

SCHEDULE A
ANNUAL BUDGET AND
SUPPORTING
DOCUMENTATION OF KWA
SANI MUNICIPALITY

ANNUAL BUDGET OF KWA SANI MUNICIPALITY

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

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act
CBD	Central Business District		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		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

1.2 Council Resolutions

On 30 March 2012 the Council of Kwa Sani Municipality met in the Municipal Board room to consider the first draft of the annual budget of the municipality for the financial year 2012/13. The Council was to note the budget:

1. The Council of Kwa Sani Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 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 11 on page 17;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 19;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 13 on page 20; 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 14 on page 21.
 - 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 15 on page 22;
 - 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 23;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 24;
 - 1.2.4. Asset management as contained in Table 18 on page 25; and
 - 1.2.5. Basic service delivery measurement as contained in Table 19 on page 27.
2. The Council of Kwa Sani Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) note the tariffs with effect from 1 July 2012.
3. To give proper effect to the municipality's annual budget, it must further be noted that:
 - 3.1. 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's 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.

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. 55 and 58 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2011/12 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and buildings infrastructure;
- The need to re-prioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of water and electricity (due to tariff increases from Rand Water and Eskom), which is a sunk cost to the municipality. Continuous high tariff increases are not sustainable – where such facilities are abused by the users.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

Eliminating non-priority spending

- Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. The following examples of non-priority expenditure have been observed, and need to be eliminated:
 - iexcessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
 - public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);

- LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- excessive luxurious office accommodation and office furnishings;
- foreign travel by mayors, councillors and officials
- excessive councilor and staff perks such as luxurious mayoral cars and houses, notebooks, cell-phone allowances; travel and subsistence allowances

The 2011/12 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 2012/13 annual budget;

- 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.
- 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;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

Description	Adjusted Budget	2012/13 Medium Term Revenue & Expenditure Framework		
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
High Level Outcome of Funding Compliance				
Total Operating Revenue	27 733	39 715	57 166	53 955
Total Operating Expenditure	27 317	39 465	57 083	53 320
Surplus/(Deficit) Budgeted Operating Statement	416	250	83	635
Total Capital Funding	27 184	12 704	14 902	11 662

Total operating revenue has grown by 44 per cent or R12.184 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 44 per cent and a decrease of 6 per cent due to a reduction of grants received compared to prior year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R39.175 million and translates into a budgeted surplus of R0.250 million.

The capital budget of R12.704 million for 2012/13 is 114% less when compared to the 2011/12 Adjustment Budget. The reduction is due to an electrification grant to the extent of R7.887 million as well as Small Town Rehabilitation and Reichenau grant in the region of R6.000 million. The capital programme increases to R14.902 million in the 2013/14 financial year and then evens out in 2014/15 to R11.661 million. A substantial portion of the capital budget will be funded from government grants and transfers. The balance will be funded from internally generated funds.

Operating Revenue Framework

For Kwa Sani 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 KSM and continued economic development;
- Efficient revenue management, which aims to ensure a 62% annual collection rate for property rates and other key service charges;
- 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 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

R thousand	Adjustments Budget 2011/2012	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source				
Property rates	9 941	18 500	19 481	20 435
Property rates - penalties & collection charges	-	357	456	394
Service charges - refuse revenue	1 919	2 496	2 628	2 757
Service charges - other	12	-	-	-
Rental of facilities and equipment	380	403	424	445
Interest earned - external investments	550	582	613	643
Interest earned - outstanding debtors	141	-	-	-
Fines	108	35	37	39
Licences and permits	152	750	790	828
Transfers recognised - operational	14 028	16 243	32 618	28 205
Other revenue	502	349	119	208
Total Revenue (excluding capital transfers and contributions)	27 733	39 715	57 166	53 955

Table 3 Percentage growth in revenue by main revenue source

R thousand	Adjustments Budget 2011/2012	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source							
Property rates	9 941	18 500	86%	19 481	5%	20 435	5%
Property rates - penalties & collection charges	-	357	100%	456	28%	394	-14%
Service charges - refuse revenue	1 919	2 496	30%	2 628	5%	2 757	5%
Service charges - other	12	-	-100%	-	0%	-	0%
Rental of facilities and equipment	380	403	6%	424	5%	445	5%
Interest earned - external investments	550	582	6%	613	5%	643	5%
Interest earned - outstanding debtors	141	-	-100%	-	0%	-	0%
Fines	108	35	-68%	37	5%	39	5%
Licences and permits	152	750	393%	790	5%	828	5%
Transfers recognised - operational	14 028	16 243	16%	32 618	101%	28 205	-14%
Other revenue	502	349	-30%	119	-66%	208	75%
Total Revenue (excluding capital transfers and contributions)	27 733	39 715		57 166		53 955	

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 50% of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totaled R21.353 million. This increases to R22.565 million, R23.586 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases by 86% and 30% respectively in 2012/13 and evens out to 5% in 2013/14 and 2014/15. This significant increase has resulted from the property rates valuation exercise that was performed. Increase in the property values has had the roll over effect of increasing the total rates generated for the financial year. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Licenses and permits are the 2nd biggest revenue generating source for the municipality. This relates to reopening of the Licensing Centre to generate addition revenue. Revenue estimates was obtained from the Department of Transport to determine the extent of revenue that will be generated. The municipality has opted to take the conservative approach to prevent over estimating revenue raised.

Operating grants and transfers totals R14.028 million in the 2011/12 financial year and steadily increases to R28.205 million by 2014/15. Note that the year-on-year growth for the 2013/14 financial year is 101% and then flattens out to -14% in the next year. This is as a result of an electrification grant that was received in the 2013//2014 financial year that was not received in the previous year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	7 932	9 969	10 915	12 807	12 807	-	15 354	31 584	27 164
Local Government Equitable Share	5 281	7 103	8 754	10 517	10 517	-	12 054	13 013	13 957
Finance Management	1 750	2 131	1 726	1 500	1 500	-	1 500	1 500	1 500
Municipal Systems Improvement	-	-	434	790	790	-	800	900	950
EPWP Incentive	-	-	-	-	-	-	1 000	-	-
Integrated National Electrification Programme	-	-	-	-	-	-	-	16 171	10 757
Free Electricity, Free Basic Services	901	735	-	-	-	-	-	-	-
Provincial Government:	20 541	24 830	67	152	1 221	-	854	1 034	1 041
Sport and Recreation	-	1 289	-	-	-	-	90	-	-
Sport and Recreation	-	-	-	-	-	-	159	334	341
Housing	20 432	23 487	-	-	-	-	-	-	-
Property Rates, Free Electricity, Free Basic Services	109	54	67	152	1 221	-	605	700	700
District Municipality:	-	-	398	-	-	-	-	-	-
MAP, Capacity Building & Waste Disposal	-	-	123	-	-	-	-	-	-
Internal Audit	-	-	275	-	-	-	-	-	-
Other grant providers:	-	436	586	-	-	-	-	-	-
DBSA	-	436	586	-	-	-	-	-	-
Total Operating Transfers and Grants	28 472	35 236	11 965	12 959	14 028	-	16 208	32 618	28 205
Capital Transfers and Grants									
National Government:	3 572	10 214	2 767	7 887	7 887	7 887	9 567	10 092	10 675
Municipal Infrastructure Grant (MIG)	3 572	10 214	2 767	7 887	7 887	7 887	9 567	10 092	10 675
Provincial Government:	-	-	-	150	300	300	-	-	-
Sports & Recreation	-	-	-	150	300	300	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	7 364	16 794	16 794	-	-	-
COGTA	-	-	-	-	9 430	9 430	-	-	-
Integrated National Electrification Programme	-	-	-	7 364	7 364	7 364	-	-	-
Total Capital Transfers and Grants	3 572	10 214	2 767	15 401	24 981	24 981	9 567	10 092	10 675
TOTAL RECEIPTS OF TRANSFERS & GRANTS	32 044	45 450	14 733	28 360	39 009	24 981	25 775	42 710	38 880

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.

1.3.1 Property Rates

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

National Treasury's MFMA 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 categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on an average of 3% increase from 1 July 2012 is contained below:

1st DRAFT 2012 / 2013

Table 5 Comparison of proposed rates to levied for the 2011/12 financial year

CAT	CAT Description	Tariffs			% Variance	Reasons
		Proposed Tariff 2012/2013	Current Tariff 2011/2012	R Variance		
CAT1	RESIDENTIAL	1.114	1.082	0.03	3%	Less than Inflationary increase of 3%
	RESIDENTIAL					
	RESIDENTIAL					
	RESIDENTIAL					
CAT2	COMMERCIAL	2.229	2.164	0.06	3%	Less than Inflationary increase of 3%
CAT3	AGRICULTURAL - BONA FIDE FARMERS	0.279	0.271	0.01	3%	Less than Inflationary increase of 3%
CAT3	AGRICULTURAL PROPERTIES	0.557	0.271	0.29	106%	increased by 25 % due to change in tariff structure from prior year
CAT3	AGRICULTURAL PROPERTIES URBAN	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT4	STATE OWNED	1.114	1.082	0.03	3%	Less than Inflationary increase of an anticipated 5.4%
CAT5	PSI	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT6	PBO	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT8	TOURISM RURAL	0.557	0.541	0.02	3%	Less than Inflationary increase of an anticipated 5.4%
CAT9	OTHER	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT 10	RESIDENTIAL SMALL HOLDING	0.557	0.271	0.29	106%	increased by 25 % due to change in tariff structure from prior year
CAT11	TOURISM URBAN	1.114	1.082	0.03	3%	Less than Inflationary increase of an anticipated 5.4%
CAT4	MUNICIPAL PROP	-	-	-		
	TOTALS	8.640	7.848	0.792	0.186	

1.3.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is not operating in the desired manner. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Also, measures will have to be implemented to ensure that this service is offered equitably to all residents in the KSM region.

1.4 Operating Expenditure Framework

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

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan and
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

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

Table 6 Summary of operating expenditure by standard classification item

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type										
Employee related costs	6 942	7 980	10 144	10 519	12 108	12 108	6 800	12 413	13 071	13 712
Remuneration of councillors	1 086	1 140		1 397	1 397	1 397	806	1 299	1 368	1 435
Debt impairment	1 469	-		210	200	200	200	220	232	243
Depreciation & asset impairment	1 309	1 414	1 694	1 893	1 893	-	-	1 770	1 864	1 956
Finance charges	163	133		126	126	126	126	321	313	304
Bulk purchases	-	-	-	-	-	-	-	-	-	-
Other materials	-	75		137	-	-	-	-	-	-
Contracted services	7 759	7 902	6 404	9 032	7 726	12 635	12 635	6 156	6 089	6 394
Transfers and grants	-	-	-	-	1 387	-	-	-	-	-
Other expenditure	4 058	3 079	15 867	3 916	2 480	2 480	2 480	17 286	34 145	29 276
Loss on disposal of PPE	5	-		-	-	-	-	-	-	-
Total Expenditure	22 790	21 722	34 109	27 230	27 317	28 945	23 047	39 465	57 083	53 320

The budgeted allocation for **employee related costs** for the 2011/12 financial year totals R13.505 million, which equals 44% of the total operating expenditure. In the absence of a three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.5% for the 2012/13 financial year. An annual increase of 7.5% has been included in the two outer years of the MTREF. Salaries and Wages, as a result of the significant increase in revenue, equals 35% of total operating budget in the 2012/2013 budget year. As part of the planning assumptions and interventions all vacancies were

originally removed from the budget and a report was compiled by the HR Department, in conjunction with the municipal manager, relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of R1.154 million in the 2012/13 financial year relating to critical and strategically important vacancies. In addition, expenditure against overtime was not budgeted for; however this will have to be reconsidered due to emergency services that are required. Methods such as staff working flexible hours and a 5 day a week which may include weekends on a rotational basis, will be considered as alternatives as opposed to incurring overtime expenditure.

The cost associated with the **remuneration of councilors** 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.

Debt impairment was determined based on an annual collection rate of 62% and the Debt Write-off Policy of KSM. For the 2012/13 financial year this amount equates to R0.220 million and escalates to R0.243 million by 2014/15. The provision for debt impairment has been included in other expenditure and amounts to R4.200 million in the 2012/13 financial year. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R1.770 million for the 2012/13 financial and equates to 4% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% (R0.321 million) of operating expenditure excluding annual redemption for 2012/13 and decreases to R0.304 million by 2014/15 as the loan reaches expiration in 2016. Interest relates to the finance lease for the purchase of vehicles, unwinding of the discount rate for the provision for landfill site and DBSA loan.

Contracted services have been identified as a cost saving area for the Municipality. As part of the process of identifying further cost efficiencies, a business process to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The following table gives a breakdown of the main expenditure categories for the 2011/12 financial year.

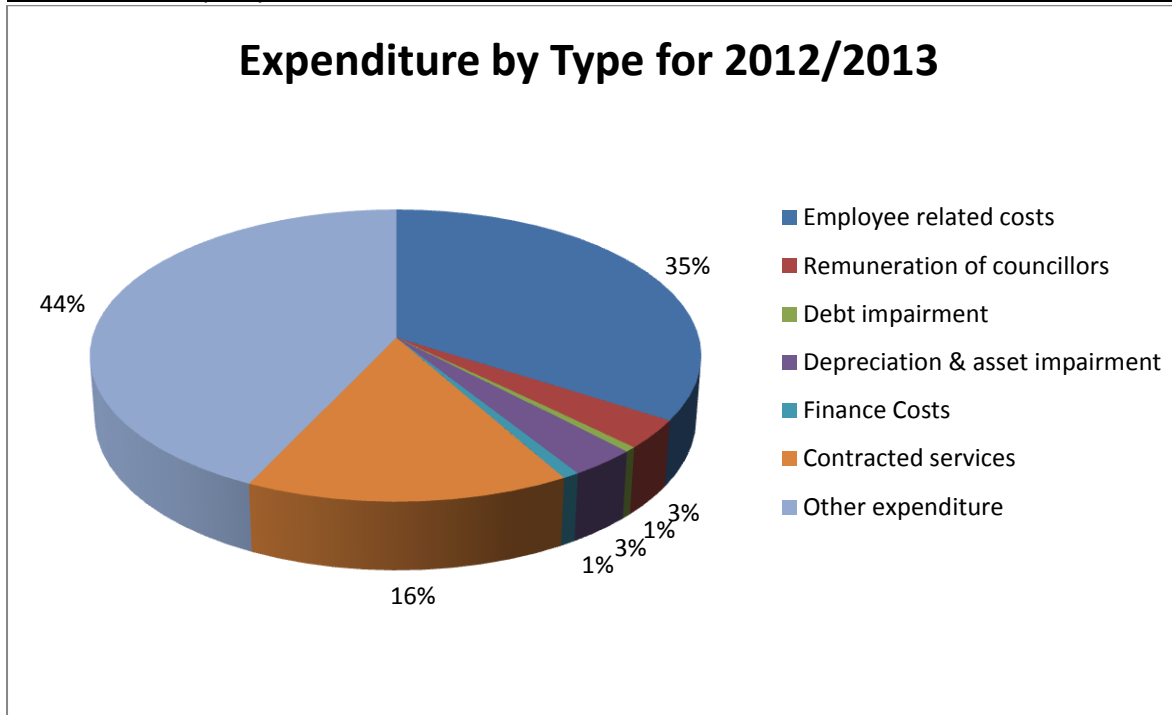


Figure 1 Main operational expenditure categories for the 2012/13 financial year

Table 7 Operational repairs and maintenance

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-
Other Expenditure	-	-	-	-	1 204	-	1 480	1 559	1 635
Total Repairs and Maintenance Expenditure	-	-	-	-	1 204	-	1 480	1 559	1 635

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was maintained at 4% in the 2012/13 financial year,

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

Table 8 Repairs and maintenance per asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	-	544	916	-	-	1 040	1 095	1 149
Infrastructure - Road transport	-	-	494	863	-	-	1 040	1 095	1 149
Roads, Pavements & Bridges	-	-	494	863	-	-	1 040	1 095	1 149
Infrastructure - Water	-	-	3	3	-	-	-	-	-
Dams & Reservoirs	-	-	3	3	-	-	-	-	-
Infrastructure - Other	-	-	48	50	-	-	-	-	-
Waste Management	-	-	33	34	-	-	-	-	-
Transportation	-	-	15	16	-	-	-	-	-
Community	-	-	46	48	48	48	33	34	36
Sportsfields & stadia	-	-	6	6	6	6	16	17	18
Community halls	-	-	40	42	42	42	-	-	-
Buses	-	-	-	-	-	-	17	18	18
Other assets	-	-	453	434	161	161	408	429	450
General vehicles	-	-	179	187	-	-	93	97	102
Specialised vehicles	-	-	82	86	-	-	-	-	-
Plant & equipment	-	-	5	6	6	6	122	128	135
Computers - hardware/equipment	-	-	-	-	-	-	6	6	6
Furniture and other office equipment	-	-	22	23	23	23	14	15	16
Abattoirs	-	-	13	14	14	14	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	63	66	66	66	-	-	-
Other Buildings	-	-	42	44	44	44	173	182	191
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	47	8	8	8	-	-	-
Total Repairs and Maintenance Expenditure	-	-	1 043	1 398	209	209	1 480	1 559	1 635
Specialised vehicles	-	-	82	86	-	-	-	-	-
Refuse	-	-	82	86	-	-	-	-	-
R&M as a % of PPE	0%	0%	2%	3%	0%	0%	3%	2%	2%
R&M as % Operating Expenditure	0%	0%	3%	5%	1%	1%	4%	3%	3%

For the 2012/13 financial year, 70% (R1.040 million) of total repairs and maintenance will be spent on infrastructure assets. 2% will be spent on community assets and 28% on other assets.

1.5 Capital expenditure

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

Table 9 2012/13 Medium-term capital budget per vote

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Municipal Vote										
Single-year expenditure appropriation										
Vote 1 - Governance & Administration	2 563	-	-	-	-	-	-	6 077	935	798
Executive & Council	2 429							5 975	730	365
Finance & Administration	134							102	205	433
Vote 2 - Community & Public Safety	170	9 192	-	10 284	2 288	-	-	766	-	7 267
Community & Social services	170	9 192		9 634	1 516			-	-	7 267
Sports & Recreation				650	772			761	-	-
Public Safety	-	-		-				5	-	-
Vote 3 - Trading Services	199	247	-	37	-	-	-	-	-	-
Waste Water Management										
Waste Management	199	247		37				-	-	-
Vote 4 - Economic and Environmental Services	15	-	-	7 032	6 138	-	-	5 362	13 592	3 408
Roads & Transport	15	-		7 032	6 138			5 362	13 592	3 408
Vote 5 - Other	-	-	-	-	9 430	-	-	500	374	189
Tourism								163	-	-
Planning & Development					9 430			337	374	189
	2 947	9 439	-	17 353	17 856	-	-	12 704	14 902	11 662
Total Capital Expenditure	2 947	9 439	-	17 353	17 856	-	-	12 704	14 902	11 662

For 2011/12 an amount of R9.589 million has been appropriated for the development of infrastructure in the total capital budget. In the outer years this amount totals R13.592 million, 92% and R10.675 million, 91% respectively for each of the financial years.

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

1.6 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as noted by the Council.

Table 10 MBRR Table A1 - Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	7 183	7 953	9 974	9 700	9 941	9 941	9 941	18 857	19 937	20 830
Service charges	2 852	3 378	1 837	1 963	1 931	1 930	1 930	2 496	2 628	2 757
Investment revenue	792	489	-	550	550	550	239	582	613	643
Transfers recognised - operational	29 212	38 504	-	12 959	14 028	14 028	14 028	16 243	32 618	28 205
Other own revenue	748	2 123	690	1 267	1 283	1 285	1 005	1 537	1 370	1 520
Total Revenue (excluding capital transfers and contributions)	40 787	52 447	12 501	26 439	27 733	27 734	27 143	39 715	57 166	53 955
Employee costs	6 942	7 980	10 144	10 519	12 108	12 108	6 800	12 413	13 071	13 712
Remuneration of councillors	1 086	1 140	-	1 397	1 397	1 397	806	1 299	1 368	1 435
Depreciation & asset impairment	1 309	1 414	1 694	1 893	1 893	-	-	1 770	1 864	1 956
Finance charges	163	133	-	126	126	126	126	321	313	304
Materials and bulk purchases	-	75	-	137	-	-	-	-	-	-
Transfers and grants	-	-	-	-	1 387	-	-	-	-	-
Other expenditure	13 290	10 981	22 271	13 158	10 406	15 314	15 314	23 662	40 466	35 913
Total Expenditure	22 790	21 722	34 109	27 230	27 317	28 945	23 047	39 465	57 083	53 320
Surplus/(Deficit)	17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Capital expenditure & funds sources										
Capital expenditure	2 947	9 439	-	17 316	27 184	27 184	19 799	12 704	14 902	11 662
Transfers recognised - capital	2 371	4 251	-	15 401	24 981	24 981	24 981	11 504	14 902	11 662
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	576	5 188	-	1 915	2 202	2 202	2 202	1 200	-	-
Total sources of capital funds	2 947	9 439	-	17 316	27 183	27 183	27 183	12 704	14 902	11 662
Financial position										
Total current assets	13 643	16 542	18 372	13 400	17 881	17 881	17 881	17 620	13 832	25 013
Total non current assets	73 451	60 885	64 046	73 025	92 150	92 150	92 150	74 180	100 862	97 536
Total current liabilities	11 914	14 651	14 773	5 066	8 784	8 784	8 944	4 537	4 544	4 869
Total non current liabilities	3 804	3 483	3 456	3 354	3 130	3 130	4 057	3 845	3 627	3 404
Community wealth/Equity	50 788	9 061	62 701	59 157	118 270	177 383	97 030	83 419	106 523	114 275
Cash flows										
Net cash from (used) operating	4 783	13 382	3 937	18 829	18 829	4 728	4 728	10 558	13 697	23 525
Net cash from (used) investing	(4 339)	(12 996)	(4 027)	11 710	(3 806)	(3 806)	-	(12 704)	(14 902)	(11 662)
Net cash from (used) financing	(478)	(339)	(322)	(249)	(330)	(330)	(556)	(556)	(556)	(656)
Cash/cash equivalents at the year end	1 060	1 107	695	31 398	15 801	1 700	5 280	2 578	818	12 026
Cash backing/surplus reconciliation										
Cash and investments available	10 641	13 290	13 137	9 210	10 900	10 900	10 900	12 478	8 918	20 226
Application of cash and investments	7 752	10 851	8 159	(1 379)	(666)	253	105	3 531	3 740	3 903
Balance - surplus (shortfall)	2 889	2 439	4 979	10 589	11 566	10 647	10 795	8 947	5 178	16 322
Asset management										
Asset register summary (WDV)	73 451	20 790	36 790	26 627	26 627	26 627	71 486	71 486	82 449	91 177
Depreciation & asset impairment	1 309	1 414	1 694	1 893	1 893	-	1 770	1 770	1 864	1 956
Renewal of Existing Assets	-	-	-	8 062	-	-	-	12 704	14 902	11 662
Repairs and Maintenance	-	-	1 043	1 398	209	209	1 480	1 480	1 559	1 635
Free services										
Cost of Free Basic Services provided	114	51	126	132	132	132	145	145	174	226
Revenue cost of free services provided	353	249	498	22 445	22 726	22 726	24 999	24 999	29 998	38 998
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	3	3	3	3	3	3	3	3	4	5

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. 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 Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.

Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification 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
Revenue - Standard										
<i>Governance and administration</i>		42	-	-	820	25 121	820	35 762	53 003	49 588
Executive and council		42	-	-	820	820	820	1 178	1 321	1 570
Budget and treasury office		-	-	-	-	24 301	-	34 583	51 682	48 018
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		127	8 801	-	272	424	423	266	280	293
Community and social services		29	8 766	-	153	305	304	251	264	277
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		99	35	-	119	119	119	15	16	16
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		541	269	-	692	208	208	964	1 015	1 064
Planning and development		400	128	-	-	(74)	(74)	46	48	51
Road transport		141	141	-	692	282	282	918	966	1 014
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 609	1 736	-	1 862	1 979	1 979	2 721	2 866	3 006
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 609	1 736	-	1 862	1 979	1 979	2 721	2 866	3 006
<i>Other</i>	4	(1)	-	-	-	-	-	3	3	3
Total Revenue - Standard	2	2 318	10 807	-	3 646	27 732	3 430	39 715	57 166	53 955
Expenditure - Standard										
<i>Governance and administration</i>		12 214	12 139	-	14 336	15 113	5 350	25 295	42 807	38 698
Executive and council		4 755	3 481	-	5 238	5 350	5 350	8 520	8 972	9 411
Budget and treasury office		7 459	8 658	-	9 098	9 763	-	16 775	33 835	29 287
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 191	4 045	-	6 673	6 923	6 923	7 009	7 381	7 743
Community and social services		4 191	3 950	-	4 589	4 809	4 809	591	622	653
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 000	95	-	2 084	2 114	2 114	6 419	6 759	7 090
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 304	1 742	-	3 108	3 108	3 108	4 570	4 812	5 048
Planning and development		1 500	1 158	-	1 394	1 394	1 394	2 420	2 548	2 673
Road transport		805	584	-	1 714	1 714	1 714	2 150	2 264	2 375
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2 077	1 592	-	1 697	1 697	1 697	1 578	1 662	1 743
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 077	1 592	-	1 697	1 697	1 697	1 578	1 662	1 743
<i>Other</i>	4	364	387	-	475	475	475	1 012	421	88
Total Expenditure - Standard	3	23 150	19 905	-	26 290	27 316	17 553	39 465	57 083	53 320
Surplus/(Deficit) for the year		(20 832)	(9 098)	-	(22 644)	416	(14 123)	250	83	635

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 15 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 Governance and Trading functions, but not the Economic, Community and Other 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 Governance Vote.

1st DRAFT 2012/13

Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**KZN432 Kwa Sani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Governance & Administration		16 107	20 308	-	23 319	25 121	25 121	35 762	53 003	49 588
Vote 2 - Community & Public Safety		7 874	27 392	-	271	424	424	266	280	293
Vote 3 - Trading Services		1 529	1 736	-	1 842	1 979	1 979	2 721	2 866	3 006
Vote 4 - Economic and Environmental Services		557	270	269	692	209	209	964	1 015	1 064
Vote 5 - Other		541	-	-	-	-	-	3	3	3
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	2	26 608	49 706	269	26 124	27 733	27 733	39 715	57 166	53 955
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance & Administration		9 972	12 139	-	13 311	15 113	15 113	25 295	42 807	38 698
Vote 2 - Community & Public Safety		12 663	27 234	-	7 102	6 923	6 923	7 009	7 381	7 743
Vote 3 - Trading Services		1 800	1 592	-	1 697	1 697	1 697	1 578	1 662	1 743
Vote 4 - Economic and Environmental Services		1 063	1 701	-	3 109	3 109	3 109	4 570	4 812	5 048
Vote 5 - Other		-	388	-	475	475	475	1 012	421	88
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	2	25 497	43 054	-	25 694	27 317	27 317	39 465	57 083	53 320
Surplus/(Deficit) for the year	2	1 111	6 652	269	431	416	416	250	83	635

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

- 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

Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	6 796	7 345	9 974	9 700	9 941	9 941	9 941	18 500	19 481	20 435
Property rates - penalties & collection charges		387	608	-	-	-	-	-	357	456	394
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 609	1 689	1 837	1 809	1 919	1 919	1 919	2 496	2 628	2 757
Service charges - other		1 243	1 689	-	155	12	11	11	-	-	-
Rental of facilities and equipment		244	236	-	380	380	380	158	403	424	445
Interest earned - external investments		792	489	-	550	550	550	239	582	613	643
Interest earned - outstanding debtors		-	468	-	141	141	141	198	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		123	42	-	182	108	108	78	35	37	39
Licences and permits		117	144	-	564	152	154	69	750	790	828
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		29 212	38 504	-	12 959	14 028	14 028	14 028	16 243	32 618	28 205
Other revenue	2	264	1 234	690	-	502	502	502	349	119	208
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		40 787	52 447	12 501	26 439	27 733	27 734	27 143	39 715	57 166	53 955
Expenditure By Type											
Employee related costs	2	6 942	7 980	10 144	10 519	12 108	12 108	6 800	12 413	13 071	13 712
Remuneration of councillors		1 086	1 140	-	1 397	1 397	1 397	806	1 299	1 368	1 435
Debt impairment	3	1 469	-	-	210	200	200	200	220	232	243
Depreciation & asset impairment	2	1 309	1 414	1 694	1 893	1 893	-	-	1 770	1 864	1 956
Finance charges		163	133	-	126	126	126	126	321	313	304
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	75	-	137	-	-	-	-	-	-
Contracted services		7 759	7 902	6 404	9 032	7 726	12 635	12 635	6 156	6 089	6 394
Transfers and grants		-	-	-	-	1 387	-	-	-	-	-
Other expenditure	4, 5	4 058	3 079	15 867	3 916	2 480	2 480	2 480	17 286	34 145	29 276
Loss on disposal of PPE		5	-	-	-	-	-	-	-	-	-
Total Expenditure		22 790	21 722	34 109	27 230	27 317	28 945	23 047	39 465	57 083	53 320
Surplus/(Deficit)		17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		17 997	30 725	(21 608)	(791)	416	(1 211)	4 096	250	83	635

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

1. Total revenue is R39.715 million in 2012/13 and escalates to R53.955 million by 2014/15.
2. Revenue to be generated from property rates is R18.857 million in the 2012/13 financial year and increases to R20.830 million by 2014/15 which represents 5% increase in the rates operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to refuse removal and constitutes R2.496 million of the revenue basket of KSM.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Governance & Administration		2 563	-	-	-	-	-	-	6 077	935	798
Executive & Council		2 429							5 975	730	365
Finance & Administration		134							102	205	433
Vote 2 - Community & Public Safety		170	9 192	-	10 284	2 288	-	-	766	-	7 267
Community & Social services		170	9 192		9 634	1 516			-	-	7 267
Sports & Recreation					650	772			761	-	-
Public Safety		-	-		-				5	-	-
Vote 3 - Trading Services		199	247	-	37	-	-	-	-	-	-
Waste Water Management											
Waste Management		199	247		37				-	-	-
Vote 4 - Economic and Environmental Services		15	-	-	7 032	6 138	-	-	5 362	13 592	3 408
Roads & Transport		15	-		7 032	6 138			5 362	13 592	3 408
Vote 5 - Other		-	-	-	-	9 430	-	-	500	374	189
Tourism									163	-	-
Planning & Development						9 430			337	374	189
Capital single-year expenditure sub-total		2 947	9 439	-	17 353	17 856	-	-	12 704	14 902	11 662
Total Capital Expenditure		2 947	9 439	-	17 353	17 856	-	-	12 704	14 902	11 662

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 R12.704 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R14.902 million and decreases to R11.662 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 KSM. 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, public contributions and donations, borrowing and internally generated funds from current year surpluses.

Table 15 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Current assets											
Cash		1 060	60	696	10	1 700	1 700	1 700	2 578	818	12 026
Call investment deposits		9 582	13 230	12 372	9 200	9 200	9 200	9 200	9 900	8 100	8 200
Consumer debtors	1	1 509	2 648	4 713	3 780	6 428	6 428	6 428	4 589	4 361	4 235
Other debtors		1 492	604	591	410	553	553	553	553	553	553
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	-	-	-	-	-	-	-	-	-	-
Total current assets		13 643	16 542	18 372	13 400	17 881	17 881	17 881	17 620	13 832	25 013
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		20 587	20 587	20 587	20 587	20 587	20 587	20 587	20 587	20 587	20 620
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	52 859	40 227	43 393	52 437	71 563	71 563	71 563	53 570	80 268	76 916
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible	5	5	71	65	-	-	-	-	23	6	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		73 451	60 885	64 046	73 025	92 150	92 150	92 150	74 180	100 862	97 536
TOTAL ASSETS		87 094	77 427	82 417	86 425	110 031	110 031	110 031	91 801	114 694	122 549
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	(69)	-	-	-	-	-	-	-
Borrowing	4	340	322	166	330	330	330	490	490	509	748
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	11 574	14 330	14 676	3 336	7 054	7 054	7 054	4 047	4 034	4 121
Provisions		-	-	-	1 400	1 400	1 400	1 400	-	-	-
Total current liabilities		11 914	14 651	14 773	5 066	8 784	8 784	8 944	4 537	4 544	4 869
Non current liabilities											
Borrowing		2 404	2 083	1 916	1 814	1 590	1 590	2 127	1 723	1 293	836
Provisions		1 400	1 400	1 540	1 540	1 540	1 540	1 929	2 122	2 335	2 568
Total non current liabilities		3 804	3 483	3 456	3 354	3 130	3 130	4 057	3 845	3 627	3 404
TOTAL LIABILITIES		15 718	18 134	18 229	8 420	11 914	11 914	13 001	8 382	8 171	8 273
NET ASSETS	5	71 376	59 293	64 188	78 005	98 117	98 117	97 030	83 419	106 523	114 275
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 124	2 321	62 701	45	59 157	118 270	37 918	83 049	106 153	113 905
Reserves	4	49 665	6 741	-	59 113	59 113	59 113	59 113	370	370	370
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	50 788	9 061	62 701	59 157	118 270	177 383	97 030	83 419	106 523	114 275

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

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

KZN432 Kwa Sani - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		13 733	14 396	15 361	14 548	14 548	12 818	12 818	14 116	15 067	16 087
Government - operating	1	25 072	32 636	11 690	9 823	9 823	13 696	13 696	16 243	32 618	28 205
Government - capital	1	2 384	8 313	10 535	15 401	15 401	24 981	24 981	12 704	14 902	11 662
Interest		792	489	480	550	550	550	550	582	613	643
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(37 034)	(42 320)	(33 873)	(21 366)	(21 366)	(47 191)	(47 191)	(32 767)	(49 190)	(32 767)
Finance charges		(163)	(132)	(256)	(127)	(127)	(126)	(126)	(321)	(313)	(304)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		4 783	13 382	3 937	18 829	18 829	4 728	4 728	10 558	13 697	23 525
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	(9 275)	-	17 316	27 121	27 121	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		14	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(1 406)	(3 649)	859	(5 551)	(3 751)	(3 751)	-	-	-	-
Payments											
Capital assets		(2 947)	(72)	(4 886)	(55)	(27 176)	(27 176)	-	(12 704)	(14 902)	(11 662)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 339)	(12 996)	(4 027)	11 710	(3 806)	(3 806)	-	(12 704)	(14 902)	(11 662)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(478)	(339)	(322)	(249)	(330)	(330)	(556)	(556)	(556)	(656)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(478)	(339)	(322)	(249)	(330)	(330)	(556)	(556)	(556)	(656)
NET INCREASE/ (DECREASE) IN CASH HELD		(34)	47	(412)	30 290	14 693	592	4 172	(2 702)	(1 761)	11 208
Cash/cash equivalents at the year begin:	2	1 094	1 060	1 107	1 108	1 108	1 108	1 108	5 280	2 578	818
Cash/cash equivalents at the year end:	2	1 060	1 107	695	31 398	15 801	1 700	5 280	2 578	818	12 026

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	1 060	1 107	695	31 398	15 801	1 700	5 280	2 578	818	12 026
Other current investments > 90 days		9 581	12 183	12 442	(22 188)	(4 901)	9 200	5 620	9 900	8 100	8 200
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		10 641	13 290	13 137	9 210	10 900	10 900	10 900	12 478	8 918	20 226
Application of cash and investments											
Unspent conditional transfers		6 958	11 228	11 546	-	5 000	5 000	5 000	4 155	4 155	4 155
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	794	(378)	(3 388)	(1 379)	(5 666)	(4 747)	(4 895)	(994)	(785)	(622)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	370	370	370
Total Application of cash and investments:		7 752	10 851	8 159	(1 379)	(666)	253	105	3 531	3 740	3 903
Surplus(shortfall)		2 889	2 439	4 979	10 589	11 566	10 647	10 795	8 947	5 178	16 322

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. Cash levels of R1.060 million in 2008/09 decreased to R0.695 million in 2010/2011.

4. The municipality is planning to recover cash in terms of a debt collection strategy from consumers to ensure sufficient cash is available to meet daily requirements.
5. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R2.578 million as at the end of the 2012/13 financial year and escalates to R12.026 million by 2014/15.

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 2010/11 the surplus increased from R2.889 million to R10.589 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R8.947 million in 2012/13 to a surplus of R16.322 million by 2014/15.

Table 18 MBRR Table A9 - Asset Management

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
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	2 947	–	13 151	9 254	–	–	–	–	–
Infrastructure - Road transport		15	–	1 789	–	–	–	–	–	–
Infrastructure - Electricity		–	–	7 488	7 364	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		199	–	–	–	–	–	–	–	–
Infrastructure		214	–	9 277	7 364	–	–	–	–	–
Community		2 346	–	2 103	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	1 010	–	–	–	–	–
Other assets	6	387	–	1 771	880	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	8 062	–	–	12 704	14 902	11 662
Infrastructure - Road transport		–	–	–	6 152	–	–	5 286	13 592	3 408
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	6 152	–	–	5 286	13 592	3 408
Community		–	–	–	1 865	–	–	2 200	–	7 267
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	45	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	5 218	1 310	987
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		15	–	1 789	6 152	–	–	5 286	13 592	3 408
Infrastructure - Electricity		–	–	7 488	7 364	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		199	–	–	–	–	–	–	–	–
Infrastructure		214	–	9 277	13 516	–	–	5 286	13 592	3 408
Community		2 346	–	2 103	1 865	–	–	2 200	–	7 267
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	1 055	–	–	–	–	–
Other assets	6	387	–	1 771	880	–	–	5 218	1 310	987
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	2 947	–	13 151	17 316	–	–	12 704	14 902	11 662
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		8 167	21	8 428	6 040	6 040	6 040	11 183	23 113	24 690
Infrastructure - Electricity		–	–	7 488	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		1 109	102	204	–	–	–	–	–	–
Infrastructure		9 275	123	16 120	6 040	6 040	6 040	11 183	23 113	24 690
Community		9 049	8	17	–	–	–	28 476	27 946	35 991
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		20 587	20 587	20 587	20 587	20 587	20 587	20 587	20 587	20 620
Other assets		34 535	–	–	–	–	–	11 218	10 796	9 876
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		5	71	65	–	–	–	23	6	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	73 451	20 790	36 790	26 627	26 627	26 627	71 486	82 449	91 177
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 309	1 414	1 694	1 893	1 893	–	1 770	1 864	1 956
Repairs and Maintenance by Asset Class	3	–	–	1 043	1 398	209	209	1 480	1 559	1 635
Infrastructure - Road transport		–	–	494	863	–	–	1 040	1 095	1 149
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	3	3	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	48	50	–	–	–	–	–
Infrastructure		–	–	544	976	–	–	1 040	1 095	1 149
Community		–	–	46	48	48	48	33	34	36
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	453	434	161	161	408	429	450
TOTAL EXPENDITURE OTHER ITEMS		1 309	1 414	2 736	3 291	2 102	209	3 250	3 423	3 590
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	46.6%	0.0%	0.0%	100.0%	100.0%	100.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	425.9%	0.0%	0.0%	717.6%	799.4%	596.3%
R&M as a % of PPE		0.0%	0.0%	2.4%	2.7%	0.3%	0.3%	2.8%	1.9%	2.1%
Renewal and R&M as a % of PPE		0.0%	0.0%	3.0%	36.0%	1.0%	1.0%	20.0%	20.0%	15.0%

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 the recommendations.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

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Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		50	50	-	50	50	50	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		50	50	-	50	50	50	-	-	-
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	50	50	-	50	50	50	-	-	-
Refuse:										
Removed at least once a week		1	1	1 200	1	1 200	1 200	1 320	1 584	2 059
<i>Minimum Service Level and Above sub-total</i>		823	1 200	1 200	1 200	1 200	1 200	1 320	1 584	2 059
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		3 153	3	2 820	3	2 820	2 820	3 102	3 722	4 839
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		3 153	2 820	2 820	2 820	2 820	2 820	3 102	3 722	4 839
Total number of households	5	3 976	4 020	4 020	4 020	4 020	4 020	4 422	5 306	6 898
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	111	111	122	147	190
Refuse (removed at least once a week)		0	0	-	111	111	111	122	147	190
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week)		114	51	126	132	132	132	145	174	226
Total cost of FBS provided (minimum social package)		114	51	126	132	132	132	145	174	226
Highest level of free service provided										
Property rates (R value threshold)		49 683	7 823 199	15 646 398	39 325	39 325	39 325	43 257	51 909	67 481
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	55	66	86
Refuse (average litres per week)		50	50	50	50	50	50	55	66	86
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		66	129	258	17 280	17 280	17 280	19 008	22 810	29 652
Property rates (other exemptions, reductions and rebates)		7	-	-	4 854	5 141	5 141	5 655	6 786	8 822
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	311	305	305	336	403	523
Municipal Housing - rental rebates		280	120	240	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)		353	249	498	22 445	22 726	22 726	24 999	29 998	38 998

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 reports on backlogs for :
 - a. Refuse services
3. The budget provides for 111 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase to 190 households given by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R0.145 million in 2012/13, increasing to R0.226 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

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Part 2 – Supporting Documentation

3.1 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 CFO.

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.

3.1.1 Budget Process Overview

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

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **August 2011** – 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 2012/13 MTREF;
- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2012** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **14 February 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **February 2012** - 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;
- **March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **6 May 2012** - Closing date for written comments;
- **6 to 31 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **21 June 2012** - Tabling of the 2011/12 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 to date.

3.1.2 IDP and Service Delivery and Budget Implementation Plan

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

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

3.1.3 Financial Modelling and Key Planning Drivers

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

- Municipal 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 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

3.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

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

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

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

Table 20 IDP Strategic Objectives

2011/12 Financial Year	2012/13 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 Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele 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 public transport;
 - Provide municipal 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 city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

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

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

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Municipal Transformation and Institutional Development	To build a transparent administrative body capable of achieving transparency and integrity whilst addressing employment equity and affirmative action.			42		102	777			6 834	20 020	18 805
Good Governance	To facilitate community development and involvement; ensure higher levels of democracy and public participation, To uphold Bato Pele principles.											
Local Economic Development	To create enabling investment environment, and provide all residents in the municipality with access to inclusive economic growth opportunities including the poor, the youth, women and disabled.					86				425	448	469
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery throughout the municipal area.			21 219	30 274	38	165			11 969	14 902	11 662
Financial Viability and Management	To enhance revenue generation and establish sound financial leading to a financially viable municipality.			19 127	22 044		24 654			20 037	21 239	22 514
Spatical Development Framework	Reflect council development strategies spatically, Enhance regional identity and inique character of place, Ensure conformance with the neighbouring local, district and provincial spatical development frameworks.			399	128		129			450	477	506
						24 915						
						170						
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	40 787	52 446	25 312	25 726	-	-	39 715	57 086	53 955

Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Municipal Transformation and Institutional Development.	To build a transparent administrative body capable of achieving transparency and			4 759	3 481	6 721	7 080			5 850	20 017	18 169	
Good Governance	To facilitate community development and involvement, ensure higher levels of												
Local Economic Development	To create enabling investment environment, and provide all residents in the municipality			-	-	1 996	2 340			425	448	469	
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery			25 256	27 818	4 772	4 681			12 704	14 902	11 662	
Financial Viability and Management	To enhance revenue generation and establish sound financial management			9 900	10 249	11 558	10 796			20 037	21 239	22 514	
Spacial Development Framework	Reflect council development strategies spatially, Enhance regional identity and inique			1 826	1 505	-	1 393			450	477	506	
Allocations to other priorities													
Total Expenditure				1	41 741	43 054	25 047	26 290	-	-	39 466	57 083	53 319

3.3 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:

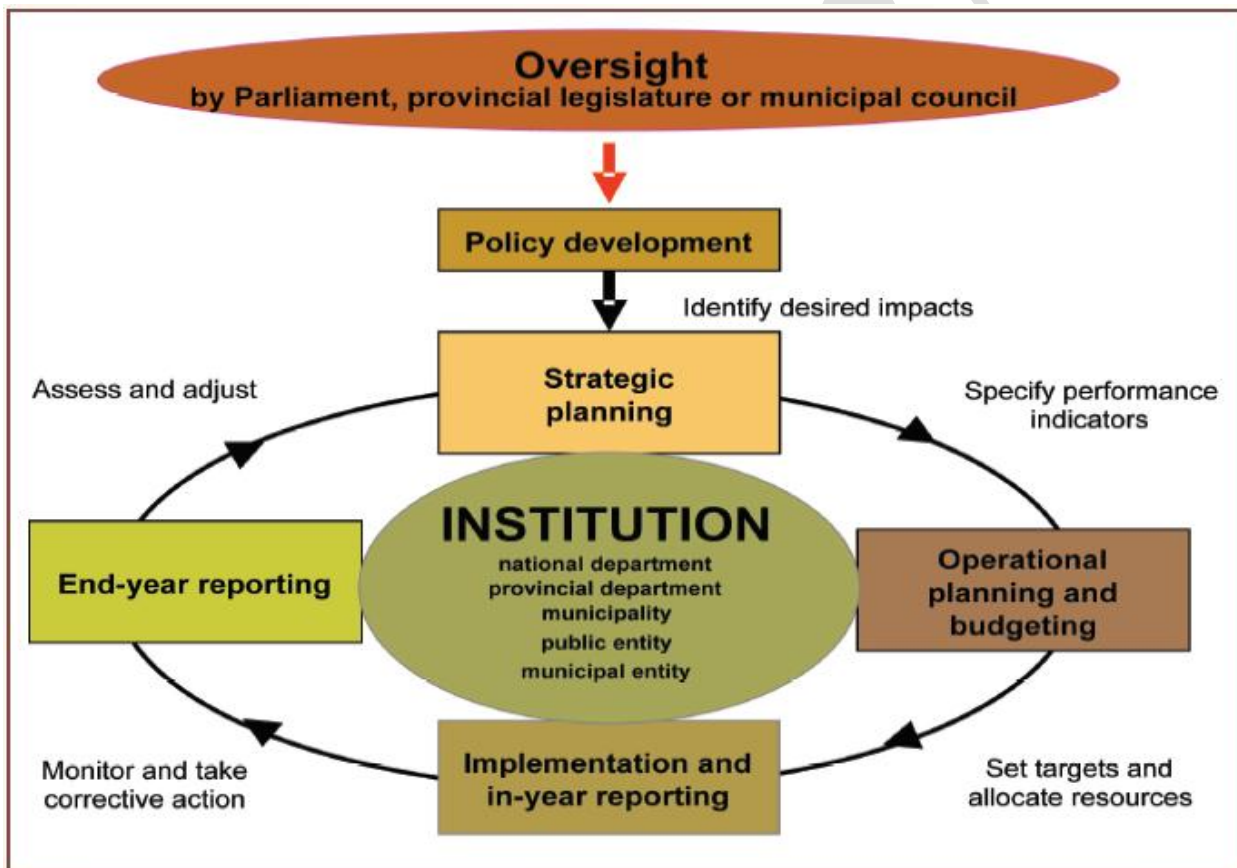


Figure 2 Planning, budgeting and reporting cycle

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:

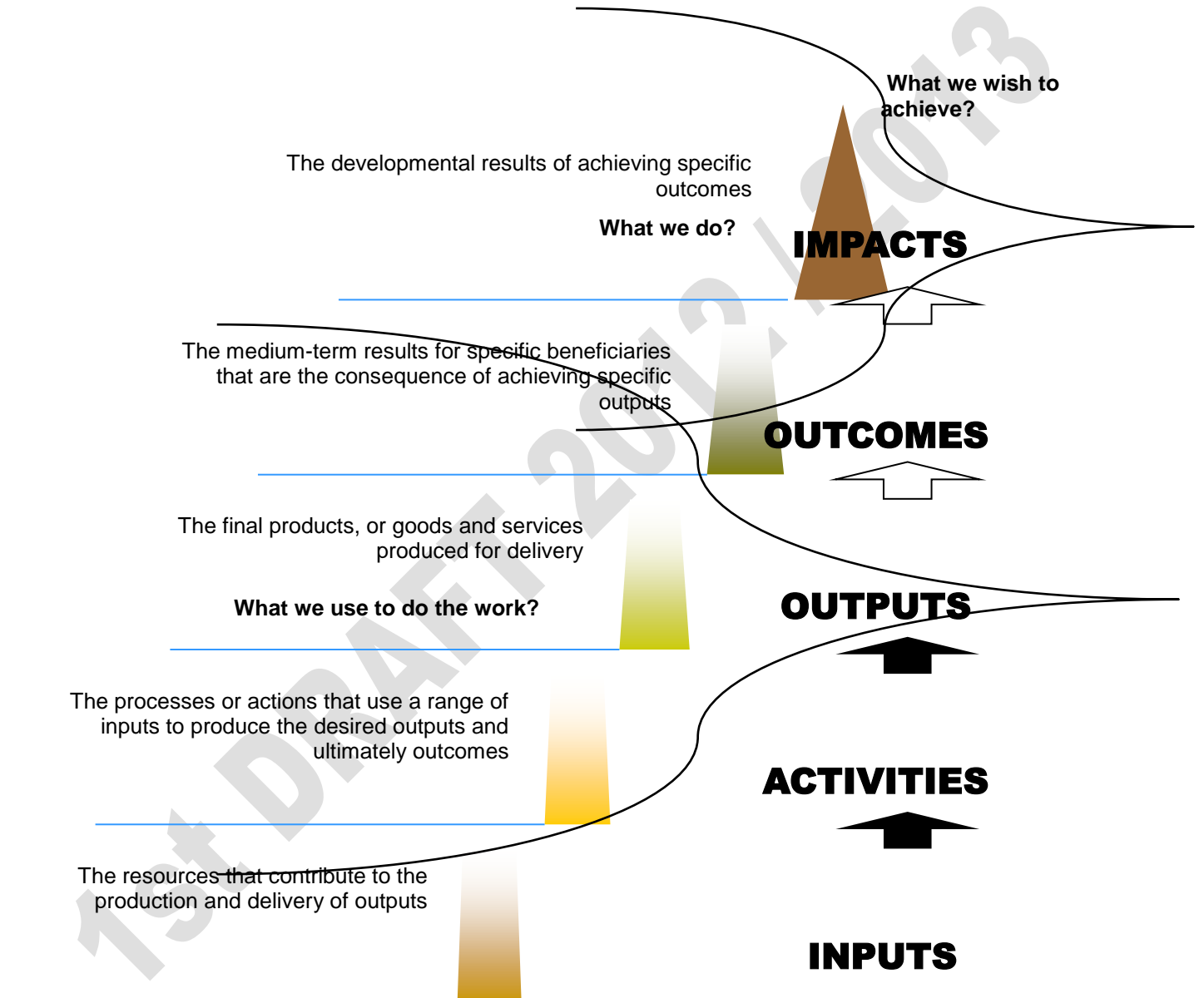


Figure 3 Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 23 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management											
Credit Rating		good	good	good	good	good	good	good			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	2.2%	0.9%	1.4%	1.7%	1.6%	3.0%	2.2%	1.5%	1.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.5%	3.4%	2.6%	2.8%	3.3%	3.3%	5.2%	3.7%	3.5%	3.7%
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	4.8%	30.9%	0.0%	3.1%	2.7%	2.7%	3.6%	465.6%	349.4%	226.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.1	1.1	1.2	2.6	2.0	2.0	2.0	3.9	3.0	5.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	1.1	0.9	1.7	1.5	1.5	1.5	3.1	2.3	4.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.9	0.9	1.8	1.2	1.2	1.2	2.8	2.0	4.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		127.5%	107.0%	122.9%	112.5%	110.6%	97.4%	99.6%	61.7%	62.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			127.4%	107.0%	122.9%	112.5%	110.6%	97.4%	99.6%	61.7%	62.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.4%	6.2%	42.4%	15.8%	25.2%	25.2%	25.7%	12.9%	8.6%	8.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	40.0%	0.0%	0.0%	40.0%	0.0%	0.0%	0.0%	40.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		435.5%	280.1%	450.1%	10.6%	13.0%	120.8%	38.9%	84.4%	282.2%	20.3%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.0%	15.2%	81.1%	39.8%	43.7%	43.7%	25.1%	31.3%	22.9%	25.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	19.7%	0.0%	100.3%	45.1%	40.4%	18.9%		33.8%	24.6%	27.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	8.3%	5.3%	0.8%	0.8%		3.7%	2.7%	3.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.6%	2.9%	13.5%	7.6%	7.3%	0.5%	0.5%	5.3%	3.8%	4.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.0	17.4	15.6	15.3	15.3	15.3	11.5	20.1	18.9	19.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.2%	28.1%	44.9%	34.8%	57.0%	57.0%	58.0%	23.6%	21.4%	19.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.7	0.7	0.4	16.6	8.0	0.8	3.0	1.2	0.3	4.4

3.3.1 Performance indicators and benchmarks

3.3.1.1 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, KSM's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is made up of a finance lease and a DBSA loan. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 2.2% to 1.8% in 2014/15, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *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 3.7% which is significantly low.

3.4 Overview of budget related-policies

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

3.4.1 Review of credit control and debt collection procedures/policies

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

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed,

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 63 % 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.

3.4.2 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. Budget Adjustment Policy

3.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2011. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

3.4.4 Budget and Virement Policy

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

3.4.5 Cash Management and Investment Policy

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

3.4.6 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.

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
- Indigent Policy.

3.5 Overview of budget assumptions

3.5.1 General inflation outlook and its impact on the municipal activities

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

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise 35% of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

3.5.2 Interest rates for borrowing and investment of funds

Loan with DBSA and a finance lease with West bank are the 2 sources of borrowing that the municipality has to pay back.

3.5.3 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 (63%) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

3.5.4 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent. This agreement has come to a conclusion. As a result negotiations will have to be held to

determine the new percentage increase. The municipality has opted to budget for a 7.5% increase.

3.5.5 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.

3.5.6 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 100% on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

3.6 Overview of budget funding

3.6.1 Medium-term outlook: operating revenue

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

Table 24 Breakdown of the operating revenue over the medium-term

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	7 183	7 953	9 974	9 700	9 941	9 941	9 941	18 857	19 937	20 830
Service charges	2 852	3 378	1 837	1 963	1 931	1 930	1 930	2 496	2 628	2 757
Investment revenue	792	489	-	550	550	550	239	582	613	643
Transfers recognised - operational	29 212	38 504	-	12 959	14 028	14 028	14 028	16 243	32 618	28 205
Other own revenue	748	2 123	690	1 267	1 283	1 285	1 005	1 537	1 370	1 520
Total Revenue (excluding capital transfers and contributions)	40 787	52 447	12 501	26 439	27 733	27 734	27 143	39 715	57 166	53 955

Table 25 Proposed tariff increases over the medium-term

2012/2013 RATES BUDGET					
CAT	CAT Description	Market Values	Total Assessment	Rebates	Net Amount
CAT1	RESIDENTIAL	653 031 000.00	7 090 417.41	2 014 106.16	5 076 311.25
CAT2	COMMERCIAL	159 412 000.00	3 553 165.95	1 019 649.54	2 533 516.41
CAT3	AGRICULTURAL - BONA FIDE	643 819 000.00	1 797 091.97	1 168 109.78	628 982.19
CAT3	AGRICULTURAL PROPERTIES	990 793 000.00	5 520 995.83	1 932 348.54	3 588 647.29
CAT3	AGRICULTURAL PROPERTIES	17 300 000.00	48 289.49	2 372.61	45 916.89
CAT4	STATE OWNED	500 433 000.00	5 577 125.61	235 518.83	5 341 606.78
CAT5	PSI	21 783 000.00	60 802.89	18 240.87	42 562.02
CAT6	PBO	22 553 000.00	62 952.19	62 952.19	0.00
CAT8	TOURISM RURAL	406 071 000.00	2 262 749.43	1 026 232.94	1 236 516.50
CAT9	OTHER	7 000 000.00	19 539.10	19 539.10	0.00
CAT 10	RESIDENTIAL SMALL HOLDING	112 145 000.00	624 905.58	454 150.81	170 754.78
CAT11	TOURISM URBAN	33 190 000.00	369 889.27	184 944.64	184 944.64
CAT4	MUNICIPAL PROP	23 648 000.00	0.00	0.00	0.00
	TOTALS	3 591 178 000.00	25 993 129.88	7 499 070.56	18 494 059.32

CAT	CAT Description	Tariffs				Reasons
		Proposed Tariff 2012/2013	Current Tariff 2011/2012	R Variance	% Variance	
CAT1	RESIDENTIAL	1.114	1.082	0.03	3%	Less than Inflationary increase of 3%
	RESIDENTIAL					
	RESIDENTIAL					
	RESIDENTIAL					
CAT2	COMMERCIAL	2.229	2.164	0.06	3%	Less than Inflationary increase of 3%
CAT3	AGRICULTURAL - BONA FIDE FARMERS	0.279	0.271	0.01	3%	Less than Inflationary increase of 3%
CAT3	AGRICULTURAL PROPERTIES	0.557	0.271	0.29	106%	increased by 25 % due to change in tariff structure from prior year
CAT3	AGRICULTURAL PROPERTIES URBAN	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT4	STATE OWNED	1.114	1.082	0.03	3%	Less than Inflationary increase of an anticipated 5.4%
CAT5	PSI	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT6	PBO	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT8	TOURISM RURAL	0.557	0.541	0.02	3%	Less than Inflationary increase of an anticipated 5.4%
CAT9	OTHER	0.279	0.271	0.01	3%	Less than Inflationary increase of an anticipated 5.4%
CAT 10	RESIDENTIAL SMALL HOLDING	0.557	0.271	0.29	106%	increased by 25 % due to change in tariff structure from prior year
CAT11	TOURISM URBAN	1.114	1.082	0.03	3%	Less than Inflationary increase of an anticipated 5.4%
CAT4	MUNICIPAL PROP	-	-	-		
	TOTALS	8.640	7.848	0.792	0.186	

Revenue to be generated from property rates is R25.993 million in the 2012/13 financial year before rebates and increases to R1.972 million by 2014/15 which represents 10% increase. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed. There were new category of property's that were introduced during the 2011/2012 property valuation exercise that was carried out. The values of properties significantly increased. As a result revenue after rebates increased by approximately R8.000 million. R4.600 million relates to property that fell into the municipality's boundaries that belong to the National Department of Public Works.

Approximately R2.500 million rand relates to the increase in the values of agricultural property that was previously undervalued. The balance is spread amongst the other categories.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there is the objections process, the deadline for which closed on the 22 March 2012. This process proved to be problematic in previous financial years. As a result, this must be taken into account in the revenue projection. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 3rd quarter of the 2012/13 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

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 50% of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R21.353 million. This increases to R22.565 million, R23.586 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases by 86% and 30% respectively in 2012/13 and evens out to 5% in 2013/14 and 2014/15. This significant increase has resulted from the property rates valuation exercise that was performed. Increase in the property values has had the roll over effect of increasing the total rates generated for the financial year. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Operational grants and subsidies amount to R16.243 million, R32.618 million and R28.205 million for each of the respective financial years of the MTREF. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 11.6 per cent and 8.9 per cent for the two outer years. 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's with a budget allocation of R0.582 million, R0.613 million and R0.643 million for each of the respective financial years of the MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 26 MBRR SA15 – Detail Investment Information

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		9 582	13 230	13 062	9 200	11 000	11 000	9 900	8 100	8 200
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	9 582	13 230	13 062	9 200	11 000	11 000	9 900	8 100	8 200
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		9 582	13 230	13 062	9 200	11 000	11 000	9 900	8 100	8 200

Table 27 MBRR 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 %	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											
FNB Various- Available funds		>1yr	Call	yes	variable	3.50%			>1yr	1 112	39
FNB-62116486087-Ceded to DBSA		>1yr	Call	yes	variable	3.50%	0	0	>1yr	855	30
Investec-125677-Ceded to DBSA		>1yr	Call	yes	variable	3.50%			>1yr	190	7
Nedbank-9010975386-Ceded to DBSA		>1yr	Call	yes	variable	3.50%			>1yr	442	15
FNB-Various-Conditional Grants		>1yr	Call	no	variable	3.50%			>1yr	7 300	256
Municipality sub-total										9 900	346
Entities											
										-	-
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									9 900	346

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R0.250 million, R0.083 million and R0.635 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

3.6.2 Medium-term outlook: capital revenue

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

Table 28 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality									
Long-Term Loans (annuity/reducing balance)		2 404	1 916	1 814	1 590	1 747	1 393	1 021	630
Financial Leases	-	-	-	-	-	380	329	272	207
Total Borrowing	-	2 404	1 916	1 814	1 590	2 127	1 723	1 293	836

DBSA loan and finance lease for vehicles contribute to the capital and interest finance costs in the income and expenditure statement.

Table 29 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
RECEIPTS:									
Operating Transfers and Grants									
National Government:	7 932	9 969	10 915	12 807	12 807	-	15 354	31 584	27 164
Local Government Equitable Share	5 281	7 103	8 754	10 517	10 517	-	12 054	13 013	13 957
Finance Management	1 750	2 131	1 726	1 500	1 500	-	1 500	1 500	1 500
Municipal Systems Improvement	-	-	434	790	790	-	800	900	950
EPWP Incentive	-	-	-	-	-	-	1 000	-	-
Integrated National Electrification Programme	-	-	-	-	-	-	-	16 171	10 757
Free Electricity ,Free Basic Services	901	735	-	-	-	-	-	-	-
Provincial Government:	20 541	24 830	67	152	1 221	-	854	1 034	1 041
Sport and Recreation	-	1 289	-	-	-	-	90	-	-
Sport and Recreation	-	-	-	-	-	-	159	334	341
Housing	20 432	23 487	-	-	-	-	-	-	-
Property Rates,Free Electricity,Free Basic Services	109	54	67	152	1 221	-	605	700	700
District Municipality:	-	-	398	-	-	-	-	-	-
MAP,Capacity Building & Waste Disposal	-	-	123	-	-	-	-	-	-
Internal Audit	-	-	275	-	-	-	-	-	-
Other grant providers:	-	436	586	-	-	-	-	-	-
DBSA	-	436	586	-	-	-	-	-	-
Total Operating Transfers and Grants	28 472	35 236	11 965	12 959	14 028	-	16 208	32 618	28 205
Capital Transfers and Grants									
National Government:	3 572	10 214	2 767	7 887	7 887	7 887	9 567	10 092	10 675
Municipal Infrastructure Grant (MIG)	3 572	10 214	2 767	7 887	7 887	7 887	9 567	10 092	10 675
Provincial Government:	-	-	-	150	300	300	-	-	-
Sports & Recreation	-	-	-	150	300	300	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	7 364	16 794	16 794	-	-	-
COGTA	-	-	-	-	9 430	9 430	-	-	-
Integrated National Electrification Programme	-	-	-	7 364	7 364	7 364	-	-	-
Total Capital Transfers and Grants	3 572	10 214	2 767	15 401	24 981	24 981	9 567	10 092	10 675
TOTAL RECEIPTS OF TRANSFERS & GRANTS	32 044	45 450	14 733	28 360	39 009	24 981	25 775	42 710	38 880

3.6.3 Cash Flow Management

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

- Clear separation of receipts and payments within each cash flow category;

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

Table 30 MBRR Table A7 - Budget cash flow statement

1st DRAFT 2012 / 2013

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:	1									
Operating expenditure of Transfers and Grants:										
National Government:		8 987	10 061	17 934	12 807	-	-	15 354	31 584	27 164
Local Government Equitable Share		5 281	7 103	8 755	10 517			12 054	13 013	13 957
Local Government Equitable Share										
Finance Management		1 796	2 337	1 553	1 500			1 500	1 500	1 500
Municipal Systems Improvement				906	790			800	900	950
EPWP Incentive								1 000	-	-
Integrated National Electrification Programme				6 653				-	16 171	10 757
Property Rates,Free Electricity,Free Basic Service		1 909	621	68						
Provincial Government:		19 132	22 045	1 060	152	-	-	854	1 130	1 142
Sport and Recreation								90	96	101
Sport and Recreation		18 591	21 332	-				159	334	341
Sport and Recreation			429	-						
Property Rates,Free Electricity,Free Basic Service		541	285	1 060	152			605	700	700
District Municipality:		-	756	398	-	-	-	-	-	-
MAP,Capacity Building & Waste Disposal			717	123						
Internal Audit			39	275						
Other grant providers:		-	436	586	-	-	-	-	-	-
DBSA			436	586						
Total operating expenditure of Transfers and Grants		28 119	33 299	19 978	12 959	-	-	16 208	32 714	28 306
Capital expenditure of Transfers and Grants										
National Government:		2 138	7 881	2 767	7 887	-	-	9 567	10 092	10 675
Municipal Infrastructure Grant (MIG)		2 138	7 881	2 767	7 887			9 567	10 092	10 675
0										
Provincial Government:		-	-	-	150	-	-	-	-	-
Sports & Recreation					150					
District Municipality:		199	-	-	-	-	-	-	-	-
MAP,Capacity Building & Waste Disposal		199								
Other grant providers:		-	-	6 653	7 364	-	-	-	-	-
COGTA				6 653	7 364					
Intergrated National Electrification Programme				6 653	7 364					
Total capital expenditure of Transfers and Grants		2 337	7 881	9 420	15 401	-	-	9 567	10 092	10 675
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		30 456	41 180	29 398	28 360	-	-	25 775	42 806	38 981

Table 31 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	R thousand	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
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	1 040	-	722	989	989	989	886	930	976
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	24	25	26
Motor Vehicle Allowance	-	-	-	330	330	330	311	327	343
Cellphone Allowance	46	-	-	78	78	78	78	82	86
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	270	-	-	-	-	-	-
Sub Total - Councillors	1 086	-	992	1 397	1 397	1 397	1 299	1 364	1 432
% Increase		(100.0%)	-	40.8%	-	-	(7.0%)	5.0%	5.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	1 230	-	1 379	2 045	2 045	2 045	1 863	1 957	2 054
Pension and UIF Contributions	115	-	26	54	54	54	10	11	11
Medical Aid Contributions	-	-	-	58	58	58	27	28	30
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	191	191	191	230	242	254
Motor Vehicle Allowance	-	-	7	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	18	-	9	6	6	6	6	7	7
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	1 363	-	1 421	2 354	2 354	2 354	2 137	2 244	2 356
Other Municipal Staff									
Basic Salaries and Wages	4 052	-	8 217	6 791	6 791	822	8 342	8 759	9 197
Pension and UIF Contributions	612	-	1 060	625	110	110	1 038	1 090	1 144
Medical Aid Contributions	-	-	-	248	40	40	230	241	254
Overtime	895	-	544	-	500	500	-	-	-
Performance Bonus	-	-	-	505	-	-	652	685	719
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	13	-	-	14	14	14	14	14	15
Other benefits and allowances	8	-	303	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	5 579	-	10 124	8 183	7 455	1 486	10 276	10 790	11 329
		(100.0%)	-	(19.2%)	(8.9%)	(80.1%)	591.5%	5.0%	5.0%
Total Parent Municipality	8 028	-	12 537	11 934	11 206	5 237	13 713	14 398	15 118
		(100.0%)	-	(4.8%)	(6.1%)	(53.3%)	161.8%	5.0%	5.0%
TOTAL SALARY, ALLOWANCES & BENEFITS	8 028	-	12 537	11 934	11 206	5 237	13 713	14 398	15 118
TOTAL MANAGERS AND STAFF	6 942	-	11 545	10 537	9 809	3 840	12 413	13 034	13 686

Table 32 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		2010/11		Current Year 2011/12			Budget Year 2012/13		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council									
Councillors (Political Office Bearers plus Other Councillors)	-	-	5	7	-	7	7	7	7
Municipal employees									
Municipal Manager and Senior Managers	-	1	2	3	1	2	3	1	2
Other Managers	-	2	-	2	2	-	2	2	-
Professionals	-	-	1	19	-	3	2	-	2
Finance	-	-	-	13	-	1	1	-	1
Spatial/town planning	-	-	1	4	-	1	1	-	1
Information Technology	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	1	-	-	-
Other	-	-	-	2	-	-	-	-	-
Technicians	-	-	-	-	1	-	1	-	1
Finance	-	-	-	-	-	-	-	-	-
Spatial/town planning	-	-	-	-	1	-	-	-	-
Roads	-	-	-	-	-	-	1	-	1
Clerks (Clerical and administrative)	-	21	8	-	25	8	25	17	8
Service and sales workers	-	42	-	-	44	-	44	44	-
TOTAL PERSONNEL NUMBERS	-	66	16	31	73	20	84	71	20
% increase				-	10.6%	25.0%	171.0%	(2.7%)	-
Total municipal employees headcount									
Finance personnel headcount	-	4	7	-	6	7	11	5	6
Human Resources personnel headcount	-	2	-	-	2	-	2	2	-

3.7 Monthly targets for revenue, expenditure and cash flow

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates		#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	1 542	18 500	19 481	20 435
Property rates - penalties & collection charges		29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	29 758.61	30	357	456	394
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	207 970.16	208	2 496	2 628	2 757
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	33 571.98	34	403	424	445
Interest earned - external investments		48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	48 538.47	49	582	613	643
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	2 916.67	3	35	37	39
Licences and permits		63	63	63	63	63	63	63	63	63	63	63	63	750	790	828
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	1 354	16 243	32 618	28 205
Other revenue		29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29 076.80	29	349	119	208
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	39 715	57 166	53 955
Expenditure By Type																
Employee related costs		#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	1 034	12 413	13 071	13 712
Remuneration of councillors		108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108 275.74	108	1 299	1 368	1 435
Debt impairment		18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18 333.33	18	220	232	243
Depreciation & asset impairment		147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	147 534.03	148	1 770	1 864	1 956
Finance charges		27	27	27	27	27	27	27	27	27	27	27	27	321	313	304
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	512 975.60	513	6 156	6 089	6 394
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	1 440	17 286	34 145	29 276
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	39 465	57 083	53 320
Surplus/(Deficit)		21	21	21	21	21	21	21	21	21	21	21	21	250	83	635
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		21	21	21	21	21	21	21	21	21	21	21	21	250	83	635
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	21	21	21	21	21	21	21	21	21	21	21	21	250	83	635

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

1st DRAFT 2012 / 2013

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard																
Governance and administration		2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980	35 762	53 003	49 588
Executive and council		98	98	98	98	98	98	98	98	98	98	98	98	1 178	1 321	1 570
Budget and treasury office		2 882	2 882	2 882	2 882	2 882	2 882	2 882	2 882	2 882	2 882	2 882	2 882	34 583	51 682	48 018
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		22	22	22	22	22	22	22	22	22	22	22	22	266	280	293
Community and social services		21	21	21	21	21	21	21	21	21	21	21	21	251	264	277
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		1	1	1	1	1	1	1	1	1	1	1	1	15	16	16
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		80	80	80	80	80	80	80	80	80	80	80	80	964	1 015	1 064
Planning and development		4	4	4	4	4	4	4	4	4	4	4	4	46	48	51
Road transport		76	76	76	76	76	76	76	76	76	76	76	76	918	966	1 014
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		227	227	227	227	227	227	227	227	227	227	227	227	2 721	2 866	3 006
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		227	227	227	227	227	227	227	227	227	227	227	227	2 721	2 866	3 006
Other		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Total Revenue - Standard		3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	39 715	57 166	53 955
Expenditure - Standard																
Governance and administration		2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	25 295	42 807	38 698
Executive and council		710	710	710	710	710	710	710	710	710	710	710	710	8 520	8 972	9 411
Budget and treasury office		1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	16 775	33 835	29 287
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		584	584	584	584	584	584	584	584	584	584	584	584	7 009	7 381	7 743
Community and social services		49	49	49	49	49	49	49	49	49	49	49	49	591	622	653
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		535	535	535	535	535	535	535	535	535	535	535	535	6 419	6 759	7 090
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		381	381	381	381	381	381	381	381	381	381	381	381	4 570	4 812	5 048
Planning and development		202	202	202	202	202	202	202	202	202	202	202	202	2 420	2 548	2 673
Road transport		179	179	179	179	179	179	179	179	179	179	179	179	2 150	2 264	2 375
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		131	131	131	131	131	131	131	131	131	131	131	131	1 578	1 662	1 743
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		131	131	131	131	131	131	131	131	131	131	131	131	1 578	1 662	1 743
Other		84	84	84	84	84	84	84	84	84	84	84	84	1 012	421	88
Total Expenditure - Standard		3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	3 289	39 465	57 083	53 320
Surplus/(Deficit) before assoc.		21	21	21	21	21	21	21	21	21	21	21	21	250	83	635
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	21	21	21	21	21	21	21	21	21	21	21	21	250	83	635

Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - Governance & Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community & Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Trading Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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]																
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Governance & Administration		506	506	506	506	506	506	506	506	506	506	506	506	6 077	935	798
Vote 2 - Community & Public Safety		64	64	64	64	64	64	64	64	64	64	64	64	766	-	7 267
Vote 3 - Trading Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services		447	447	447	447	447	447	447	447	447	447	447	447	5 362	13 592	3 408
Vote 5 - Other		42	42	42	42	42	42	42	42	42	42	42	42	500	374	189
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]																
Capital single-year expenditure sub-total	2	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	12 704	14 902	11 662
Total Capital Expenditure	2	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	12 704	14 902	11 662

Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		506	506	506	506	506	506	506	506	506	506	506	506	6 077	935	798
Executive and council		498	498	498	498	498	498	498	498	498	498	498	498	5 975	730	365
Budget and treasury office		8	8	8	8	8	8	8	8	8	8	8	8	102	205	433
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		64	64	64	64	64	64	64	64	64	64	64	64	766	-	7 267
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 267
Sport and recreation		63	63	63	63	63	63	63	63	63	63	63	63	761	-	-
Public safety		0	0	0	0	0	0	0	0	0	0	0	0	5	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		475	475	475	475	475	475	475	475	475	475	475	475	5 698	13 966	3 597
Planning and development		28	28	28	28	28	28	28	28	28	28	28	28	337	374	189
Road transport		447	447	447	447	447	447	447	447	447	447	447	447	5 362	13 592	3 408
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		14	14	14	14	14	14	14	14	14	14	14	14	163	-	-
Total Capital Expenditure - Standard	2	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	1 059	12 704	14 902	11 662

3.8 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 Budget & Treasury Office.

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Netstar	Mths	36	Tractor for fortune, hilux & tip truck	28/10/2013	6
Berg Security	Mths	12	Security - renew able annually	31/07/2011	189
SAMRAS	Yrs	1	Accounting system	annually renewable	107
Cow catches pound	Mths	36	Pound	15/02/2013	5
Enviroserv	Mths	46	Refuse Removal to Pietermaritzburg	30/10/2012	1 033
Gestetner	Mths	36	Photocopying Machine	01 February 2013	35
Ian Gordon	Mths	12	Property Valuation	30/06/2011	242
Lasercom	Mths		Printing of debtors accounts		26
KPMG	Yrs	3	Auditing	31/05/2012	380
Nashua	Yrs	5	Rental of photo copy machines & Printers	28/02/2016	600
Community Watch	Yrs	3	Disaster Management		768
Rural Metro	Yrs	1	Fire Services	30/06/2012	888
Mills Fitchet	Yrs	5	Valuation Roll Maintenance	30/06/2016	320
Indwe	Yrs	1	Insurance	30/05/2012	240

3.9 Capital expenditure details

The following 2 tables present details of the KSM's capital expenditure programme, firstly on the renewal of assets and finally on the repair and maintenance of assets.

Table 36 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

1st DRAFT 2012 / 2013

Table 37 MBRR SA34c - Repairs and maintenance expenditure by asset class

1st DRAFT 2012 / 2013

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
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	544	916	-	-	1 040	1 095	1 149
Infrastructure - Road transport		-	-	494	863	-	-	1 040	1 095	1 149
<i>Roads, Pavements & Bridges</i>		-	-	494	863	-	-	1 040	1 095	1 149
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	3	3	-	-	-	-	-
<i>Dams & Reservoirs</i>		-	-	3	3	-	-	-	-	-
<i>Water purification</i>		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	48	50	-	-	-	-	-
<i>Waste Management</i>		-	-	33	34	-	-	-	-	-
<i>Transportation</i>	2	-	-	15	16	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	-	-	-	-	-	-	-	-
Community		-	-	46	48	48	48	33	34	36
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	6	6	6	6	16	17	18
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	40	42	42	42	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	17	18	18
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	453	434	161	161	408	429	450
General vehicles		-	-	179	187	-	-	93	97	102
Specialised vehicles	10	-	-	82	86	-	-	-	-	-
Plant & equipment		-	-	5	6	6	6	122	128	135
Computers - hardware/equipment		-	-	-	-	-	-	6	6	6
Furniture and other office equipment		-	-	22	23	23	23	14	15	16
Abattoirs		-	-	13	14	14	14	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	63	66	66	66	-	-	-
Other Buildings		-	-	42	44	44	44	173	182	191
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	47	8	8	8	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	-	-	1 043	1 398	209	209	1 480	1 559	1 635

Table 38 MBRR SA35 - Future financial implications of the capital budget

Vote Description	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Governance & Administration		6 077	935	798	-	-	-	156
Vote 2 - Community & Public Safety		766	-	7 267	-	-	-	-
Vote 3 - Trading Services		-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services		5 362	13 592	3 408	-	-	-	2 265
Vote 5 - Other		500	374	189	-	-	-	62
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]		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total Capital Expenditure		12 704	14 902	11 662	-	-	-	2 484
Future operational costs by vote	2							
Vote 1 - Governance & Administration			607	165	242	230	218	101
Vote 2 - Community & Public Safety			77	-	2 203	2 093	1 989	13
Vote 3 - Trading Services			-	-	-	-	-	-
Vote 4 - Economic and Environmental Services			536	2 402	1 033	982	933	89
Vote 5 - Other			50	66	57	54	52	8
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]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	1 270	2 634	3 536	3 359	3 191	212
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		12 704	16 172	14 296	3 536	3 359	3 191	2 695

Table 39 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
						Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
R thousand		6	3	3								
List all capital projects grouped by Municipal Vote												
Community and Services:												
Roads												
Mantlana Access Road	Roads	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	1 020	-	-	1 020	-	-	Ward 1	New
Enthlheni Line1 Access Road	Roads	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	620	-	-	620	-	-	Ward 2	New
Woodford Road Regravelling	Roads	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	1 026	-	-	1 026	-	-	Ward 3	New
Zinkwani/Mhlangeni Pedestrian Bridge	Pedestrian Bridge	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	2 000	-	-	2 000	-	-	Ward 1	New
Ekhubeni Road	Roads	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	620	-	-	620	-	-	Ward 4	New
Community halls and Creche												
Himeville LH Business Hive	Business Hive	Yes	Community	Buildings	2 103	-	-	2 103	-	-	Ward 2	New
Sports and Recreation												
Ridge Sports Field	Sports field	Yes	Community	Sportsfields & stadia	2 200	-	-	2 200	-	-	Ward 1	New
Internally Funded - Delayed from previous year												
Staff housing (works)	Staff Accomodation	Yes	Other Assets	Housing development	1 100	-	-				Ward ?	Renewal
Total Capital expenditure								9 589	-	-		

3.10 Municipal manager's quality certificate

I, municipal manager of Kwa Sani, 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 _____

Municipal manager Kwa Sani Municipality (KZN 432)

Signature _____

Date _____