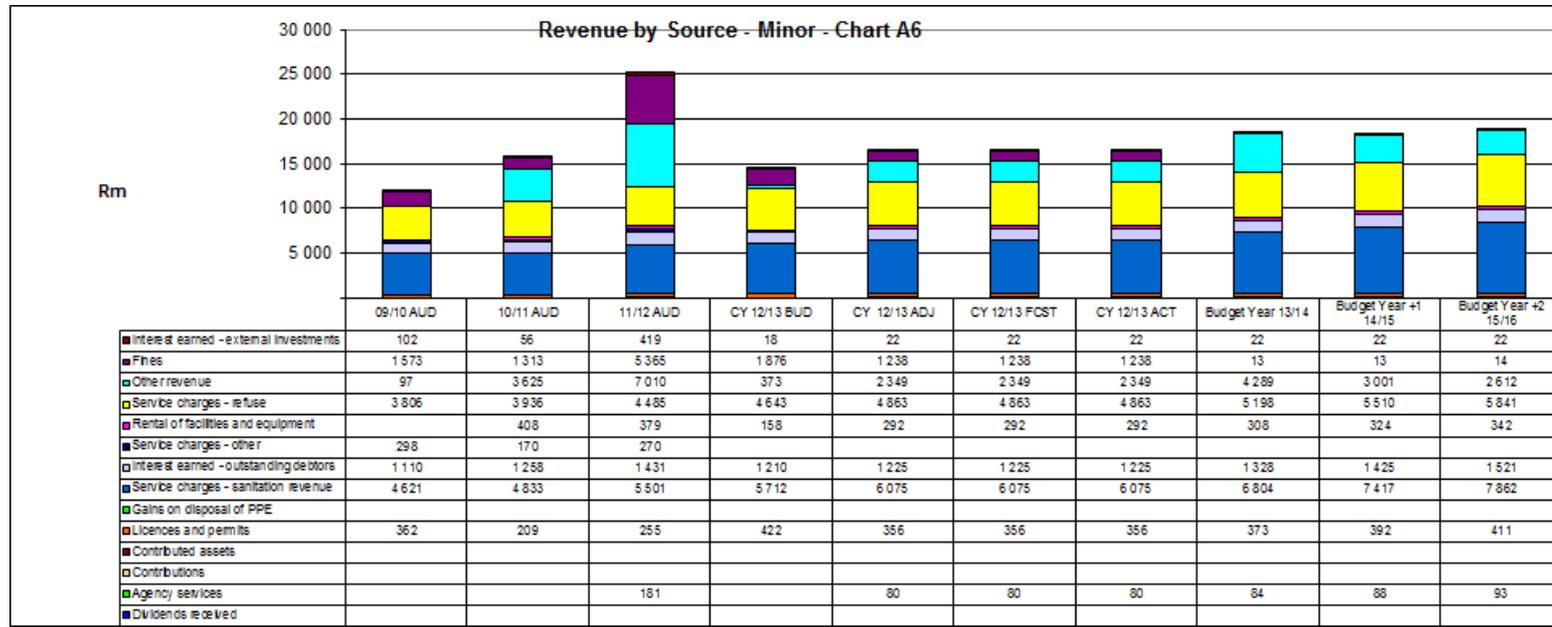


Figure 6 Breakdown of operating revenue over the 2012/13 MTREF

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

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

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

Table 33 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2014/2015 proposed tariff increase	2015/16 proposed tariff increase	2013/14 additional revenue for each 1% tariff increase	2014/15 additional revenue owing to % tariff increases	2013/14 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	6	6	6	44	274 720	4445
Sanitation	12	9	6	68	38 901	6804
Solid Waste	6	6	6	52	35 495	5198
Water	8	6	6	92	144 430	9180
Electricity	7	8	8	211	959 581	21060
Total				467	3 427	46 688

Revenue to be generated from property rates is R4.445 million in the 2013/14 financial year and increases to R3.8 million by 2015/16 which represents 5 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, although significant progress was made in dealing with these objections in the 2012/13 financial year. It is anticipated that the process will be concluded by the end of 2013. As the levying of property rates is considered a strategic revenue source a general valuation process will be undertaken in the 2013/14 financial year. 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 R42.2 million for the 2013/14 financial year and increasing to R48.6 million by 2015/16. For the 2013/14 financial year services charges amount to 48 per cent of the total revenue base and grows by 2 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R36.1 million, R3.5 million and R39 million for each of the respective financial years of the MTREF, or 39, 39 and 39 per cent of operating revenue. 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.

Investment revenue contributes marginally to the revenue base of the Municipality.

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

Table 34 MBRR SA15 – Detail Investment Information

NC072 Umsobomvu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		632	1 506	20 375	500	31 995	31 995	2 000	2 000	1 000
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	632	1 506	20 375	500	31 995	31 995	2 000	2 000	1 000

Table 35 MBRR SA16 – Investment particulars by maturity

NC072 Umsobomvu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	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	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months								Rand thousand	
Parent municipality											
Notice Deposits		3 Months	Notice Deposits	No	Variable	Variable	-	-	+ 3 Months	2 000	-
	
	
	
	
	
Municipality sub-total										2 000	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

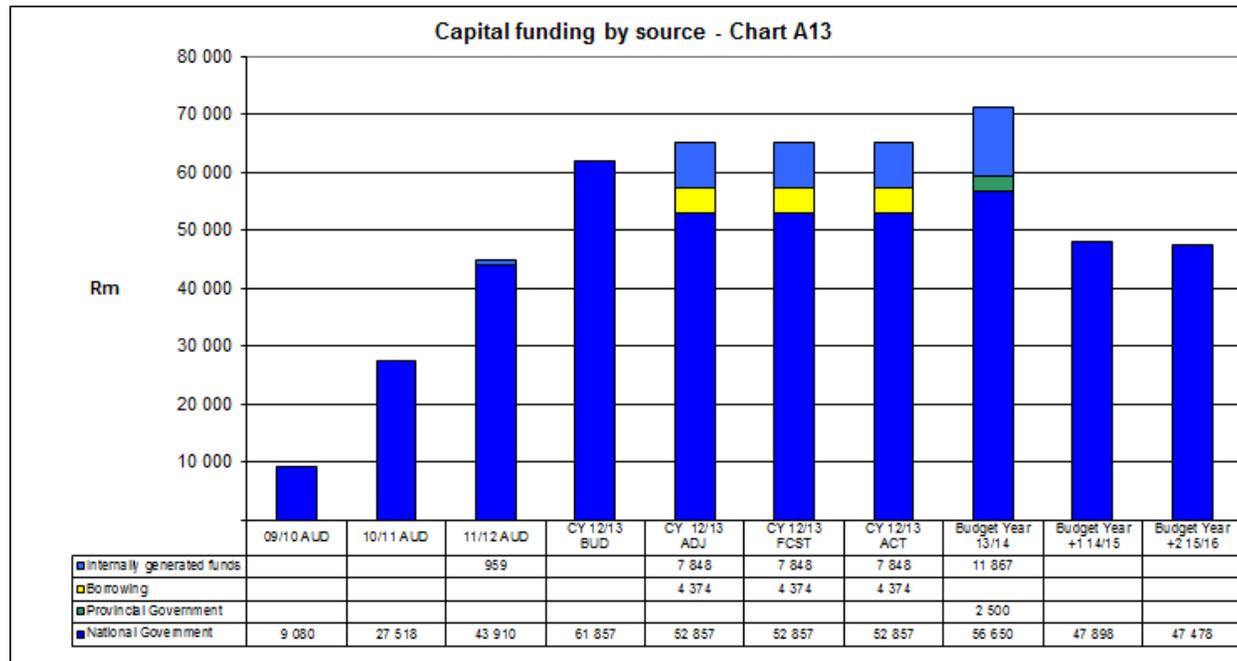


Figure 7 Sources of capital revenue for the 2013/14 financial year

Capital grants and receipts equates to 97 per cent of the total funding source which represents R69.467 million for the 2013/14 financial year and steadily decrease to R47.898 million or 100 per cent by 2014/15. Grants are decreasing 33 per cent over the medium-term.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

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

Table 37 MBRR Table SA 17 - Detail of borrowings

NC072 Umsobomvu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
Parent municipality										
Long-Term Loans (annuity/reducing balance)		2 309	546	295	6 682	5 452	5 452	5 452	4 374	3 646
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	2 309	546	295	6 682	5 452	5 452	5 452	4 374	3 646

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

Figure 8 Growth in outstanding borrowing (long-term liabilities)

Table 38 MBRR Table SA 18 - Capital transfers and grant receipts

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	25 707	28 335	31 619	28 471	28 471	34 402	35 898	38 330
Equitable share		-	23 637	26 095	29 319	26 171	26 171	30 684	32 357	34 839
FINANCE MANAGEMENT		-	1 215	1 450	1 500	1 500	1 500	1 650	1 800	1 950
LOCAL ECON DEVELOPMENT		-	-	-	-	-	-	-	-	-
NEIGHBOURHOOD		-	-	-	-	-	-	-	-	-
MSG		-	750	790	800	800	800	890	934	967
MIG ADMIN - PMU		-	-	-	-	-	-	678	557	574
SETA - TRAINING		-	105	-	-	-	-	500	250	-
SUBSIDY STATE		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	359	522	715	715	715	715	715	715
DEPT ART & CULTURE (LIBRARY)		-	359	522	715	715	715	715	715	715
YOUTH PROGRAMS		-	-	-	-	-	-	-	-	-
IMMUNISATION GRANT		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
DISTRICT MUNICIPALITY		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
IEC INFRASTRUCTURE		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	26 066	28 857	32 334	29 186	29 186	35 117	36 613	39 045
Capital Transfers and Grants										
National Government:		-	1 620	45 492	-	5 000	5 000	59 150	47 898	47 478
RBIG - DWAF		-	-	37 869	-	-	-	35 000	30 000	30 000
HOUSING PROJECTS		-	1 620	1 664	-	-	-	-	-	-
EEDG		-	-	59	-	5 000	5 000	4 500	4 750	-
MIG - CAPITAL		-	-	3 584	-	-	-	17 050	11 148	11 478
INEP		-	-	2 316	-	-	-	2 600	2 000	6 000
Provincial Government:		-	2 804	298	-	-	-	-	-	-
DISASTER		-	-	-	-	-	-	-	-	-
DEPRT OF SAFETY		-	2 804	298	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	4 424	45 790	-	5 000	5 000	59 150	47 898	47 478
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	30 490	74 647	32 334	34 186	34 186	94 267	84 511	86 523

2.6.2 Cash Flow Management

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

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

Table 39 MBRR Table A7 - Budget cash flow statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		68 550	32 824	80 641	45 509	47 595	47 595	47 595	51 913	54 102	57 227
Government - operating	1	20 613	26 451	28 857	33 124	29 976	29 976	29 976	35 117	36 613	39 045
Government - capital	1	15 535	30 985	46 378	61 857	52 857	52 857	52 857	59 150	47 898	47 478
Interest		1 212	1 873	2 136	1 218	1 247	1 247	1 247	1 350	1 446	1 542
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(94 434)	(65 317)	(81 111)	(75 784)	(75 784)	(75 784)	(75 784)	(84 354)	(88 155)	(93 510)
Finance charges		(378)	(203)	(127)	(488)	(165)	(165)	(165)	(364)	(354)	(339)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 099	26 612	76 774	65 436	55 726	55 726	55 726	62 811	51 550	51 443
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	3	-	(1)	(1)	(1)	(0)	(0)	(0)
Decrease (increase) in non-current debtors		6	6	4	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(7 075)	(27 339)	(44 960)	(61 857)	(65 079)	(65 079)	(65 079)	(71 017)	(47 898)	(47 478)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7 069)	(27 333)	(44 934)	(61 857)	(65 080)	(65 080)	(65 080)	(71 017)	(47 898)	(47 478)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	4 374	4 374	4 374	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(561)	291	(1 331)	(1 419)	(1 419)	(1 419)	(1 419)	(452)	(728)	(800)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(561)	291	(1 331)	(1 419)	2 955	2 955	2 955	(452)	(728)	(800)
NET INCREASE/ (DECREASE) IN CASH HELD		3 469	(431)	30 489	2 159	(6 399)	(6 399)	(6 399)	(8 657)	2 924	3 165
Cash/cash equivalents at the year begin:	2	(1 920)	1 549	1 118	31 607	31 607	31 607	31 607	25 208	16 550	19 474
Cash/cash equivalents at the year end:	2	1 549	1 118	31 607	33 766	25 208	25 208	25 208	16 550	19 474	22 640

It can be seen that the cash levels of the Municipality increased significantly over the 2009/10 to 2012/13 period owing directly to a net increase in cash for the financial year of R2.76 million.

The approved 2013/2014 MTREF provide for a further net decrease in cash of R8 million for the 2013//14 financial year resulting in an overall projected positive cash position of R12.7million at year end.

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

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	1 549	1 118	31 607	33 766	25 208	25 208	25 208	16 550	19 474	22 640
Other current investments > 90 days		388	1 489	388	(33 266)	6 787	6 787	6 787	(4 550)	(13 474)	(16 640)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		1 937	2 607	31 995	500	31 995	31 995	31 995	12 000	6 000	6 000
Application of cash and investments											
Unspent conditional transfers		6 700	8 481	29 359	2 000	29 359	29 359	29 359	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(23 990)	(9 042)	(23 375)	(12 548)	(8 718)	(8 718)	(8 718)	(23 685)	(23 668)	(23 663)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(17 289)	(560)	5 984	(10 548)	20 641	20 641	20 641	(23 685)	(23 668)	(23 663)
Surplus(shortfall)		19 226	3 167	26 011	11 048	11 354	11 354	11 354	35 685	29 668	29 663

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. 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. 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”. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

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 41 MBRR SA10 – Funding compliance measurement

NC072 Umsobomvu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 549	1 118	31 607	33 766	25 208	25 208	25 208	16 550	19 474	22 640
Cash + investments at the yr end less applications - R'000	18(1)b	2	19 226	3 167	26 011	11 048	11 354	11 354	11 354	35 685	29 668	29 663
Cash year end/monthly employee/supplier payments	18(1)b	3	0.2	0.2	6.6	6.5	4.8	4.8	4.8	2.8	3.1	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(178 085)	434 478	458 131	233 564	222 420	222 235	222 050	605 339	618 755	639 295
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(3.2%)	8.6%	2.3%	(4.8%)	(6.0%)	(6.0%)	2.2%	1.3%	0.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	185.1%	78.3%	149.2%	97.2%	97.5%	97.5%	97.5%	97.5%	97.4%	97.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	126.6%	17.2%	5.1%	9.0%	9.3%	9.3%	9.3%	9.3%	9.3%	9.2%
Capital payments % of capital expenditure	18(1)c,19	8	77.9%	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	35.8%	35.8%	35.8%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	21.8%	26.1%	(43.7%)	77.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	(0.8%)	0.5%	0.5%	1.1%	0.9%	0.9%	0.9%	0.4%	0.4%	0.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	7.7%	0.0%	0.0%	10.6%	10.4%	0.0%

Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a		2.8%	14.6%	8.3%	1.2%	0.0%	0.0%	8.2%	7.3%	6.9%
% incr Property Tax	18(1)a		17.2%	1.4%	0.5%	(2.4%)	0.0%	0.0%	6.0%	6.0%	6.0%
% incr Service charges - electricity revenue	18(1)a		(1.3%)	19.5%	19.1%	(1.8%)	0.0%	0.0%	8.0%	8.0%	8.0%
% incr Service charges - water revenue	18(1)a		6.5%	10.4%	(0.2%)	4.9%	0.0%	0.0%	8.0%	6.0%	6.0%
% incr Service charges - sanitation revenue	18(1)a		4.6%	13.9%	3.7%	6.4%	0.0%	0.0%	12.0%	9.0%	6.0%
% incr Service charges - refuse revenue	18(1)a		3.2%	14.0%	3.7%	4.7%	0.0%	0.0%	6.9%	6.0%	6.0%
% incr in Service charges - other	18(1)a		(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	33 893	34 857	39 861	42 934	43 574	43 574	43 574	47 155	50 608	54 087
Service charges		33 505	34 449	39 482	42 775	43 282	43 282	43 282	46 847	50 283	53 755
Property rates		3 729	4 371	4 431	4 452	4 344	4 344	4 344	4 605	4 881	5 174
Service charges - electricity revenue		14 150	13 963	16 680	19 865	19 500	19 500	19 500	21 060	22 745	24 564
Service charges - water revenue		6 901	7 351	8 117	8 103	8 500	8 500	8 500	9 180	9 731	10 315
Service charges - sanitation revenue		4 621	4 835	5 506	5 712	6 075	6 075	6 075	6 804	7 417	7 862
Service charges - refuse removal		3 806	3 929	4 478	4 643	4 863	4 863	4 863	5 198	5 510	5 841
Service charges - other		298	-	270	-	-	-	-	-	-	-
Rental of facilities and equipment		388	408	379	158	292	292	292	308	324	342
Capital expenditure excluding capital grant funding		-	-	958	-	12 222	12 222	12 222	1 550	-	-
Cash receipts from ratepayers	18(1)a	68 550	32 824	80 641	45 509	47 595	47 595	47 595	51 913	54 102	57 227
Ratepayer & Other revenue	18(1)a	37 036	41 941	54 041	46 814	48 821	48 821	48 821	53 242	55 526	58 748
Change in consumer debtors (current and non-current)		4 547	3 445	5 029	(10 612)	0	0	0	10 612	-	-
Operating and Capital Grant Revenue	18(1)a	36 148	57 435	75 235	33 124	34 976	34 976	34 976	94 267	84 511	86 523
Capital expenditure - total	20(1)(vi)	9 080	27 518	44 960	61 857	65 079	65 079	65 079	71 017	47 898	47 478
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	5 000	-	-	7 500	5 000	-
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY									34 402	35 898	38 330
DoRA capital grants total MFY									56 650	47 898	47 478
Provincial operating grants									715	715	715
Provincial capital grants									2 500		
District Municipality grants											
Total gazetted/advised national, provincial and district grants									94 267	84 511	86 523
Average annual collection rate (arrears inclusive)											
DoRA operating											
Equitable share									30 684	32 357	34 839
FINANCE MANAGEMENT									1 650	1 800	1 950
LOCAL ECON DEVELOPMENT									-	-	-
NEIGHBOURHOOD									-	-	-
MSIG									890	934	967
MIG ADMIN - PMU											
DEPT ART & CULTURE (LIBRARY)									715	715	715
Electricity Demand Side Management									500	250	-
DoRA capital											
RBIG - DWAF											
HOUSING PROJECTS									35 000	30 000	30 000
EEDG									-	-	-
MIG - CAPITAL									4 500	4 750	-
INEP									17 050	11 148	11 478
									2 600	2 000	6 000
									59 150	47 898	47 478

Trend											
Change in consumer debtors (current and non-current)		4 547	3 445	5 029	0	10 612	-	-	-	-	-
Total Operating Revenue		57 751	68 447	83 318	79 956	78 819	78 819	78 819	88 380	92 161	97 814
Total Operating Expenditure		135 466	96 508	104 942	80 282	107 144	107 144	107 144	116 698	120 852	126 548
Operating Performance Surplus/(Deficit)		(77 715)	(28 060)	(21 624)	(327)	(28 325)	(28 325)	(28 325)	(28 319)	(28 691)	(28 734)
Cash and Cash Equivalents (30 June 2012)									16 550		
Revenue											
% Increase in Total Operating Revenue			18.5%	21.7%	(4.0%)	(1.4%)	0.0%	0.0%	12.1%	4.3%	6.1%
% Increase in Property Rates Revenue			6.3%	8.7%	0.1%	1.0%	0.0%	0.0%	6.0%	6.0%	6.0%
% Increase in Electricity Revenue			(1.3%)	19.5%	19.1%	(1.8%)	0.0%	0.0%	8.0%	8.0%	8.0%
% Increase in Property Rates & Services Charges			2.8%	14.6%	8.3%	1.2%	0.0%	0.0%	8.2%	7.3%	6.9%
Expenditure											
% Increase in Total Operating Expenditure			(28.8%)	8.7%	(23.5%)	33.5%	0.0%	0.0%	8.9%	3.6%	4.7%
% Increase in Employee Costs			19.9%	8.7%	11.5%	0.2%	0.0%	0.0%	13.9%	6.3%	6.4%
% Increase in Electricity Bulk Purchases			30.7%	28.1%	9.9%	(0.1%)	0.0%	0.0%	8.0%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)				0	143059.7419				153867.7149		
Average Cost Per Councillor (Remuneration)				0	0				0		
R&M % of PPE		(0.8%)	0.5%	0.5%	1.1%	0.9%	0.9%	0.9%	0.4%	0.4%	0.4%
Asset Renewal and R&M as a % of PPE		18.0%	9.0%	5.0%	1.0%	2.0%	0.0%	0.0%	2.0%	1.0%	0.0%
Debt Impairment % of Total Billable Revenue		126.6%	17.2%	5.1%	9.0%	9.3%	9.3%	9.3%	9.3%	9.3%	9.2%
Capital Revenue											
Internally Funded & Other (R'000)		-	-	958	-	7 848	7 848	7 848	1 550	-	-
Borrowing (R'000)		-	-	-	-	4 374	4 374	4 374	-	-	-
Grant Funding and Other (R'000)		9 080	27 518	44 002	61 857	52 857	52 857	52 857	69 467	47 898	47 478
Internally Generated funds % of Non Grant Funding		0.0%	0.0%	100.0%	0.0%	64.2%	64.2%	64.2%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	35.8%	35.8%	35.8%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		100.0%	100.0%	97.9%	100.0%	81.2%	81.2%	81.2%	97.8%	100.0%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		7 066	27 339	44 960	61 867	65 079	65 079	65 079	70 017	47 898	47 478
Asset Renewal		-	-	-	-	5 000	-	-	7 500	5 000	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	7.7%	0.0%	0.0%	10.6%	10.4%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other		185.1%	78.3%	149.2%	97.2%	97.5%	97.5%	97.5%	97.5%	97.4%	97.4%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		0.7%	(0.1%)	1.4%	2.2%	1.5%	1.5%	1.5%	0.7%	0.9%	0.9%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	35.8%	35.8%	35.8%	0.0%	0.0%	0.0%
Reserves											
Surplus/(Deficit)		19 226	3 167	26 011	11 048	11 354	11 354	11 354	35 685	29 668	29 663
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	2.7%	2.5%	0.0%	0.2%	0.0%		27.1%	27.7%	27.4%
Free Services as a % of Operating Revenue (excl operational transfers)		3.2%	3.1%	2.4%	1.7%	1.7%	1.7%		1.2%	1.2%	0.0%
High Level Outcome of Funding Compliance											
Total Operating Revenue		57 751	68 447	83 318	79 956	78 819	78 819	78 819	88 380	92 161	97 814
Total Operating Expenditure		135 466	96 508	104 942	80 282	107 144	107 144	107 144	116 698	120 852	126 548
Surplus/(Deficit) Budgeted Operating Statement		(77 715)	(28 060)	(21 624)	(327)	(28 325)	(28 325)	(28 325)	(28 319)	(28 691)	(28 734)
Surplus/(Deficit) Considering Reserves and Cash Backing		(58 489)	(24 893)	4 386	10 721	(16 971)	(16 971)	(16 971)	7 366	977	929
MTREF Funded (f) / Unfunded (0)	15	0	0	1	1	0	0	0	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✓	✓	✗	✗	✗	✓	✓	✓

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 2013/2014 MTREF shows R12.2 million, R15.1 million and R18.2 million 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 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

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 2009/10 to 2012/13, moving from 0.8 to (0.6) with the adopted 2011/12 MTREF. As part of the 2013/2014 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then further to 2 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

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 2013/2014 MTREF the indicative outcome is a surplus of R62. million, R47.6 million and R53.8 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 2.4 8.9 and declines .2 per cent for the respective financial year of the 2013/2014 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 11 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 97.4, 97.2 and 97.2 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 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 4.1, 4.0 and 4.0 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 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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. Further details relating to the borrowing strategy of the Municipality can be found on page 66.

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

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 is contained in Table 60 MBRR SA34C on page 90.

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 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 42 MBRR SA19 - Expenditure on transfers and grant programmes

NC072 Umsobomvu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		1 797	2 367	27 432	29 466	29 466	29 466	31 164	33 472	35 753
Local Government Equitable Share		14 057	18 948	27 432	26 638	26 638	26 638	28 074	30 067	32 298
Finance Management		250	1 005		1 450	1 450	1 450	1 500	1 750	1 750
Municipal Systems Improvement		735	1 049		790	790	790	800	900	950
Water Services Operating Subsidy										
MIG PMU		812	314		588	588	588	790	755	755
Provincial Government:		-	-	-	389	389	389	570	628	628
Library					389	389	389	570	628	628
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		1 797	2 367	27 432	29 855	29 855	29 855	31 734	34 100	36 381
Capital expenditure of Transfers and Grants										
National Government:		-	10 603	-	105 347	65 347	65 347	61 857	47 337	54 129
Municipal Infrastructure Grant (MIG)		-	10 603		11 177	11 177	11 177	13 557	14 337	15 129
Regional Bulk Infrastructure					33 000	33 000	33 000	44 000	30 000	37 000
INEP					61 170	21 170	21 170	3 300	3 000	2 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	10 603	-	105 347	65 347	65 347	61 857	47 337	54 129
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 797	12 971	27 432	135 202	95 202	95 202	93 591	81 437	90 510

Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC072 Umsobomvu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2 035	2 035	2 035	2 035	2 035	2 035	3 280	3 280	3 280
Current year receipts		20 613	25 707	28 335	33 654	30 506	30 506	34 402	35 898	38 330
Conditions met - transferred to revenue		20 613	25 707	28 335	32 409	29 261	29 261	34 402	35 898	38 330
Conditions still to be met - transferred to liabilities		2 035	2 035	2 035	3 280	3 280	3 280	3 280	3 280	3 280
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	359	522	715	715	715	715	715	715
Conditions met - transferred to revenue		-	359	522	715	715	715	715	715	715
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		20 613	26 066	28 857	33 124	29 976	29 976	35 117	36 613	39 045
Total operating transfers and grants - CTBM	2	2 035	2 035	2 035	3 280	3 280	3 280	3 280	3 280	3 280
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	(58 557)	(58 557)	(58 557)	(58 557)	(58 557)	(65 374)	(65 374)	(65 374)
Current year receipts		-	1 620	45 492	61 857	52 857	52 857	56 650	47 898	47 478
Conditions met - transferred to revenue		58 557	1 620	45 492	61 857	52 857	52 857	56 650	47 898	47 478
Conditions still to be met - transferred to liabilities		(58 557)	(58 557)	(58 557)	(58 557)	(58 557)	(58 557)	(65 374)	(65 374)	(65 374)
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	2 804	298	-	2 500	2 500	2 500	-	-
Conditions met - transferred to revenue		-	2 804	298	-	2 500	2 500	2 500	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		58 557	4 424	45 790	61 857	55 357	55 357	59 150	47 898	47 478
Total capital transfers and grants - CTBM	2	(58 557)	(58 557)	(58 557)	(58 557)	(58 557)	(58 557)	(65 374)	(65 374)	(65 374)
TOTAL TRANSFERS AND GRANTS REVENUE		79 170	30 490	74 647	94 981	85 333	85 333	94 267	84 511	86 523
TOTAL TRANSFERS AND GRANTS - CTBM		(56 522)	(56 522)	(56 522)	(55 277)	(55 277)	(55 277)	(62 094)	(62 094)	(62 094)

2.8 Councillor and employee benefits

Table 44 MBRR SA22 - Summary of councillor and staff benefits

NC072 Umsobomvu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages			1 682	1 972	1 655	2 342	2 342	2 459	2 582	2 711
Pension and UIF Contributions			-	-	-	-	-	-	-	-
Medical Aid Contributions			-	-	-	-	-	-	-	-
Motor Vehicle Allowance			410	317	153	195	195	205	215	226
Cellphone Allowance			126	124	114	134	134	140	147	155
Housing Allowances			-	-	-	-	-	-	-	-
Other benefits and allowances			-	-	-	-	-	-	-	-
Sub Total - Councillors		-	2 218	2 413	1 922	2 671	2 671	2 804	2 945	3 092
% increase	4	-	-	8.8%	(20.3%)	38.9%	-	5.0%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1 986	2 185	-	2 803	2 608	2 608	2 727	2 891	3 064
Pension and UIF Contributions		6	6	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		172	168	-	-	-	-	301	319	338
Motor Vehicle Allowance	3	408	422	-	440	281	281	422	447	474
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	39	-	-	36	38	40
Other benefits and allowances	3	15	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2 587	2 781	-	3 282	2 889	2 889	3 486	3 695	3 917
% increase	4	-	7.5%	(100.0%)	-	(12.0%)	-	20.7%	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages			14 414	20 243	19 635	19 534	19 534	23 332	24 858	26 499
Pension and UIF Contributions			2 649	2 745	3 508	3 424	3 424	3 765	3 991	4 230
Medical Aid Contributions			540	481	939	915	915	624	662	701
Overtime			853	753	707	707	707	827	877	929
Performance Bonus			(168)	-	-	-	-	(301)	(319)	(338)
Motor Vehicle Allowance	3		431	572	(182)	56	56	(55)	(59)	(62)
Cellphone Allowance	3		-	-	-	-	-	-	-	-
Housing Allowances	3		56	48	(25)	14	14	(20)	(22)	(23)
Other benefits and allowances	3		540	596	595	631	631	696	737	782
Payments in lieu of leave			1 915	1 432	1 870	1 870	1 870	1 926	2 042	2 164
Long service awards			-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6		1 030	339	-	341	341	341	341	341
Sub Total - Other Municipal Staff		-	22 260	27 209	27 047	27 493	27 493	31 134	33 108	35 224
% increase	4	-	-	22.2%	(0.6%)	1.6%	-	13.2%	6.3%	6.4%
Total Parent Municipality		2 587	27 259	29 622	32 251	33 053	33 053	37 425	39 747	42 232
			953.7%	8.7%	8.9%	2.5%	-	13.2%	6.2%	6.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		2 587	27 259	29 622	32 251	33 053	33 053	37 425	39 747	42 232
% increase	4	-	953.7%	8.7%	8.9%	2.5%	-	13.2%	6.2%	6.3%
TOTAL MANAGERS AND STAFF	5,7	2 587	25 041	27 209	30 329	30 382	30 382	34 620	36 803	39 141

Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**NC072 Umsobomvu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4							-
Chief Whip								-
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors								-
Total Councillors	8	-	-	-	-	-	-	-
Senior Managers of the Municipality	5							
Municipal Manager (MM)			802 546	-	134 250	88 460		1 025 256
Chief Finance Officer			612 843	-	136 594	70 768		820 205
Cooperate Services Manager			634 245	-	115 192	70 768		820 205
Technical Manager			677 437	-	72 000	70 768		820 205
								-
								-
Total Senior Managers of the Municipality	8,10	-	2 727 071	-	458 036	300 764		3 485 871
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	2 727 071	-	458 036	300 764		3 485 871

Table 46 MBRR SA24 – Summary of personnel numbers

NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3				4	–	4	4	–	4
Other Managers	7				5	4	1	5	4	1
Professionals					137	131	6	150	144	6
<i>Finance</i>					32	27	5	34	29	5
<i>Spatial/town planning</i>					1	1	–	1	1	–
<i>Information Technology</i>					–	–	–	–	–	–
<i>Roads</i>					37	37	–	41	41	–
<i>Electricity</i>					7	7	–	7	7	–
<i>Water</i>					19	18	1	20	19	1
<i>Sanitation</i>					15	15	–	20	20	–
<i>Refuse</i>					26	26	–	27	27	–
<i>Other</i>										
Technicians					2	–	2	2	–	2
<i>Finance</i>					–	–	–	–	–	–
<i>Spatial/town planning</i>					–	–	–	–	–	–
<i>Information Technology</i>					–	–	–	–	–	–
<i>Roads</i>					1	–	1	1	–	1
<i>Electricity</i>					–	–	–	–	–	–
<i>Water</i>					1	–	1	1	–	1
<i>Sanitation</i>					–	–	–	–	–	–
<i>Refuse</i>					–	–	–	–	–	–
<i>Other</i>					–	–	–	–	–	–
Clerks (Clerical and administrative)					64	53	11	64	53	11
Service and sales workers					–	–	–	–	–	–
Skilled agricultural and fishery workers					–	–	–	–	–	–
Craft and related trades					–	–	–	–	–	–
Plant and Machine Operators					–	–	–	–	–	–
Elementary Occupations					–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9				212	188	24	225	201	24
% increase					–	–	–	6.1%	6.9%	–
Total municipal employees headcount	6, 10							201	179	22
Finance personnel headcount	8, 10				31	25	6	30	25	5
Human Resources personnel headcount	8, 10				2	2	–	2	2	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		370	370	370	370	370	370	370	370	370	370	370	370	4 446	4 712	4 995
Property rates - penalties & collection charges		13	13	13	13	13	13	13	13	13	13	13	13	159	169	179
Service charges - electricity revenue		2 738	3 370	2 738	1 474	1 685	1 685	1 474	1 474	1 264	1 053	1 053	1 053	21 060	22 745	24 564
Service charges - water revenue		551	551	551	551	1 193	1 193	1 193	1 193	551	551	551	551	9 180	9 731	10 315
Service charges - sanitation revenue		567	567	567	567	567	567	567	567	567	567	567	567	6 804	7 417	7 862
Service charges - refuse revenue		433	433	433	433	433	433	433	433	433	433	433	433	5 198	5 510	5 841
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		26	26	26	26	26	26	26	26	26	26	26	26	308	324	342
Interest earned - external investments		2	2	2	2	2	2	2	2	2	2	2	2	22	22	22
Interest earned - outstanding debtors		111	111	111	111	111	111	111	111	111	111	111	111	1 328	1 425	1 521
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		1	1	1	1	1	1	1	1	1	1	1	1	13	13	14
Licences and permits		31	31	31	31	31	31	31	31	31	31	31	31	373	392	411
Agency services		7	7	7	7	7	7	7	7	7	7	7	7	84	88	93
Transfers recognised - operational		2 926	2 926	2 926	2 926	2 926	2 926	2 926	2 926	2 926	2 926	2 926	2 926	35 117	36 613	39 045
Other revenue		357	357	357	357	357	357	357	357	357	357	357	357	4 289	3 001	2 612
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		8 134	8 765	8 134	6 870	7 723	7 723	7 513	7 513	6 659	6 449	6 449	6 449	88 380	92 161	97 814
Expenditure By Type																
Employee related costs		2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	34 620	36 803	39 141
Remuneration of councillors		234	234	234	234	234	234	234	234	234	234	234	234	2 804	2 945	3 092
Debt impairment		366	366	366	366	366	366	366	366	366	366	366	366	4 393	4 683	4 960
Depreciation & asset impairment		2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	27 587	27 659	27 739
Finance charges		30	30	30	30	30	30	30	30	30	30	30	30	364	354	339
Bulk purchases		1 394	1 394	1 394	1 394	1 394	1 394	1 394	1 394	1 394	1 394	1 394	1 394	16 726	18 039	19 458
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		56	56	56	56	56	56	56	56	56	56	56	56	672	712	755
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	29 530	29 655	31 063
Loss on disposal of PPE		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Total Expenditure		9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	116 698	120 852	126 548
Surplus/(Deficit)		(1 591)	(959)	(1 591)	(2 855)	(2 002)	(2 002)	(2 212)	(2 212)	(3 065)	(3 276)	(3 276)	(3 276)	(28 319)	(28 691)	(28 734)
Transfers recognised - capital		6 169	3 317	2 917	6 417	12 137	3 517	2 917	3 217	11 345	2 917	2 917	1 367	59 150	47 898	47 478
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		4 577	2 357	1 325	3 562	10 135	1 515	704	1 004	8 279	(359)	(359)	(1 909)	30 831	19 207	18 744
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	4 577	2 357	1 325	3 562	10 135	1 515	704	1 004	8 279	(359)	(359)	(1 909)	30 831	19 207	18 744

Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL		2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	30 684	32 357	34 839
Vote 2 - FINANCE & ADMIN		966	966	966	966	966	966	966	966	966	966	966	966	11 593	10 783	10 878
Vote 3 - COMMUNITY SERVICES		547	547	547	547	547	547	547	547	547	547	547	547	6 564	6 910	7 277
Vote 4 - TECHNICAL SERVICES		10 232	8 012	6 980	9 217	15 790	7 170	6 359	6 659	13 934	5 295	5 295	3 745	98 688	90 009	92 298
Vote 5 - [NAME OF VOTE 5]													-	-	-	
Vote 6 - [NAME OF VOTE 6]													-	-	-	
Vote 7 - [NAME OF VOTE 7]													-	-	-	
Vote 8 - [NAME OF VOTE 8]													-	-	-	
Vote 9 - [NAME OF VOTE 9]													-	-	-	
Vote 10 - [NAME OF VOTE 10]													-	-	-	
Vote 11 - [NAME OF VOTE 11]													-	-	-	
Vote 12 - [NAME OF VOTE 12]													-	-	-	
Vote 13 - [NAME OF VOTE 13]													-	-	-	
Vote 14 - [NAME OF VOTE 14]													-	-	-	
Vote 15 - [NAME OF VOTE 15]													-	-	-	
Total Revenue by Vote		14 302	12 082	11 050	13 287	19 860	11 240	10 429	10 729	18 004	9 365	9 365	7 815	147 530	140 059	145 292
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	18 724	19 569	20 568
Vote 2 - FINANCE & ADMIN		1 790	1 790	1 790	1 790	1 790	1 790	1 790	1 790	1 790	1 790	1 790	1 790	21 477	21 506	22 706
Vote 3 - COMMUNITY SERVICES		1 320	1 320	1 320	1 320	1 320	1 320	1 320	1 320	1 320	1 320	1 320	1 320	15 843	16 403	16 998
Vote 4 - TECHNICAL SERVICES		5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	5 055	60 654	63 374	66 275
Vote 5 - [NAME OF VOTE 5]													-	-	-	
Vote 6 - [NAME OF VOTE 6]													-	-	-	
Vote 7 - [NAME OF VOTE 7]													-	-	-	
Vote 8 - [NAME OF VOTE 8]													-	-	-	
Vote 9 - [NAME OF VOTE 9]													-	-	-	
Vote 10 - [NAME OF VOTE 10]													-	-	-	
Vote 11 - [NAME OF VOTE 11]													-	-	-	
Vote 12 - [NAME OF VOTE 12]													-	-	-	
Vote 13 - [NAME OF VOTE 13]													-	-	-	
Vote 14 - [NAME OF VOTE 14]													-	-	-	
Vote 15 - [NAME OF VOTE 15]													-	-	-	
Total Expenditure by Vote		9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	9 725	116 698	120 852	126 548
Surplus/(Deficit) before assoc.		4 577	2 357	1 325	3 562	10 135	1 515	704	1 004	8 279	(359)	(359)	(1 909)	30 831	19 207	18 744
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	4 577	2 357	1 325	3 562	10 135	1 515	704	1 004	8 279	(359)	(359)	(1 909)	30 831	19 207	18 744

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																
<i>Governance and administration</i>		3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	42 277	43 140	45 717
Executive and council		2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	2 557	30 684	32 357	34 839
Budget and treasury office		939	939	939	939	939	939	939	939	939	939	939	939	11 266	10 437	10 511
Corporate services		27	27	27	27	27	27	27	27	27	27	27	27	327	347	367
<i>Community and public safety</i>		100	100	100	100	100	100	100	100	100	100	100	100	1 205	1 230	1 255
Community and social services		61	61	61	61	61	61	61	61	61	61	61	61	737	739	740
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		39	39	39	39	39	39	39	39	39	39	39	39	468	491	515
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		297	297	297	297	297	297	297	297	297	297	297	297	3 561	61	61
Planning and development		297	297	297	297	297	297	297	297	297	297	297	297	3 561	61	61
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		8 374	8 374	8 374	8 374	8 374	8 374	8 374	8 374	8 374	8 374	8 374	8 374	100 487	95 629	98 259
Electricity		2 441	2 441	2 441	2 441	2 441	2 441	2 441	2 441	2 441	2 441	2 441	2 441	29 286	30 421	31 295
Water		4 901	4 901	4 901	4 901	4 901	4 901	4 901	4 901	4 901	4 901	4 901	4 901	58 812	51 865	52 821
Waste water management		586	586	586	586	586	586	586	586	586	586	586	586	7 029	7 662	8 122
Waste management		447	447	447	447	447	447	447	447	447	447	447	447	5 359	5 680	6 021
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		12 294	12 294	12 294	12 294	12 294	12 294	12 294	12 294	12 294	12 294	12 294	12 294	147 530	140 059	145 292
Expenditure - Standard																
<i>Governance and administration</i>		3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	40 579	41 473	43 695
Executive and council		1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	18 724	19 569	20 568
Budget and treasury office		1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	14 842	14 505	15 319
Corporate services		585	585	585	585	585	585	585	585	585	585	585	585	7 014	7 399	7 807
<i>Community and public safety</i>		815	815	815	815	815	815	815	815	815	815	815	815	9 777	10 070	10 379
Community and social services		637	637	637	637	637	637	637	637	637	637	637	637	7 645	7 827	8 021
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		141	141	141	141	141	141	141	141	141	141	141	141	1 695	1 779	1 869
Housing		36	36	36	36	36	36	36	36	36	36	36	36	438	463	489
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		837	837	837	837	837	837	837	837	837	837	837	837	10 046	10 340	10 651
Planning and development		837	837	837	837	837	837	837	837	837	837	837	837	10 046	10 340	10 651
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		5 263	5 928	5 263	3 934	5 541	5 541	5 320	5 320	3 712	3 491	3 491	3 491	56 296	58 968	61 822
Electricity		2 881	3 546	2 881	1 551	1 773	1 773	1 551	1 551	1 330	1 108	1 108	1 108	22 161	23 637	25 226
Water		1 188	1 188	1 188	1 188	2 574	2 574	2 574	2 574	1 188	1 188	1 188	1 188	19 801	20 242	20 713
Waste water management		716	716	716	716	716	716	716	716	716	716	716	716	8 594	9 101	9 628
Waste management		478	478	478	478	478	478	478	478	478	478	478	478	5 740	5 989	6 255
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard		10 297	10 962	10 297	8 967	10 575	10 575	10 353	10 353	8 746	8 524	8 524	8 524	116 698	120 852	126 548
Surplus/(Deficit) before assoc.		1 997	1 332	1 997	3 327	1 719	1 719	1 941	1 941	3 548	3 770	3 770	3 770	30 831	19 207	18 744
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 997	1 332	1 997	3 327	1 719	1 719	1 941	1 941	3 548	3 770	3 770	3 770	30 831	19 207	18 744

Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC072 Umsobomvu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE & COUNCIL													-	-	-	-
Vote 2 - FINANCE & ADMIN													-	-	-	-
Vote 3 - COMMUNITY SERVICES													-	-	-	-
Vote 4 - TECHNICAL SERVICES		5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	63 367	45 898	41 478
Capital multi-year expenditure sub-total	2	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	63 367	45 898	41 478
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL													-	-	-	-
Vote 2 - FINANCE & ADMIN													1 550	1 550	-	-
Vote 3 - COMMUNITY SERVICES													-	-	-	-
Vote 4 - TECHNICAL SERVICES		508	508	508	508	508	508	508	508	508	508	508	508	6 100	2 000	6 000
Capital single-year expenditure sub-total	2	508	508	508	508	508	508	508	508	508	508	508	2 058	7 650	2 000	6 000
Total Capital Expenditure	2	5 789	5 789	5 789	5 789	5 789	5 789	5 789	5 789	5 789	5 789	5 789	7 339	71 017	47 898	47 478

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Capital Expenditure - Standard	1																
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	1 550	1 550	-	-	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	1 550	1 550	-	-	
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		292	292	292	292	292	292	292	292	292	292	292	292	3 500	-	-	
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road transport		292	292	292	292	292	292	292	292	292	292	292	292	3 500	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	64 967	47 898	47 478	
Electricity		592	592	592	592	592	592	592	592	592	592	592	592	7 100	6 750	6 000	
Water		4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	57 867	41 148	41 478	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Standard	2	5 706	5 706	5 706	5 706	5 706	5 706	5 706	5 706	5 706	5 706	5 706	7 256	70 017	47 898	47 478	

Table 52 MBRR SA30 - Budgeted monthly cash flow

NC072 Umsobomvu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source															
Property rates	756	335	335	335	335	335	335	335	335	335	335	335	4 446	4 712	4 995
Property rates - penalties & collection charges	13	13	13	13	13	13	13	13	13	13	13	13	159	169	179
Service charges - electricity revenue	2 738	3 370	2 738	1 474	1 685	1 685	1 474	1 264	1 053	1 053	1 053	1 053	21 060	22 745	24 564
Service charges - water revenue	551	551	551	551	1 193	1 193	1 193	1 193	551	551	551	551	9 180	9 731	10 315
Service charges - sanitation revenue	567	567	567	567	567	567	567	567	567	567	567	567	6 804	7 417	7 862
Service charges - refuse revenue	433	433	433	433	433	433	433	433	433	433	433	433	5 198	5 510	5 841
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	26	26	26	26	26	26	26	26	26	26	26	26	308	324	342
Interest earned - external investments	2	2	2	2	2	2	2	2	2	2	2	2	22	22	22
Interest earned - outstanding debtors	111	111	111	111	111	111	111	111	111	111	111	111	1 328	1 425	1 521
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	1	1	1	1	1	1	1	1	1	1	1	1	13	13	14
Licences and permits	31	31	31	31	31	31	31	31	31	31	31	31	373	392	411
Agency services	7	7	7	7	7	7	7	7	7	7	7	7	84	88	93
Transfer receipts - operational	13 625	715	715	10 535	10 535	10 535	10 241	10 241	357	357	357	357	35 117	36 613	39 045
Other revenue	357	357	357	357	357	357	357	357	357	357	357	357	4 289	3 001	2 612
Cash Receipts by Source	19 218	5 804	5 887	3 909	15 297	4 762	4 551	4 551	13 939	3 487	3 487	3 487	88 380	92 161	97 814
Other Cash Flows by Source															
Transfer receipts - capital	6 169	3 317	2 917	6 417	12 137	3 517	2 917	3 217	11 345	2 917	2 917	1 367	59 150	47 898	47 478
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	25 386	9 121	8 804	10 325	27 433	8 278	7 468	7 768	25 284	6 404	6 404	4 834	147 530	140 059	145 292
Cash Payments by Type															
Employee related costs	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	34 620	36 803	39 141
Remuneration of councillors	234	234	234	234	234	234	234	234	234	234	234	234	2 804	2 945	3 092
Finance charges	30	30	30	30	30	30	30	30	30	30	30	30	364	354	339
Bulk purchases - Electricity	2 134	2 627	2 134	1 149	1 313	1 313	1 149	985	821	821	821	821	16 416	17 729	19 148
Bulk purchases - Water & Sewer	26	26	26	26	26	26	26	26	26	26	26	26	310	310	310
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	56	56	56	56	56	56	56	56	56	56	56	56	672	712	755
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	29 530	29 655	31 063
Cash Payments by Type	7 626	8 318	7 826	6 841	7 005	7 005	6 841	6 841	6 677	6 513	6 513	6 513	84 717	88 508	93 848
Other Cash Flows/Payments by Type															
Capital assets	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	71 017	47 898	47 478
Repayment of borrowing	38	38	38	38	38	38	38	38	38	38	38	38	452	728	800
Other Cash Flows/Payments	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Total Cash Payments by Type	13 782	14 274	13 782	12 797	12 961	12 961	12 797	12 797	12 633	12 468	12 468	12 468	156 187	137 135	142 127
NET INCREASE/(DECREASE) IN CASH HELD	11 605	(5 154)	(4 978)	(2 471)	14 473	(4 682)	(5 329)	(5 029)	(6 064)	(6 064)	(6 064)	(7 614)	(8 657)	2 924	3 165
Cash/cash equivalents at the month/year begin:	11 605	11 605	6 451	1 473	(988)	13 474	8 792	3 463	(1 566)	11 086	5 021	(1 043)	-	(8 657)	(5 733)
Cash/cash equivalents at the month/year end:	11 605	6 451	1 473	(988)	13 474	8 792	3 463	(1 566)	11 086	5 021	(1 043)	(8 657)	(8 657)	(5 733)	(2 568)

2.10 Annual budgets and SDBIPs – internal departments

The draft SDBIP is attached

2.11 Contracts having future budgetary implications

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

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

NC072 Umsobomvu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		6 338	27 496	44 960	61 857	42 546	47 546	57 035	42 898	47 478
Infrastructure - Road transport		-	-	-	1 000	1 000	1 000	1 000	-	-
Roads, Pavements & Bridges		-	-	-	1 000	1 000	1 000	1 000	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		5 062	137	-	3 300	8 300	8 300	7 600	7 000	6 000
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		5 062	137	-	3 300	8 300	8 300	7 600	7 000	6 000
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		103	26 483	44 960	57 557	26 972	31 972	48 435	35 898	41 478
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		103	26 483	44 960	57 557	26 972	31 972	48 435	35 898	41 478
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	6 275	6 275	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	6 275	6 275	-	-	-
Infrastructure - Other		1 173	876	-	-	-	-	-	-	-
Waste Management		-	438	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		1 173	438	-	-	-	-	-	-	-
Community		14	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		14	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		0	-	-	-	-	-	-	-	-
Housing development		0	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		2 728	23	-	-	17 533	17 533	4 932	-	-
General vehicles		-	-	-	-	1 958	1 958	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	444	444	-	-	-
Computers - hardware/equipment		2 623	-	-	-	-	-	-	-	-
Furniture and other office equipment		18	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		87	23	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	15 131	15 131	4 932	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	1 550	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (Mun. Financial System)		-	-	-	-	-	-	1 550	-	-
Total Capital Expenditure on new assets	1	9 080	27 518	44 960	61 857	60 079	65 079	63 517	42 898	47 478

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

NC072 Umsobomvu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	5 000	-	7 500	5 000	-
Infrastructure - Road transport		-	-	-	-	-	-	2 500	-	-
Roads, Pavements & Bridges								2 500		
Storm water										
Infrastructure - Electricity		-	-	-	-	5 000	-	5 000	5 000	-
Generation						5 000		5 000	5 000	
Total Capital Expenditure on renewal of existing	1	-	-	-	-	5 000	-	7 500	5 000	-
Specialised vehicles										
Refuse		-	-	-	-	-	-	-	-	-
Fire										
Conservancy										
Ambulances										
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	7.7%	0.0%	10.6%	10.4%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	18.2%	0.0%	27.2%	18.1%	0.0%

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

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	858	1 480	1 516	1 181	1 181	1 199	1 238	1 278
Infrastructure - Road transport		-	194	524	530	230	230	230	230	230
Roads, Pavements & Bridges			194	524	530	230	230	230	230	230
Storm water			-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	390	522	722	601	601	601	621	641
Generation			-	-	-	-	-	-	-	-
Transmission & Reticulation			359	443	421	421	421	421	421	421
Street Lighting			31	79	301	180	180	180	200	220
Infrastructure - Water		-	250	425	232	300	300	318	337	357
Dams & Reservoirs			-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-
Reticulation			250	425	232	300	300	318	337	357
Infrastructure - Sanitation		-	24	8	33	50	50	50	50	50
Reticulation			-	-	-	-	-	-	-	-
Sewerage purification			24	8	33	50	50	50	50	50
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management			-	-	-	-	-	-	-	-
Transportation	2		-	-	-	-	-	-	-	-
Gas			-	-	-	-	-	-	-	-
Other	3		-	-	-	-	-	-	-	-
Community		-	6	3	53	25	25	25	25	25
Parks & gardens			2	3	27	5	5	5	5	5
Sportsfields & stadia			-	-	-	-	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-
Fire, safety & emergency			4	-	26	20	20	20	20	20
Security and policing			-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-
Social rental housing	8		-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-
Other	9		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Other assets		1 286	1 564	934	1 098	902	902	1 002	1 007	1 012
General vehicles		1 286	696	541	571	583	583	583	583	583
Specialised vehicles		-	10	2	-	-	-	-	-	-
Plant & equipment			450	158	195	129	129	204	209	213
Computers - hardware/equipment			-	-	-	-	-	-	-	-
Furniture and other office equipment			33	14	81	45	45	45	45	45
Abattoirs			-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-
Other Buildings			370	206	195	139	139	164	164	164
Other Land			6	14	57	8	8	8	8	8
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-
Other (list sub-class)			-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	1 286	2 429	2 418	2 668	2 108	2 108	2 226	2 270	2 315
Specialised vehicles		-	10	2	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-
Fire			10	2	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-
R&M as a % of PPE		1.5%	0.5%	0.5%	0.4%	-0.5%	-0.5%	0.4%	0.4%	0.4%
R&M as % Operating Expenditure		0.9%	2.5%	2.3%	3.3%	2.0%	2.0%	1.9%	1.9%	1.8%

Table 6 MBRR SA34c – Depreciation by asset class

NC072 Umsobomvu - Supporting Table SA34d Depreciation by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		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
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		25 575	24 682	25 999	918	25 453	25 453	18 570	18 636	18 708
Infrastructure - Road transport		7 581	6 398	7 707	918	7 544	7 544	-	-	-
Roads, Pavements & Bridges		7 581	6 398	7 707	918	7 544	7 544			
Storm water										
Infrastructure - Electricity		2 797	2 842	2 844	-	2 784	2 784	2 785	2 785	2 785
Generation								-	-	-
Transmission & Reticulation		2 797	2 842	2 844		2 784	2 784	2 785	2 785	2 785
Street Lighting								-	-	-
Infrastructure - Water		12 411	12 611	12 617	-	12 352	12 352	12 351	12 351	12 351
Dams & Reservoirs										
Water purification										
Reticulation		12 411	12 611	12 617		12 352	12 352	12 351	12 351	12 351
Infrastructure - Sanitation		2 510	2 551	2 552	-	2 498	2 498	2 824	2 857	2 892
Reticulation		2 510	2 551	2 552		2 498	2 498	2 824	2 857	2 892
Sewerage purification										
Infrastructure - Other		276	280	280	-	274	274	610	643	679
Waste Management		276	280	280		274	274	610	643	679
Transportation								-	-	-
Gas								-	-	-
Other								-	-	-
Community		545	553	554	-	542	542	3 800	3 800	3 800
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries		545	553	554		542	542	3 800	3 800	3 800
Social rental housing								-	-	-
Other								-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		1 370	1 392	1 393	-	1 363	1 363	5 217	5 223	5 231
General vehicles		534	543	543		532	532			
Specialised vehicles		-	-	-		-	-			
Plant & equipment		150	152	153		149	149			
Computers - hardware/equipment		139	142	142		139	139			
Furniture and other office equipment		47	48	48		47	47			
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		233	237	237		232	232	4 340	4 346	4 354
Other Land		265	269	269		264	264			
Surplus Assets - (Investment or Inventory)										
Other		1	1	1		1	1	877	877	877
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		92	93	93	-	91	91	-	-	-
Computers - software & programming		92	93	93		91	91			
Other (list sub-class)										
Total Depreciation	1	27 581	26 721	28 039	918	27 449	27 449	27 587	27 659	27 739
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

Table 8 MBRR SA35 – Future financial implications of capital budget**NC072 Umsobomvu - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
R thousand								
Capital expenditure	1							
Vote 1 - EXECUTIVE & COUNCIL		-	-	-				
Vote 2 - FINANCE & ADMIN		1 550	-	-				
Vote 3 - COMMUNITY SERVICES		-	-	-				
Vote 4 - TECHNICAL SERVICES		69 467	47 898	47 478	1 000	1 100	1 200	1 300
Total Capital Expenditure		71 017	47 898	47 478	1 000	1 100	1 200	1 300
Future operational costs by vote	2							
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates		4 446	4 712	4 995	5 295	5 613	5 949	6 306
Property rates - penalties & collection charges		159	169	179	189	201	213	226
Service charges - electricity revenue		21 060	22 745	24 564	26 038	27 601	29 257	31 012
Service charges - water revenue		9 180	9 731	10 315	10 934	11 590	12 285	13 022
Service charges - sanitation revenue		6 804	7 417	7 862	8 334	8 834	9 364	9 925
Service charges - refuse revenue		5 198	5 510	5 841	6 191	6 562	6 956	7 374
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		308	324	342	363	385	408	432
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		47 155	50 608	54 097	57 343	60 784	64 431	68 297
Net Financial Implications		23 862	(2 710)	(6 619)	(56 343)	(59 684)	(63 231)	(66 997)

Table 56 MBRR SA36 - Detailed capital budget per municipal vote

NC072 Umsobomvu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			
										Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand	4			2	6	3	3	5							
Parent municipality:															
List all capital projects grouped by Municipal Vote															
Various										44 960					
Electricity -		Electrification Outboks	EL 2.2.1	f	Yes	Infrastructure - Electricity	Reticulation	30 42 00'S - 25 07' 10"E			3 300	2 600	2 000	6 000	
Electricity -		Energy Demand Management	E1.3	f	Yes	Infrastructure - Electricity	Transmission & Reticulation				5 000	4 500	4 750		
Water		Bulk Water supply Colesberg WTW	W1.3	c	Yes	Infrastructure - Water	Water purification	31 21' 00"E - 24 56' 00"			25 500	24 750	25 523		
Water		Abstraction Orange river	WB1.3	c	Yes	Infrastructure - Water	Water purification				3 000	13 875			
Sanitation		Upgrading of WwTW Colesberg	W1		Yes	Infrastructure - Sanitation	Sewerage purification				6 275	-			
Water		Noupoort Bulk Water supply Upgrade	wb1.4	c	Yes	Infrastructure - Water	Water purification				1 500	19 242	15 625		
Roads		Stormwater drainage	RS1	a	Yes	Infrastructure - Road transport	Storm water				1 000	1 000			
Roads Noupoort		Roads Network	RS3	a	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				2 500	2 500			
Solar Geyser Project		Electricity	el	f	Yes	Other	Other				15 000				
Bulk Water to be specified		Bulk Water		c	Yes	Infrastructure - Water	Dams & Reservoirs							41 478	
Solid Waste		2 New Refuse trucks	RPPE1.1		Yes	Infrastructure - Other	Specialised vehicles - Refuse				1 972				
Sanitation		Vacuum Truck	SPPE1.1		Yes	Infrastructure - Sanitation	General vehicles				1 958				
Public Roads		Compactor	PWPPE1.2		Yes	Other Assets	Plant & equipment				444				
Housing		100 Houses Noupoort	H2		Yes	Other	Other				131				
Finance		Municipal Financial System	F1 IT1		Yes	Intangibles	Computers - software & programming					1 550			
Parent Capital expenditure	1												70 017	47 898	47 478
Entities:															
List all capital projects grouped by Entity															
Entity A															
Water project A															
Entity B															
Electricity project B															
Entity Capital expenditure															
Total Capital expenditure											44 960	67 579	70 017	47 898	47 478

Table 57 MBRR SA37 - Projects delayed from previous financial year

None

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 five interns undergoing training in various divisions of the Financial Services Department. Of the five interns 3 has been appointed permanently from May 2011. The remaining four have completed their two year contract on 5 August 2012, and extension for one year has been granted by National Treasury.
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 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/2014 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.1.4 Other supporting documents

NC072 Umsobomvu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	3 585	3 904	4 244	4 152	4 194	4 194	4 194	4 446	4 712	4 995
less Revenue Foregone			92	98							
Net Property Rates		3 585	3 812	4 146	4 152	4 194	4 194	4 194	4 446	4 712	4 995
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	14 150	13 917	16 628	19 865	19 500	19 500	19 500	21 060	22 745	24 564
less Revenue Foregone											
Net Service charges - electricity revenue		14 150	13 917	16 628	19 865	19 500	19 500	19 500	21 060	22 745	24 564
Service charges - water revenue											
Total Service charges - water revenue	6	6 901	7 176	8 106	8 103	8 500	8 500	8 500	9 180	9 731	10 315
less Revenue Foregone											
Net Service charges - water revenue		6 901	7 176	8 106	8 103	8 500	8 500	8 500	9 180	9 731	10 315
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		4 621	4 833	5 506	5 712	6 075	6 075	6 075	6 804	7 417	7 862
less Revenue Foregone											
Net Service charges - sanitation revenue		4 621	4 833	5 506	5 712	6 075	6 075	6 075	6 804	7 417	7 862
Service charges - refuse revenue											
Total refuse removal revenue	6	3 806	3 936	4 478	4 643	4 863	4 863	4 863	5 198	5 510	5 841
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		3 806	3 936	4 478	4 643	4 863	4 863	4 863	5 198	5 510	5 841
Other Revenue by source											
ACCRUALS : ADVERTISING BOARDS		-	13	12	15	8	8	8	9	9	10
CHEQUE ADMIN COST		-	-	0	0	0	0	0	1	1	1
BRICK OVEN		-	16	16	16	15	15	15	16	17	18
BUILDING PLANS		-	18	16	22	22	22	22	22	22	22
CEMETERY FEES COLESBERG		-	10	3	29	4	4	4	4	4	5
CEMETERY FEES KUYASA		-	7	9	-	8	8	8	8	8	9
CEMETERY FEES LOWRYVILLE		-	1	0	-	1	1	1	1	1	1
CEMETERY FEES NOUPOORT		-	7	10	-	8	8	8	8	8	9
CEMETERY NORVALSPONT		-	1	0	-	-	-	-	-	-	-
COMMISSION ON INSURANCE		-	53	116	53	53	53	53	53	53	53
ACCRUALS : DUMPING FEES		-	-	-	-	-	-	-	-	-	-
REGISTRATION OF GUEST HOUSE		-	6	2	1	2	2	2	2	2	2
ACCRUALS : OLD DEBT SERVICES		-	-	-	(2)	5	5	5	-	-	-
FIRE CONTROL		-	-	4	3	-	-	-	-	-	-
CERTIF ACCEPTABILITY		-	-	7	6	6	6	6	4	4	4
ACCRUALS : ENCROACHMENTS		-	0	0	0	0	0	0	0	0	0
ACCRUALS : SCHEME A1856/8		-	0	0	0	-	-	-	-	-	-
ACCRUALS : SUNDRY INCOME		-	146	230	97	132	132	132	133	133	134
CHEMICALS		-	-	-	-	-	-	-	-	-	-
POUND		-	7	3	2	2	2	2	2	2	2
SUNDRY INCOME		-	54	5 084	124	97	97	97	103	111	120
SURPLUS CASH		-	5	5	-	1 702	1 702	1 702	3 902	2 602	2 200
TESTING OF METERS		-	-	0	-	0	0	0	-	-	-
CHARGE OUT - COUNCIL EXPENSES		-	-	-	-	-	-	-	-	-	-
PHOTOCOPIES		-	0	1	1	1	1	1	2	2	2
RE-ZONE & DIVISIONS		-	5	3	2	10	10	10	11	11	11
SAND, GRAVEL & SOIL		-	0	2	2	9	9	9	9	9	9
TENDER DOCUMENTS		-	28	9	-	15	15	15	2	2	2
VAT Income		97	3 762	-	-	250	250	250	-	-	-
Other Gains On Continued Operations		-	-	1 417	-	-	-	-	-	-	-
INTERDEPARTMENTAL CHARGES	3	-	-	-	-	-	-	-	-	-	-
Total 'Other' Revenue	1	97	4 140	6 948	373	2 349	2 349	2 349	4 289	3 001	2 612

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	20 876	16 884	20 243	22 438	22 142	22 142	22 142	26 059	27 749	29 563
Pension and UIF Contributions		-	2 708	2 934	3 750	3 655	3 655	3 655	4 020	4 261	4 517
Medical Aid Contributions		-	540	481	939	915	915	915	624	662	701
Overtime		-	853	753	707	707	707	707	827	877	929
Performance Bonus		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	853	572	258	338	338	338	367	389	412
Cellphone Allowance		-	-	-	-	-	-	-	-	-	-
Housing Allowances		-	56	48	14	14	14	14	16	17	18
Other benefits and allowances		-	363	406	353	400	400	400	440	467	495
Payments in lieu of leave		-	1 915	1 432	1 870	1 870	1 870	1 870	1 926	2 042	2 164
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	-	868	339	-	341	341	341	341	341	341
sub-total	5	20 876	25 041	27 209	30 329	30 382	30 382	30 382	34 620	36 803	39 141
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	20 876	25 041	27 209	30 329	30 382	30 382	30 382	34 620	36 803	39 141
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		27 581	26 721	28 039	918	27 449	27 449	27 449	27 587	27 659	27 739
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	10	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	27 581	26 721	28 039	918	27 449	27 449	27 449	27 587	27 659	27 739
Bulk purchases											
Electricity Bulk Purchases		8 270	10 811	13 845	15 216	15 200	15 200	15 200	16 416	17 729	19 148
Water Bulk Purchases		134	200	255	309	310	310	310	310	310	310
Total bulk purchases	1	8 404	11 011	14 101	15 524	15 510	15 510	15 510	16 726	18 039	19 458
Transfers and grants											
Cash transfers and grants		17 588	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	17 588	-								
Contracted services											
ALLOCATIONS TO ORGANS OF STATE											
IT SERVICES		475	4 405	675	634	634	634	634	672	712	755
JOB CREATION		-	-	-	-	-	-	-	-	-	-
LEGAL SERVICES		-	-	-	-	-	-	-	-	-	-
METER READING		-	-	-	-	-	-	-	-	-	-
PRE-PAID VENDING MANAGEMENT		-	-	-	-	-	-	-	-	-	-
PROFESSIONAL FEES		-	-	-	-	-	-	-	-	-	-
SECURITY SERVICES		-	-	-	-	-	-	-	-	-	-
SEWERAGE PURIFICATION		-	-	-	-	-	-	-	-	-	-
WATER PURIFICATION		-	-	-	-	-	-	-	-	-	-
OTHER CONTRACTED SERVICES		-	-	-	-	-	-	-	-	-	-
sub-total	1	475	4 405	675	634	634	634	634	672	712	755
Allocations to organs of state:											
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total contracted services		475	4 405	675	634	634	634	634	672	712	755

Other Expenditure By Type											
Collection costs		-	-	-	60	50	50	50	50	50	50
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Consultant fees			2 303								
Audit fees		635	1 637	2 003	1 503	1 630	1 630	1 630	1 728	1 831	1 941
General expenses	3	13 218									
Repairs and Maintenance			2 303	2 418	2 668	2 108	2 108	2 108	2 226	2 270	2 315
Advertising			35	95	77	120	120	120	127	135	143
Bank charges			191	238	280	240	240	240	254	270	286
Chemicals and Poison			260	302	205	215	215	215	355	363	372
Cleaning			47	55	59	36	36	36	36	36	36
Entertainment			30	97	31	27	27	27	27	27	28
Fuel and Oil			774	952	784	778	778	778	823	867	915
INDIGENT SUPPORT			6 552	6 626	7 612	7 700	7 700	7 700	8 239	8 816	9 433
Insurance			578	687	1 045	1 043	1 043	1 043	1 128	1 184	1 243
Lease Charges			216	177	501	411	411	411	411	411	411
Legal Cost			432	99	205	285	285	285	285	285	285
Library				346		715	715	715		715	715
Licences			42	55	38	23	23	23	23	23	24
Material			113	79	95	69	69	69	92	94	96
Membership Fees			141	202	227	406	406	406	434	465	497
Other general expenses			2 143	3 864	5 379	4 574	4 574	4 574	6 856	5 958	6 201
Postage and Telegrams			164	135	139	147	147	147	153	159	166
Printing and Stationery			227	194	149	140	140	140	147	154	161
Project - Bulk Water Learnership											
Project - Non Capital			831	4 831	2 350	2 530	2 530	2 530	2 590	2 784	2 967
Project - Solar Geyzer				59							
Special Programs				564	1 170	582	582	582	607	582	582
Subscriptions					18	18	18	18	18	18	18
Subsistence and Travelling			929	1 300	1 324	1 278	1 278	1 278	1 350	1 354	1 357
Telephone Cost			752	776	657	635	635	635	648	671	690
Town Planning				4	5	5	5	5	80	5	5
Traffic				3 670		380	380	380	0	0	0
Training Cost			34	75	126	70	70	70	70	70	70
Uniforms and Protective Clothing			51	45	78	59	59	59	59	59	59
Youth Development			116								
Total 'Other' Expenditure	1	13 853	20 902	29 950	26 787	26 271	26 271	26 271	29 530	29 655	31 063
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		1 286	2 429	2 418	2 668	2 108	2 108	2 108	2 226	2 270	2 315
Total Repairs and Maintenance Expenditure	9	1 286	2 429	2 418	2 668	2 108	2 108	2 108	2 226	2 270	2 315

NC072 Umsobomvu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expendi

Description	Ref	Vote 1 -	Vote 2 -	Vote 3 -	Vote 4 -	Total
		EXECUTIVE & COUNCIL	FINANCE & ADMIN	COMMUNITY SERVICES	TECHNICAL SERVICES	
R thousand	1					
Revenue By Source						
Property rates		-	4 446	-	-	4 446
Property rates - penalties & collection charges		-	159	-	-	159
Service charges - electricity revenue		-	-	-	21 060	21 060
Service charges - water revenue		-	-	-	9 180	9 180
Service charges - sanitation revenue		-	-	-	6 804	6 804
Service charges - refuse revenue		-	-	5 198	-	5 198
Service charges - other		-	-	-	-	-
Rental of facilities and equipment		-	280	-	27	308
Interest earned - external investments		-	22	-	-	22
Interest earned - outstanding debtors		-	15	161	1 153	1 328
Dividends received		-	-	-	-	-
Fines		-	-	13	-	13
Licences and permits		-	2	371	-	373
Agency services		-	-	84	-	84
Other revenue		-	4 129	23	136	4 289
Transfers recognised - operational		30 684	2 540	715	1 178	35 117
Gains on disposal of PPE		-	-	-	-	-
Total Revenue (excluding capital transfers and cont		30 684	11 593	6 564	39 538	88 380
Expenditure By Type						
Employee related costs		3 293	12 016	7 745	11 566	34 620
Remuneration of councillors		2 804	-	-	-	2 804
Debt impairment		4	589	684	3 116	4 393
Depreciation & asset impairment		351	526	4 410	22 300	27 587
Finance charges		-	-	163	201	364
Bulk purchases		-	-	-	16 726	16 726
Other materials		-	-	-	-	-
Contracted services		-	672	-	-	672
Transfers and grants		-	-	-	-	-
Other expenditure		12 271	7 674	2 840	6 745	29 530
Loss on disposal of PPE		-	-	1	-	1
Total Expenditure		18 724	21 477	15 843	60 654	116 698
Surplus/(Deficit)		11 960	(9 884)	(9 279)	(21 116)	(28 319)
Transfers recognised - capital		-	-	-	59 150	59 150
Contributions recognised - capital		-	-	-	-	-
Contributed assets		-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		11 960	(9 884)	(9 279)	38 034	30 831

Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC072 Umsobomvu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		632	1 506	20 375	500	31 995	31 995	31 995	12 000	6 000	6 000
Other current investments > 90 days											
Total Call investment deposits	2	632	1 506	20 375	500	31 995	31 995	31 995	12 000	6 000	6 000
Consumer debtors											
Consumer debtors		57 552	39 352	47 132	50 871	53 752	53 752	53 752	58 145	62 829	67 789
Less: Provision for debt impairment		(42 730)	(25 923)	(25 617)	(37 192)	(29 461)	(29 461)	(29 461)	(33 854)	(38 537)	(43 498)
Total Consumer debtors	2	14 821	13 430	21 514	13 679	24 291	24 291	24 291	24 291	24 291	24 291
Debt impairment provision											
Balance at the beginning of the year		-	-	-	33 348	25 617	25 617	25 617	29 461	33 854	38 537
Contributions to the provision		-	-	-	3 844	3 844	3 844	3 844	4 393	4 683	4 960
Bad debts written off		-	-	-	-	-	-	-	-	-	-
Balance at end of year		-	-	-	37 192	29 461	29 461	29 461	33 854	38 537	43 498
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		2 873	851 280	896 933	670 533	670 533	670 533	670 533	1 033 029	1 080 927	1 128 405
Leases recognised as PPE											
Less: Accumulated depreciation		160 075	403 622	432 831	433 016	433 201	433 386	433 571	461 158	488 817	516 556
Total Property, plant and equipment (PPE)	2	(157 202)	447 659	464 102	237 517	237 332	237 147	236 962	571 871	592 110	611 849
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	1 331	252	1 419	452	452	452	728	800	880
Total Current liabilities - Borrowing		-	1 331	252	1 419	452	452	452	728	800	880
Trade and other payables											
Trade and other creditors		5 277	6 031	12 873	750	14 963	14 963	14 963	-	-	-
Unspent conditional transfers		6 700	8 481	29 359	2 000	29 359	29 359	29 359	-	-	-
VAT		-	-	605	2 000	605	605	605	-	-	-
Total Trade and other payables	2	11 978	14 513	42 838	4 750	44 927	44 927	44 927	-	-	-
Non current liabilities - Borrowing											
Borrowing		1 586	546	295	5 263	5 000	5 000	5 000	3 646	2 846	1 966
Finance leases (including PPP asset element)		-	-	-	-	-	-	-	-	-	-
Total Non current liabilities - Borrowing	4	1 586	546	295	5 263	5 000	5 000	5 000	3 646	2 846	1 966
Provisions - non-current											
Retirement benefits		5 912	6 781	6 981	6 200	7 322	7 322	7 322	-	-	-
List other major provision items											
Cleaning Of Illegal Dumping		-	-	-	-	-	-	-	-	-	-
Cleaning Of Alien Vegetation		-	-	-	-	-	-	-	-	-	-
Long-Term Service		-	912	1 051	-	-	-	-	-	-	-
Rehabilitation Of Land-Fill Sites		7 172	11 043	12 098	500	500	500	500	-	-	-
Other		-	-	-	-	12 998	12 998	12 998	-	-	-
Total Provisions - non-current		13 084	18 735	20 129	6 700	20 820	20 820	20 820	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		-	-	-	-	-	-	-	-	-	-
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		(62 181)	2 924	24 754	(327)	(23 325)	(23 325)	(23 325)	30 831	19 207	18 744
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		(115 905)	431 554	433 377	233 891	245 744	245 559	245 374	574 507	599 548	620 550
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	(178 085)	434 478	458 131	233 564	222 420	222 235	222 050	605 339	618 755	639 295
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	193	193	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Trust Fund		-	-	-	-	-	-	-	-	-	-
COVID Reserve		-	-	-	-	-	-	-	-	-	-
Capitalisation Reserve		-	237	237	-	-	-	-	-	-	-
Donations & Public Contributions Reserve		-	-	-	-	-	-	-	-	-	-
Government Grants Reserve		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	430	430	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(178 085)	434 908	458 561	233 564	222 420	222 235	222 050	605 339	618 755	639 295

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC072 Umsobomvu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			24	24	22	22	23	28	28	28	28	28
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income			3 628	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290
R1 - R1 600			1 321	1 860	1 860	1 860	1 860	1 860	1 860	1 860	1 860	1 860
R1 601 - R3 200			168	139	139	139	139	139	139	139	139	139
R3 201 - R6 400			105	168	168	168	168	168	168	168	168	168
R6 401 - R12 800			42	110	110	110	110	110	110	110	110	110
R12 801 - R25 600			12	90	90	90	90	90	90	90	90	90
R25 601 - R51 200			5	31	31	31	31	31	31	31	31	31
R52 201 - R102 400			5	11	11	11	11	11	11	11	11	11
R102 401 - R204 800			5	11	11	11	11	11	11	11	11	11
R204 801 - R409 600			1	9	9	9	9	9	9	9	9	9
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 050 per household per month	13											
Insert description	2		4 949	4 151	4 151.00	4 151.00	4 151.00	4 151.00	4 151.00	4 401.00	4 651.00	
Household/demographics (000)												
Number of people in municipal area			25 389	23 641	21 992	22	22	23 636	23 636	23 636	23 636	23 636
Number of poor people in municipal area				22 271				10 347	10 347	10 347	10 347	10 347
Number of households in municipal area				5 563	5 563	6	6	6	6	6	6	6
Number of households in municipal area				4 949	4 151	4	4	3	3	3	3	3
Definition of poor household (R per month)				600	1 600	1 800	1 800	1 800	1 800	1 800	1 800	1 800
Housing statistics												
Formal	3								4 723	4 973	5 223	5 473
Informal				968	840	840	840	840	590	590	250	-
Total number of households	4			968	840	840	840	840	5 563	5 563	5 473	5 473
Dwellings provided by municipality												
Dwellings provided by province/s									1 000	250	250	250
Dwellings provided by private sector	5											
Total new housing dwellings									1 000	250	250	250
Economic												
Inflation/inflation outlook (CPI)									10.0%	10.0%	10.0%	10.0%
Interest rate - borrowing									3.0%	8.0%	8.0%	8.0%
Interest rate - investment									6.0%	6.0%	6.0%	6.0%
Remuneration increases									-2.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)									5.0%	7.0%	5.0%	5.0%
Consumption growth (water)									7.0%	7.0%	7.0%	7.0%
Collection rates												
Property tax/service charges	7					80.0%	80.0%	90.0%	87.0%	87.0%	90.0%	90.0%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						20.0%	20.0%	20.0%	80.0%	80.0%	80.0%	80.0%
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework				
					Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
Household service targets (000)												
Water:												
Piped water inside dwelling	8	3	3	3	4 399	4 399	4 399	4 799	5 049	5 299		
Piped water inside yard (but not in dwelling)		2	3	3	3 104	3 104	3 104	3 404	3 404	3 404		
Using public tap (at least min. service level)					270	270	270	270	270	270		
Other water supply (at least min. service level)												
Minimum Service Level and Above sub-total		5	6	6	7 773	7 773	7 773	8 473	8 723	8 973		
Using public tap (< min. service level)	9											
Other water supply (< min. service level)	10											
No water supply												
Below Minimum Service Level sub-total												
Total number of households		5	6	6	7 773	7 773	7 773	8 473	8 723	8 973		
Sanitation/sewerage:												
Flush toilet (connected to sewerage)	3	4	4	4	7 049	7 049	7 049	7 449	7 699	7 949		
Flush toilet (with septic tank)		1	1	1	112	112	112	112	112	112		
Chemical toilet												
Pit toilet (ventilated)	1				612	612	612	612	612	612		
Other toilet provisions (> min. service level)												
Minimum Service Level and Above sub-total		4	5	5	7 773	7 773	7 773	8 173	8 423	8 673		
Bucket toilet	1	1	1	1	43	43	43	43	43	43		
Other toilet provisions (< min. service level)												
No toilet provisions												
Below Minimum Service Level sub-total		1	1	1	43	43	43	43	43	43		
Total number of households		5	6	6	7 816	7 816	7 816	8 216	8 466	8 716		
Energy:												
Electricity (at least min. service level)		3	3	3	2 822	2 822	2 822	2 822	2 822	2 822		
Electricity - prepaid (min. service level)		2	3	3	4 951	4 951	4 951	5 351	5 501	5 651		
Minimum Service Level and Above sub-total		5	6	6	7 773	7 773	7 773	8 173	8 423	8 551		
Electricity (< min. service level)												
Electricity - prepaid (< min. service level)												
Other energy sources												
Below Minimum Service Level sub-total												
Total number of households		5	6	6	7 773	7 773	7 773	8 173	8 423	8 551		
Refuse:												
Removed at least once a week		5	6	6	7 773	7 773	7 773	8 173	8 423	8 673		
Minimum Service Level and Above sub-total		5	6	6	7 773	7 773	7 773	8 173	8 423	8 673		
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
Below Minimum Service Level sub-total												
Total number of households		5	6	6	7 773	7 773	7 773	8 173	8 423	8 673		

Table 60 MBRR SA32 – List of external mechanisms

None

2.14 Municipal manager's quality certificate

I AC Mpela, municipal manager of Umsobomvu 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 AMOS CHINA MPELA

Municipal manager of Umsobomvu Municipality (NC072)

Signature

A handwritten signature in black ink, appearing to read 'A. Mpela', enclosed in a light grey rectangular box.

Date 31 May 2013