

BUDGET

2013-14 TO 2015-16



nelson mandela bay
MUNICIPALITY



2013/14 – 2015/16 BUDGET

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PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

The IDP is the institution's key strategic planning tool, which is reviewed on an annual basis. This IDP presents the communities of Nelson Mandela Bay with bold initiatives, strategies and programmes to give them access to quality basic services – in many instances, for the first time in their lives.

Public participation and engagement are the foundation on which the IDP is based and this IDP is consequently the outcome of a series of public participation meetings. During these meetings, the political and administrative leadership talked and listened to residents and community representatives to identify their priorities and needs, which were subsequently integrated into the IDP and Budget.

The abject conditions under which some of our residents live call for a paradigm shift in service delivery to address the unyielding triple challenges of unemployment, poverty and social inequality.

Complementary to the IDP and Budget is the Municipality's Turnaround Strategy. The Turnaround Strategy is premised on and reviewed by way of constant assessments of institutional performance gaps and developing and implementing interventions to ensure a continuous improvement in governance, service delivery and accountability, while promoting a more efficient and motivated workforce and socio-economic transformation.

The successful implementation of the IDP and Budget, as well as the provision of sustainable and integrated communities, can be achieved only through a partnership between the Municipality and the other spheres of government to create a single window of co-ordination, as reflected in Outcome 9. This should be complemented by partnerships with local communities and key stakeholders.

The key priorities for this IDP are informed by the ever-changing needs and circumstances of the communities of Nelson Mandela Bay, the 2011 ANC Local Government Election Manifesto, the State of the Nation Address, as well as the State of the Province Address.

Working Together, We Can Build Better Communities!

**COUNCILLOR BEN FIHLA
EXECUTIVE MAYOR**

1.2 COUNCIL RESOLUTIONS

(a) The Executive Mayor recommends that the Council resolves that:

1. The annual budget of the Nelson Mandela Bay Municipality for the financial year 2013/14 and the indicative allocations for the projected outer years 2014/15 and 2015/16; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24(2) of the Municipal Finance Management Act (MFMA) No. 56 of 2003, as set-out in the following tables:

- 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 25]
- 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 26]
- 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 28]
- 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 30]

2. The budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

- 2.1 Budgeted Financial Position; [Page 32]
- 2.2 Budgeted Cash Flows; [Page 33]
- 2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 35]
- 2.4 Asset management; [Page 36]
- 2.5 Basic service delivery measurement. [Page 38]

3. The consolidated budget that includes the financial impact of the municipal entity (Mandela Bay Development Agency) be noted.

4. The revised Integrated Development Plan (IDP) be approved as reflected elsewhere in the agenda for the purposes of further consultation.

5. Tariffs be increased as follows with effect from 1 July 2013:

Property rates	-	9,14%
Water	-	13%
Sanitation	-	13%
Refuse	-	13%
Electricity (average increase in income)	-	7%

6. Indicative tariffs for 2014/15 and 2015/16 be increased as follows:

	<u>2014/15</u>	<u>2015/16</u>
Property rates (average increase in income)	12%	11%
Water	12%	11%
Sanitation	12%	11%
Refuse	12%	11%
Electricity (average increase in income)	7%	7%

7. The City Manager, in conjunction with the Acting CFO and the relevant Executive Directors report by 30 June 2013 on their respective project plans, including the capacity to implement the 2013/14 to 2015/16 Capital Budget and Programme, so as to ensure the achievement of a minimum spending level of 95%.
8. The City Manager, in conjunction with the Acting CFO, obtain written confirmation from the Provincial Government by 30 June 2013 regarding the transfers to be allocated for transportation for the 2013/14 to 2015/16 financial years, and that the possibility of bilateral engagements with the Provincial Government in this regard be considered.
9. The Acting Executive Director: Electricity and Energy develop and report on a strategy by 30 June 2013 to reduce electricity losses by at least 5% from 15% to 10%, for implementation in the 2013/14 financial year, so as to achieve a minimum reduction of R100 million in bulk electricity purchases.
10. The Acting Executive Director: Infrastructure and Engineering develop and report on a strategy by 30 June 2013 to reduce water losses, indicating the funding requirements and the potential associated benefits.
11. The Acting Executive Director: Safety and Security develop and report on a strategy by 30 June 2013 to collect outstanding traffic fines, for implementation in the 2013/14 financial year.

1.3 EXECUTIVE SUMMARY

The development of the Budget was informed by the key service delivery priorities, as reflected in the IDP, and the need to maintain the Municipality's financial sustainability.

Specific revenue collection strategies to improve the collection of outstanding consumer debt are being implemented by the Municipality, such as the debt relief programme.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, and 67 were used to guide the compilation of the 2013/14 MTREF.

The Municipality faced the following significant challenges during the compilation of the 2013/14 MTREF:

- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the cash position into account;
- Maintaining revenue collection rates at the targeted levels;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on rates and tariff increases;
- Increased costs associated with bulk electricity and water purchases, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The priorities and targets relating to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- An assessment of the relative human resources capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Executive Directors.
- The need to enhance the municipality's revenue base.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.
- In accordance with Section 19 of the Municipal Finance Management Act, the affected Executive Directors to submit comprehensive reports in relation to new projects, inter alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.

In view of the aforementioned, the following table represents a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 (Consolidated Overview of the 2013/14 MTREF)

R thousands	Adjustments Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	7 321 465	7 397,129	7 865,940	8 505,812
Total Operating Expenditure	7 562 321	7 659,812	7 898,969	8 249,341
Surplus/(Deficit)	(240 856)	(262,683)	(33,030)	256,471
Total Capital Expenditure	1 413 976	1 135,283	1 313 424	1 431 472

Total operating revenue has increased by 1,0% or R75,7 million for the 2013/14 financial year, compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue increases by 6,3% and 8,1% respectively, resulting in a total revenue growth of R1,2 billion over the MTREF, when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year amounts to R7,7 billion, resulting in a budgeted deficit of R262.7 million. Compared to the 2012/13 Adjustments Budget, operational expenditure increased by 1,3% in the 2013/14 budget; and increased by 3,1% and 4,4% for each of the respective outer years of the MTREF. The 2014/15 and 2015/16 budgets reflect an operating deficit of R33,0 million and an operating surplus of R256,5 million respectively.

The major operating expenditure items for 2013/14 are employee costs (25,6%), bulk electricity and water purchases (29,9%), general expenses (9,0%), grants and subsidies paid (5,2%), repairs and maintenance (7,0%) and depreciation (11,6%).

Funding for the 2013/14 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (55,3%), property rates (16,4%), grants and subsidies received from National and Provincial Governments (15,1%).

In order to support the 2013/14 Operating Budget, the following increase in rates and service charges are being proposed, with effect from 1 July 2013:

Property rates	-	9,14%
Water	-	13%
Sanitation	-	13%
Refuse	-	13%
Electricity (average increase in income)	-	7%

The capital budget of R1,14 billion for 2013/14 is 19,7% less than the 2012/13 Adjustment Budget. The decrease is mainly attributable to no budget allocation being made by National Treasury for the Integrated Public Transport System (IPT) in the 2013/14 Budget. The Capital Budget increases to R1,31 billion and R1,43 billion, respectively in the 2014/15 and 2015/16 financial years. The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as the Municipality has reached its prudential borrowing limits, whilst limited internal funding is available.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of services is largely dependent on the Municipality generating the required revenues. Efficient and effective revenue management is thus critical in ensuring the ongoing financial sustainability of the Municipality. It is worth noting that, in accordance with the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- Growth in the revenue base;
- Efficient revenue management, targeting a 94% annual collection rate for property rates and service charges, after discounting the Assistance to the Poor (ATTP) subsidies;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Ensuring fully cost reflective tariffs for trading services;
- The Property Rates Policy;
- The ATTP Policy and provision of free basic services;
- Tariff Policies;
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 (Summary of main revenue sources)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
<u>Revenue By Source</u>									
Property rates	756,499	838,855	929,517	1,074,628	1,074,628	1,074,628	1,214,337	1,360,062	1,509,674
Property rates - penalties & collection charges									
Service charges - electricity revenue	1,807,751	2,185,993	2,751,735	3,028,384	2,980,884	2,980,884	3,070,366	3,285,292	3,515,262
Service charges - water revenue	407,918	568,439	343,361	455,547	441,033	441,033	498,414	563,208	636,425

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Service charges - sanitation revenue	228,020	246,504	258,182	312,033	304,674	304,674	343,381	388,021	438,464
Service charges - refuse revenue	105,486	120,675	137,553	155,075	156,639	156,639	177,067	198,385	220,268
Service charges - other									
Rental of facilities and equipment	15,545	17,641	15,318	19,820	21,008	21,008	21,461	22,637	23,849
Interest earned - external investments	61,760	16,447	56,983	25,528	41,184	41,184	43,240	45,834	48,585
Interest earned - outstanding debtors	82,762	113,347	121,634	86,913	144,637	144,637	171,724	190,236	210,199
Dividends received									
Fines	23,415	23,733	25,655	32,328	33,810	33,810	34,809	36,897	39,111
Licences and permits	8,242	8,153	9,019	9,014	9,806	9,806	10,394	11,018	11,679
Agency services	1,220	1,611	1,397	1,400	1,400	1,400	1,484	1,573	1,667
Transfers recognised - operational	1,454,743	973,690	1,218,300	1,361,248	1,438,253	1,438,253	1,119,572	1,026,946	1,074,552
Other revenue	265,161-	772,259	815,359	676,041	673,509	673,509	690,880	735,831	776,077
Gains on disposal of PPE		1,698							
Total Revenue (excluding capital transfers and contributions)	5,218,523	5,889,044	6,683,923	7,237,960	7,321,465	7,321,465	7,397,129	7,865,940	8,505,812

Table 3 (Mix of main revenue sources)

Description	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
R thousand								
Revenue By Source								
Property rates	1,074,628	14.68%	1,214,337	16.42%	1,360,062	17.29%	1,509,674	17.75%
Service charges - electricity revenue	2,980,884	40.71%	3,070,366	41.51%	3,285,292	41.77%	3,515,262	41.33%
Service charges - water revenue	441,033	6.02%	498,414	6.74%	563,208	7.16%	636,425	7.48%
Service charges - sanitation revenue	304,674	4.16%	343,381	4.64%	388,021	4.93%	438,464	5.15%
Service charges - refuse revenue	156,639	2.14%	177,067	2.39%	198,385	2.52%	220,268	2.59%
Rental of facilities and equipment	21,008	0.29%	21,461	0.29%	22,637	0.29%	23,849	0.28%
Interest earned - external investments	41,184	0.56%	43,240	0.58%	45,834	0.58%	48,585	0.57%
Interest earned - outstanding debtors	144,637	1.98%	171,724	2.32%	190,236	2.42%	210,199	2.47%
Fines	33,810	0.00%	34,809	0.47%	36,897	0.47%	39,111	0.46%
Licences and permits	9,806	0.13%	10,394	0.14%	11,018	0.14%	11,679	0.14%
Agency services	1,400	0.02%	1,484	0.02%	1,573	0.02%	1,667	0.02%
Transfers recognised - operational	1,438,253	19.64%	1,119,572	15.13%	1,026,946	13.06%	1,074,552	12.63%
Other revenue	673,509	9.20%	690,880	9.34%	735,831	9.35%	776,077	9.12%
Total Revenue (excluding capital transfers and contributions)	7,321,465	100.00%	7,397,129	100.00%	7,865,940	100.00%	8,505,812	100.00%
Total Revenue from Rates and Service Charges	4,957,858	67.72%	5,303,565	71.70%	5,794,967	73.67%	6,320,093	74.30%

In the 2012/13 financial year, rates and service charges amounted to R4,9 billion or 67,7%. This increases to R5,3 billion, R5,8 billion and R6,3 billion in the 2013/14, 2014/15 and 2015/16 financial years, respectively. A significant trend is the increase in the total percentage of revenue generated from rates and service charges, which increases from 71,7% in 2013/14 to 74,3% in 2015/16. This growth is mainly attributable to increased electricity revenue, as a result of significant increases in the Eskom bulk electricity tariffs.

Operating grants and transfers (second largest revenue source) amounted to R1,12 billion in the 2013/14 financial year and decreases to R1,07 billion in 2015/16. The year-on-year decrease for the 2014/15 financial year amounts to 8,3% and increases by 4,6% in 2015/16.

Property rates represent the third largest revenue source, amounting to 16,4% or R1,2 billion in 2013/14 and increasing to 17,8% or R1,5 billion in 2015/16. The fourth largest revenue source is 'other revenue' which consists of items such as building plan fees and disconnection and re-connection fees. Directorates are required to review these charges on an annual basis to ensure that they are cost reflective and market related, where applicable.

The following table provides 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	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
RECEIPTS:						
Operating Transfers and Grants						
National Government:	953,173	973,833	973,833	884,853	911,122	947,859
Local Government Equitable Share	729,226	729,226	729,226	743,325	761,940	772,901
EPWP Incentive	14,695	14,695	14,695	20,885		
Public Transport Network Operations Grant	198,702	198,702	198,702	100,000	130,000	150,000
Energy Efficiency and Demand Management				8,000	5,000	10,000
Integrated City Development Grant				3,193		
Infrastructure Skills Development Grant	5,300	2,300	2,300	8,200	12,932	13,708
Finance Management Grant	1,250	1,250	1,250	1,250	1,250	1,250
Other Grant including Training, Disaster Management ,etc	4,000	27,660	27,660			
Provincial Government:	403,752	434,608	434,608	221,564	115,744	126,613
Library Grant	3,752	3,752	3,752	3,752	3,752	3,752
Housing Top Structure Grant	400,000	414,275	414,275	206,900	110,400	121,176
Health subsidy		9,195	9,195			
Water Leaks Grant		2,500	2,500			
Housing Accreditation		4,887	4,887	9,352		
Institutional Support Grant				1,560	1,592	1,685
District Municipality:	-	-	-	-	-	-
<i>[insert description]</i>						
Other grant providers:	-	21,220	21,220	-	-	-
<i>Marine and Coastal Development</i>		210	210			
<i>EU 3rd tranche</i>		21,010	21,010			
Total Operating Transfers and Grants	1,356,925	1,429,661	1,429,661	1,106,417	1,026,866	1,074,472

The Municipality is faced with the significant challenge of providing services with its limited financial resources. Against this background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows.

1.4.1 Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library and roads and stormwater services.

The following provisions in the Draft Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
 - (a) must be a natural person;
 - (b) be the owner of the property;
 - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
 - (d) produce certified copy/ies of owner/s' bar-coded identity document;
 - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
 - (f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID No. will not be considered;
 - (g) not be in receipt of an indigent subsidy;
 - (h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
 - (i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and
 - (j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed;
 - (k) a usufructuary will be regarded as the owner;
 - (l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income

- of the beneficiaries staying on that property;
 - (m) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;
- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment of the organisation and not be for private gain. Audited financial statement must be provided, if however the sporting body does not have audited financial statement reasons therefore must be provided on the clubs official letterhead.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

A property rates increase of 13% is proposed as from 1 July 2013.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58 and 66, Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has also urged municipalities to ensure that water tariffs are fully cost reflective by 2014. In this regard a phased-in approach has been proposed to ensure that tariffs are fully cost reflective by 2014.

A tariff increase of 13% is proposed as from 1 July 2013. The proposed tariff increase is mainly influenced by the following:

- The cost of bulk water purchases increased by 11,9%;
- Repairs and maintenance of water infrastructure increased by 5,8%;
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of consumption are progressively charged at a higher rate.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 7,3% as from 1 July 2013. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 7% on average to offset the additional electricity bulk purchase costs as from 1 July 2013, in line with the NERSA guidelines, relating to municipal electricity tariff increases.

The proposed tariff increases are mainly influenced by the following:

- The cost of bulk electricity purchases increased by 7,3%;
- Repairs and maintenance of electricity infrastructure increased by 15%;
- Costs of servicing existing external borrowing to fund electricity infrastructure;
- Providing for debt impairment.

The proposed electricity tariff increases must still be approved by NERSA.

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58 and 66, Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has also urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014. In this regard a phased-in approach has been proposed to ensure that tariffs are fully cost reflective by 2014.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 13% is proposed as from 1 July 2013. The proposed tariff increase is mainly influenced by the following:

- Repairs and maintenance of sanitation infrastructure increased by 13,1%;
- Costs of servicing existing external borrowing to fund sanitation infrastructure;
- Providing for debt impairment.

1.4.5 Refuse Collection and Disposal and Impact of Tariff Increases

The refuse collection and disposal service is currently operating on a break even basis. A tariff increase of 13% is proposed for the refuse collection and disposal service, as from 1 July 2013.

The proposed tariff increase is mainly influenced by the following:

- Costs of servicing existing external borrowing to fund refuse infrastructure;
- Providing for debt impairment.

National Treasury has also urged municipalities to ensure that refuse tariffs are fully cost reflective by 2015. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of rehabilitation of landfill sites.

1.4.6 Overall impact of tariff increases on households

The following table reflects the anticipated impact of the proposed tariff increases on a middle income and affordable range household, as well as an indigent household receiving free basic services.

It is to be noted that the overall impact of the proposed tariff increases on household bills has been maintained to between 7,4% and 9,7%, with indigent households increasing by 12,8%. The increase in household bills is largely influenced by the electricity tariff increase.

Table 5 (Table SA14 – Household bills)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework				
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year 2013/14
							% incr.				
Monthly Account for Household - 'Middle Income Range'											
Rates and services charges:											
Property rates (Erf: 1000m2 ; 150m2 improvements)	487.76	541.38	603.64	682.11	682.11	682.11	9.14%	744.45	812.49	886.75	
Electricity: Basic levy											
Electricity: Consumption(1000 Kwh)	613.44	748.40	913.05	1,108.07	1,108.07	1,108.07	7.0%	1,154.03	1,203.21	1,255.84	
0 - 350				319.57	319.57	319.57	7.0%	341.94	365.88	391.49	
351 – 600				272.50	272.50	272.50	7.0%	291.57	311.98	333.83	
601 - 950				451.50	451.50	451.50	0%	451.50	451.50	451.50	
951 1000				64.50	64.50	64.50	7.0%	69.02	73.85	79.02	
Water: Basic levy	16.77	18.78	20.94	23.66	23.66	23.66	13.0%	26.74	29.94	33.24	
Water: Consumption (30 KI)	158.55	177.58	198.00	223.74	223.74	223.74	13.0%	252.83	283.17	314.31	
Sanitation	114.19	126.75	141.33	159.70	159.70	159.70	13.0%	180.46	202.12	224.35	
Refuse removal	43.65	48.45	54.02	61.04	61.04	61.04	13.0%	68.98	77.25	85.75	
Other											
Sub-total	1,434.36	1,661.34	1,930.98	2,258.33	2,258.33	2,258.33	7.5%	2,427.49	2,608.18	2800.24	
VAT on Services	132.52	156.79	185.83	220.67	220.67	220.67		235.63	251.40	267.89	
Total large household bill:	1,566.88	1,818.13	2,116.81	2,479.00	2,479.00	2,479.00	7.4%	2663.12	2,859.58	3,068.13	
% increase/-decrease		16.0%	16.4%	17.1%	17.1%	17.1%		7.4%	7.4%	7.3%	
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates rates (Erf: 300m2 ; 48m2 improvements)	126.37	140.27	156.40	176.73	176.73	176.73	9.14%	192.88	210.51	229.75	
Electricity: Basic levy											
Electricity: Consumption (498 Kwh)	305.49	372.70	454.69	480.89	480.89	480.89	7.0%	514.55	550.57	589.11	
0 - 350				319.57	319.57	319.57	7.0%	341.94	365.88	391.49	
351 -498				161.32	161.32	161.32	7.0%	172.61	184.69	197.62	
Water: Basic levy	16.77	18.78	20.94	23.66	23.66	23.66	13.0%	26.74	29.94	33.24	
Water: Consumption (25KL)	132.13	147.99	165.01	186.46	186.46	186.46	13.0%	210.70	235.98	261.94	
Sanitation	95.16	105.63	117.78	133.09	133.09	133.09	13.0%	150.39	168.44	186.97	
Refuse removal	43.65	48.45	54.02	61.04	61.04	61.04	13.0%	68.98	77.25	85.75	

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Other										
Sub-total	719.57	833.82	968.84	1061.88	1061.88	1061.88	9.6%	1,164.24	1,272.69	1,386.76
VAT on Services	83.05	97.10	113.74	123.92	123.92	123.92		135.99	148.71	161.98
Total small household bill:	802.62	930.92	1082.58	1185.80	1185.80	1185.80	9.7%	1,300.23	1,421.40	1,548.74
% increase/-decrease		16.0%	16.3%	9.5%	9.5%	9.5%		9.7%	9.3%	8.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates rates (Erf: 300m2 ; 48m2 improvements)	11.10	12.32	13.74	15.53	15.53	15.53	9.14%	16.95	18.50	20.19
Electricity: Basic levy										
Electricity: Consumption (60Kwh)	46.01	56.13	65.11	0	0	0	0%	0	0	0
Water: Basic levy	0	0	20.94	23.66	23.66	23.66	13.0%	26.74	29.94	33.24
Water: Consumption (6KL)	42.32	47.40	52.85	59.72	59.72	59.72	13.0%	67.48	75.58	83.90
Sanitation	41.91	46.52	51.87	58.61	58.61	58.61	13.0%	66.23	74.18	82.34
Refuse removal	43.65	48.45	54.02	61.04	61.04	61.04	13.0%	68.98	77.25	85.75
Other										
Sub-total	184.99	210.82	258.53	218.56	218.56	218.56	12.7%	246.38	275.45	305.42
VAT on Services	24.34	27.79	34.27	28.42	28.42	28.42		32.12	35.97	39.93
Total small household bill:	209.33	238.61	292.80	246.98	246.98	246.98	12.8%	278.50	311.42	345.35
% increase/-decrease		14.0%	22.7%	-15.6%	-15.6%	-15.6%		12.8%	11.8%	10.9%

The basis used for calculating the municipal accounts for the different categories of households is as follows:-

Description	Land (m ²)	Improvements (m ²)	Electricity (kwh)	Water (kl)
Household – Middle Income	1000m ²	150m ²	1000kwh	30kl
Household – Affordable Range	300m ²	48m ²	498kwh	25kl
Indigent Household receiving free services	300m ²	48m ²	75kwh	8kl

1.5 OPERATING EXPENDITURE FRAMEWORK

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

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;
- The asset renewal strategy and the repairs and maintenance plan;
- Strict adherence to the principle of "no budget allocations without a project implementation plan".

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 6 (Summary of operating expenditure by standard classification item)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Expenditure By Type</u>									
Employee related costs	1,624,444	1,906,518	1,852,364	1,792,973	1,793,291	1,793,291	1,963,367	2,099,917	2,254,598
Remuneration of councillors	44,886	45,222	49,919	54,583	53,220	53,220	57,199	61,775	67,026
Debt impairment	419,467	522,477	298,890	251,274	247,897	247,897	318,214	347,698	379,206
Depreciation & asset impairment	546,468	560,343	869,081	736,107	893,824	893,824	885,807	792,455	611,157
Finance charges	113,315	177,630	212,924	203,137	204,033	204,033	190,534	179,034	169,303
Bulk purchases	1,237,381	1,567,047	1,972,513	2,250,539	2,233,939	2,233,939	2,292,123	2,463,314	2,647,466
Other materials	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693
Contracted services	147,765	145,947	207,849	376,041	369,622	369,622	326,625	369,315	400,674
Transfers and grants	364,571	230,553	301,209	402,053	398,300	398,300	401,269	442,135	487,836
Other expenditure	808,139	754,230	820,672	800,389	867,137	867,137	687,038	566,263	612,383
Loss on disposal of PPE	6,906	5,057	17,431						
Total Expenditure	5,721,445	6,333,986	7,036,040	7,364,312	7,562,321	7,562,321	7,659,812	7,898,969	8,249,341

The total operating expenditure increased by R97,5 million (1,3%) from R7,56 billion in 2012/13 to R7,66 billion in 2013/14. Below is a discussion of the main expenditure components.

Employee related costs

The 2013/14 draft budget provides for annual increments, where applicable, and a general increase of 7,5%, in line with the Salary and Wage Collective Agreement for the 2012/13 to 2014/15 financial years.

The total budget provision of R1,963 billion represents an increase of 9,5% over the 2012/13 Adjustments budget.

An amount of approximately R19 million has been provided to ensure the implementation of the new wage curve in the 2013/14 financial year, as agreed to by the South African Local Government Bargaining Council. This budget allocation covers the back pay, in accordance with the wage curves collective agreement. In order to curtail personnel costs, the rationalisation of the Municipality's organisational structure should be considered.

Council's target for 2013/14 is to restrict personnel costs to 30% of total expenditure. Personnel costs in the 2013/14 Budget represent 25.6% of total operating expenditure.

Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in preparing the budget. As the budget provides for a 7,5% increase, Councillors' remuneration should be limited to the budget allocated for this purpose.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 94%, excluding ATTP subsidies. For the 2013/14 financial year this amounted to R318,2 million and increases to R379,2 million in 2015/16. While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. The budget amounts to R885,8 million for the 2013/14 financial and equates to 11,6% of the total operating expenditure.

Finance Charges

Finance charges consist primarily of the repayment of interest on existing long-term borrowing (cost of capital). Finance charges constitute 2,5% (R190.5 million) of total operating expenditure for 2013/14 and reduces to R169.3 million in 2015/16. It is to be noted that no new borrowing will be raised.

Bulk Electricity Purchases

Purchase of Power has increased from R2,160 billion in 2012/13 to R2,209 billion in 2013/14, an increase of 2,3%.

NERSA has approved a 7,3% increase in the Eskom bulk tariff for the 2013/14 financial year. The 2013/14 budget accordingly allows for a 7,3% increase for bulk power purchases from Eskom, whilst a negative growth of 5% in energy consumption levels has been projected. Energy consumption levels are influenced by the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures.

Bulk Water Purchases

The bulk purchase of water increased by R8 762 680 (11,9%) from R73 488 950 in 2012/13 to R82 251 630 in 2013/14, as follows:

	2012/13	2013/14	%
DWA	69 994 880	78 338 270	11,9
Gamtoos Irrigation Board	1 841 250	2 062 200	12,0
Sundays River Irrigation Board	1 652 820	1 851 160	12,0
Total	73 488 950	82 251 630	11,9

The total budget provision of R82,3 million is influenced by the declining water consumption patterns, in addition to a water tariff increase of approximately 12%.

Other Materials

Other materials comprise, amongst others, the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality’s repairs and maintenance plan, expenditure has been prioritised to improve sustainability of the Municipality’s infrastructure. The budget for 2013/14 amounts to R537,6 million and increases by 7,3% and 7,4% for the two outer years.

Contracted Services

In the 2013/14 financial year, the budget provision amounts to R326,6 million. For the two outer years the increases amount to 13,1% and 8,5% respectively.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. This expenditure has been identified as an area in which cost savings and efficiencies can be achieved. The expenditure decreased by 20,7% for 2013/14 and then reduces by 17,6% for 2014/15. In the 2015/16 financial year the expenditure increases by 8,1%.

The graph below reflects the expenditure components of the budgeted statement of financial performance.

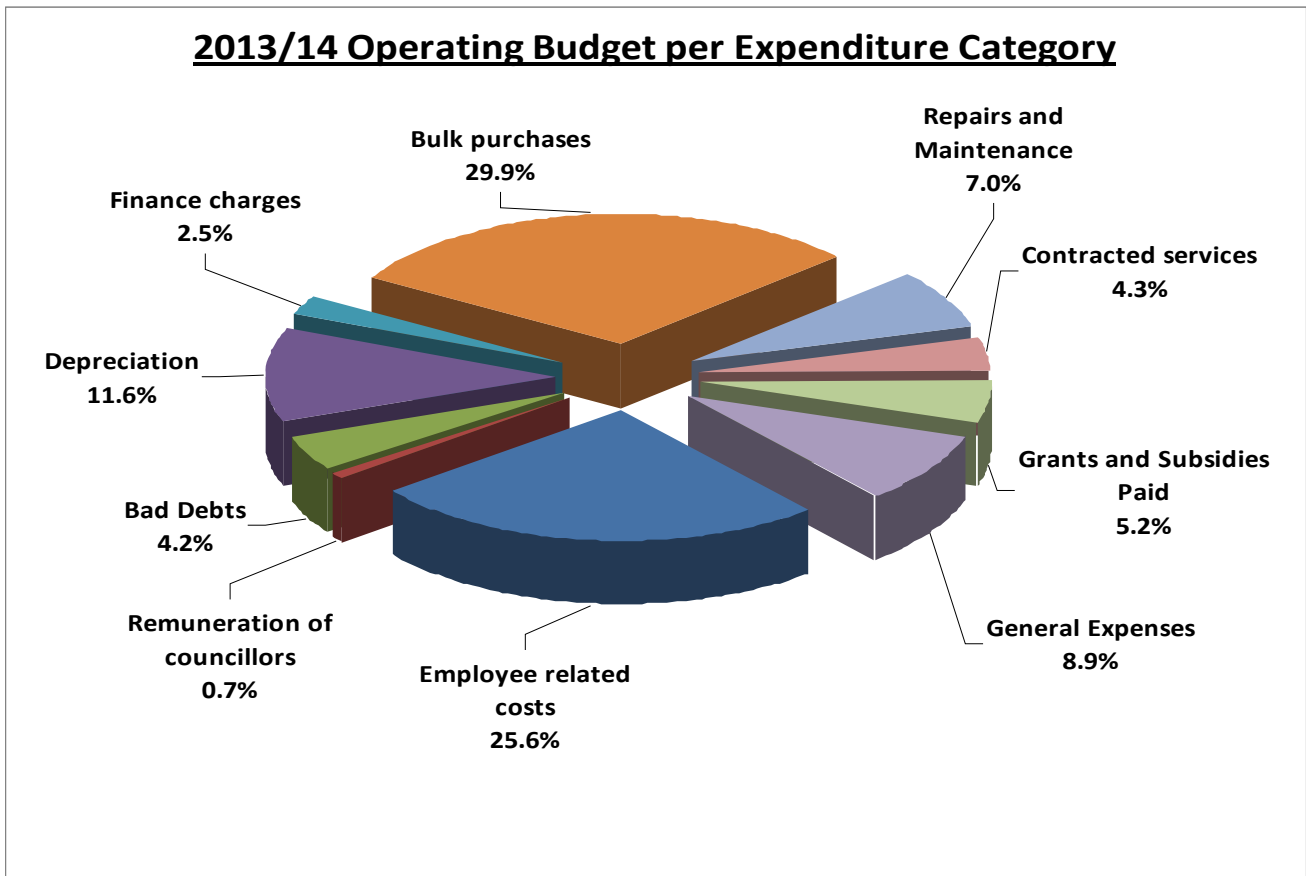


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority relating to repairs and maintenance

In line with the Municipality's stated intention to preserve and maintain its existing infrastructure, the 2013/14 budget and MTREF provide for reasonable growth in the asset maintenance budget, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic priority in view of the aging infrastructure and certain deferred maintenance. Repairs and maintenance was accordingly increased by 7,3% in the 2013/14 financial year, from R501,1 million to R537,6 million. The growth for the two outer years amount to 7,3% and 7,4%, respectively. In relation to the total operating expenditure, repairs and maintenance constitutes 7,0%, 7,3% and 7,5% for the respective financial years of the MTREF.

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

Table 7 (Repairs and maintenance per asset class)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	324,392	335,745	347,503	399,353	400,074	400,074	431,780	463,713	498,410
Infrastructure - Road transport	66,113	73,310	89,009	90,672	96,201	96,201	96,277	102,214	108,381
Infrastructure - Electricity	34,912	28,585	38,818	42,006	41,966	41,966	48,147	52,141	56,454
Infrastructure - Water	117,915	119,415	107,332	131,853	127,815	127,815	136,482	146,728	158,621
Infrastructure - Sanitation	103,325	111,701	107,395	129,312	128,673	128,673	143,243	154,418	166,163
Infrastructure - Other	2,127	2,735	4,949	5,510	5,420	5,420	7,631	8,212	8,791
<u>Community</u>	29,167	33,515	33,931	35,387	42,999	42,999	43,310	46,521	49,959
<u>Other assets</u>	54,545	48,702	51,753	62,477	57,985	57,985	62,545	66,829	71,324
Total Repairs and Maintenance Expenditure	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693

For the 2013/14 financial year an amount of R431,8 million (80,3%) of total repairs and maintenance, will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services the households are required to register in terms of the Municipality's Assistance to the Poor Policy. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

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

1.6 CAPITAL EXPENDITURE

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

Table 8 (2013/14 Medium-term capital budget per vote)

Description	Current Year 2012/13		2012/13 Medium Term Revenue & Expenditure Framework						
	R thousand	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Capital expenditure - Municipal Vote									
Budget and Treasury	4,080	0.3%	10,300	0.9%	8,450	0.6%	9,260	0.6%	
Public Health	29,880	2.1%	40,110	3.5%	47,105	3.6%	56,890	4.0%	
Housing Land	137,868	9.8%	165,934	14.6%	183,473	14.0%	215,908	15.1%	
Economic Development and Recreational Services	40,076	2.8%	23,583	2.1%	32,158	2.4%	29,158	2.0%	
Corporate Administration	20,450	1.4%	39,000	3.4%	16,400	1.2%	16,400	1.1%	
Rate and General Engineers	537,163	38.0%	157,098	13.8%	312,894	23.8%	398,161	27.8%	
Water Service	258,602	18.3%	184,650	16.3%	207,150	15.8%	178,150	12.4%	
Sanitation	206,800	14.6%	251,000	22.1%	307,450	23.4%	325,700	22.8%	
Electricity and Energy	125,177	8.9%	210,557	18.5%	179,351	13.7%	181,365	12.7%	
Executive and Council	12,100	0.9%	5,000	0.5%	5,500	0.4%	6,000	0.4%	
Safety and Security	3,000	0.2%	13,000	1.2%	13,493	1.0%	14,480	1.0%	
Strategic Programmes Directorate	38,780	2.7%	35,051	3.1%	0	0.0%	0	0.0%	
Total Capital Expenditure	1,413,976	100	1,135,283	100	1,313,424	100%	1,431,472	100%	

Of the total amount of R1,14 billion for 2013/14, an amount of R803,3 million has been appropriated for the development of infrastructure, which represents 70,8% of the total capital budget. In the outer years this amount totals R1,01 billion (77%) and R1,1 billion (76%) respectively for each of the financial years. Sanitation Services receives the highest allocation of R251 million in 2013/14, which equates to 22,1% followed by Water Services at R184,6 million (16,3%), Electricity and Energy at R210,6 million (18,5%), Human Settlements at R165,9 million (14,6%) and Rate and General Engineers at R157,1 million (13,8%).

Total new assets represent 39,7% or R450,5 million of the total capital budget while asset renewal/rehabilitation equates to 60,3% or R684,8 million. National Treasury has suggested that 40% of the capital budget should be allocated for asset renewal/rehabilitation. Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). Some of the major projects to be undertaken over the medium-term includes, amongst others:

- Reticulation services for housing delivery – R550,7 million;
- Construction of new scientific services laboratory – R34 million;
- Replacement of fleet – R27,1 million;
- Tarring of gravel roads – R160 million;
- Stormwater Improvement – R74,5 million;
- Construction of Major Roads – R12,5 million;
- Informal Housing Electrification – R51,2 million;
- Provision of sidewalks – R17 million;
- Electricity infrastructure – R375,9 million;
- Integrated Public Transportation System – R368,4 million;
- Water treatment works – R180 million;

- Water Reticulation Network – R187 million;
- Bulk Sewers – R313 million;
- Waste Water Treatment Works – R401 million;
- Greening and beautification – R4,5 million;
- Refuse sites and recycling stations – R50,6 million;
- Urban renewal – R35 million; and
- Sports and Recreational facilities – R22 million.

Annexure “A” provides a summary of the capital projects included in the Capital budget.

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

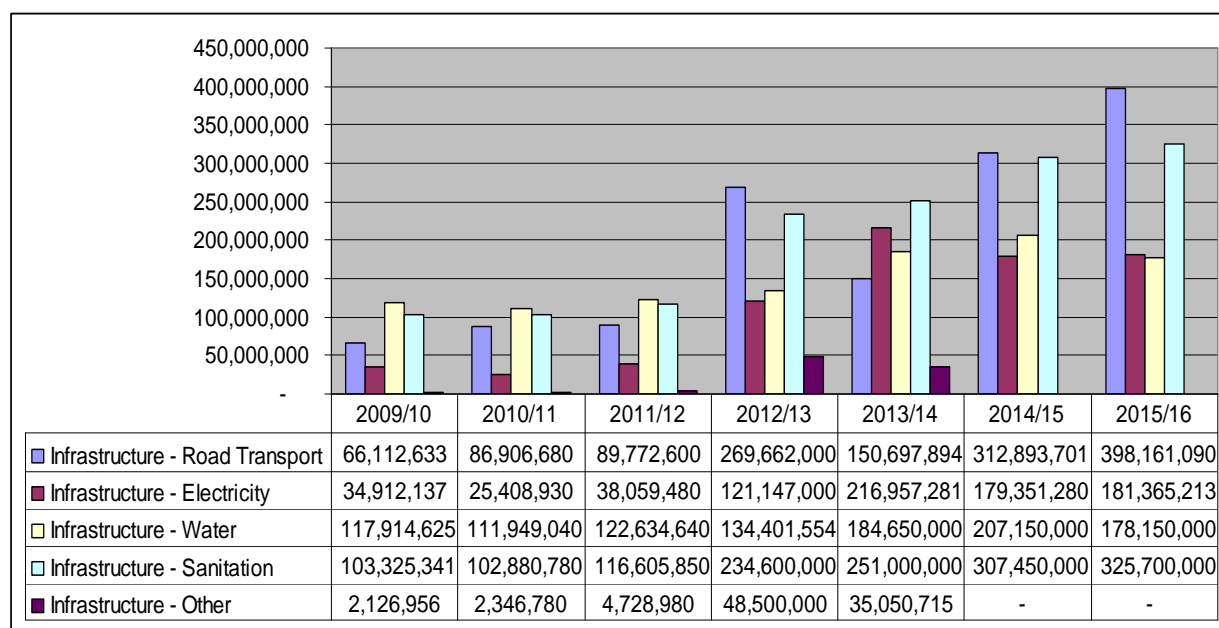


Figure 2 Capital Infrastructure Programme

1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2013/14 budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

Table 9 (Table A1 - Budget Summary)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance									
Property rates	756,499	838,855	929,517	1,074,628	1,074,628	1,074,628	1,214,337	1,360,062	1,509,674
Service charges	2,549,175	3,121,610	3,490,831	3,951,039	3,883,229	3,883,229	4,089,228	4,434,905	4,810,419
Investment revenue	61,760	16,447	56,893	25,528	41,184	41,184	43,240	45,834	48,585
Transfers recognised - operational	1,454,743	973,690	1,218,300	1,361,248	1,438,253	1,438,253	1,119,572	1,026,946	1,074,552
Other own revenue	396,346	938,442	988,382	825,517	884,170	884,170	930,752	998,192	1,062,583
Total Revenue (excluding capital transfers and contributions)	5,218,523	5,889,044	6,683,923	7,237,960	7,321,465	7,321,465	7,397,129	7,865,940	8,505,812
Employee costs	1,624,444	1,906,518	1,852,364	1,792,973	1,793,291	1,793,291	1,963,367	2,099,917	2,254,598
Remuneration of councillors	44,886	45,222	49,919	54,583	53,220	53,220	57,199	61,775	67,026
Depreciation & asset impairment	546,468	560,343	869,081	736,107	893,824	893,824	885,807	792,455	611,157
Finance charges	113,315	177,630	212,924	203,137	204,033	204,033	190,534	179,034	169,303
Materials and bulk purchases	1,645,485	1,986,009	2,405,701	2,747,755	2,734,997	2,734,997	2,829,759	3,040,377	3,267,159
Transfers and grants	364,571	230,553	301,209	402,053	398,300	398,300	401,269	442,135	487,836
Other expenditure	1,382,277	1,427,711	1,344,841	1,427,704	1,484,656	1,484,656	1,331,876	1,283,276	1,392,262
Total Expenditure	5,721,445	6,333,986	7,036,040	7,364,312	7,562,321	7,562,321	7,659,812	7,898,969	8,249,341
Surplus/(Deficit)	(502,922)	(444,942)	(352,117)	(126,352)	(240,856)	(240,856)	(262,683)	(33,030)	256,471
Transfers recognised - capital	993,724	500,978	915,672	774,932	1,073,632	1,073,632	709,812	917,424	1,031,705
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	490,802	56,036	563,555	648,580	832,776	832,776	447,129	884,394	1,288,176
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	490,802	56,036	563,555	648,580	832,776	832,776	447,129	884,394	1,288,176
Capital expenditure & funds sources									
Capital expenditure	2,273,293	1,517,496	1,096,993	1,039,459	1,413,976	1,413,976	1,135,283	1,313,424	1,431,472
Transfers recognised - capital	956,989	512,292	903,027	774,932	1,084,632	1,084,632	717,512	917,424	1,031,705
Public contributions & donations	94,452	15,537	10,157	23,000	27,234	27,234	41,201	37,000	37,000
Borrowing	745,200	470,000	-	-	-	-	-	-	-
Internally generated funds	476,652	519,667	183,809	241,527	302,110	302,110	376,570	359,000	362,767
Total sources of capital funds	2,273,293	1,517,496	1,096,993	1,039,459	1,413,976	1,413,976	1,135,283	1,313,424	1,431,472
Financial position									
Total current assets	1,980,743	1,414,993	2,107,868	2,161,892	2,000,542	2,000,542	2,015,833	2,362,101	2,851,777
Total non current assets	11,384,686	12,510,175	12,795,100	13,249,006	12,981,048	12,981,048	13,122,883	13,456,332	14,141,815

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
Total current liabilities	2,061,221	1,873,956	2,234,652	2,124,459	1,932,624	1,932,624	1,964,476	2,006,621	2,057,283
Total non current liabilities	2,466,494	3,131,237	3,184,785	3,040,479	3,068,705	3,068,705	3,052,419	3,051,515	3,067,533
Community wealth/Equity	8,837,715	8,919,976	9,483,531	10,245,961	9,980,262	9,980,262	10,121,821	10,760,298	11,868,777
Cash flows									
Net cash from (used) operating	1,015,850	1,056,497	1,996,619	1,364,440	1,358,772	1,358,772	1,267,855	1,677,843	1,949,862
Net cash from (used) investing	(2,379,512)	(1,639,749)	(1,191,205)	(1,048,473)	(1,387,061)	(1,387,061)	(1,175,468)	(1,268,321)	(1,403,765)
Net cash from (used) financing	1,113,172	381,141	(77,058)	(100,719)	(115,944)	(115,944)	(105,159)	(112,968)	(104,093)
Cash/cash equivalents at the year end	629,769	427,658	1,156,014	979,183	970,137	970,137	957,364	1,253,918	1,695,921
Cash backing/surplus reconciliation									
Cash and investments available	630,725	428,805	1,157,497	979,203	970,157	970,157	957,384	1,253,938	1,695,941
Application of cash and investments	1,024,880	1,074,833	1,106,878	867,579	826,429	826,429	820,340	824,446	839,759
Balance - surplus (shortfall)	(394,155)	(646,028)	50,619	111,624	143,728	143,728	137,044	429,492	856,182
Asset management									
Asset register summary (WDV)	11,304,137	12,297,050	12,753,395	13,183,987	12,797,112	12,797,112	13,071,178	13,404,627	14,090,110
Depreciation & asset impairment	546,468	560,343	869,081	736,107	893,824	893,824	885,807	792,455	611,157
Renewal of Existing Assets	1,994,760	1,043,023	369,706	628,949	574,605	574,605	684,783	754,860	757,720
Repairs and Maintenance	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693
Free services									
Cost of Free Basic Services provided	356,049	292,530	294,840	330,070	330,070	330,070	427,060	507,606	601,333
Revenue cost of free services provided	265,171	265,134	252,770	323,048	323,048	323,048	334,567	385,811	445,653
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	22	23	22	22	22	22	22	22	22
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	12	16	158	158	157	157	98	61	18

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table 10 (Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification))

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	1,348,573	1,681,648	1,969,797	1,927,558	1,960,910	1,960,910	2,134,729	2,296,527	2,445,564
Executive and council	9,486	12,970	907	51	730	730	316	39	40
Budget and treasury office	1,324,763	1,655,163	1,956,117	1,911,578	1,938,894	1,938,894	2,123,759	2,285,227	2,433,621
Corporate services	14,324	13,515	12,773	15,929	21,286	21,286	10,654	11,261	11,904
<i>Community and public safety</i>	435,061	356,479	546,155	475,241	511,397	511,397	322,553	215,087	230,172
Community and social services	34,080	18,498	16,163	18,703	19,408	19,408	20,559	15,511	16,152
Sport and recreation	(109,180)	15,203	23,402	22,301	22,980	22,980	50,511	51,833	53,259
Public safety	35,219	25,228	34,574	33,714	33,970	33,970	34,567	36,640	38,839
Housing	384,179	247,114	345,271	400,425	425,679	425,679	216,702	110,877	121,682
Health	90,763	50,436	126,744	98	9,360	9,360	213	226	240
<i>Economic and environmental services</i>	398,754	312,513	150,035	391,356	421,581	421,581	287,903	295,907	326,501
Planning and development	366,691	228,490	99,245	167,545	390,298	390,298	260,271	267,146	296,015
Road transport	24,744	42,163	24,145	219,997	26,895	26,895	22,996	24,376	25,839
Environmental protection	7,318	41,859	26,645	3,814	4,389	4,389	4,636	4,385	4,648
<i>Trading services</i>	3,021,960	3,536,425	4,017,868	4,431,465	4,415,236	4,415,236	4,638,869	5,044,855	5,489,417
Electricity	1,905,570	2,298,203	2,873,257	3,120,937	3,108,000	3,108,000	3,228,278	3,457,484	3,706,136
Water	520,843	716,173	504,881	581,395	581,216	581,216	612,284	690,937	779,318
Waste water management	400,745	374,103	395,303	474,317	464,992	464,992	522,097	589,032	664,473
Waste management	194,802	147,946	244,427	254,816	261,029	261,029	276,210	307,402	339,491
<i>Other</i>	14,176	1,979	67	12,341	12,341	12,341	13,075	13,564	14,157
Total Revenue - Standard	5,218,523	5,889,044	6,683,923	7,237,960	7,321,465	7,321,465	7,397,129	7,865,940	8,505,812
Expenditure - Standard									
<i>Governance and administration</i>	1,154,137	1,170,693	1,153,076	1,106,730	1,080,663	1,080,663	1,171,776	1,170,775	1,128,485
Executive and council	146,234	133,343	139,726	172,395	151,594	151,594	187,544	197,854	211,034
Budget and treasury office	773,695	782,398	796,606	581,519	535,420	535,420	581,695	582,113	628,979
Corporate services	234,208	254,952	216,744	352,816	393,649	393,649	402,537	390,808	288,472
<i>Community and public safety</i>	930,495	1,234,383	1,379,443	1,209,028	1,280,912	1,280,912	1,123,750	1,062,605	1,132,107
Community and social services	90,677	94,454	123,749	138,968	145,718	145,718	155,515	153,625	160,495
Sport and recreation	90,438	156,907	114,127	152,041	152,908	152,908	157,848	166,182	175,249
Public safety	264,390	367,156	377,128	348,237	353,252	353,252	382,732	408,927	437,970
Housing	331,834	348,805	443,586	432,052	476,337	476,337	270,540	166,441	179,411

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
Health	153,155	267,061	320,852	137,730	152,697	152,697	157,115	167,430	178,982
<i>Economic and environmental services</i>	724,010	523,693	836,499	1,017,932	1,157,738	1,157,738	1,064,098	1,058,734	1,075,125
Planning and development	459,003	243,160	399,613	590,142	645,317	645,317	542,795	557,779	596,175
Road transport	178,718	189,414	202,773	180,593	217,073	217,073	218,145	215,455	214,618
Environmental protection	86,290	91,118	234,114	247,196	295,349	295,349	303,159	285,501	264,331
<i>Trading services</i>	2,903,328	3,394,891	3,655,542	3,967,051	3,984,134	3,984,134	4,245,854	4,577,964	4,899,965
Electricity	1,488,084	2,039,736	2,526,270	2,782,901	2,760,196	2,760,196	2,912,251	3,142,510	3,354,352
Water	529,541	692,330	519,430	518,942	547,902	547,902	596,018	643,440	695,886
Waste water management	288,487	373,072	398,703	456,585	469,180	469,180	500,393	534,315	572,309
Waste management	597,217	289,754	211,139	208,622	206,856	206,856	237,192	257,699	277,418
<i>Other</i>	9,474	10,327	11,479	63,571	58,872	58,872	54,334	28,891	13,660
Total Expenditure - Standard	5,721,445	6,333,986	7,036,040	7,364,312	7,562,320	7,562,320	7,659,812	7,898,969	8,249,341
Surplus/(Deficit) for the year	(502,922)	(444,942)	(352,117)	(126,352)	(240,855)	(240,855)	(262,683)	(33,030)	256,471

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

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

Table 11 (Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote))

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
Revenue by Vote									
Vote 1 - Budget and Treasury	1,324,803	1,655,188	1,953,289	1,911,592	1,938,907	1,938,907	2,123,774	2,285,242	2,433,637
Vote 2 - Public Health	293,540	262,975	381,804	261,472	277,049	277,049	283,496	314,536	346,993
Vote 3 - Human Settlements	401,935	263,368	345,271	421,369	444,860	444,860	240,805	133,041	145,176
Vote 4 - Economic Development and Recreational Services	151,124	142,470	91,189	133,555	154,744	154,744	145,839	144,982	153,127
Vote 5 - Corporate Services	11,829	10,668	9,479	8,828	14,657	14,657	4,033	4,043	4,284
Vote 6 - Rate and General Engineers	101,736	28,309	22,731	202,201	207,201	207,201	103,485	133,694	153,916
Vote 7 - Water Services	522,576	716,173	504,881	581,395	581,516	581,516	612,284	690,937	779,318
Vote 8 - Sanitation Services	350,803	374,015	395,304	474,317	464,992	464,992	522,097	589,032	664,473
Vote 9 - Electricity and Energy	1,905,681	2,298,283	2,873,343	3,120,937	3,108,000	3,108,000	3,228,278	3,457,484	3,706,136

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14
R thousand										
Vote 10 - Executive and Council	10,887	5,537	1,633	658	1,432	1,432	620	561	562	
Vote 11 - Safety and Security	52,139	43,231	45,138	53,796	55,608	55,608	57,504	60,954	64,611	
Vote 12 - Nelson Mandela Bay Stadium	63,444	62,761	39,048	37,000	37,000	37,000	27,248	34,551	36,116	
Vote 13 - Strategic Programmes Directorate	28,024	26,066	20,811	30,840	35,498	35,498	47,668	16,882	17,464	
Total Revenue by Vote	5,218,523	5,889,044	6,683,923	7,237,960	7,321,465	7,321,465	7,397,129	7,865,940	8,505,812	
Expenditure by Vote to be appropriated										
Vote 1 - Budget and Treasury	768,615	757,624	778,827	561,807	516,128	516,128	560,699	559,931	605,195	
Vote 2 - Public Health	852,515	662,960	747,911	610,319	672,703	672,703	717,283	731,944	743,649	
Vote 3 - Human Settlements	434,102	452,094	536,967	533,541	575,418	575,418	381,431	280,680	301,028	
Vote 4 - Economic Development and Recreational Services	296,144	177,252	255,452	389,218	411,310	411,310	399,130	384,794	390,912	
Vote 5 - Corporate Services	218,543	258,398	289,755	356,377	402,480	402,480	413,520	398,462	297,755	
Vote 6 - Rate and General Engineers	274,859	244,276	295,016	500,086	539,553	539,553	451,659	482,703	503,532	
Vote 7 - Water Services	529,530	695,886	533,706	519,466	547,902	547,902	596,018	643,440	695,886	
Vote 8 - Sanitation Services	261,769	344,018	347,734	396,910	408,310	408,310	442,496	473,813	508,982	
Vote 9 - Electricity and Energy	1,484,720	2,039,401	2,526,270	2,782,901	2,767,496	2,767,496	2,912,251	3,142,510	3,354,352	
Vote 10 - Executive and Council	169,065	159,471	172,326	201,471	196,070	196,070	216,869	230,235	246,892	
Vote 11 - Safety and Security	270,619	373,586	391,508	356,370	362,391	362,391	392,935	419,835	449,598	
Vote 12 - Nelson Mandela Bay Stadium	131,203	131,644	140,335	123,523	123,807	123,807	129,487	130,217	130,621	
Vote 13 - Strategic Programmes Directorate	29,762	37,376	20,232	32,321	38,754	38,754	46,033	20,407	20,940	
Total Expenditure by Vote	5,721,445	6,333,986	7,036,040	7,364,312	7,562,321	7,562,321	7,659,812	7,898,970	8,249,341	
Surplus/(Deficit) for the year	(502,922)	(444,942)	(352,117)	(126,352)	(240,856)	(240,856)	(262,683)	(33,030)	256,471	

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

- The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table 12 (Table A4 - Budgeted Financial Performance (revenue and expenditure))

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue By Source									
Property rates	756,499	838,855	929,517	1,074,628	1,074,628	1,074,628	1,214,337	1,360,062	1,509,674
Property rates - penalties & collection charges									
Service charges - electricity revenue	1,807,751	2,185,993	2,751,735	3,028,384	2,980,884	2,980,884	3,070,366	3,285,292	3,515,262
Service charges - water revenue	407,918	568,439	343,361	455,547	441,033	441,033	498,414	563,208	636,425
Service charges - sanitation revenue	228,020	246,504	258,182	312,033	304,674	304,674	343,381	388,021	438,464
Service charges - refuse revenue	105,486	120,675	137,553	155,075	156,639	156,639	177,067	198,385	220,268
Service charges - other									
Rental of facilities and equipment	15,545	17,641	15,318	19,820	21,008	21,008	21,461	22,637	23,849
Interest earned - external investments	61,760	16,447	56,893	25,528	41,184	41,184	43,240	45,834	48,585
Interest earned - outstanding debtors	82,762	113,347	121,634	86,913	144,637	144,637	171,724	190,236	210,199
Dividends received									
Fines	23,415	23,733	25,655	32,328	33,810	33,810	34,809	36,897	39,111
Licences and permits	8,242	8,153	9,019	9,014	9,806	9,806	10,394	11,018	11,679
Agency services	1,220	1,611	1,397	1,400	1,400	1,400	1,484	1,573	1,667
Transfers recognised - operational	1,454,743	973,690	1,218,300	1,361,248	1,438,253	1,438,253	1,119,572	1,026,946	1,074,552
Other revenue	265,161	772,259	815,359	676,041	673,509	673,509	690,880	735,831	776,077
Gains on disposal of PPE		1,698							
Total Revenue (excluding capital transfers and contributions)	5,218,523	5,889,044	6,683,923	7,237,960	7,321,465	7,321,465	7,397,129	7,865,940	8,505,812
Expenditure By Type									
Employee related costs	1,624,444	1,906,518	1,852,364	1,792,973	1,793,291	1,793,291	1,963,367	2,099,917	2,254,598
Remuneration of councillors	44,886	45,222	49,919	54,583	53,220	53,220	57,199	61,775	67,026
Debt impairment	419,467	522,477	298,890	251,274	247,897	247,897	318,214	347,698	379,206
Depreciation & asset impairment	546,468	560,343	869,081	736,107	893,824	893,824	885,807	792,455	611,157
Finance charges	113,315	177,630	212,924	203,137	204,033	204,033	190,534	179,034	169,303
Bulk purchases	1,237,381	1,567,047	1,972,513	2,250,539	2,233,939	2,233,939	2,292,123	2,463,314	2,647,466
Other materials	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693
Contracted services	147,765	145,947	207,849	376,041	369,622	369,622	326,625	369,315	400,674
Transfers and grants	364,571	230,553	301,209	402,053	398,300	398,300	401,269	442,135	487,836
Other expenditure	808,139	754,230	820,672	800,389	867,137	867,137	687,038	566,263	612,383
Loss on disposal of PPE	6,906	5,057	17,431						
Total Expenditure	5,721,445	6,333,986	7,036,040	7,364,312	7,562,321	7,562,321	7,659,812	7,898,969	8,249,341
Surplus/(Deficit)	(502,922)	(444,942)	(352,117)	(126,352)	(240,856)	(240,856)	(262,683)	(33,030)	256,471

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Transfers recognised - capital	993,724	500,978	915,672	774,932	1,073,632	1,073,632	709,812	917,424	1,031,705
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	490,802	56,036	563,555	648,580	832,776	832,776	447,129	884,394	1,288,176
Taxation									
Surplus/(Deficit) after taxation	490,802	56,036	563,555	648,580	832,776	832,776	447,129	884,394	1,288,176
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	490,802	56,036	563,555	648,580	832,776	832,776	447,129	884,394	1,288,176
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	490,802	56,036	563,555	648,580	832,776	832,776	447,129	884,394	1,288,176

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

Revenue

- The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.
- Total revenue amounts to R7,4 billion in 2013/14 and increases to R8,5 billion in 2015/16. This represents a year-on-year increase of 1,0% for the 2013/14 financial year, and increases of 6,3% for the 2014/15 financial year and 8,1% for the 2015/16 financial year, respectively.
- Revenue from property rates amounts to R1,2 billion in the 2013/14 financial year and increases to R1,5 billion in 2015/16, which amounts to 16,4% of the total operating revenue base of the Municipality. It remains relatively constant over the medium-term, whilst tariff increases of 13% have been provided for 2013/14 and 12% and 11% for the two outer years, respectively.
- Services charges relating to electricity, water, sanitation and refuse collection and removal constitute the biggest component of the total revenue base, amounting to R4,09 billion for the 2013/14 financial year and increasing to R4,81 billion in 2015/16. For the 2013/14 financial year services charges amount to 55,3% of the total revenue base and increases to 56,6% for 2015/16.
- Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It is to be noted that the grants decreased by 8,3% for 2014/15 and increased by 4,6% for 2015/16.

Expenditure

- Bulk purchases have increased significantly over the 2009/10 to 2013/14 period, increasing from R1,2 billion to R2,3 billion. These increases are mainly attributable to the substantial increases in the cost of bulk electricity from Eskom.

Table 13 (Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14
R thousand										
Capital expenditure - Vote										
Multi-year expenditure, to be appropriated										
Vote 1 - Budget and Treasury	51,396	55,769	24,405	7,480	4,080	4,080	10,300	8,450	9,260	
Vote 2 - Public Health	81,242	108,310	39,614	17,500	29,880	29,880	40,110	47,105	56,890	
Vote 3 - Human Settlements	79,531	-	75,968	165,868	137,868	137,868	165,934	183,473	215,908	
Vote 4 - Economic Development and Recreational Services	214,808	193,547	33,140	10,400	40,076	40,076	23,583	32,158	29,158	
Vote 5 - Corporate Services	46,471	88,482	35,704	18,200	20,450	20,450	39,000	16,400	16,400	
Vote 6 - Rate and General Engineers	976,761	587,299	276,623	269,662	537,163	537,163	157,098	312,894	398,161	
Vote 7 - Water Services	215,412	145,187	374,708	134,402	258,602	258,602	184,650	207,150	178,150	
Vote 8 - Sanitation Services	131,950	125,357	103,202	234,600	206,800	206,800	251,000	307,450	325,700	
Vote 9 - Electricity and Energy	217,874	170,849	91,489	121,147	125,177	125,177	210,557	179,351	181,365	
Vote 10 - Executive and Council	6,199	7,541	11,449	11,200	12,100	12,100	5,000	5,500	6,000	
Vote 11 - Safety and Security	88,929	16,998	4,792	3,000	3,000	3,000	13,000	13,493	14,480	
Vote 12 - Nelson Mandela Bay Stadium	141,600	-	-	-	-	-	-	-	-	
Vote 13 - Strategic Programmes Directorate	21,119	18,157	25,897	46,000	38,780	38,780	35,051	-	-	
Total Capital Expenditure - Vote	2,273,293	1,517,496	1,096,993	1,039,459	1,413,976	1,413,976	1,135,283	1,313,424	1,431,472	
Capital Expenditure - Standard										
Governance and administration	282,017	151,792	71,558	36,880	36,630	36,630	54,300	30,350	31,660	
Executive and council	6,199	7,541	11,449	11,200	12,100	12,100	5,000	5,500	6,000	
Budget and treasury office	112,710	55,769	24,405	7,480	4,080	4,080	10,300	8,450	9,260	
Corporate services	163,109	88,482	35,704	18,200	20,450	20,450	39,000	16,400	16,400	
Community and public safety	440,575	221,070	102,234	179,768	149,253	149,253	194,034	217,641	247,888	
Community and social services	35,465	42,170	2,261	3,000	3,000	3,000	8,000	10,000	2,500	
Sport and recreation	376,238	151,209	14,781	7,400	4,885	4,885	6,000	9,000	13,500	
Public safety	2,670	16,998	4,792	3,000	3,000	3,000	13,000	13,493	14,480	
Housing	-	-	75,968	165,868	137,868	137,868	165,934	183,473	215,908	
Health	26,203	10,694	4,431	500	500	500	1,100	1,675	1,500	
Economic and environmental services	902,107	610,376	330,812	328,162	623,337	623,337	227,042	351,782	449,509	
Planning and development	45,397	18,157	41,995	46,000	70,971	70,971	44,634	13,158	13,158	
Road transport	856,710	587,299	276,623	269,662	537,163	537,163	157,098	312,894	398,161	
Environmental protection	-	4,920	12,194	12,500	15,203	15,203	25,310	25,730	38,190	

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Trading services</i>	648,593	534,091	592,389	494,649	604,756	604,756	659,907	713,651	702,415
Electricity	333,489	170,849	91,489	121,147	125,177	125,177	210,557	179,351	181,365
Water	197,870	145,187	374,708	134,402	258,602	258,602	184,650	207,150	178,150
Waste water management	117,234	125,357	103,202	234,600	206,800	206,800	251,000	307,450	325,700
Waste management	-	92,697	22,989	4,500	14,177	14,177	13,700	19,700	17,200
<i>Other</i>		168							
Total Capital Expenditure - Standard	2,273,293	1,517,496	1,096,993	1,039,459	1,413,976	1,413,976	1,135,283	1,313,424	1,431,472
Funded by:									
National Government	956,989	481,969	903,027	771,932	1,070,632	1,070,632	709,812	917,424	1,031,705
Provincial Government		8,304							
District Municipality									
Other transfers and grants		22,019		3,000	14,000	14,000	7,700	-	-
Transfers recognised - capital	956,989	512,292	903,027	774,932	1,084,632	1,084,632	717,512	917,424	1,031,705
Public contributions & donations	94,452	15,537	10,157	23,000	27,234	27,234	41,201	37,000	37,000
Borrowing	745,200	470,000							
Internally generated funds	476,652	519,667	183,809	241,527	302,110	302,110	376,570	359,000	362,767
Total Capital Funding	2,273,293	1,517,496	1,096,993	1,039,459	1,413,976	1,413,976	1,135,283	1,313,424	1,431,472

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; 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.
- The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, and internally generated funds. For 2013/14, capital transfers totals R717,5 million (63,2%) and amounts to R1,0 billion for 2015/16 (72,1%). Internally generated funding amounts to R376.6 million, R359,0 million and R362,8 million for each of the respective financial years of the MTREF. The source of the internally generated funding mainly comprises the fuel levy and the equitable share allocation. These funding sources are further discussed in detail in Section 2.6 (Overview of Budget Funding).

Table 14 (Table A6 - Budgeted Financial Position)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
ASSETS									
Current assets									
Cash	124,361	130,665	168,795	200,000	200,000	200,000	200,000	200,000	200,000
Call investment deposits	506,343	298,120	988,682	779,183	770,137	770,137	757,364	1,053,918	1,495,921
Consumer debtors	599,488	480,073	484,365	580,516	520,833	520,833	539,098	571,444	605,731
Other debtors	615,753	398,146	357,967	480,573	387,967	387,967	402,365	417,734	429,120
Current portion of long-term receivables	34	13	5	20	5	5	5	5	5
Inventory	134,764	107,976	108,054	121,600	121,600	121,600	117,000	119,000	121,000
Total current assets	1,980,743	1,414,993	2,107,868	2,161,892	2,000,542	2,000,542	2,015,833	2,362,101	2,851,777
Non current assets									
Long-term receivables	80,529	61,454	41,685	65,000	51,685	51,685	51,685	51,685	51,685
Investments	20	20	20	20	20	20	20	20	20
Investment property	70,763	71,754	180,026	71,231	180,026	180,026	138,893	132,517	126,142
Investment in Associate									
Property, plant and equipment	10,821,866	11,939,746	12,299,379	12,681,356	12,475,326	12,475,326	12,621,674	13,064,554	13,745,564
Agricultural									
Biological									
Intangible	411,509	437,202	273,990	431,399	273,990	273,990	310,612	207,556	218,404
Other non-current assets									
Total non current assets	11,384,686	12,510,175	12,795,100	13,249,006	12,981,048	12,981,048	13,122,883	13,456,332	14,141,815
TOTAL ASSETS	13,365,430	13,925,169	14,902,968	15,410,899	14,981,590	14,981,590	15,138,716	15,818,433	16,993,592
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	92,458	92,055	97,283	105,159	105,159	105,159	112,968	104,093	93,920
Consumer deposits	79,850	111,125	85,224	113,500	90,224	90,224	90,224	90,224	90,224
Trade and other payables	1,840,534	1,565,620	1,939,342	1,820,800	1,624,438	1,624,438	1,643,284	1,687,304	1,741,139
Provisions	48,380	105,156	112,803	85,000	112,803	112,803	118,000	125,000	132,000
Total current liabilities	2,061,221	1,873,956	2,234,652	2,124,459	1,932,624	1,932,624	1,964,476	2,006,621	2,057,283
Non current liabilities									
Borrowing	1,459,787	1,841,851	1,745,094	1,629,013	1,629,013	1,629,013	1,516,045	1,411,952	1,318,032
Provisions	1,006,706	1,289,386	1,439,692	1,411,466	1,439,692	1,439,692	1,536,374	1,639,562	1,749,500
Total non current liabilities	2,466,494	3,131,237	3,184,785	3,040,479	3,068,705	3,068,705	3,052,419	3,051,515	3,067,533
TOTAL LIABILITIES	4,527,715	5,005,193	5,419,437	5,164,938	5,001,328	5,001,328	5,016,895	5,058,135	5,124,815

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
NET ASSETS	8,837,715	8,919,976	9,483,531	10,245,961	9,980,262	9,980,262	10,121,821	10,760,298	11,868,777
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3,243,190	3,706,332	3,793,809	3,963,987	4,027,500	4,027,500	4,052,988	4,302,246	4,662,670
Reserves	5,594,525	5,213,644	5,689,722	6,281,974	5,952,762	5,952,762	6,068,833	6,458,052	7,206,107
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	8,837,715	8,919,976	9,483,531	10,245,961	9,980,262	9,980,262	10,121,821	10,760,298	11,868,777

Explanatory notes to Table A6 - Budgeted Financial Position

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position.

Table 15 (Table A7 - Budget cash flow statement)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	3,604,700	5,650,232	5,380,877	5,197,167	5,139,659	5,139,659	5,487,916	5,966,225	6,473,167
Government - operating	976,686	980,838	1,251,609	1,356,926	1,429,590	1,429,590	1,106,417	1,026,866	1,074,472
Government - capital	625,252	682,220	1,196,014	771,932	782,932	782,932	809,186	1,045,863	1,176,144
Interest	144,522	16,447	56,892	25,528	41,184	41,184	43,240	45,834	48,585
Dividends									
Payments									
Suppliers and employees	(4,122,714)	(6,130,712)	(5,646,580)	(5,702,869)	(5,737,233)	(5,737,233)	(5,902,034)	(6,137,731)	(6,557,562)
Finance charges	(112,726)	(177,110)	(201,297)	(205,239)	(214,552)	(214,552)	(190,534)	(179,034)	(169,303)
Transfers and Grants	(99,870)	34,581	(40,896)	(79,005)	(82,809)	(82,809)	(86,337)	(90,181)	(95,642)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,015,850	1,056,497	1,996,619	1,364,440	1,358,772	1,358,772	1,267,855	1,677,843	1,949,862

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		2,250			-	-			
Decrease (increase) in non-current debtors					-	-			
Decrease (increase) other non-current receivables	14,057				13,315	13,315	-	-	-
Decrease (increase) in non-current investments	-				-	-			
Payments									
Capital assets	(2,393,569)	(1,641,999)	(1,191,205)	(1,048,473)	(1,400,376)	(1,400,376)	(1,175,468)	(1,268,321)	(1,403,765)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,379,512)	(1,639,749)	(1,191,205)	(1,048,473)	(1,387,061)	(1,387,061)	(1,175,468)	(1,268,321)	(1,403,765)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans					-	-			
Borrowing long term/refinancing	1,165,000	470,000	-		-	-			
Increase (decrease) in consumer deposits				(3,275)	(3,500)	(3,500)			
Payments									
Repayment of borrowing	(51,828)	(88,859)	(77,058)	(97,444)	(112,444)	(112,444)	(105,159)	(112,968)	(104,093)
NET CASH FROM/(USED) FINANCING ACTIVITIES	1,113,172	381,141	(77,058)	(100,719)	(115,944)	(115,944)	(105,159)	(112,968)	(104,093)
NET INCREASE/ (DECREASE) IN CASH HELD	(250,490)	(202,111)	728,356	215,248	(144,233)	(144,233)	(12,773)	296,554	442,004
Cash/cash equivalents at the year begin:	880,260	629,769	427,658	763,935	1,114,369	1,114,369	970,137	957,364	1,253,918
Cash/cash equivalents at the year end:	629,769	427,658	1,156,014	979,183	970,137	970,137	957,364	1,253,918	1,695,921

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
- It reflects the expected cash in-flows versus cash out-flows that is likely to result from the implementation of the budget.
- The cash position of the Municipality increased significantly over the 2009/10 to 2011/12 period, from R629,8 million to R1,16 billion.
- The 2013/14 MTREF has been informed by the planning principle of striving to ensure adequate cash reserves over the medium-term.
- Cash and cash equivalents amounts to R957,4 million as at the end of the 2013/14 financial year and increases to R1,7 billion in 2015/16. The 2013/14 cash balance is significantly influenced by the unspent grants of approximately R150 million relating to the previous year.

Table 16 (Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	629,769	427,658	1,156,014	979,183	970,137	970,137	957,364	1,253,918	1,695,921	
Other current investments > 90 days	935	1,127	1,463	0	0	0	0	0	(0)	
Non current assets - Investments	20	20	20	20	20	20	20	20	20	
Cash and investments available:	630,725	428,805	1,157,497	979,203	970,157	970,157	957,384	1,253,938	1,695,941	
Application of cash and investments										
Unspent conditional transfers	206,196	284,073	509,428	580,800	194,524	194,524	23,284	23,204	23,204	
Unspent borrowing	-	-	-	-	-	-	-	-	-	
Statutory requirements										
Other working capital requirements	372,632	197,385	550,450	239,779	584,905	584,905	745,756	749,942	765,255	
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	
Reserves to be backed by cash/investments	446,052	593,375	47,000	47,000	47,000	47,000	51,300	51,300	51,300	
Total Application of cash and investments:	1,024,880	1,074,833	1,106,878	867,579	826,429	826,429	820,340	824,446	839,759	
Surplus(shortfall)	(394,155)	(646,028)	50,619	111,624	143,728	143,728	137,044	429,492	856,182	

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. The table assesses 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. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the budget progressively moves from a funding surplus of R137,0 million in 2013/14 to a surplus of R856,2 million in 2015/16.

Table 17 (Table A9 - Asset Management)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	241,358	254,350	727,287	410,510	839,371	839,371	450,500	558,564	673,752
<i>Infrastructure - Road transport</i>	80,448	-	172,516	118,112	484,786	484,786	111,168	233,504	310,706
<i>Infrastructure - Electricity</i>	10,802	10,965	29,087	26,500	25,030	25,030	54,412	22,412	42,833
<i>Infrastructure - Water</i>	63,802	43,052	324,215	16,000	129,200	129,200	30,000	40,000	-
<i>Infrastructure - Sanitation</i>	51,325	33,218	36,739	7,500	-	-	-	-	-
<i>Infrastructure - Other</i>	-	59,084	141,831	148,668	137,674	137,674	179,934	205,923	259,213
Infrastructure	206,377	146,319	704,389	316,780	776,690	776,690	375,514	501,839	612,752
Community	10,843	68,837	11,437	58,000	47,873	47,873	50,051	9,000	8,500
Heritage assets	-	21,920	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	24,138	17,274	12	23,530	2,708	2,708	18,565	40,855	45,140
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	11,449	12,200	12,100	12,100	6,370	6,870	7,360
Total Renewal of Existing Assets	1,994,760	1,043,023	369,706	628,949	574,605	574,605	684,783	754,860	757,720
<i>Infrastructure - Road transport</i>	794,839	381,159	105,449	148,550	50,376	50,376	43,130	55,290	47,000
<i>Infrastructure - Electricity</i>	313,885	159,885	62,402	94,647	98,647	98,647	153,645	154,939	138,532
<i>Infrastructure - Water</i>	151,610	102,135	50,529	116,402	127,402	127,402	152,946	163,150	174,150
<i>Infrastructure - Sanitation</i>	87,150	92,140	66,464	225,100	203,600	203,600	245,000	299,450	321,700
<i>Infrastructure - Other</i>	-	32,304	-	-	9,285	9,285	6,350	8,500	4,500
Infrastructure	1,347,484	767,622	284,843	584,699	489,310	489,310	601,071	681,329	685,882
Community	425,850	142,164	28,512	11,300	41,430	41,430	26,660	36,188	32,928
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	186,974	133,237	40,445	23,450	38,293	38,293	45,052	24,243	24,150
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	34,452	-	15,906	9,500	5,572	5,572	12,000	13,100	14,760
Total Capital Expenditure									
<i>Infrastructure - Road transport</i>	875,287	381,159	277,965	266,662	535,163	535,163	154,298	288,794	357,706
<i>Infrastructure - Electricity</i>	324,687	170,849	91,489	121,147	123,677	123,677	208,057	177,351	181,365
<i>Infrastructure - Water</i>	215,412	145,187	374,744	132,402	256,602	256,602	182,946	203,150	174,150
<i>Infrastructure - Sanitation</i>	138,475	125,357	103,202	232,600	203,600	203,600	245,000	299,450	321,700
<i>Infrastructure - Other</i>	-	91,388	141,831	148,668	146,959	146,959	186,284	214,423	263,713

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14
R thousand										
Infrastructure	1,553,861	913,941	989,232	901,479	1,266,000	1,266,000	976,585	1,183,168	1,298,634	
Community	436,693	211,001	39,949	69,300	89,303	89,303	76,711	45,188	41,428	
Heritage assets	-	21,920	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Other assets	211,112	150,512	40,458	46,980	41,001	41,001	63,617	65,098	69,290	
Agricultural Assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Intangibles	34,452	-	27,355	21,700	17,672	17,672	18,370	19,970	22,120	
TOTAL CAPITAL EXPENDITURE - Asset class	2,236,118	1,297,374	1,096,993	1,039,459	1,413,976	1,413,976	1,135,283	1,313,424	1,431,472	
ASSET REGISTER SUMMARY - PPE (WDV)										
<i>Infrastructure - Road transport</i>	4,193,173	2,849,752	2,993,112	3,560,061	3,594,343	3,594,343	3,462,147	3,454,518	3,569,970	
<i>Infrastructure - Electricity</i>	1,306,508	1,437,655	1,466,296	1,478,616	1,401,426	1,401,426	1,521,850	1,584,621	1,686,844	
<i>Infrastructure - Water</i>	1,153,966	941,776	1,243,818	1,646,091	1,836,047	1,836,047	1,917,525	2,021,777	2,103,662	
<i>Infrastructure - Sanitation</i>	683,428	771,160	826,153	1,089,231	1,252,892	1,252,892	1,404,492	1,605,268	1,826,079	
<i>Infrastructure - Other</i>	83,424	2,268,138	2,208,947	1,585,096	1,030,538	1,030,538	1,146,619	1,287,259	1,481,584	
Infrastructure	7,420,499	8,268,480	8,738,326	9,359,094	9,115,247	9,115,247	9,452,633	9,953,444	10,668,139	
Community	2,726,258	2,810,627	2,822,415	2,908,307	2,833,094	2,833,094	2,790,797	2,719,987	2,648,168	
Heritage assets	111,083	126,474	167,778	126,474	126,474	126,474	126,474	126,474	126,474	
Investment properties	70,763	71,754	180,026	71,231	180,026	180,026	138,893	132,517	126,142	
Other assets	564,026	582,513	570,860	287,481	268,281	268,281	251,770	264,650	302,784	
Agricultural Assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Intangibles	411,509	437,202	273,990	431,399	273,990	273,990	310,612	207,556	218,404	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	11,304,137	12,297,050	12,753,395	13,183,987	12,797,112	12,797,112	13,071,178	13,404,627	14,090,110	
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	546,468	560,343	869,081	736,107	893,824	893,824	885,807	792,455	611,157	
<u>Repairs and Maintenance by Asset Class</u>	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693	
<i>Infrastructure - Road transport</i>	66,113	73,310	89,009	90,672	96,201	96,201	96,277	102,214	108,381	
<i>Infrastructure - Electricity</i>	34,912	28,585	38,818	42,006	41,966	41,966	48,147	52,141	56,454	
<i>Infrastructure - Water</i>	117,915	119,415	107,332	131,853	127,815	127,815	136,482	146,728	158,621	
<i>Infrastructure - Sanitation</i>	103,325	111,701	107,395	129,312	128,673	128,673	143,243	154,418	166,163	
<i>Infrastructure - Other</i>	2,127	2,735	4,949	5,510	5,420	5,420	7,631	8,212	8,791	
Infrastructure	324,392	335,745	347,503	399,353	400,074	400,074	431,780	463,713	498,410	
Community	29,167	33,515	33,931	35,387	42,999	42,999	43,310	46,521	49,959	

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	54,545	49,702	51,753	62,477	57,985	57,985	62,545	66,829	71,324
TOTAL EXPENDITURE OTHER ITEMS	954,572	979,305	1,302,269	1,233,323	1,394,882	1,394,882	1,423,443	1,369,518	1,230,850
<i>Renewal of Existing Assets as % of total capex</i>	89.2%	80.4%	33.7%	60.5%	40.6%	40.6%	60.3%	57.5%	52.9%
<i>Renewal of Existing Assets as % of deprecn"</i>	365.0%	186.1%	42.5%	85.4%	64.3%	64.3%	77.3%	95.3%	124.0%
<i>R&M as a % of PPE</i>	3.8%	3.5%	3.5%	3.9%	4.0%	4.0%	4.3%	4.4%	4.5%
<i>Renewal and R&M as a % of PPE</i>	21.0%	12.0%	6.0%	9.0%	8.0%	8.0%	9.0%	10.0%	10.0%

Explanatory notes to Table A9 - Asset Management

- The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

- National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE. In this regard the expenditure relating to the renewal/rehabilitation of existing assets amounts to 60,3% of the capital budget, whilst repairs and maintenance constitute 4,2% of PPE.

Table 18 (Table A10 - Basic Service Delivery Measurement)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Household service targets</u>									
<u>Water:</u>									
Piped water inside dwelling	289,000	289,000	289,000	254,007	254,007	254,007	276,850	278,850	280,850
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)	35,257	35,257	38,000	31,000	31,000	31,000	30,202	28,202	26,202
Other water supply (at least min.service level)		-							
<i>Minimum Service Level and Above sub-total</i>	324,257	324,257	327,000	285,007	285,007	285,007	307,052	307,052	307,052
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	324,257	324,257	327,000	285,007	285,007	285,007	307,052	307,052	307,052

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	286,000	285,940	285,940	250,947	250,947	250,947	273,790	275,790	277,790
Flush toilet (with septic tank)	3,000	3,060	3,060	3,060	3,060	3,060	3,060	3,060	3,060
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	289,000	289,000	289,000	254,007	254,007	254,007	276,850	278,850	280,850
Bucket toilet	35,257	35,257	38,000	31,000	31,000	31,000	30,202	28,202	26,202
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	35,257	35,257	38,000	31,000	31,000	31,000	30,202	28,202	26,202
Total number of households	324,257	324,257	327,000	285,007	285,007	285,007	307,052	307,052	307,052
<u>Energy:</u>									
Electricity (at least min.service level)	36,000	32,010	29,223	27,500	27,500	27,500	26,500	26,500	26,500
Electricity - prepaid (min.service level)	232,000	361,740	276,493	277,000	277,000	277,000	279,500	279,500	279,500
<i>Minimum Service Level and Above sub-total</i>	268,000	393,750	305,716	304,500	304,500	304,500	306,000	306,000	306,000
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	268,000	393,750	305,716	304,500	304,500	304,500	306,000	306,000	306,000
<u>Refuse:</u>									
Removed at least once a week	172,000	137,561	121,467	131,980	131,980	131,980	226,772	263,772	306,354
<i>Minimum Service Level and Above sub-total</i>	172,000	137,561	121,467	131,980	131,980	131,980	226,772	263,772	306,354
Removed less frequently than once a week	9,000	13,428	139,082	139,082	139,082	139,082	79,582	42,582	-
Using communal refuse dump			18,146	17,546	17,546	17,546	17,546	17,546	17,546
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal	3,000	2,371	912	1,096	392	392	392	392	392
<i>Below Minimum Service Level sub-total</i>	12,000	15,799	158,140	157,724	157,020	157,020	97,520	60,520	17,938
Total number of households	184,000	153,360	279,607	289,704	289,000	289,000	324,292	324,292	324,292
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	115,000	79,035	72,400	74,867	71,548	71,548	73,124	73,855	74,594
Sanitation (free minimum level service)	115,000	79,035	72,400	74,867	71,764	71,764	73,124	73,855	74,594
Electricity/other energy (50kwh per household per month)	105,000	79,035	64,833	67,158	67,158	67,158	65,481	66,136	66,798
Refuse (removed at least once a week)	83,000	79,035	66,819	68,485	65,502	65,502	67,487	68,162	68,844

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cost of Free Basic Services provided (R'000)	45,483	45,313	58,877	50,703	50,703	50,703	75,180	84,954	95,998
Water (6 kilolitres per household per month)	61,998	63,862	54,545	88,171	88,171	88,171	69,648	78,703	88,934
Sanitation (free sanitation service)	66,313	34,058	41,333	32,067	32,067	32,067	64,583	80,729	100,911
Electricity/other energy (50kwh per household per month)	43,016	44,765	51,645	60,177	60,177	60,177	65,946	74,519	84,207
Refuse (removed once a week)	139,239	104,533	88,439	98,952	98,952	98,952	151,702	188,702	231,284
Total cost of FBS provided (minimum social package)	356,049	292,530	294,840	330,070	330,070	330,070	427,060	507,606	601,333
Highest level of free service provided									
Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month)	68	77	87	98	98	98	111	124	137
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	16,454	18,264	20,455	23,112	23,112	23,112	26,116	29,250	32,468
Property rates (other exemptions, reductions and rebates)	26,246	26,740	25,914	35,884	35,884	35,884	33,093	37,656	43,137
Water	45,483	60,418	58,877	67,604	67,604	67,604	75,180	84,954	95,998
Sanitation	61,998	63,862	54,545	88,171	88,171	88,171	69,648	78,703	88,934
Electricity/other energy	66,313	51,086	41,333	48,100	48,100	48,100	64,583	80,729	100,911
Refuse	48,677	44,765	51,645	60,177	60,177	60,177	65,946	74,519	84,207
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	265,171	265,134	252,770	323,048	323,048	323,048	334,567	385,811	445,653

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

1.8 Consolidated Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's and the Entity's 2013/14 budget and MTREF to be noted by Council.

Table 19 (Table A1 –Consolidated Budget Summary)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands									
Financial Performance									
Property rates	756,499	838,855	929,517	1,074,628	1,074,628	1,074,628	1,214,337	1,360,062	1,509,674
Service charges	2,549,064	3,121,530	3,490,744	3,951,039	3,883,229	3,883,229	4,089,228	4,434,905	4,810,419
Investment revenue	65,323	19,252	59,060	27,328	43,584	43,584	45,740	48,334	51,085
Transfers recognised - operational	1,402,218	908,509	1,218,769	1,361,248	1,440,853	1,440,853	1,119,572	1,026,946	1,074,552
Other own revenue	397,335	943,901	993,174	832,509	891,162	891,162	931,002	998,462	1,062,933
Total Revenue (excluding capital transfers and contributions)	5,170,440	5,832,046	6,691,265	7,246,752	7,333,457	7,333,457	7,399,879	7,868,710	8,508,662
Employee costs	1,629,721	1,912,238	1,858,809	1,800,625	1,801,951	1,801,951	1,972,548	2,109,647	2,264,913
Remuneration of councillors	44,886	45,222	49,919	54,583	53,220	53,220	57,199	61,775	67,026
Depreciation & asset impairment	546,632	560,516	869,243	736,327	894,004	894,004	885,807	792,455	611,157
Finance charges	113,367	177,630	213,160	203,317	204,213	204,213	190,534	179,034	169,303
Materials and bulk purchases	1,645,500	1,986,063	2,405,741	2,747,755	2,734,997	2,734,997	2,829,759	3,040,377	3,267,159
Transfers and grants	283,059	219,228	285,916	345,775	338,848	338,848	340,520	377,740	419,578
Other expenditure	1,393,259	1,443,760	1,360,746	1,427,714	1,491,564	1,491,564	1,344,545	1,296,559	1,403,219
Total Expenditure	5,656,424	6,344,657	7,043,534	7,316,096	7,518,797	7,518,797	7,620,913	7,857,588	8,202,355
Surplus/(Deficit)	(485,984)	(512,611)	(352,269)	(69,344)	(185,341)	(185,341)	(221,034)	11,122	306,307
Transfers recognised - capital	993,724	500,978	915,672	774,932	1,070,632	1,070,632	709,812	917,424	1,031,705
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	507,741	(11,633)	563,403	705,588	885,291	885,291	488,779	928,545	1,338,012
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	507,741	(11,633)	563,403	705,588	885,291	885,291	488,779	928,545	1,338,012
Capital expenditure & funds sources									
Capital expenditure	2,351,853	1,567,776	1,118,277	1,079,076	1,500,404	1,500,404	1,177,277	1,357,965	1,478,686
Transfers recognised - capital	956,989	512,292	903,027	774,932	1,087,032	1,087,032	717,512	917,424	1,031,705
Public contributions & donations	94,452	15,537	10,157	23,000	27,234	27,234	41,201	37,000	37,000
Borrowing	745,200	470,000	-	-	-	-	-	-	-
Internally generated funds	555,212	569,947	205,093	281,144	386,138	386,138	418,564	403,541	409,981
Total sources of capital funds	2,351,853	1,567,776	1,118,277	1,079,076	1,500,404	1,500,404	1,177,277	1,357,965	1,478,686
Financial position									
Total current assets	2,024,194	1,429,710	2,111,715	2,194,699	2,033,639	2,033,639	2,056,765	2,399,018	2,882,690
Total non current assets	11,385,478	12,510,857	12,795,629	13,407,513	13,140,090	13,140,090	13,164,957	13,542,957	14,275,654
Total current liabilities	2,035,885	1,887,635	2,238,383	2,157,536	1,985,531	1,985,531	2,005,471	2,043,681	2,088,388

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Total non current liabilities	2,467,722	3,132,275	3,184,901	3,040,479	3,068,705	3,068,705	3,052,419	3,051,515	3,067,533
Community wealth/Equity	8,906,064	8,920,657	9,484,060	10,404,197	10,119,493	10,119,493	10,163,833	10,846,780	12,002,424
Cash flows									
Net cash from (used) operating	1,012,482	1,073,239	1,994,939	1,410,632	1,403,650	1,403,650	1,307,169	1,718,902	1,990,785
Net cash from (used) investing	(2,379,759)	(1,640,160)	(1,191,807)	(1,115,084)	(1,443,672)	(1,443,672)	(1,218,292)	(1,313,380)	(1,450,688)
Net cash from (used) financing	1,112,788	381,141	(77,058)	(100,719)	(115,944)	(115,944)	(105,159)	(112,968)	(104,093)
Cash/cash equivalents at the year end	671,812	486,032	1,212,106	1,011,895	1,014,504	1,014,504	998,222	1,290,775	1,726,779
Cash backing/surplus reconciliation									
Cash and investments available	672,816	487,071	1,213,273	1,011,915	1,014,524	1,014,524	998,242	1,290,795	1,726,799
Application of cash and investments	1,012,412	1,138,246	1,159,674	901,304	869,868	869,868	859,459	859,677	869,521
Balance - surplus (shortfall)	(339,596)	(651,175)	53,599	110,611	144,656	144,656	138,783	431,118	857,278
Asset management									
Asset register summary (WDV)	11,382,791	12,347,398	12,774,715	13,342,494	13,188,386	13,188,386	13,113,252	13,491,252	14,223,949
Depreciation & asset impairment	546,632	560,516	869,243	736,327	894,004	894,004	885,807	792,455	611,157
Renewal of Existing Assets	2,073,178	1,090,817	390,756	668,091	677,034	677,034	726,273	798,840	804,338
Repairs and Maintenance	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693
Free services									
Cost of Free Basic Services provided	216,810	187,997	206,401	231,118	231,118	231,118	275,358	318,904	370,049
Revenue cost of free services provided	265,171	265,134	252,770	323,048	323,048	323,048	334,567	385,811	445,653
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	22	23	22	22	22	22	22	22	22
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	12	16	158	157	157	157	98	61	18

Table 20 (Table A2 –Consolidated Budget Financial Performance)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	1,348,573	1,681,648	1,969,797	1,927,558	1,960,910	1,960,910	2,134,729	2,296,527	2,445,564
Executive and council	9,486	12,970	907	51	730	730	316	39	40
Budget and treasury office	1,324,763	1,655,163	1,956,117	1,911,578	1,938,894	1,938,894	2,123,759	2,285,227	2,433,621
Corporate services	14,324	13,515	12,773	15,929	21,286	21,286	10,654	11,261	11,904
<i>Community and public safety</i>	435,061	356,479	546,155	475,241	511,397	511,397	322,553	215,087	230,172
Community and social services	34,080	18,498	16,163	18,703	19,408	19,408	20,559	15,511	16,152
Sport and recreation	(109,180)	15,203	23,402	22,301	22,980	22,980	50,511	51,833	53,259
Public safety	35,219	25,228	34,574	33,714	33,970	33,970	34,567	36,640	38,839
Housing	384,179	247,114	345,271	400,425	425,679	425,679	216,702	110,877	121,682
Health	90,763	50,436	126,744	98	9,360	9,360	213	226	240
<i>Economic and environmental services</i>	350,672	255,515	157,377	400,148	433,573	433,573	290,653	298,677	329,351
Planning and development	318,609	171,492	106,587	176,337	402,290	402,290	263,021	269,916	298,865
Road transport	24,744	42,163	24,145	219,997	26,895	26,895	22,996	24,376	25,839
Environmental protection	7,318	41,859	26,645	3,814	4,389	4,389	4,636	4,385	4,648
<i>Trading services</i>	3,021,960	3,536,425	4,017,868	4,431,465	4,415,236	4,415,236	4,638,869	5,044,855	5,489,417
Electricity	1,905,570	2,298,203	2,873,257	3,120,937	3,108,000	3,108,000	3,228,278	3,457,484	3,706,136
Water	520,843	716,173	504,881	581,395	581,216	581,216	612,284	690,937	779,318
Waste water management	400,745	374,103	395,303	474,317	464,992	464,992	522,097	589,032	664,473
Waste management	194,802	147,946	244,427	254,816	261,029	261,029	276,210	307,402	339,491
<i>Other</i>	14,176	1,979	67	12,341	12,341	12,341	13,075	13,564	14,157
Total Revenue - Standard	5,170,441	5,832,046	6,691,265	7,246,752	7,333,457	7,333,457	7,399,879	7,868,710	8,508,662
Expenditure - Standard									
<i>Governance and administration</i>	1,154,137	1,170,693	1,153,076	1,106,730	1,080,663	1,080,663	1,171,776	1,170,775	1,128,485
Executive and council	146,234	133,343	139,726	172,395	151,594	151,594	187,544	197,854	211,034
Budget and treasury office	773,695	782,398	796,606	581,519	535,420	535,420	581,695	582,113	628,979
Corporate services	234,208	254,952	216,744	352,816	393,649	393,649	402,537	390,808	288,472
<i>Community and public safety</i>	930,495	1,234,383	1,379,443	1,209,028	1,280,912	1,280,912	1,123,750	1,062,605	1,132,107
Community and social services	90,677	94,454	123,749	138,968	145,718	145,718	155,515	153,625	160,495
Sport and recreation	90,438	156,907	114,127	152,041	152,908	152,908	157,848	166,182	175,249
Public safety	264,390	367,156	377,128	348,237	353,252	353,252	382,732	408,927	437,970
Housing	331,834	348,805	443,586	432,052	476,337	476,337	270,540	166,441	179,411

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Health	153,155	267,061	320,852	137,730	152,697	152,697	157,115	167,430	178,982
<i>Economic and environmental services</i>	658,989	534,364	843,993	969,716	1,114,216	1,114,216	1,025,199	1,017,353	1,028,139
Planning and development	393,982	253,831	407,107	541,927	601,794	601,794	503,896	516,397	549,189
Road transport	178,718	189,414	202,773	180,593	217,073	217,073	218,145	215,455	214,618
Environmental protection	86,290	91,118	234,114	247,196	295,349	295,349	303,159	285,501	264,331
<i>Trading services</i>	2,903,328	3,394,891	3,655,542	3,967,051	3,984,134	3,984,134	4,245,854	4,577,964	4,899,965
Electricity	1,488,084	2,039,736	2,526,270	2,782,901	2,760,196	2,760,196	2,912,251	3,142,510	3,354,352
Water	529,541	692,330	519,430	518,942	547,902	547,902	596,018	643,440	695,886
Waste water management	288,487	373,072	398,703	456,585	469,180	469,180	500,393	534,315	572,309
Waste management	597,217	289,754	211,139	208,622	206,856	206,856	237,192	257,699	277,418
<i>Other</i>	9,474	10,327	11,479	63,571	58,872	58,872	54,334	28,891	13,660
Total Expenditure - Standard	5,656,424	6,344,657	7,043,534	7,316,096	7,518,797	7,518,797	7,620,913	7,857,588	8,202,355
Surplus/(Deficit) for the year	(485,983)	(512,611)	(352,269)	(69,344)	(185,341)	(185,341)	(221,034)	11,122	306,307

Table 21 (Table A3 –Consolidated Budget Financial Performance by Vote)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Revenue by Vote									
Vote 1 - Budget and Treasury	1,324,803	1,655,188	1,953,289	1,911,592	1,938,907	1,938,907	2,123,774	2,285,242	2,433,637
Vote 2 - Public Health	293,540	262,975	381,804	261,472	277,049	277,049	283,496	314,536	346,993
Vote 3 - Human Settlements	401,935	263,368	345,271	421,369	444,860	444,860	240,805	133,041	145,176
Vote 4 - Economic Development and Recreational Services	103,042	85,472	98,531	142,347	166,736	166,736	148,589	147,753	155,977
Vote 5 - Corporate Services	11,829	10,668	9,479	8,828	14,657	14,657	4,033	4,043	4,284
Vote 6 - Rate and General Engineers	101,736	28,309	22,731	202,201	207,201	207,201	103,485	133,694	153,916
Vote 7 - Water Services	522,576	716,173	504,881	581,395	581,516	581,516	612,284	690,937	779,318
Vote 8 - Sanitation Services	350,803	374,015	395,304	474,317	464,992	464,992	522,097	589,032	664,473
Vote 9 - Electricity and Energy	1,905,681	2,298,283	2,873,343	3,120,937	3,108,000	3,108,000	3,228,278	3,457,484	3,706,136
Vote 10 - Executive and Council	10,887	5,537	1,633	658	1,432	1,432	620	561	562
Vote 11 - Safety and Security	52,139	43,231	45,138	53,796	55,608	55,608	57,504	60,954	64,611
Vote 12 - Nelson Mandela Bay Stadium	63,444	62,761	39,048	37,000	37,000	37,000	27,248	34,551	36,116
Vote 13 - Strategic Programmes Directorate	28,024	26,066	20,811	30,840	35,498	35,498	47,668	16,882	17,464
Total Revenue by Vote	5,170,441	5,832,046	6,691,265	7,246,752	7,333,456	7,333,456	7,399,879	7,868,710	8,508,662

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Expenditure by Vote to be appropriated									
Vote 1 - Budget and Treasury	768,615	757,624	778,827	561,807	516,128	516,128	560,699	559,931	605,195
Vote 2 - Public Health	852,515	662,960	747,911	610,319	672,703	672,703	717,283	731,944	743,649
Vote 3 - Human Settlements	434,102	452,094	536,967	533,541	575,418	575,418	381,431	280,680	301,028
Vote 4 - Economic Development and Recreational Services	231,123	187,923	262,946	341,002	367,787	367,787	360,231	343,413	343,926
Vote 5 - Corporate Services	218,543	258,398	289,755	356,377	402,480	402,480	413,520	398,462	297,755
Vote 6 - Rate and General Engineers	274,859	244,276	295,016	500,086	539,553	539,553	451,659	482,703	503,532
Vote 7 - Water Services	529,530	695,886	533,706	519,466	547,902	547,902	596,018	643,440	695,886
Vote 8 - Sanitation Services	261,769	344,018	347,734	396,910	408,310	408,310	442,496	473,813	508,982
Vote 9 - Electricity and Energy	1,484,720	2,039,401	2,526,270	2,782,901	2,767,496	2,767,496	2,912,251	3,142,510	3,354,352
Vote 10 - Executive and Council	169,065	159,471	172,326	201,471	196,070	196,070	216,869	230,235	246,892
Vote 11 - Safety and Security	270,619	373,586	391,508	356,370	362,391	362,391	392,935	419,835	449,598
Vote 12 - Nelson Mandela Bay Stadium	131,203	131,644	140,335	123,523	123,807	123,807	129,487	130,217	130,621
Vote 13 - Strategic Programmes Directorate	29,762	37,376	20,232	32,321	38,754	38,754	46,033	20,407	20,940
Total Expenditure by Vote	5,656,424	6,344,657	7,043,534	7,316,096	7,518,798	7,518,798	7,620,913	7,857,588	8,202,355
Surplus/(Deficit) for the year	(485,983)	(512,611)	(352,269)	(69,344)	(185,342)	(185,342)	(221,033)	11,122	306,307

Table 22 (Table A4 –Consolidated Budget Financial Performance Revenue and Expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue By Source									
Property rates	756,499	838,855	929,517	1,074,628	1,074,628	1,074,628	1,214,337	1,360,062	1,509,674
Property rates - penalties & collection charges									
Service charges - electricity revenue	1,807,640	2,185,913	2,751,648	3,028,384	2,980,884	2,980,884	3,070,366	3,285,292	3,515,262
Service charges - water revenue	407,918	568,439	343,361	455,547	441,033	441,033	498,414	563,208	636,425
Service charges - sanitation revenue	228,020	246,504	258,182	312,033	304,674	304,674	343,381	388,021	438,464
Service charges - refuse revenue	105,486	120,675	137,553	155,075	156,639	156,639	177,067	198,385	220,268
Service charges - other									
Rental of facilities and equipment	15,545	17,641	15,318	19,820	21,008	21,008	21,461	22,637	23,849
Interest earned - external investments	65,323	19,252	59,060	27,328	43,584	43,584	45,740	48,334	51,085
Interest earned - outstanding debtors	82,762	113,347	121,634	86,913	144,637	144,637	171,724	190,236	210,199
Dividends received									
Fines	23,415	23,733	25,655	32,328	33,810	33,810	34,809	36,897	39,111

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Licences and permits	8,242	8,153	9,019	9,014	9,806	9,806	10,394	11,018	11,679
Agency services	1,220	1,611	1,397	1,400	1,400	1,400	1,484	1,573	1,667
Transfers recognised - operational	1,402,218	908,509	1,218,769	1,361,248	1,440,853	1,440,853	1,119,572	1,026,946	1,074,552
Other revenue	266,150	777,718	820,152	683,033	680,501	680,501	691,130	736,101	776,427
Gains on disposal of PPE		1,698							
Total Revenue (excluding capital transfers and contributions)	5,170,440	5,832,046	6,691,265	7,246,752	7,333,457	7,333,457	7,399,879	7,868,710	8,508,662
Expenditure By Type									
Employee related costs	1,629,721	1,912,238	1,858,809	1,800,625	1,801,951	1,801,951	1,972,548	2,109,647	2,264,913
Remuneration of councillors	44,886	45,222	49,919	54,583	53,220	53,220	57,199	61,775	67,026
Debt impairment	419,467	522,487	298,900	251,284	247,907	247,907	318,214	347,698	379,206
Depreciation & asset impairment	546,632	560,516	869,243	736,327	894,004	894,004	885,807	792,455	611,157
Finance charges	113,367	177,630	213,160	203,317	204,213	204,213	190,534	179,034	169,303
Bulk purchases	1,237,381	1,567,047	1,972,513	2,250,539	2,233,939	2,233,939	2,292,123	2,463,314	2,647,466
Other materials	408,118	419,015	433,228	497,216	501,058	501,058	537,635	577,063	619,693
Contracted services	147,765	145,947	207,849	376,041	369,622	369,622	326,625	369,315	400,674
Transfers and grants	283,059	219,228	285,916	345,775	338,848	338,848	340,520	377,740	419,578
Other expenditure	818,396	770,112	836,359	800,389	874,035	874,035	699,707	579,546	623,340
Loss on disposal of PPE	7,632	5,215	17,638						
Total Expenditure	5,656,424	6,344,657	7,043,534	7,316,096	7,518,797	7,518,797	7,620,913	7,857,588	8,202,355
Surplus/(Deficit)	(485,984)	(512,611)	(352,269)	(69,344)	(185,341)	(185,341)	(221,034)	11,122	306,307
Transfers recognised - capital	993,724	500,978	915,672	774,932	1,070,632	1,070,632	709,812	917,424	1,031,705
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	507,741	(11,633)	563,403	705,588	885,291	885,291	488,779	928,545	1,338,012
Taxation									
Surplus/(Deficit) after taxation	507,741	(11,633)	563,403	705,588	885,291	885,291	488,779	928,545	1,338,012
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	507,741	(11,633)	563,403	705,588	885,291	885,291	488,779	928,545	1,338,012
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	507,741	(11,633)	563,403	705,588	885,291	885,291	488,779	928,545	1,338,012

Table 23 (Table A5 –Consolidated Budget Capital Expenditure – Standard Classification)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote									
Multi-year expenditure, to be appropriated									
Vote 1 - Budget and Treasury	51,396	55,769	24,405	7,480	4,080	4,080	10,300	8,450	9,260
Vote 2 - Public Health	81,242	108,310	39,614	17,500	29,880	29,880	40,110	47,105	56,890
Vote 3 - Human Settlements	79,531	-	75,968	165,868	137,868	137,868	165,934	183,473	215,908
Vote 4 - Economic Development and Recreational Services	293,368	243,827	54,424	50,017	126,504	126,504	65,577	76,699	76,372
Vote 5 - Corporate Services	46,471	88,482	35,704	18,200	20,450	20,450	39,000	16,400	16,400
Vote 6 - Rate and General Engineers	976,761	587,299	276,623	269,662	537,163	537,163	157,098	312,894	398,161
Vote 7 - Water Services	215,412	145,187	374,708	134,402	258,602	258,602	184,650	207,150	178,150
Vote 8 - Sanitation Services	131,950	125,357	103,202	234,600	206,800	206,800	251,000	307,450	325,700
Vote 9 - Electricity and Energy	217,874	170,849	91,489	121,147	125,177	125,177	210,557	179,351	181,365
Vote 10 - Executive and Council	6,199	7,541	11,449	11,200	12,100	12,100	5,000	5,500	6,000
Vote 11 - Safety and Security	88,929	16,998	4,792	3,000	3,000	3,000	13,000	13,493	14,480
Vote 12 - Nelson Mandela Bay Stadium	141,600	-	-	-	-	-	-	-	-
Vote 13 - Strategic Programmes Directorate	21,119	18,157	25,897	46,000	38,780	38,780	35,051	-	-
Total Capital Expenditure - Vote	2,351,853	1,567,776	1,118,277	1,079,076	1,500,404	1,500,404	1,177,277	1,357,965	1,478,686
Capital Expenditure - Standard									
Governance and administration	282,017	151,792	71,558	36,880	36,630	36,630	54,300	30,350	31,660
Executive and council	6,199	7,541	11,449	11,200	12,100	12,100	5,000	5,500	6,000
Budget and treasury office	112,710	55,769	24,405	7,480	4,080	4,080	10,300	8,450	9,260
Corporate services	163,109	88,482	35,704	18,200	20,450	20,450	39,000	16,400	16,400
Community and public safety	440,575	221,070	102,234	179,768	149,253	149,253	194,034	217,641	247,888
Community and social services	35,465	42,170	2,261	3,000	3,000	3,000	8,000	10,000	2,500
Sport and recreation	376,238	151,209	14,781	7,400	4,885	4,885	6,000	9,000	13,500
Public safety	2,670	16,998	4,792	3,000	3,000	3,000	13,000	13,493	14,480
Housing	-	-	75,968	165,868	137,868	137,868	165,934	183,473	215,908
Health	26,203	10,694	4,431	500	500	500	1,100	1,675	1,500
Economic and environmental services	980,667	660,656	352,096	367,779	709,765	709,765	269,036	396,323	496,723
Planning and development	123,957	68,437	63,279	85,617	157,399	157,399	86,628	57,699	60,372
Road transport	856,710	587,299	276,623	269,662	537,163	537,163	157,098	312,894	398,161
Environmental protection	-	4,920	12,194	12,500	15,203	15,203	25,310	25,730	38,190
Trading services	648,593	534,091	592,389	494,649	604,756	604,756	659,907	713,651	702,415

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
Electricity	333,489	170,849	91,489	121,147	125,177	125,177	210,557	179,351	181,365
Water	197,870	145,187	374,708	134,402	258,602	258,602	184,650	207,150	178,150
Waste water management	117,234	125,357	103,202	234,600	206,800	206,800	251,000	307,450	325,700
Waste management	-	92,697	22,989	4,500	14,177	14,177	13,700	19,700	17,200
<i>Other</i>		168							
Total Capital Expenditure - Standard	2,351,853	1,567,776	1,118,277	1,079,076	1,500,404	1,500,404	1,177,277	1,357,965	1,478,686
Funded by:									
National Government	956,989	481,969	903,027	771,932	1,070,632	1,070,632	709,812	917,424	1,031,705
Provincial Government		8,304							
District Municipality									
Other transfers and grants		22,019		3,000	16,400	16,400	7,700	-	-
Transfers recognised - capital	956,989	512,292	903,027	774,932	1,087,032	1,087,032	717,512	917,424	1,031,705
Public contributions & donations	94,452	15,537	10,157	23,000	27,234	27,234	41,201	37,000	37,000
Borrowing	745,200	470,000							
Internally generated funds	555,212	569,947	205,093	281,144	386,138	386,138	418,564	403,541	409,981
Total Capital Funding	2,351,853	1,567,776	1,118,277	1,079,076	1,500,404	1,500,404	1,177,277	1,357,965	1,478,686

Table 24 (Table A6 –Consolidated Budget Financial Position)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
ASSETS									
Current assets									
Cash	166,404	189,039	224,886	200,712	200,712	200,712	200,120	200,120	200,120
Call investment deposits	506,343	298,120	988,682	811,183	813,792	813,792	798,102	1,090,655	1,526,659
Consumer debtors	599,488	480,073	484,365	580,516	520,833	520,833	539,098	571,444	605,731
Other debtors	616,938	354,409	305,675	480,648	376,677	376,677	402,440	417,794	429,175
Current portion of long-term receivables	34	13	5	20	5	5	5	5	5
Inventory	134,987	108,056	108,101	121,620	121,620	121,620	117,000	119,000	121,000
Total current assets	2,024,194	1,429,710	2,111,715	2,194,699	2,033,639	2,033,639	2,056,765	2,399,018	2,882,690
Non current assets									
Long-term receivables	80,529	61,454	41,685	65,000	51,685	51,685	51,685	51,685	51,685
Investments	69	(89)	(296)	20	20	20	20	20	20
Investment property	70,763	71,754	180,026	71,231	180,026	180,026	138,893	132,517	126,142

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Investment in Associate									
Property, plant and equipment	10,822,514	11,940,467	12,300,184	12,839,763	12,634,203	12,634,203	12,663,668	13,151,089	13,879,313
Agricultural									
Biological									
Intangible	411,602	437,270	274,030	431,499	274,155	274,155	310,692	207,646	218,494
Other non-current assets									
Total non current assets	11,385,478	12,510,857	12,795,629	13,407,513	13,140,090	13,140,090	13,164,957	13,542,957	14,275,654
TOTAL ASSETS	13,409,672	13,940,566	14,907,344	15,602,212	15,173,729	15,173,729	15,221,723	15,941,975	17,158,344
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	92,824	93,116	98,898	105,159	105,159	105,159	112,968	104,093	93,920
Consumer deposits	79,850	111,125	85,224	113,500	110,000	110,000	90,224	90,224	90,224
Trade and other payables	1,814,484	1,577,949	1,941,070	1,853,397	1,657,035	1,657,035	1,683,799	1,723,864	1,771,724
Provisions	48,727	105,445	113,192	85,480	113,337	113,337	118,480	125,500	132,520
Total current liabilities	2,035,885	1,887,635	2,238,383	2,157,536	1,985,531	1,985,531	2,005,471	2,043,681	2,088,388
Non current liabilities									
Borrowing	1,461,016	1,842,888	1,745,210	1,629,013	1,629,013	1,629,013	1,516,045	1,411,952	1,318,032
Provisions	1,006,706	1,289,386	1,439,692	1,411,466	1,439,692	1,439,692	1,536,374	1,639,562	1,749,500
Total non current liabilities	2,467,722	3,132,275	3,184,901	3,040,479	3,068,705	3,068,705	3,052,419	3,051,515	3,067,533
TOTAL LIABILITIES	4,503,607	5,019,909	5,423,284	5,198,015	5,054,236	5,054,236	5,057,890	5,095,195	5,155,920
NET ASSETS	8,906,065	8,920,657	9,484,060	10,404,197	10,119,493	10,119,493	10,163,833	10,846,780	12,002,424
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3,311,539	3,707,013	3,794,338	3,917,080	3,419,331	3,419,331	4,052,808	4,302,426	4,662,850
Reserves	5,594,525	5,213,644	5,689,722	6,487,118	6,700,163	6,700,163	6,111,024	6,544,354	7,339,574
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	8,906,064	8,920,657	9,484,060	10,404,197	10,119,493	10,119,493	10,163,833	10,846,780	12,002,424

Table 25 (Table A7 –Consolidated Budgeted Cash Flows)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	3,563,484	5,653,036	5,391,766	5,197,167	5,140,204	5,140,204	5,496,481	5,974,790	6,478,732	
Government - operating	976,686	980,838	1,251,609	1,356,926	1,433,227	1,433,227	1,106,417	1,026,866	1,074,472	
Government - capital	625,252	682,220	1,196,014	771,932	782,932	782,932	809,186	1,045,863	1,176,144	
Interest	148,086	16,447	56,892	27,328	43,584	43,584	45,240	47,934	50,685	
Dividends										
Payments										
Suppliers and employees	(4,088,377)	(6,116,772)	(5,659,149)	(5,714,573)	(5,758,937)	(5,758,937)	(5,934,034)	(6,171,731)	(6,592,562)	
Finance charges	(112,779)	(177,110)	(201,297)	(205,419)	(214,732)	(214,732)	(190,534)	(179,034)	(169,303)	
Transfers and Grants	(99,870)	34,581	(40,896)	(22,728)	(22,629)	(22,629)	(25,587)	(25,787)	(27,384)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,012,482	1,073,239	1,994,939	1,410,632	1,403,650	1,403,650	1,307,169	1,718,902	1,990,785	
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2,250			-	-				
Decrease (Increase) in non-current debtors					-	-				
Decrease (increase) other non-current receivables	14,057	(191)	(367)		13,315	13,315	-	-	-	
Decrease (increase) in non-current investments	-				-	-				
Payments										
Capital assets	(2,393,816)	(1,642,220)	(1,191,440)	(1,115,084)	(1,456,987)	(1,456,987)	(1,218,292)	(1,313,380)	(1,450,688)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,379,759)	(1,640,160)	(1,191,807)	(1,115,084)	(1,443,672)	(1,443,672)	(1,218,292)	(1,313,380)	(1,450,688)	
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans					-	-				
Borrowing long term/refinancing	1,164,616	470,000	-		-	-				
Increase (decrease) in consumer deposits				(3,275)	(3,500)	(3,500)				
Payments										
Repayment of borrowing	(51,828)	(88,859)	(77,058)	(97,444)	(112,444)	(112,444)	(105,159)	(112,968)	(104,093)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	1,112,788	381,141	(77,058)	(100,719)	(115,944)	(115,944)	(105,159)	(112,968)	(104,093)	
NET INCREASE/ (DECREASE) IN CASH HELD	(254,489)	(185,780)	726,074	194,830	(155,966)	(155,966)	(16,282)	292,554	436,004	
Cash/cash equivalents at the year begin:	926,301	671,812	486,032	817,065	1,170,470	1,170,470	1,014,504	998,222	1,290,775	
Cash/cash equivalents at the year end:	671,812	486,032	1,212,106	1,011,895	1,014,504	1,014,504	998,222	1,290,775	1,726,779	

Table 26 (Table A8 –Consolidated Cash backed Reserves)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	671,812	486,032	1,212,106	1,011,895	1,014,504	1,014,504	998,222	1,290,775	1,726,779
Other current investments > 90 days	935	1,128	1,463	0	0	0	0	(0)	0
Non current assets - Investments	69	(89)	(296)	20	20	20	20	20	20
Cash and investments available:	672,816	487,071	1,213,273	1,011,915	1,014,524	1,014,524	998,242	1,290,795	1,726,799
Application of cash and investments									
Unspent conditional transfers	218,352	291,575	511,921	580,800	194,524	194,524	23,284	23,204	23,204
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	348,008	253,295	600,752	273,504	628,344	628,344	784,875	785,173	795,017
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	446,052	593,375	47,000	47,000	47,000	47,000	51,300	51,300	51,300
Total Application of cash and investments:	1,012,412	1,138,246	1,159,674	901,304	869,868	869,868	859,459	859,677	869,521
Surplus(shortfall)	(339,596)	(651,175)	53,599	110,611	144,656	144,656	138,783	431,118	857,278

Table 27 (Table A9 –Consolidated Asset Management)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	241,499	256,836	727,479	410,985	823,371	823,371	451,004	559,126	674,347
<i>Infrastructure - Road transport</i>	80,448	-	172,516	118,112	385,815	385,815	111,168	233,504	310,706
<i>Infrastructure - Electricity</i>	10,802	10,965	29,087	26,500	25,030	25,030	54,412	22,412	42,833
<i>Infrastructure - Water</i>	63,802	43,052	324,215	16,000	144,200	144,200	30,000	40,000	-
<i>Infrastructure - Sanitation</i>	51,325	33,218	36,739	7,500	7,500	7,500	-	-	-
<i>Infrastructure - Other</i>	-	59,084	141,831	148,668	136,868	136,868	179,934	205,923	259,213
Infrastructure	206,377	146,319	704,389	316,780	699,413	699,413	375,514	501,839	612,752
Community	10,843	68,837	11,437	58,000	97,526	97,526	50,051	9,000	8,500
Heritage assets	-	24,185	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	24,279	17,495	200	23,905	14,232	14,232	18,969	41,311	45,623
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	11,453	12,300	12,200	12,200	6,470	6,976	7,472

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Renewal of Existing Assets	2,073,178	1,090,817	390,756	668,091	677,034	677,034	726,273	798,840	804,338
<i>Infrastructure - Road transport</i>	873,257	428,953	106,186	177,692	178,490	178,490	61,130	70,290	57,000
<i>Infrastructure - Electricity</i>	313,885	159,885	62,402	94,647	100,147	100,147	153,645	154,939	138,532
<i>Infrastructure - Water</i>	151,610	102,135	50,529	116,402	112,402	112,402	152,946	163,150	174,150
<i>Infrastructure - Sanitation</i>	87,150	92,140	66,464	225,100	197,300	197,300	245,000	299,450	321,700
<i>Infrastructure - Other</i>	-	32,304	-	-	7,510	7,510	22,840	22,480	16,118
Infrastructure	1,425,902	815,416	285,580	613,841	595,849	595,849	635,561	710,309	707,500
Community	425,850	142,164	42,412	11,300	35,550	35,550	26,660	36,188	32,928
Heritage assets	-	-	6,413	-	-	-	2,000	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	186,974	133,237	40,445	33,450	40,063	40,063	50,052	39,243	49,150
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	34,452	-	15,906	9,500	5,572	5,572	12,000	13,100	14,760
Total Capital Expenditure									
<i>Infrastructure - Road transport</i>	953,705	428,953	278,702	295,804	564,306	564,306	172,298	303,794	367,706
<i>Infrastructure - Electricity</i>	324,687	170,849	91,489	121,147	125,177	125,177	208,057	177,351	181,365
<i>Infrastructure - Water</i>	215,412	145,187	374,744	132,402	256,602	256,602	182,946	203,150	174,150
<i>Infrastructure - Sanitation</i>	138,475	125,357	103,202	232,600	204,800	204,800	245,000	299,450	321,700
<i>Infrastructure - Other</i>	-	91,388	141,831	148,668	144,378	144,378	202,774	228,403	275,331
Infrastructure	1,632,279	961,735	989,969	930,621	1,295,262	1,295,262	1,011,075	1,212,148	1,320,252
Community	436,693	211,001	53,849	69,300	133,076	133,076	76,711	45,188	41,428
Heritage assets	-	24,185	6,413	-	-	-	2,000	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	211,253	150,733	40,646	57,355	54,295	54,295	69,021	80,554	94,773
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	34,452	-	27,359	21,800	17,772	17,772	18,470	20,076	22,232
TOTAL CAPITAL EXPENDITURE - Asset class	2,314,677	1,347,654	1,118,235	1,079,076	1,500,405	1,500,405	1,177,277	1,357,966	1,478,685
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	4,271,591	2,897,546	2,993,849	3,560,061	3,694,343	3,694,343	3,462,147	3,454,518	3,569,970
<i>Infrastructure - Electricity</i>	1,306,508	1,437,655	1,466,296	1,478,616	1,401,426	1,401,426	1,521,850	1,584,621	1,686,844
<i>Infrastructure - Water</i>	1,153,966	941,776	1,243,818	1,646,091	1,836,047	1,836,047	1,917,525	2,021,777	2,103,662
<i>Infrastructure - Sanitation</i>	683,428	771,160	826,153	1,089,231	1,252,892	1,252,892	1,404,492	1,605,268	1,826,079

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<i>Infrastructure - Other</i>	83,424	2,268,138	2,208,947	1,585,096	1,030,538	1,030,538	1,146,619	1,287,259	1,481,584
Infrastructure	7,498,917	8,316,274	8,739,063	9,359,094	9,215,247	9,215,247	9,452,633	9,953,444	10,668,139
Community	2,726,258	2,810,627	2,836,315	2,908,307	2,833,094	2,833,094	2,790,797	2,719,987	2,648,168
Heritage assets	111,083	128,739	174,233	126,474	126,474	126,474	126,474	126,474	126,474
Investment properties	70,763	71,754	180,026	71,231	180,026	180,026	138,893	132,517	126,142
Other assets	564,168	582,733	571,048	445,888	559,390	559,390	293,764	351,185	436,533
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	411,602	437,270	274,030	431,499	274,155	274,155	310,692	207,646	218,494
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	11,382,791	12,347,398	12,774,715	13,342,494	13,188,386	13,188,386	13,113,252	13,491,252	14,223,949
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	546,632	560,516	869,243	736,327	894,004	894,004	885,807	792,455	611,157
<u>Repairs and Maintenance by Asset Class</u>	408,104	418,961	433,188	497,216	501,058	501,058	537,635	577,063	619,693
<i>Infrastructure - Road transport</i>	66,113	73,310	89,009	90,672	96,201	96,201	96,277	102,214	108,381
<i>Infrastructure - Electricity</i>	34,912	28,585	38,818	42,006	41,966	41,966	48,147	52,141	56,454
<i>Infrastructure - Water</i>	117,915	119,415	107,332	131,853	127,815	127,815	136,482	146,728	158,621
<i>Infrastructure - Sanitation</i>	103,325	111,701	107,395	129,312	128,673	128,673	143,243	154,418	166,163
<i>Infrastructure - Other</i>	2,127	2,735	4,949	5,510	5,420	5,420	7,631	8,212	8,791
Infrastructure	324,392	335,745	347,503	399,353	400,074	400,074	431,780	463,713	498,410
Community	29,167	33,515	33,931	35,387	42,999	42,999	43,310	46,521	49,959
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	54,545	49,702	51,753	62,477	57,985	57,985	62,545	66,829	71,324
TOTAL EXPENDITURE OTHER ITEMS	954,735	979,477	1,302,430	1,233,543	1,395,062	1,395,062	1,423,443	1,369,518	1,230,850
<i>Renewal of Existing Assets as % of total capex</i>	89.6%	80.9%	34.9%	61.9%	45.1%	45.1%	61.7%	58.8%	54.4%
<i>Renewal of Existing Assets as % of deprecn"</i>	379.3%	194.6%	45.0%	90.7%	75.7%	75.7%	82.0%	100.8%	131.6%
<i>R&M as a % of PPE</i>	3.8%	3.5%	3.5%	3.9%	4.0%	4.0%	4.2%	4.4%	4.5%
<i>Renewal and R&M as a % of PPE</i>	22.0%	12.0%	6.0%	9.0%	9.0%	9.0%	10.0%	10.0%	10.0%

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal	3,000	2,371	912	1,096	392	392	392	392	392
<i>Below Minimum Service Level sub-total</i>	12,000	15,799	158,140	157,724	157,020	157,020	97,520	60,520	17,938
Total number of households	184,000	153,360	279,607	289,704	289,000	289,000	324,292	324,292	324,292
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	115,000	79,035	72,400	74,867	71,548	71,548	73,124	73,855	74,594
Sanitation (free minimum level service)	115,000	79,035	72,400	74,867	71,764	71,764	73,124	73,855	74,594
Electricity/other energy (50kwh per household per month)	105,000	79,035	64,833	67,158	67,158	67,158	65,481	66,136	66,798
Refuse (removed at least once a week)	83,000	79,035	66,819	68,485	65,502	65,502	67,487	68,162	68,844
Cost of Free Basic Services provided (R'000)	45,483	45,313	58,877	50,703	50,703	50,703	75,180	84,954	95,998
Water (6 kilolitres per household per month)	61,998	63,862	54,545	88,171	88,171	88,171	69,648	78,703	88,934
Sanitation (free sanitation service)	66,313	34,058	41,333	32,067	32,067	32,067	64,583	80,729	100,911
Electricity/other energy (50kwh per household per month)	43,016	44,765	51,645	60,177	60,177	60,177	65,946	74,519	84,207
Refuse (removed once a week)	139,239	104,533	88,439	98,952	98,952	98,952	151,702	188,702	231,284
Total cost of FBS provided (minimum social package)	356,049	292,530	294,840	330,070	330,070	330,070	427,060	507,606	601,333
Highest level of free service provided									
Property rates (R value threshold)	42,700	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	45,483	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	115	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month)	61,998	77		98	98	98	111	124	137
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	16,454	18,264	20,455	23,112	23,112	23,112	26,116	29,250	32,468
Property rates (other exemptions, reductions and rebates)	26,246	26,740	25,914	35,884	35,884	35,884	33,093	37,656	43,137
Water	45,483	60,418	58,877	67,604	67,604	67,604	75,180	84,954	95,998
Sanitation	61,998	63,862	54,545	88,171	88,171	88,171	69,648	78,703	88,934
Electricity/other energy	66,313	51,086	41,333	48,100	48,100	48,100	64,583	80,729	100,911
Refuse	48,677	44,765	51,645	60,177	60,177	60,177	65,946	74,519	84,207
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	265,171	265,134	252,770	323,048	323,048	323,048	334,567	385,811	445,653

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2012 after the approval of a timetable and strategy to guide the preparation of the 2013/14 to 2015/16 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business and labour, during April/May 2013. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled in March 2013. The draft Budget was tabled by the Executive Mayor and adopted at a Council meeting held on 25 April 2013, following which it was submitted to National Treasury as well as being subjected to a consultation process with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments.

The consultation took the form of a series of public meetings in the various wards under the direction and leadership of the Executive Mayor and his Mayoral Committee. Taking the inputs of the aforementioned consultations into account, the Executive Mayor will table the IDP and Budget for consideration and approval at a Council meeting scheduled for 31 May 2013.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The Budget was considered by the Budget Task Team. The Task Team consists of Councillors of the Budget and Treasury Committee, whilst being chaired by the Portfolio Councillor. The main objective of the Budget Task Team is to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account. The capacity to spend the Budget by the relevant Directorates, efficient and effective utilisation of budget allocations and the need to adequately maintain the Municipality's infrastructure and facilities represent key challenges, in addition to the ongoing financial sustainability of the Budget.

The deliberations of the Budget Task Team were considered by the IDP and Budget Steering Committee under the direction of the Executive Mayor. The IDP and Budget Steering Committee consists of the Executive Mayor, the Chairperson of the Budget and Treasury Standing Committee, the City Manager and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation;
- There is proper alignment between the service delivery priorities as set out in the Municipality's IDP and the budget, taking into account the need to maintain the financial sustainability of the Municipality;
- The Municipality's revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are properly evaluated and prioritized in the allocation of resources.

2.1.1 IDP & Budget Timetable 2013/14 to 2015/16

The preparation of the 2013/14 to 2015/16 IDP and Budget was guided by the following schedule of key deadlines as approved by Council on 30 August 2012.

Activity	Date
IDP/Budget Schedule approved by Council	30 August 2012
Budget Strategy and Assumptions approved by Council	22 August 2012
Tabling of draft IDP and Budget in Council	25 April 2013
Public Participation	April/May 2013
Final adoption of IDP and Budget by Council	31 May 2013
Approval of SDBIP by Executive Mayor	28 June 2013

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP in terms of the Municipal Systems Act was guided and informed by the following principles:

- Achievement of the five strategic priorities of NMBM.
- Focus on service delivery of backlogs and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2013/14 to 2015/16 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings was held throughout the municipal area to consult with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings was referred to the relevant Directorates for their attention.

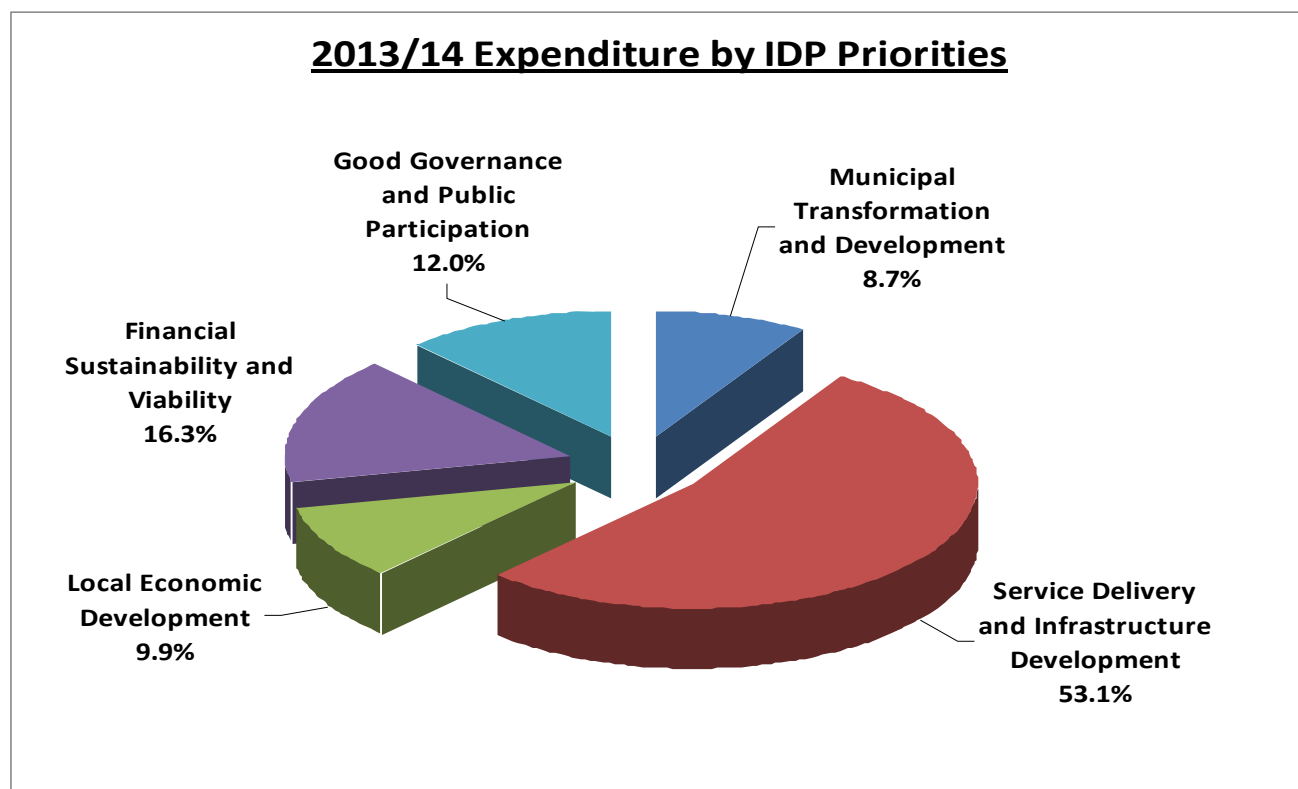
The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the SDBIP.

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2013/14 Budget						
Capital Expenditure	15,100	1,062,691	47,642	4,000	5,850	1,135,283
Operating Expenditure	750,431	3,607,484	825,474	1,425,819	1,050,604	7,659,812
Total	765,531	4,670,175	873,116	1,429,819	1,056,454	8,795,095
2014/15 Budget						
Capital Expenditure	20,750	1,268,895	13,029	4,400	6,350	1,313,424
Operating Expenditure	784,964	3,660,171	863,461	1,491,431	1,098,950	7,898,977
Total	805,714	4,929,066	876,490	1,495,831	1,105,300	9,212,401
2015/16 Budget						
Capital Expenditure	18,325	1,391,533	13,909	1,200	6,505	1,431,472
Operating Expenditure	819,265	3,823,311	901,191	1,556,603	1,148,971	8,249,341
Total	837,590	5,214,844	915,100	1,557,803	1,155,476	9,680,813

Figure 3 – 2013/14 Expenditure by IDP Priorities



Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast %	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		%	%	%	%	%	%	%	%	%
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		96.6	115.3	99.6	88.7	88.1	88.1	88.2	87.9
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			96.2	115.3	99.6	88.7	87.9	87.9	88.2	87.9
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	25.1	15.4	12.4	15.5	12.9	12.9	13.4	13.2	12.8
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))									
Creditors to Cash and Investments		259.5	299.7	123.7	126.6	147.4	147.4	169.2	132.7	101.3
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000)									
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000)									
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.5	32.4	27.7	24.8	24.6	24.6	26.5	26.7	26.5
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.0	33.1	28.5	25.5	25.2	25.2	27.3	27.5	27.3
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.8	7.1	6.5	6.9	6.8	6.8	7.3	7.3	7.3
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.6	12.5	16.2	13.0	15.0	15.0	14.6	12.4	9.2
IDP regulation financial viability indicators										
	-									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	35.7	36.7	44.4	38.3	38.3	38.3	39.5	44.8	48.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	36.6	22.1	19.0	21.0	18.3	18.3	17.7	17.0	16.3
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.6	0.9	2.4	1.9	1.9	1.9	1.8	2.3	2.8

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure may be funded from capital grants, internal sources and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependant on its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is decreasing from 3,9% in 2013/14 to 3,3% in 2015/16. The decrease is attributable to no further borrowing being planned over the MTREF period.

2.3.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2007/08 and 2010/11 the gearing ratio peaked at 35,3%. This was mainly as a result of increased borrowing levels. Over the 2013/14 MTREF, the ratio decreases from 25,0% in 2013/14 to 18,3% in 2015/16.

2.3.1.3 Liquidity

- *The current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1. For the 2013/14 MTREF the current ratio increases from 1,0 in 2013/14 to 1,4 in 2015/16.
- *The liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meets its current liabilities. A liquidity ratio of 1 should be maintained. Over the MTREF, the ratio increases from 0,5 in 2013/14 to 0,8 in 2015/16. This represents a pertinent risk for the Municipality, as any under collection of revenue will result in serious financial challenges for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the Financial Recovery Plan, an aggressive revenue management framework is being implemented to increase cash inflows from current billings, as well as from debtors that are in arrears in excess of 90 days.

2.3.2 Drinking Water Quality and Waste Water Management

The Municipality performs the dual roles of a Water Service Authority and a Water Service Provider, in managing the provision of drinking water and the treatment of wastewater.

The Municipality achieved a scoring of 90,11% in relation to its Blue Drop status for the supply of water, compared to the scoring of 95,08% achieved in the previous assessment. The decline is attributable to a lack of an annual process audit. In order to enhance its Blue Drop status in the next assessment cycle, the Municipality will have to focus specifically on the monitoring and recordkeeping of analyses results.

An average Green Drop Score of 80,8% was achieved for the seven Waste Water Treatment Systems managed by the Municipality, compared to the scoring of 70% achieved in the previous assessment.

The assessment revealed the following: -

- Training of process controllers not yet adequate, even though there is a significant improvement since the previous assessment.
- Special attention should be given to process optimisation (especially disinfection, to ensure compliance with authorisation limits.

Despite the areas requiring attention to improve the Green Drop rating of the Municipality, it achieved the second highest average score for the Eastern Cape Province.

It is furthermore, the Municipality's intention to address the areas requiring attention in the forthcoming financial year.

2.3.3 Basic social services package for indigent households

The Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning so as to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, as a result of adverse social and economic conditions.

The initiatives carried out by the Municipality in this regard are detailed below.

Service	Social Package	Approximate Cost R'000	Est. No. of Housholds
Assessment Rates	All residential property owners are exempted from paying rates on the first R15 000 of their property values. Full credit for property rates for indigent consumers	20 598 61 241	254 007 56 195
Water	The first 8kl of water per month provided free to indigent consumers	61 907	71 458
Electricity	The first 75kwh of electricity provided free to indigent consumers	54 593	62 776
Refuse removal	Full credit for the monthly charge.	54 528	65 699
Sewerage	Full credit for monthly charge of sewerage to indigent consumers (For waterborne sewerage removal the maximum credit is based on 11kl per month)	91 918	71 458
MURP Allocation	Developmental Nodal Areas	16 310	
Indigent control admin costs	Costs to administer and monitor indigent customers	17 445	
Water maintenance	Maintenance provided in Wards where the majority are indigent consumers	10 400	
Sewerage Maintenance	Maintenance provided in Wards where the majority are indigent consumers	6 000	
Refuse co-ops	Co-ops to clean indigent and informal residential areas	11 934	
Total Operating Costs		406 874	

In addition to the aforementioned operating costs, the Equitable Share allocation is fully utilised towards capital projects linked to the Wards where the majority of the indigent consumers reside.

The Municipality thus fully utilises the Equitable Share allocation towards assisting the poor. It is however clear that the Equitable Share allocation is not sufficient to assist in addressing all the needs

of the communities and the pressure on this vital funding source is ever increasing due to the high increases in specifically the electricity tariffs.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

2.4.1 Financial Management Policies

The policies were adopted by the Council in May 2010. The policies govern the financial management functions of the Municipality, such as budgeting, virements, financial statements, etc.

2.4.2 Review of credit control and debt collection policies

The Collection Policy was reviewed and approved by Council in March 2011. A review of certain components of the policy was considered necessary to achieve a higher collection rate.

The 2013/14 MTREF has been prepared on the basis of achieving an average revenue collection rate of 95% on current billings, excluding ATTP subsidies. In addition, the collection of debt in excess of 90 days has been prioritised as a specific strategy, in order to improve the Municipality's cash position.

2.4.3 Budget Adjustment Policy (part of Financial Management Policies)

The adjustments budget process is regulated by the MFMA and is aimed at entrenching increased levels of discipline, responsibility and accountability in the financial management practices of the Municipality. In order to ensure that the Municipality continues to deliver on its core service delivery mandate, the mid-year review and adjustments budget processes are utilised to ensure that underperforming functional areas are identified and funds redirected to performing functional areas.

2.4.4 Supply Chain Management Policy

A revised Supply Chain Management Policy was adopted by Council in December 2011. The policy is currently being reviewed.

2.4.5 Cash Management and Investments Policy

The Cash Management and Investments Policy was amended by Council in December 2005. The aim of the policy is to ensure that surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

2.4.6 Tariff Policies

The different tariff policies provide a broad framework for the determination of tariffs. The different policies were approved on various dates, whilst a consolidated tariff by-law is in the process of being finalised.

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

- Asset Management Policy;
- Property Rates Policy;

- Funding and Reserves Policy;
- Borrowing Policy;
- Basic Social Services Package (Assistance to the Poor Policy);
- Financial Management Policies, which includes virement policy.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets relating to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- An assessment of the relative human resources capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Executive Directors.
- The need to enhance the municipality's revenue base.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- No growth in property rates income has been provided for, in view of the depressed property market.

The Municipality faced the following significant challenges in preparing the 2013/14 – 2015/16 Budget:

- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the cash position into account;
- Maintaining revenue collection rates at the targeted levels;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on rates and tariff increases;
- Increased costs associated with bulk electricity and water purchases, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources.

The multi-year budget is therefore underpinned by the following assumptions:

	Assumptions	2013/14 Budget	2014/15 Budget	2015/16 Budget
Income	%	%	%	%
Tariff increases for water	13	13	12	11
Tariff increases for sanitation & refuse	13	13	12	11
Property (average increase in income)	13	13	12	11
Electricity (average increase in income)	13,5	7	7	7
Revenue collection rates (excluding ATTP subsidies)	93.75	94	94	94
Total expenditure increase allowed (excluding repairs and maintenance)	6	0.9	2.8	4,2
Salary increase	7,5	9.5	7.0	7,4
Increase in repairs and maintenance	8	7.3	7,3	7,4
Increase in bulk purchase of power costs	16	7.3	7.3	7.3

No growth in revenue sources has been provided for, in view of current consumption trends relating to municipal services. In view of the growth in the property rates base arising from the new valuation roll, which becomes effective 1 July 2013, further growth in property rates has been provided for.

It is to be noted that the Budget has been prepared, based on Generally Recognised Accounting Practice (GRAP).

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

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

Table 29 (Breakdown of the operating revenue over the medium-term)

Description	2013/14 Medium Term Revenue & Expenditure Framework					
	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
<u>Revenue By Source</u>						
Property rates	1,214,337	16.4	1,360,062	17.3	1,509,674	17.7
Service charges	4,089,228	55.3	4,434,905	56.4	4,810,419	56.6
Investment Revenue	43,240	0.6	45,834	0.6	48,585	0.6
Transfers recognised - operational	1,119,572	15.1	1,026,946	13.1	1,074,552	12.6
Other revenue	930,752	12.6	998,193	12.7	1,062,582	12.5
Total Revenue (excluding capital transfers and contributions)	7,397,129	100.0	7,865,940	100.0	8,505,812	100.0
Total Expenditure	7,659,812		7,898,969		8,249,341	
Surplus/(Deficit) for the year	(262,683)		(33,030)		256,471	

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

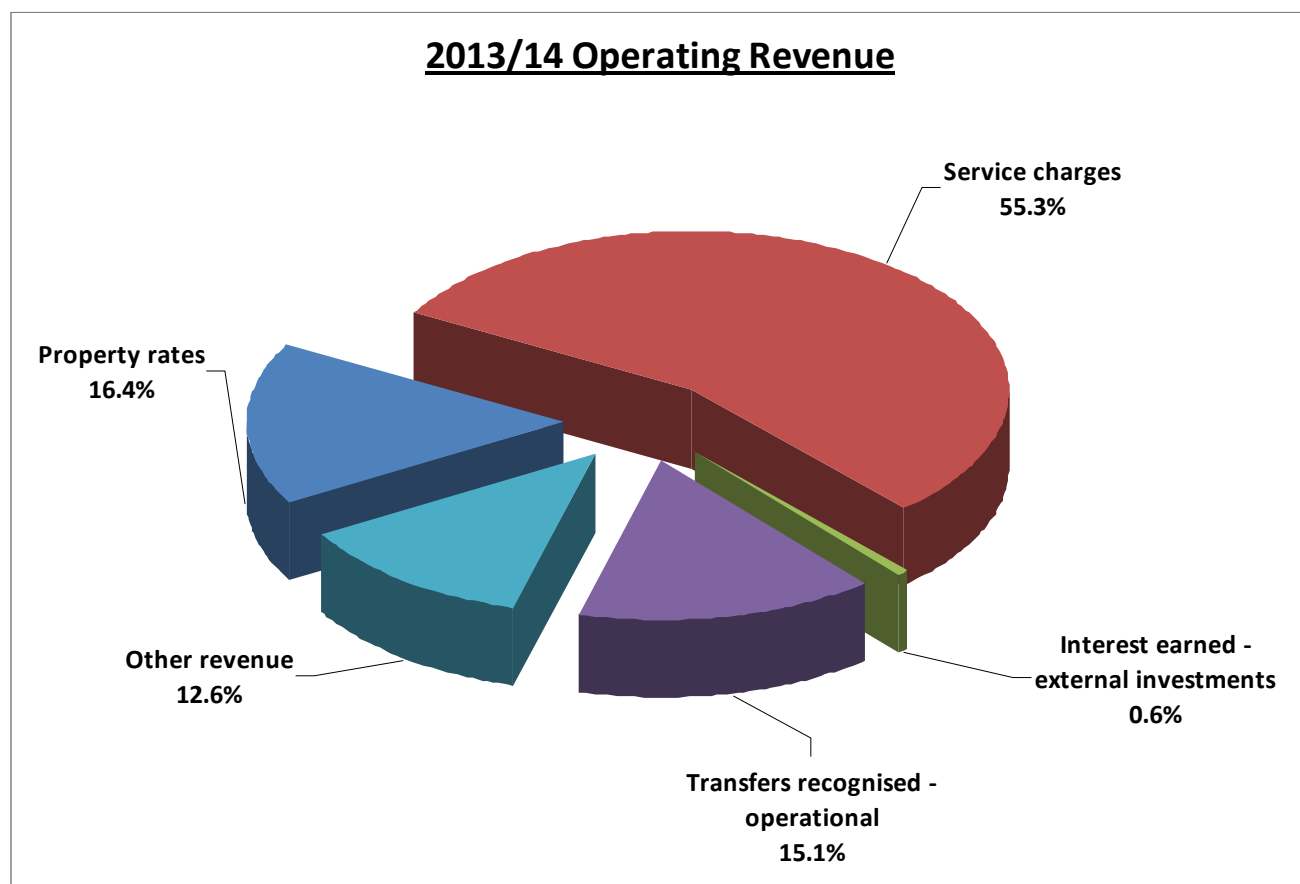


Figure 4 Breakdown of operating revenue over the 2013/14 MTREF

Tariff determination plays a vital role in ensuring the appropriate levels of revenue, so as to achieve a credible and funded budget. Operating revenue is mainly derived from service charges, such as water, electricity, sanitation and refuse collection and disposal, property rates and operating grants.

The revenue management strategy includes the following key components:

- Growth in the revenue base;
- Targeting a 94% annual collection rate for property rates and service charges, after discounting ATTP subsidies;
- National Treasury guidelines;
- Electricity bulk tariff increases as approved by NERSA;
- Water bulk tariff increases as approved by DWA;
- Ensuring fully cost reflective tariffs;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The Property Rates Policy, and
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services.

The above principles guide the annual increases in property rates and tariffs, charged to the consumers.

Property rates amount to R1,2 billion in the 2013/14 financial year and increases to R1,5 billion in 2015/16, representing 16,4% of the total operating revenue for the 2013/14 budget. It increases from 16.4% to 17.7% over the MTREF.

Services charges relating to electricity, water, sanitation and refuse collection and disposal constitute the largest component of the revenue base, amounting to R4,1 billion in the 2013/14 financial year and increasing to R4,8 billion in 2015/16. For the 2013/14 financial year, services charges amount to 55.3% of the total revenue base and increases to 56.6% for 2015/16.

Operational grants and subsidies amount to R1,12 billion, R1.03 billion and R1,07 billion for each of the respective financial years of the MTREF, or 15,1%, 13,1% and 12,6% of total operating revenue.

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

Table 30 (SA15 – Detail Investment Information)

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Parent municipality									
Deposits - Bank	506,363	298,140	988,702	779,203	770,157	770,157	757,384	1,053,938	1,495,941
Total	506,363	298,140	988,702	779,203	770,157	770,157	757,384	1,053,938	1,495,941

As a result of the Municipality's cashflow forecasting, cashflow management and monitoring functions, investments are anticipated to increase from R757,4 million in 2013/14 to R1,5 billion in 2015/16. However, this amount includes funding in respect of unspent conditional grants in the amount of approximately R150 million.

Table 31 (SA16 – Investment particulars by maturity)

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand millions	
Investec	1-3 months	Call account / money market	Variable	155,800	8,860
Stanlib	1-3 months	Call account / money market	Variable	155,800	8,860
Nedbank	1-3 months	Call account / money market	Variable	155,800	8,860
Standard Bank	1 year	Short term deposit	Variable	155,800	8,860
First National Bank	1-3 months	Call account / money market	Variable	134,184	7,800
TOTAL INVESTMENTS AND INTEREST				757,384	43,240

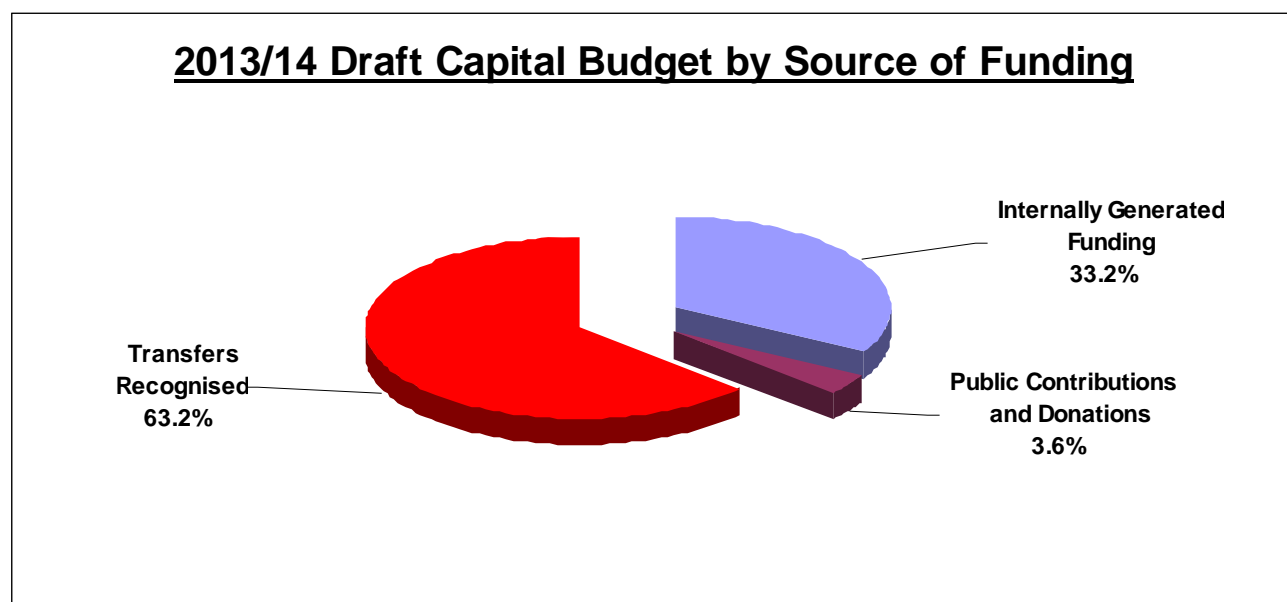
2.6.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2013/14 medium-term capital programme:

Table 32 (Sources of capital revenue over the MTREF)

Description	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework						
	R thousand	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Capital Transfers and Grants									
National Government:	1,070,632		75.7	709,812	62.5	917,424	69.8	1,031,705	72.1
Provincial Government:	0		0.0	0	0.0	0	0.0	0	0.0
Other grant providers:	14,000		1.0	7,700	0.7	0	0.0	0	0.0
Transfers recognised - capital	1,084,632		76.7	717,512	63.2	917,424	69.8	1,031,705	72.1
Public contributions and donations	27,234		1.9	41,201	3.6	37,000	2.8	37,000	2.6
Internally generated funds	302,110		21.4	376,570	33.2	359,000	27.3	362,767	25.3
Total Capital Transfers and Grants	1,413,976		100.0	1,135,283	100.0	1,313,424	100	1,431,472	100

The above table is graphically represented as follows for the 2013/14 financial year.

**Figure 5 Sources of Capital Revenue for the 2013/14 financial year**

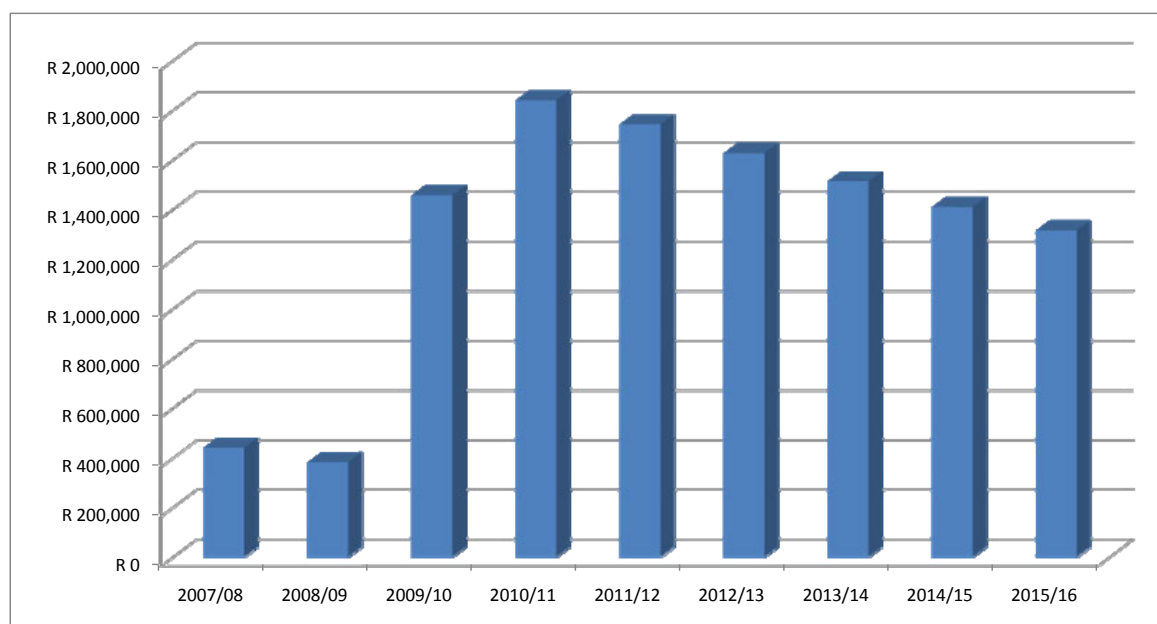
Capital Grants constitute 63,2% of the total funding sources, amounting to R717,5 million for the 2013/14 financial year and amounting to R1.0 billion or 72,1% in the 2015/16 financial year. It is to be noted that no borrowing is planned for the 2013/14 MTREF, in view of financial affordability considerations.

The following table provides a detailed analysis of the Municipality's borrowings.

Table 33 (Table SA 17 - Detail of borrowings)

Borrowing - Categorised by type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	1,459,787	1,841,851	1,745,094	1,629,013	1,629,013	1,629,013	1,516,045	1,411,952	1,318,032
Total Borrowing	1,459,787	1,841,851	1,745,094	1,629,013	1,629,013	1,629,013	1,516,045	1,411,952	1,318,032

The following graph illustrates the outstanding borrowing for the 2007/08 to 2015/16 period:

**Figure 6 Growth in outstanding borrowing (long-term liabilities)**

The following table indicates the capital transfers and grant receipts:

Table 34 (Table SA 18 - Capital transfers and grant receipts)

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:						
Operating Transfers and Grants						
National Government:	953,173	973,833	973,833	884,853	911,122	947,859
Local Government Equitable Share	729,226	729,226	729,226	743,325	761,940	772,901
EPWP Incentive	14,695	14,695	14,695	20,885		
Public Transport Network Operations Grant	198,702	198,702	198,702	100,000	130,000	150,000
Energy Efficiency and Demand Management				8,000	5,000	10,000
Integrated City Development Grant				3,193		

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
Infrastructure Skills Development Grant	5,300	2,300	2,300	8,200	12,932	13,708
Finance Management Grant	1,250	1,250	1,250	1,250	1,250	1,250
Other Grant including Training, Disaster Management, etc	4,000	27,660	27,660			
Provincial Government:	403,752	434,608	434,608	221,564	115,744	126,613
Library Grant	3,752	3,752	3,752	3,752	3,752	3,752
Housing Top Structures Grant	400,000	414,275	414,275	206,900	110,400	121,176
Health subsidy		9,195	9,195			
Water Leaks Grant		2,500	2,500			
Housing Accreditation		4,887	4,887	9,352		
Institutional Support Grant	-	-	-	1,500	1,592	1,685
Vuna Awards				60		
Other grant providers:	-	21,220	21,220	-	-	-
<i>Marine and Coastal Development</i>		210	210			
<i>EU 3rd tranche</i>		21,010	21,010			
Total Operating Transfers and Grants	1,356,925	1,429,661	1,429,661	1,106,417	1,026,866	1,074,472
Capital Transfers and Grants						
National Government:	771,932	771,932	771,932	809,186	1,045,863	1,176,144
Urban Settlements Development Grant	592,870	592,870	592,870	727,986	828,863	858,144
Integrated National Electrification Programme Grant	15,000	15,000	15,000	51,200	17,000	38,000
Neighbourhood Development Partnership	64,062	64,062	64,062	30,000	30,000	30,000
Public Transport Infrastructure grant	100,000	100,000	100,000	-	170,000	250,000
	-	-	-	-	-	-
Other capital transfers/grants [insert desc]						
Provincial Government:	-	-	-	-	-	-
Other capital transfers/grants [insert description]						
District Municipality:	-	-	-	-	-	-
Other grant providers:	-	11,000	11,000	-	-	-
<i>European Union</i>	-	11,000	11,000	-	-	-
<i>Mendi Grant</i>				-	-	-
Total Capital Transfers and Grants	771,932	782,932	782,932	809,186	1,045,863	1,176,144
TOTAL RECEIPTS OF TRANSFERS & GRANTS	2,128,857	2,212,593	2,212,593	1,915,603	2,072,729	2,250,616

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining whether the budget is funded over the medium-term. The table includes some specific features:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government; 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 35 (Table A7 - Budget cash flow statement)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	3,604,700	5,650,232	5,380,877	5,197,167	5,139,659	5,139,659	5,487,916	5,966,225	6,473,167
Government - operating	976,686	980,838	1,251,609	1,356,926	1,429,590	1,429,590	1,106,417	1,026,866	1,074,472
Government - capital	625,252	682,220	1,196,014	771,932	782,932	782,932	809,186	1,045,863	1,176,144
Interest	144,522	16,447	56,892	25,528	41,184	41,184	43,240	45,834	48,585
Dividends									
Payments									
Suppliers and employees	(4,122,714)	(6,130,712)	(5,646,580)	(5,702,869)	(5,737,233)	(5,737,233)	(5,902,034)	(6,137,731)	(6,557,562)
Finance charges	(112,726)	(177,110)	(201,297)	(205,239)	(214,552)	(214,552)	(190,534)	(179,034)	(169,303)
Transfers and Grants	(99,870)	34,581	(40,896)	(79,005)	(82,809)	(82,809)	(86,337)	(90,181)	(95,642)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,015,850	1,056,497	1,996,619	1,364,440	1,358,772	1,358,772	1,267,855	1,677,843	1,949,862
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		2,250			-	-			
Decrease (increase) in non-current debtors					-	-			
Decrease (increase) other non-current receivables	14,057				13,315	13,315	-	-	-
Decrease (increase) in non-current investments	-				-	-			
Payments									
Capital assets	(2,393,569)	(1,641,999)	(1,191,205)	(1,048,473)	(1,400,376)	(1,400,376)	(1,175,468)	(1,268,321)	(1,403,765)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,379,512)	(1,639,749)	(1,191,205)	(1,048,473)	(1,387,061)	(1,387,061)	(1,175,468)	(1,268,321)	(1,403,765)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans					-	-			
Borrowing long term/refinancing	1,165,000	470,000	-		-	-			

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Increase (decrease) in consumer deposits				(3,275)	(3,500)	(3,500)			
Payments									
Repayment of borrowing	(51,828)	(88,859)	(77,058)	(97,444)	(112,444)	(112,444)	(105,159)	(112,968)	(104,093)
NET CASH FROM/(USED) FINANCING ACTIVITIES	1,113,172	381,141	(77,058)	(100,719)	(115,944)	(115,944)	(105,159)	(112,968)	(104,093)
NET INCREASE/ (DECREASE) IN CASH HELD	(250,490)	(202,111)	728,356	215,248	(144,233)	(144,233)	(12,773)	296,554	442,004
Cash/cash equivalents at the year begin:	880,260	629,769	427,658	763,935	1,114,369	1,114,369	970,137	957,364	1,253,918
Cash/cash equivalents at the year end:	629,769	427,658	1,156,014	979,183	970,137	970,137	957,364	1,253,918	1,695,921

For the 2013/14 MTREF, the cash and cash equivalents over the medium-term is anticipated to increase from R957,4 million to R1,7 billion in 2015/16. The 2013/14 cash balance is significantly influenced by the unspent grants of approximately R150 million relating to the previous year.

Table 36 (Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Cash and investments available									
Cash/cash equivalents at the year end	629,769	427,658	1,156,014	979,183	970,137	970,137	957,364	1,253,918	1,695,921
Other current investments > 90 days	935	1,127	1,463	0	0	0	0	0	(0)
Non current assets - Investments	20	20	20	20	20	20	20	20	20
Cash and investments available:	630,725	428,805	1,157,497	979,203	970,157	970,157	957,384	1,253,938	1,695,941
Application of cash and investments									
Unspent conditional transfers	206,196	284,073	509,428	580,800	194,524	194,524	23,284	23,204	23,204
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	372,632	197,385	550,450	239,779	584,905	584,905	745,756	749,942	765,255
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	446,052	593,375	47,000	47,000	47,000	47,000	51,300	51,300	51,300
Total Application of cash and investments:	1,024,880	1,074,833	1,106,878	867,579	826,429	826,429	820,340	824,446	839,759
Surplus(shortfall)	(394,155)	(646,028)	50,619	111,624	143,728	143,728	137,044	429,492	856,182

The underlying purpose of Table A8 is to reflect the predicted cash and investments that are available at the end of a particular budget year and how these funds were used. A surplus would indicate that sufficient cash and investments were available to meet commitments, whilst a shortfall would indicate inadequate cash and investments were available to meet commitments.

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Grants % of Govt. legislated/gazetted allocations							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	N.A.	(27.7%)	(4.1%)	26.0%	0.0%	(14.4%)	3.6%	5.1%	4.6%
Long term receivables % change - incr(decr)	N.A.	(23.7%)	(32.2%)	55.9%	0.0%	(20.5%)	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	3.8%	3.5%	3.5%	3.9%	4.0%	4.0%	4.3%	4.4%	4.5%
Asset renewal % of capital budget	87.7%	68.7%	33.7%	60.5%	40.6%	40.6%	60.3%	57.5%	52.9%

Below is a discussion of the different measures.

2.6.5.1 Cash/cash equivalent position

The forecasted cash and cash equivalents for the 2013/14 MTREF amounts to R957,4 million, R1.25 billion and R1,70 billion for the respective financial years.

2.6.5.2 Cash plus investments less application of funds

For the 2013/14, 2014/15 and 2015/16 budgets, the available cash and investments exceed the application of funds by an amount of R137,0 million, R429,5 million and R856.2 million respectively.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

As part of the 2013/14 MTREF, the cash position causes the ratio to move from 1,8 to 2,8.

2.6.5.4 Surplus/deficit excluding depreciation offsets

For the 2013/14 MTREF the indicative outcome is a surplus of R1,23 billion, R1,58 billion and R1,81 billion. The surplus is made up as follows:

	2013/14	2014/15	2015/16
	R	R	R
Operating Budget Surplus (Deficit)	(262 683)	(33 030)	256 471
Capital Grants (Transfers)	709 812	917 424	1 031 705
Depreciation Offsets	778 838	694 209	525 921
Total	1 225 967	1 578 603	1 814 097

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

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

This is calculated by deducting the maximum macro-economic inflation target (which is currently 3 - 6 %), so as to determine the real increase in revenue. The percentage growth totals 1.0%, 3.3% and 3,1% for the respective financial years of the 2013/14 MTREF. The real increases in revenue are more or less in line with the inflation target figures.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

The outcome is approximately 88% for each of the respective financial years.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

The provision has been set at 6% over the MTREF, in line with the revenue collection trends.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into account in forecasting the cash position.

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

No borrowing has been planned for the 2013/14 MTREF.

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

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. All transfers are included in the budget.

2.6.5.11 Repairs and maintenance expenditure level

The expenditure constitutes 4,3% of Property, Plant and Equipment, whilst National Treasury has suggested an 8% level.

2.6.5.12 Asset renewal/rehabilitation expenditure level

The expenditure constitutes 60,3% of the capital budget, whilst National Treasury has suggested a 40% level.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

GRANTS RECEIVED

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
RECEIPTS:						
-						
<u>Operating Transfers and Grants</u>						
National Government:	953,173	973,833	973,833	884,853	911,122	947,859
Local Government Equitable Share	729,226	729,226	729,226	743,325	761,940	772,901
EPWP Incentive	14,695	14,695	14,695	20,885		
Public Transport Network Operations Grant	198,702	198,702	198,702	100,000	130,000	150,000
Energy Efficiency and Demand Management				8,000	5,000	10,000
Integrated City Development Grant				3,193		
Infrastructure Skills Development Grant	5,300	2,300	2,300	8,200	12,932	13,708
Finance Management Grant	1,250	1,250	1,250	1,250	1,250	1,250
Other Grant including Training, Disaster Management, etc	4,000	27,660	27,660			
Provincial Government:	403,752	434,608	434,608	221,564	115,744	126,613

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Library Grant		3,752	3,752	3,752	3,752	3,752	3,752
Housing Top Structure Grant		400,000	414,275	414,275	206,900	110,400	121,176
Health subsidy			9,195	9,195			
Water Leaks Grant			2,500	2,500			
Housing Accreditation			4,887	4,887	9,352		
Institutional Support Grant					1,560	1,592	1,685
District Municipality:		-	-	-	-	-	-
<i>[insert description]</i>							
Other grant providers:		-	21,220	21,220	-	-	-
<i>Marine and Coastal Development</i>			210	210			
<i>EU 3rd tranche</i>			21,010	21,010			
Total Operating Transfers and Grants		1,356,925	1,429,661	1,429,661	1,106,417	1,026,866	1,074,472
Capital Transfers and Grants							
National Government:		771,932	771,932	771,932	809,186	1,045,863	1,176,144
Urban Settlements Development Grant		592,870	592,870	592,870	727,986	828,863	858,144
Integrated National Electrification Programme Grant		15,000	15,000	15,000	51,200	17,000	38,000
Neighbourhood Development Partnership		64,062	64,062	64,062	30,000	30,000	30,000
Public Transport Infrastructure Grant		100,000	100,000	100,000	-	170,000	250,000
		-	-	-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>							
Provincial Government:		-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>							
District Municipality:		-	-	-	-	-	-
Other grant providers:		-	11,000	11,000	-	-	-
<i>European Union</i>		-	11,000	11,000	-	-	-
Total Capital Transfers and Grants		771,932	782,932	782,932	809,186	1,045,863	1,176,144
TOTAL RECEIPTS OF TRANSFERS & GRANTS		2,128,857	2,212,593	2,212,593	1,915,603	2,072,729	2,250,616

GRANTS EXPENDITURE

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
EXPENDITURE:						
<u>Operating expenditure of Transfers and Grants</u>						
National Government:	953,173	986,322	986,322	885,071	911,122	947,859
Local Government Equitable Share	729,226	729,226	729,226	743,325	761,940	772,901
EPWP Incentive	14,695	14,695	14,695	20,885		
Public Transport Network Operations Grant	198,702	198,702	198,702	100,000	130,000	150,000
Energy Efficiency and Demand Management	5,300	2,300	2,300	8,000	5,000	10,000
Integrated City Development Grant				3,193		
Infrastructure Skills Development Grant				8,200	12,932	13,708
Finance Management Grant	1,250	1,250	1,250	1,250	1,250	1,250
Other Grant including Training, Disaster Management ,etc	4,000	40,149	40,149	218		
Provincial Government:	403,752	440,734	440,734	221,564	115,744	126,613
Library Grant	3,752	3,752	3,752	3,752	3,752	3,752
Housing Top Structure Grant	400,000	414,275	414,275	206,900	110,400	121,176
Health subsidy		10,320	10,320			
Water Leaks Grant		2,500	2,500			
Housing Accreditation		9,887	9,887	9,352		
Institutional Support Grant				1,560	1,592	1,685
District Municipality:	-	-	-	-	-	-
Other grant providers:	4,322	12,592	12,592	10,345	80	80
<i>Marine and Coastal Development</i>				10,345	80	80
<i>Other grants</i>	4,322	12,592	12,592			
Total operating expenditure of Transfers and Grants:	1,361,247	1,439,648	1,439,648	1,116,979	1,026,946	1,074,552
<u>Capital expenditure of Transfers and Grants</u>						
National Government:	771,932	1,070,594	1,070,594	809,186	1,045,863	1,176,144
Urban Settlements Development Grant	592,870	592,870	592,870	727,986	828,863	858,144
	15,000	15,000	15,000	51,200	17,000	38,000
Neighbourhood Development Partnership	64,062	64,062	64,062	30,000	30,000	30,000
Public Transport Infrastructure Grant	100,000	340,000	340,000	-	170,000	250,000
Drought Relief Grant	-	58,662	58,662	-	-	-
Other capital transfers/grants [insert desc]						
Provincial Government:	-	-	-	-	-	-
Other capital transfers/grants [insert description]						
District Municipality:	-	-	-	-	-	-
Other grant providers:	3,000	11,000	11,000	7,700	-	-
<i>European Union</i>	-	11,000	11,000	7,700	-	-
<i>Mendi Grant</i>	3,000			-	-	-
Total capital expenditure of Transfers and Grants	774,932	1,081,594	1,081,594	809,886	1,045,863	1,176,144
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	2,136,179	2,521,243	2,521,243	1,933,865	2,072,809	2,250,696

GRANTS RECONCILIATION

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
Operating transfers and grants:						
National Government:						
Balance unspent at beginning of the year	233,963	59,269	59,269	218	-	-
Current year receipts	953,174	973,834	973,834	884,853	911,122	947,859
Conditions met - transferred to revenue	953,174	986,323	986,323	885,071	911,122	947,859
Conditions still to be met - transferred to liabilities	233,963	46,780	46,780	-		
Provincial Government:						
Balance unspent at beginning of the year	11,360	20,128	20,128	8,630	8,630	8,630
Current year receipts	403,752	434,536	434,536	221,564	115,744	126,613
Conditions met - transferred to revenue	403,752	440,734	440,734	221,564	115,744	126,613
Conditions still to be met - transferred to liabilities	11,360	13,930	13,930	8,630	8,630	8,630
District Municipality:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities						
Other grant providers:						
Balance unspent at beginning of the year	14,900	9,996	9,996	14,278	3,934	3,854
Current year receipts		21,220	21,220			
Conditions met - transferred to revenue	4,322	12,592	12,592	10,345	80	80
Conditions still to be met - transferred to liabilities	10,578	18,624	18,624	3,934	3,854	3,774
Total operating transfers and grants revenue	1,361,248	1,439,649	1,439,649	1,116,979	1,026,946	1,074,552
Total operating transfers and grants - CTBM	255,901	79,334	79,334	12,563	12,483	12,403
Capital transfers and grants:						
National Government:						
Balance unspent at beginning of the year	240,331	402,715	402,715	-	-	-
Current year receipts	771,932	771,932	771,932	809,186	1,045,863	1,176,144
Conditions met - transferred to revenue	771,932	1,070,594	1,070,594	809,186	1,045,863	1,176,144
Conditions still to be met - transferred to liabilities	240,331	104,053	104,053	-	-	-
Provincial Government:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities						
District Municipality:						
Balance unspent at beginning of the year						
Current year receipts						
Conditions met - transferred to revenue	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities						
Other grant providers:						
Balance unspent at beginning of the year	19,445	11,137	11,137	18,421	10,721	10,721
Current year receipts		11,000	11,000			

Description	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
Conditions met - transferred to revenue	3,000	11,000	11,000	7,700	-	-
Conditions still to be met - transferred to liabilities	16,445	11,137	11,137	10,721	10,721	10,721
Total capital transfers and grants revenue	774,932	1,081,594	1,081,594	816,886	1,045,863	1,176,144
Total capital transfers and grants - CTBM	256,776	115,190	115,190	10,721	10,721	10,721
TOTAL TRANSFERS AND GRANTS REVENUE	2,136,180	2,521,243	2,521,243	1,933,865	2,072,809	2,250,696
TOTAL TRANSFERS AND GRANTS - CTBM	512,677	194,524	194,524	23,284	23,204	23,124

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The table below reflects the grants and allocations made by the Municipality. It includes grants-in-aid made in accordance with the Municipality's grants-in-aid policy and transfers to entities and other organisations to primarily support their operational expenditure.

ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Cash Transfers to Entities/Other External Mechanisms</u>										
<i>MBDA</i>	76,885	(57,064)	19,015	56,278	59,452	59,452	60,749	64,394	68,258	
Centenary Hall Promotions Former Entity										
Feather Market Promotions - Former Entity										
Total Cash Transfers To Entities/Ems'	76,885	(57,064)	19,015	56,278	59,452	59,452	60,749	64,394	68,258	
<u>Cash Transfers to Organisations</u>										
<i>Grants in Aid</i>	6,314	7,117	5,647	7,618	7,518	7,518	8,272	8,810	9,389	
Grants to Other Organisations	16,671	15,366	16,234	15,109	15,109	15,109	16,016	16,977	17,995	
Total Cash Transfers To Organisations	22,985	22,483	21,881	22,728	22,628	22,628	24,287	25,787	27,384	
TOTAL CASH TRANSFERS AND GRANTS	99,870	(34,581)	40,896	79,005	82,079	82,079	85,037	90,181	95,642	
<u>Groups of Individuals</u>										
<i>Indigent</i>	264,701	265,134	260,313	323,048	316,220	316,220	314,933	351,953	392,195	
Total Non-Cash Grants To Groups Of Individuals:	264,701	265,134	260,313	323,048	316,220	316,220	314,933	351,953	392,195	
TOTAL NON-CASH TRANSFERS AND GRANTS	264,701	265,134	260,313	323,048	316,220	316,220	314,933	351,953	392,195	
TOTAL TRANSFERS AND GRANTS	364,571	230,553	301,209	402,053	398,300	398,300	399,969	442,135	487,836	

2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

COUNCILLORS & BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Summary of Employee and Councillor remuneration	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	43,509	43,840	48,406	52,917	51,176	51,176	55,002	59,402	64,451
Cellphone Allowance	1,376	1,382	1,513	1,665	1,612	1,612	1,733	1,872	2,031
Other benefits and allowances					432	432	464	502	544
Sub Total - Councillors	44,886	45,222	49,919	54,583	53,220	53,220	57,199	61,775	67,026
% increase		0.7%	10.4%	9.3%	(2.5%)	-	7.5%	8.0%	8.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	11,404	11,845	9,150	17,924	13,046	13,046	24,811	27,494	29,691
Performance Bonus	1,546	162	740	2,256	2,068	2,068	1,988	2,146	2,328
Sub Total - Senior Managers of Municipality	12,950	12,006	9,890	20,180	15,114	15,114	26,799	29,640	32,019
% increase		(7.3%)	(17.6%)	104.0%	(25.1%)	-	77.3%	10.4%	8.0%
Other Municipal Staff									
Basic Salaries and Wages	992,483	1,104,197	1,138,731	1,231,667	1,199,401	1,199,401	1,316,890	1,411,873	1,519,415
Pension and UIF Contributions	146,594	167,446	182,738	189,387	178,223	178,223	192,310	206,915	223,566
Medical Aid Contributions	78,130	92,186	101,949	97,369	101,535	101,535	111,013	123,227	136,744
Overtime	87,600	72,264	74,038	56,884	73,769	73,769	77,963	83,650	90,155
Performance Bonus	13,537	16,417	18,916	13,353	19,702	19,702	21,187	22,882	24,826
Motor Vehicle Allowance	43,768	46,307	52,877	47,370	53,937	53,937	53,736	53,678	53,865
Cellphone Allowance					-	-	40	40	40
Housing Allowances	9,875	8,266	8,046	7,447	7,281	7,281	7,264	7,259	7,262
Other benefits and allowances	54,085	83,824	129,070	56,848	76,273	76,273	67,654	66,564	67,835
Payments in lieu of leave					-	-	11,056	11,936	12,951
Long service awards	23,926	26,592	384	30,241	25,829	25,829	30,679	31,851	31,236
Post-retirement benefit obligations	161,496	277,012	135,726	42,227	42,227	42,227	46,776	50,402	54,686
Sub Total - Other Municipal Staff	1,611,494	1,894,511	1,842,474	1,772,793	1,778,177	1,778,177	1,936,568	2,070,277	2,222,579
% increase		17.6%	(2.7%)	(3.8%)	0.3%	-	8.9%	6.9%	7.4%
Total Parent Municipality	1,669,329	1,951,740	1,902,284	1,847,556	1,846,511	1,846,511	2,020,566	2,161,693	2,321,624
		16.9%	(2.5%)	(2.9%)	(0.1%)	-	9.4%	7.0%	7.4%
TOTAL SALARY, ALLOWANCES & BENEFITS	1,669,329	1,951,740	1,902,284	1,847,556	1,846,511	1,846,511	2,020,566	2,161,693	2,321,624
% increase		16.9%	(2.5%)	(2.9%)	(0.1%)	-	9.4%	7.0%	7.4%
TOTAL MANAGERS AND STAFF	1,624,444	1,906,518	1,852,364	1,792,973	1,793,291	1,793,291	1,963,367	2,099,917	2,254,598

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<u>Councillors</u>						
Speaker	918,612		25,232			943,844
Chief Whip	861,198		25,232			886,430
Executive Mayor	1,148,264		46,685			1,194,949
Deputy Executive Mayor	918,612		25,232			943,844
Executive Committee	8,554,563		252,324			8,806,887
Total for all other councillors	42,600,549		1,822,744			44,423,293
Total Councillors	55,001,798	-	2,197,449			57,199,247
<u>Senior Managers of the Municipality</u>						
City Manager (CM)	2,472,500			346,150		2,818,650
Chief Finance Officer	1,978,000			276,920		2,254,920
Human Settlements	1,550,000					1,550,000
Strategic Advisor to Deputy Mayor	1,186,080			166,060		1,352,140
Infrastructure and Engineering	1,550,000					1,550,000
Electricity and Energy	1,550,000					1,550,000
<i>List of each official with packages >= senior manager</i>						
Deputy City Manager	1,978,000			276,920		2,254,920
Deputy City Manager	1,978,000			276,920		2,254,920
Public Health	1,550,000					1,550,000
Safety and Security	1,550,000					1,550,000
Corporate Services	1,978,000			276,920		2,254,920
Land, Property and Asset Management	1,550,000			191,590		1,741,590
Economic Development, Recreation and Culture	1,550,000					1,550,000
Strategic Advisor to Executive Mayor	1,263,170			176,850		1,440,020
Special Projects and Programmes	1,127,040					1,127,040
Total Senior Managers of the Municipality	24,810,790	-	-	1,988,330		26,799,120
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	79,812,588	-	2,197,449	1,988,330		83,998,367

2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15
Cash Receipts By Source													1		
Property rates	95,864	98,163	79,647	103,001	86,305	97,715	81,177	91,026	86,346	90,869	90,571	89,817	1,090,501	1,221,959	1,356,922
Service charges - electricity revenue	223,103	253,845	297,621	282,477	239,737	235,042	216,379	215,781	214,836	216,824	222,050	261,022	2,878,717	3,079,922	3,295,181
Service charges - water revenue	32,712	37,096	44,101	41,03	35,242	34,422	31,760	32,247	31,759	31,823	31,759	30,727	414,681	468,590	529,507
Service charges - sanitation revenue	18,780	21,304	25,528	23,702	20,232	19,761	18,233	18,485	18,233	18,233	18,233	18,166	238,890	269,946	305,038
Service charges - refuse revenue	8,914	10,112	11,731	11,144	9,604	9,380	8,655	8,469	10,067	8,673	9,689	9,974	116,412	130,448	144,856
Rental of facilities and equipment	182	297	261	323	280	148	549	316	1,688	1,688	1,688	13,397	20,817	21,958	23,134
Interest earned - external investments	3,965	5,529	4,923	3,761	3,729	3,064	3,557	3,057	2,757	3,000	3,000	2,898	43,240	45,834	48,585
Interest earned - outstanding debtors													-		
Dividends received													-		
Fines	1,834	2,109	1,957	2,187	2,008	2,042	1,625	1,511	2,587	2,656	2,622	11,671	34,809	36,897	39,111
Licences and permits	1,082	879	746	838	782	795	1,054	938	806	832	793	849	10,394	11,018	11,679
Agency services	124	124	124	124	124	124	124	124	124	124	124	120	1,484	1,573	1,667
Transfer receipts - operational	246,121	28,560	36,248	36,429	226,016	45,105	115,698	29,976	152,659	38,719	38,719	112,167	1,106,417	1,026,866	1,074,472
Other revenue	10,128	152,846	3,518	4,115	3,738	156,389	6,777	6,526	167,021	19,607	19,607	130,940	681,212	723,915	766,072
Cash Receipts by Source	642,809	610,864	506,405	509,134	627,797	603,987	485,588	408,456	688,883	433,048	438,855	681,747	6,637,573	7,038,925	7,596,224
Other Cash Flows by Source															
Transfer receipts - capital	265,064	9,886	45,474		231,189	10,874		175,829	70,870				-	809,186	1,045,863
Contributions recognised - capital & Contributed assets													-		
Proceeds on disposal of PPE													-		
Short term loans													-		
Borrowing long term/refinancing													-		
Increase (decrease) in consumer deposits													-		
Decrease (increase) in non-current debtors													-		
Decrease (increase) other non-current receivables													-		
Decrease (increase) in non-current investments													-		

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15
Total Cash Receipts by Source	907,873	620,750	551,879	509,134	858,986	614,861	485,588	584,285	759,753	433,048	438,855	681,747	7,446,759	8,084,788	8,772,368
Cash Payments by Type															
Employee related costs	149,253	167,574	157,680	160,533	209,047	159,792	152,305	159,643	158,927	158,867	158,810	169,718	1,962,149	2,098,614	2,253,203
Remuneration of councillors	4,448	4,895	4,145	4,448	4,448	4,454	6,155	5,006	4,736	4,736	4,736	4,992	57,199	61,775	67,026
Finance charges	45,140			25,599	21,020		44,456		24,715			29,604	190,534	179,034	169,303
Bulk purchases - Electricity	249,090	300,519	286,689	149,462	157,355	149,797	128,950	148,037	154,370	156,638	154,854	155,358	2,191,119	2,351,071	2,522,699
Bulk purchases - Water & Sewer	4,839	442	396	14,849	8,232	6,399	4,764		13,436	8,071	9,273	9,968	80,669	91,234	102,182
Other materials	20,771	30,142	31,702	44,326	41,861	31,225	32,454	32,481	59,287	68,790	55,440	91,048	539,527	575,211	617,692
Contracted services	25,631	25,913	25,146	15,553	16,066	15,223	15,265	21,316	27,525	26,559	25,593	96,150	335,940	361,084	394,677
Transfers and grants - other municipalities			-									-	-		
Transfers and grants - other	668	4,659	144	17,191	2	2,385	2,678	15,634	18,593	1,967		22,416	86,337	90,181	95,642
Other expenditure	97,944	56,089	62,088	70,274	57,496	61,688	56,062	50,082	51,114	50,415	52,447	69,731	735,430	598,741	600,083
Cash Payments by Type	597,784	590,233	567,990	502,235	515,527	430,963	443,089	432,199	512,703	476,043	461,153	648,986	6,178,905	6,406,946	6,822,506
Other Cash Flows/Payments by Type															
Capital assets	192,904	65,871	54,524	84,352	106,871	104,843	78,100	76,200	94,214	93,614	93,092	130,882	1,175,468	1,268,321	1,403,765
Repayment of borrowing	27,073			16,738	4,109		27,073		17,733		4,448	7,985	105,159	112,968	104,093
Other Cash Flows/Payments												-			
Total Cash Payments by Type	817,761	656,104	622,514	603,325	626,507	535,806	548,262	508,399	624,650	569,657	558,693	787,853	7,459,532	7,788,235	8,330,364
NET INCREASE/(DECREASE) IN CASH HELD	90,112	(35,354)	(70,635)	(94,191)	232,479	79,055	(62,674)	75,886	135,103	(136,609)	(119,838)	(106,105)	(12,773)	296,554	442,004
Cash/cash equivalents at the month/year begin:	970,137	1,060,249	1,024,895	954,260	860,069	1,092,547	1,171,603	1,108,929	1,184,815	1,319,917	1,183,308	1,063,470	970,137	957,364	1,253,918
Cash/cash equivalents at the month/year end:	1,060,249	1,024,895	954,260	860,069	1,092,547	1,171,603	1,108,929	1,184,815	1,319,917	1,183,308	1,063,470	957,364	957,364	1,253,918	1,695,921

2.11 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
- Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the City Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2013/14 financial year will be approved by the Executive Mayor during June 2013, following the approval of the Budget.

2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

Contracts impacting on the Municipality's revenue

	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2011/12	2012/13	2013/14	2014/15	2015/16
1	Isimilo Investments (PTY) LTD (Beachview, Maitland 487/35 & Maitland Beach)	01-10-04	30-09-44	0	40	240,000	240,000	240,000	240,000	240,000
2	Buhlebendalo Properties (PTY) LTD (Van Staden Resorts)	05-08-04	04-08-44	0	40	240,000	240,000	240,000	240,000	240,000
3	Logistics Park Lease	01-04-08	31-05-58	0	50	1	1	1	1	1
						480,001	480,001	480,001	480,001	480,001

Contracts Impacting on the Municipality's Expenditure

No contracts exceeding the R5 million limit in respect of MFMA section 33 expenditure.

	Description of lease	Start of contract	End of contract	Escal-ation %	Period	2011/12	2012/13	2013/14	2014/15	2015/16
1	ABSA Bank Ltd – Primary Bank account	01-07-12	30-06-17		5 years					

2.13 LEGISLATION COMPLIANCE STATUS

Below a discussion of the Municipality's progress relating to the implementation of the MFMA:

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an ongoing basis through reporting via its Committees, including the following:

- The City Manager's Management Team includes all Executive Directors, which meets fortnightly and attends to MFMA issues requiring attention.
- The Budget and Treasury Committee – a standing committee of the Council, which meets every six weeks. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- Meetings between the City Manager, Acting COO and Acting CFO to discuss MFMA implementation issues, as and when necessary. Issues requiring attention are monitored so that actions are taken to ensure compliance.

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A draft revised 2013/14 IDP has been developed, which was considered and adopted at a Council meeting held on 25 April 2013. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2011/12 Annual Report was tabled in January 2013.

Oversight Report

The Municipal Public Accounts Committee has considered the 2011/12 annual report. Its Oversight Report was considered and adopted at a Council meeting held on 28 March 2013.

In-Year Reporting

The municipality submits the various reports required to the Executive Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of an Acting CFO and municipal officials reporting to the Acting CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality has an Internal Audit sub-directorate reporting to the City Manager and operating in accordance with an audit plan.

In relation to the 2012/13 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Addressing the qualified audit opinion expressed by the Auditor-General (AG) in relation to the 2011/12 Financial Statements. An action plan has been developed to address any shortcomings. Implementation of the plan is monitored by the City Manager in the first instance.
- Further strengthening of the integration and linkages between the IDP, Budget, SDBIP and Annual Report.

Internship Programme

The Municipality currently has five Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. All but two of the Municipality's previous Interns, have been appointed in permanent positions within the Municipality. The Interns undergo training in various sections of the Budget and Treasury Directorate and monthly meetings are held to assess their progress and to discuss their future assignments. All Interns have completed the National Treasury MFMA Learnership programme and are currently busy with the National Treasury minimum competency programme.

2.14 CAPITAL EXPENDITURE DETAILS

A summary of the budgeted capital expenditure is reflected in **Annexure “A”**.

2.15 CITY MANAGER’S QUALITY CERTIFICATION**Quality Certificate**

I, Lindiwe Msengana-Ndlela, City Manager of Nelson Mandela Bay Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: Dr Lindiwe Msengana-Ndlela

City Manager of Nelson Mandela Bay Municipality (EC000)

Signature _____

Date _____

			ANNEXURE "A"
DRAFT CAPITAL BUDGET BY PROJECT PROGRAMMES FOR 2013/14 - 2015/16			
Human Settlements (1191)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Investment Property (10036)	4,617,837	5,000,000	5,000,000
Land Aquisition (20070267)	4,617,837	5,000,000	5,000,000
Programme: Services for Housing Delivery (10074)	161,316,373	178,472,807	210,907,895
Khayamandi Extension (20110091)	36,999,146	36,999,146	36,999,146
Missionvale Garden Lots (20110092)	15,220,625		
Motherwell NU 29 - Stage 3 (20110093)	19,581,813		
Motherwell NU 30 (20120055)	15,018,000	14,871,921	14,825,106
Motherwell NU 12 (20130019)	7,020,915	7,020,915	-
Walmer G West - Phase 1 (20120054)	6,758,100	6,758,100	-
Kwanobuhle Area 11 (20120030)	7,509,000	7,509,000	7,509,000
MK Silver 2 Qaqawuli (20120053)	5,068,575	5,068,575	-
Ekuphumleni - Kwazakhele (20120031)	5,631,750	5,631,750	-
Walmer Q - Phase 3 (20120052)	-	6,758,100	6,758,100
Jagvlagte (Chatty 11-14) (20120033)	-	33,790,500	33,790,500
Malabar Ext 6 Phase 2 (20120059)	9,010,800	9,010,800	-
Rocklands Phase 2 (20120058)	-	4,505,400	4,505,400
Masakhane Village (20120060)	2,951,037	-	-
Motherwell NU 31 (20120061)	22,527,000	22,527,000	22,527,000
Kuyga Phase 3 (20120062)	-	9,010,800	9,010,800
Witteklip	5,766,912	-	-
ERF 8228	2,252,700	-	-
Aloes	-	-	630,756
Dikisa Street	-	-	540,648
Hlalani Qeque	-	-	1,351,620
Joe Modise	-	-	2,207,646
Kalipa	-	-	585,702
Kleinskool Kliprand	-	-	7,956,900
Kwanobuhle Area 7 Phase 4	-	-	8,726,067
Kwanobuhle Area 8 (First Avenue)	-	-	585,702
Kwanobuhle Area 8 Phase 4	-	-	9,821,772
Mandelaville	-	-	3,379,050
Middle Street Ext	-	-	810,972
Ramaphosa West	-	-	11,263,500
Raymond Mhlaba (Buyambo)	-	-	1,058,769
Singapi Street	-	-	157,689
Tynira Ndlovini	-	-	6,758,100
Uitenhage Allenridge West	-	-	5,631,750
Wells Estate Phase 3 - Ext 6	-	9,010,800	9,010,800
Bethelsdorp Ext 32, 34 & 36	-	-	4,505,400
Total	165,934,210	183,472,807	215,907,895
Infrastructure & Engineering Unit - Rate and General (0384)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Resurfacing of Minor Roads (10002)	4,500,000	4,000,000	4,000,000
Resurfacing Tar roads (non-subsidy) (19930026)	4,500,000	4,000,000	4,000,000
Programme: Resurfacing of Major Roads (10018)	2,000,000	4,000,000	4,000,000
Resurfacing of Subsidised Roads (19930002)	2,000,000	4,000,000	4,000,000
Programme: Rehabilitation of Minor Tar Roads (10019)	2,000,000	8,000,000	5,000,000
Rehabilitation of roads (20070137)	2,000,000	8,000,000	5,000,000
Programme: Rehabilitation of Minor Concrete Roads (10020)	-	-	500,000
Rehabilitate Concrete Roads - Northern Areas (19980218)	-	-	500,000
Programme: Rehabilitation of Minor Concrete Roads (10021)	1,000,000	1,000,000	1,500,000
Peri-urban: Rehabilitation of Gravel Roads (20030084)	1,000,000	1,000,000	1,500,000
Programme: Buildings, Depots Upgrading & Additions (10009)	-	16,000,000	22,500,000
Upgrading Depots and Offices (20042767)	-	1,000,000	1,500,000
Construction of Laboratory (20080062)	-	14,000,000	20,000,000
Laboratory Equipment - Scientific services (20070201)	-	1,000,000	1,000,000
Programme: Vehicles & Plant (10010)	2,000,000	2,000,000	2,000,000
Replacement Vehicles Fleet (19940289)	2,000,000	2,000,000	2,000,000
Programme: Tarring of Gravel Roads (10023)	50,000,000	50,000,000	60,000,000
Tarring of Gravel Roads (20050286)	50,000,000	50,000,000	60,000,000
Programme: Construction of Stormwater Infrastructure (10025)	-	8,000,000	5,000,000
Motherwell NU29 & 30 : Roads & S/w Bulk Infrastructure (20030379)	-	8,000,000	5,000,000

Infrastructure & Engineering Unit - Rate and General (0384)			
Programme: Stormwater Improvements (10026)	25,300,000	26,250,000	35,854,950
Flood Risk Improvements: Chatty River (20030453)	-	200,000	2,000,000
Stormwater Drainage System : Ph2: Mondile Str, KwaNobuhle (20030603)	3,500,000	-	-
Flood Risk and Improvements (Swartkops & Chatty) (20030609)	250,000	250,000	1,000,000
Rehabilitation of Infrastructure Salt Pans (20030670)	100,000	100,000	-
Miscellaneous Investigations & Designs - Roads and Stormwater (20043188)	3,000,000	1,200,000	1,500,000
Blue Horizon Bay Bulk Stormwater (20060241)	1,000,000	1,000,000	2,000,000
Groundwater Problem Elimination Northern Areas (20060286)	1,000,000	1,000,000	1,000,000
Summerstrand Blk Sstormwater (20070234)	200,000	6,000,000	14,854,950
Cannonville/ Colchester: Sstormwater Improvements (20080080)	200,000	1,500,000	2,000,000
Greenbushes: Sstormwater Improvements (20080081)	-	1,000,000	1,500,000
Paapenkuils Canal Rehabilitation (20030017)	-	1,000,000	2,000,000
Zwide Bulk Stormwater (20060237)	2,000,000	3,000,000	2,000,000
Stormwater Improvements: Ikamvelihle (20090038)	5,000,000	1,000,000	-
Wells Estate: Stormwater Improvements (20080079)	2,550,000	-	-
New Brighton/Kwazakhele: Bulk Stormwater (20030475)	1,000,000	2,000,000	2,000,000
Stormwater Improvements (20020149)	4,000,000	2,000,000	2,000,000
Chatty: Stormwater Improvement (20080078)	-	1,000,000	2,000,000
Lorraine Stormwater Control (19980323)	1,500,000	3,000,000	-
Motherwelll Cana Wetlands (19940233)	-	1,000,000	-
Programme: Traffic and Signage Improvements (10031)	9,835,000	10,423,000	2,250,000
New Traffic Signals (20070132)	750,000	850,000	750,000
Seyisi Square and Daku Square (20100082)	500,000	-	-
Glen Hurd Drive Upgrading (20010023)	5,500,000	8,000,000	-
Development Area Traffic Improvements - Walmer (19980255)	-	100,000	-
TM24 Guidance Signs (19940195)	150,000	233,000	-
Traffic Control Equipment (Subsidy) (19940376)	185,000	240,000	-
Traffic Calming Measures (19980220)	2,750,000	1,000,000	1,500,000
Programme: Construction of Major Roads (10027)	32,000,000	3,500,000	2,000,000
John Tallent Road (Grahamstown to Seyisi) (20050050)	-	1,000,000	-
Planning and Design of Main Roads (20070235)	1,000,000	1,000,000	1,000,000
Fairview/ Lorraine Arterial: Montmedy to Overbaakens (20020073)	-	-	1,000,000
Ring Road (Between Baird and Cuyler Street) (20010260)	-	500,000	-
H45 Redhouse - Chelsea Arterial: Walker Drive to N2 (19940201)	31,000,000	1,000,000	-
Programme: Rehabilitation of Major Roads (10028)	-	3,000,000	7,000,000
Baird Street Reconstruction (Mitchell to Mel Brooks) (20030195)	-	500,000	-
Magennis Street Reconstruction (20010257)	-	1,000,000	3,000,000
Upgrade Main Road through Swartkops (19980319)	-	500,000	4,000,000
Rehabilitation of William Moffett Expressway (19990144)	-	1,000,000	-
Programme: Improvements to Minor Roads (10022)	1,800,000	4,300,000	3,000,000
Provision of Rudimentary Services - Roads and Stormwater (20043187)	1,000,000	2,000,000	2,000,000
Rehabilitation of Verges and Sidewalks -Northern Areas (19930030)	800,000	2,000,000	1,000,000
Construction/ Surfacing of Verges and Parking Areas (19930021)	-	300,000	-
Programme: Improvements to Major Roads (10029)	11,082,894	14,157,894	15,157,894
Minor Intersection Improvements (19980253)	1,000,000	1,000,000	1,000,000
Njoli Square Redevelopment (19990168)	9,582,894	13,157,894	13,157,894
Soweto Square Development (20120092)	500,000	-	1,000,000
Programme: Management Systems (10024)	3,080,000	1,540,000	-
Road Management System (20030386)	1,580,000	40,000	-
Development of Stormwater Management System (20050041)	500,000	500,000	-
Laboratory Information System (20080061)	1,000,000	1,000,000	-
Programme: Rehabilitation of Bridge Structures (10030)	1,000,000	2,500,000	2,000,000
Rehabilitation of Bridge Structures (20070246)	1,000,000	2,000,000	1,000,000
Construction of Footbridges (20090079)	-	500,000	1,000,000
Programme: Non-Motorised Transport Facilities (10032)	5,100,000	5,100,000	7,100,000
Facilities for the Disabled (20050042)	100,000	100,000	100,000
Provision of Sidewalks and Cycle Tracks (20060020)	5,000,000	5,000,000	7,000,000
Programme: 2010 World Cup Work Packages (10034)	-	149,122,807	219,298,246
IPTS Package: Bus Rapid Transit (20070244)	-	149,122,807	219,298,246
Total	150,697,894	312,893,701	398,161,090

Sanitation - Metro (1411)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Buildings, Depots Upgrading & Additions (10009)	2,000,000	2,000,000	2,000,000
Regionalisation: Sanitation (20042918)	2,000,000	2,000,000	2,000,000
Programme: Bucket Eradication (10043)	17,000,000	1,500,000	2,500,000
Rudimentary Services: Sanitation (20050247)	1,000,000	1,000,000	2,000,000
Bucket Eradication Programme (20050248)	9,000,000	500,000	500,000
Elimination of Digester Tanks (20080132)	7,000,000	-	-
Programme: Reticulation Sewers - Rehabilitation & Refurbishment (10044)	19,350,000	19,100,000	25,100,000
Sewers: Maintenance Backlog (20030672)	5,000,000	5,000,000	5,000,000
Florida Collector Sewer (20080134)	250,000	-	-
Sewer Replacement and Relining (19930112)	10,000,000	10,000,000	20,000,000
Upgrade and Rehabilitation of the Korsten Dry Lake Area (20130045)	4,000,000	4,000,000	-
Colchester - Sewer Reticulation (20060101)	100,000	100,000	100,000
Programme: Reticulation Sewers - New, Augmentation & Upgrade (10045)	12,100,000	11,800,000	11,600,000
Improvements to Sewerage System (19940098)	10,000,000	10,000,000	10,000,000
Kwanobuhle: Upgrade of sewer reticulation (20080138)	1,000,000	1,000,000	1,000,000
Reclaimed Wastewater (20080137)	250,000	200,000	200,000
TEI: Sampling Stations (20080136)	600,000	600,000	400,000
Bellmoral Collector Sewer (20080133)	250,000	-	-
Programme: Bulk Sewers - Rehabilitation & Refurbishment (10046)	4,500,000	10,000,000	12,000,000
Rehabilitation of Kwazakhele Collector Sewer (20070143)	2,500,000	5,000,000	10,000,000
Markman - Replace 600mm Sewer (20030034)	2,000,000	5,000,000	2,000,000
Programme: Bulk Sewers - New, Augmentation & Upgrade (10047)	58,000,000	119,500,000	109,000,000
Motherwell North Bulk Sewerage (20060106)	1,000,000	5,000,000	5,000,000
Paapenkuis Main Sewers Augmentation (19980348)	11,000,000	2,000,000	5,000,000
Lorraine - Bulk Sewerage Augmentation (20030030)	4,000,000	12,000,000	17,000,000
Colchester - Bulk Sewerage Infrastructure & WWTW (20060102)	-	500,000	500,000
Sewer Protection works for collector sewers (20050105)	1,000,000	1,000,000	2,500,000
Jagtlakke Bulk Sewerage (20060103)	2,000,000	10,000,000	10,000,000
Main Sewer Augmentation (Chatty Ext 3 & 4)(Nodes 31-32 (19980353)	2,000,000	-	-
Augment Collector Sewer for Walmer Heights and Mt Pleasant (20050064)	2,000,000	6,000,000	15,000,000
Chatty Valley Collector Sewer Stage 1 (nodes 20 -24) (19960525)	10,000,000	1,000,000	1,000,000
Uitenhage Allenridge West Phase 2 - Bulk Sewer (20110053)	1,000,000	4,000,000	3,000,000
Tynira / Endlovini - Sewerage (20110054)	1,000,000	4,000,000	3,000,000
Raymond Mhlaba (Buyambo) - Bulk Sewer (20110056)	1,000,000	4,000,000	3,000,000
Nkatha / Seyisi - Bulk Sewer (20110057)	1,000,000	4,000,000	3,000,000
Mavuso (Day Hospital Site - Rholihlahla) - Bulk Sewer (20110058)	1,000,000	4,000,000	3,000,000
Mandela Village (Kwazakhele) - Bulk Sewer (20110059)	1,000,000	4,000,000	3,000,000
Kwaontshinga / Meka - Bulk Sewer (20110060)	1,000,000	4,000,000	3,000,000
Driftsands Collector Sewer - Augmentation (20060177)	9,000,000	20,000,000	5,000,000
Kalipa - Bulk Sewer (20110061)	1,000,000	4,000,000	3,000,000
Hlalani (Qeqe) - Bulk Sewer (20110062)	1,000,000	4,000,000	3,000,000
Ekuphumleni - Bulk Sewer (20110063)	1,000,000	4,000,000	3,000,000
Ramaphosa West - Bulk Sewer (20110064)	1,000,000	5,000,000	4,000,000
Mandelaville - Bulk Sewer (20110065)	1,000,000	4,000,000	3,000,000
Joe Slovo (Uitenhage) - Bulk Sewer (20110066)	1,000,000	4,000,000	3,000,000
Industrial Site (Airport Valley) - Bulk Sewer (20110067)	1,000,000	4,000,000	3,000,000
KwaNobuhle Area 11 - Link Sewer (20110068)	1,000,000	5,000,000	5,000,000
Missionvale Bulk Sewerage Reticulation (19980370)	1,000,000	-	-
Programme: Sewerage Pump Stations - Rehabilitation & Refurbishment (10048)	8,000,000	10,000,000	10,000,000
Sewerage Pump Station : Maintenance Backlog (20060178)	8,000,000	10,000,000	10,000,000
Programme: Sewerage Pump Stations - New, Augmentation & Upgrade (10049)	-	-	5,000,000
Rocklands PHB Housing project WWTW (20030167)	-	-	5,000,000
Programme: Waste Water Treatment Works - Rehabilitation & Refurbishment (10050)	19,600,000	27,600,000	37,200,000
WWTW: Building Repairs and Concrete Rehab. (20000072)	5,000,000	5,000,000	5,000,000
Kelvin Jones WWTW: Upgrade (20070147)	9,000,000	15,000,000	25,000,000
WWTW: Improve access roads (20050088)	2,000,000	2,000,000	2,000,000
Telemetry - Pump Stations (19990130)	600,000	600,000	200,000
Brickfields: Upgrade (20070153)	3,000,000	5,000,000	5,000,000

Sanitation - Metro (1411)			
Programme: Waste Water Treatment Works - New, Augmentation & Upgrade (10051)	108,000,000	101,500,000	107,050,000
Driftsands WWTW Phase 3 extension (20050250)	4,000,000	2,000,000	2,000,000
Fishwater Flats WWTW Upgrade (20070156)	82,000,000	80,000,000	80,000,000
Kwanobuhle WWTW : Upgrading (20070144)	10,000,000	5,000,000	5,000,000
Cape Receife WWTW : Upgrade (20060075)	1,000,000	5,000,000	13,000,000
Upgrade Despatch Reclamation Works (20030182)	4,000,000	2,000,000	-
WWTW : SCADA / Telemetry links (20050068)	1,000,000	500,000	50,000
Witteklip Bulk Sewerage (20030405)	3,000,000	4,000,000	4,000,000
WWTW - Sludge Treatment and disposal facilities (20000066)	3,000,000	3,000,000	3,000,000
Programme: Vehicles (10009)	2,000,000	4,000,000	4,000,000
Replacement of Sewage Vehicles (19980344)	2,000,000	4,000,000	4,000,000
Programme: Management Systems (10024)	450,000	450,000	250,000
Sewerage Master Plan Updating (20042912)	450,000	450,000	250,000
Total	251,000,000	307,450,000	325,700,000
Metro Water Service (1412)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Vehicles and Plant (10010)	2,000,000	4,000,000	4,000,000
Purchase New Vehicles (20070160)	2,000,000	4,000,000	4,000,000
Programme: Dams - Drought Relief Projects	30,000,000	40,000,000	-
Nooitgedagt/Coega Low Level System (20050097)	30,000,000	40,000,000	-
Programme: Dams - Rehabilitation & Refurbishment (10061)	3,500,000	1,500,000	2,000,000
Water Service Maintenance Backlog: Dams (20080094)	1,500,000	1,500,000	2,000,000
Groendal Dam: Rock Stabilisation and Improved Outlet (20070140)	2,000,000	-	-
Programme: Water Treatment Works - New, Augmentation & Upgrade (10063)	38,300,000	34,300,000	37,500,000
Loerie Treatment Works: Rehabilitation (20000037)	9,000,000	5,000,000	5,000,000
Upgrading of Churchill Water Treatment Works (20060080)	20,000,000	20,000,000	20,000,000
Upgrading Groendal Treatment Works (20010307)	3,000,000	4,000,000	2,000,000
Upgrading Springs Water Treatment Works (20060082)	1,000,000	-	-
Desalination Augmentation (20070162)	5,000,000	5,000,000	10,000,000
Linton: Additional Treatment Facility (20042889)	300,000	300,000	500,000
Programme: Water Treatment Works - Rehabilitation & Refurbishment (10064)	30,000,000	20,000,000	20,000,000
Elandsjagt - Upgrade to Restore Capacity (19960156)	30,000,000	20,000,000	20,000,000
Programme: Water Pump Stations - Rehabilitation & Refurbishment (10065)	5,000,000	5,000,000	5,000,000
Seaview Pump Station: Upgrade (20050106)	5,000,000	5,000,000	5,000,000
Programme: Supply Pipe Lines - New, Augmentation & Upgrade (10067)	7,500,000	18,000,000	22,000,000
Seaview Bulk Water (20030511)	4,000,000	10,000,000	10,000,000
St Albans Bulk Water (20030512)	500,000	3,000,000	5,000,000
Jagtvlakte: Bulk Water Supply Pipeline (20080048)	1,000,000	3,000,000	5,000,000
Govan Mbeki Midblock Mains (20080090)	1,000,000	1,000,000	1,000,000
Kwanobuhle: Upgrading of water reticulation (20080144)	1,000,000	1,000,000	1,000,000
Programme: Supply Pipe Lines - Rehabilitation & Refurbishment (10068)	10,000,000	12,000,000	15,000,000
Water Services Maintenance Backlog: Pipelines (20030630)	10,000,000	10,000,000	10,000,000
Older Dams Pipelines Augmentation (20042883)	-	2,000,000	5,000,000
Programme: Reservoirs - Rehabilitation & Refurbishment (10069)	5,400,000	13,400,000	13,400,000
Rehabilitation of Reservoirs (19990185)	5,000,000	8,000,000	8,000,000
Reservoir Fencing (19990184)	400,000	400,000	400,000
Kwanobuhle Reservoir Link Watermain (20120085)	-	5,000,000	5,000,000
Programme: Reservoirs - New, Augmentation & Upgrade (10070)	5,000,000	9,000,000	9,000,000
Balmoral Reservoir and Bulk Pipeline (20100034)	-	2,000,000	2,000,000
Construction of Amanzi Reservoir and Pipeline (20030295)	-	2,000,000	2,000,000
Construction of a 1,0 MI reclaimed effluent reservoir: Uitenhage (20030601)	5,000,000	5,000,000	5,000,000
Programme: Buildings, Depots Upgrading & Additions (10009)	5,000,000	9,000,000	9,000,000
Regionalisation: New Water Depot (20042881)	3,000,000	7,000,000	7,000,000
Access Roads: Upgrade (20070152)	2,000,000	2,000,000	2,000,000

Metro Water Service (1412)			
Programme: Management Systems (10024)	7,250,000	7,250,000	8,000,000
Metro Water: Master Plan (20042885)	2,000,000	2,000,000	2,000,000
Telemetry Systems Upgrade (20070157)	250,000	250,000	1,000,000
Groundwater Investigation (20070161)	5,000,000	5,000,000	5,000,000
Programme: Distribution Pipe Lines - New, Augmentation & Upgrade (10071)	2,500,000	2,500,000	3,000,000
Rudimentary Service: Water (20060083)	500,000	500,000	1,000,000
Bulk Water Metering and Control (20080088)	2,000,000	2,000,000	2,000,000
Programme: Distribution Pipe Lines - Rehabilitation & Refurbishment (10072)	33,200,000	31,200,000	30,250,000
Improvements to System - General (19930320)	10,000,000	10,000,000	10,000,000
Water Service Maintenance Backlog: Pump Stations (20080093)	5,000,000	5,000,000	5,000,000
Purchase of Water Meters - Metro (20000052)	10,000,000	10,000,000	10,000,000
Installation of Zone Water meters (20000051)	5,000,000	2,000,000	1,000,000
Rehabilitation of Pipe Bidges (20080087)	2,000,000	2,000,000	2,000,000
Helenvale Urban Renewal Programme (20080091)	1,000,000	2,000,000	2,000,000
Cathodic Protection of Steel Pipelines (19950866)	200,000	200,000	250,000
Total	184,650,000	207,150,000	178,150,000
Electricity & Energy (1477)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Customer Requirements (10003)	30,000,000	30,421,700	28,644,350
Private Township Development (19930259)	10,000,000	10,000,000	10,000,000
Miscellaneous Mains and Substations (19930255)	14,000,000	13,022,900	12,666,650
Meters and Current Transformers (19940149)	2,500,000	2,353,000	1,644,400
Peri-Urban Network (19930256)	1,500,000	2,045,800	1,333,300
Relocation of existing electrical service connections (20130022)			
Non Electrification Areas - Service Connections (19930233)	2,000,000	3,000,000	3,000,000
Programme: Network Reinforcements (10005)	51,305,000	51,427,850	45,643,830
HV Network Reinforcement - Overhead Cabling (20042993)	5,400,000	10,235,800	7,110,900
HV Network Reinforcement - New Substations (20100122)	6,240,000	3,409,650	11,644,100
Coega Reinforcement (19990104)	12,000,000	12,000,000	12,000,000
Western Reinforcement (20042992)	4,324,000	5,272,700	3,135,450
Hunters Retreat Reinforcement (20030472)	2,090,000	702,400	1,297,050
Despatch Reinforcement (20030470)	1,063,000	915,150	268,880
Mount Road Reinforcement (20030074)	797,000	347,800	226,650
Uitenhage Reinforcement (20010119)	1,730,000	3,054,000	1,433,200
Ibhayi Reinforcement (20010118)	2,500,000	2,337,650	622,200
Swartkops Reinforcement (20000175)	10,000	6,800	4,500
Korsten Reinforcement (20000172)	1,975,000	1,851,450	1,206,600
Bethelsdorp 11kV Reinforcement (19970063)	1,736,000	1,183,800	771,500
Wells Estate Reinforcement (19960193)	1,500,000	2,045,800	1,333,300
Newton Park Reinforcement (19970061)	2,500,000	341,000	888,900
Walmer Lorraine Reinforcement (20030471)	3,000,000	3,380,000	1,314,000
Redhouse Reinforcement (19960190)	200,000	136,350	88,900
Summerstrand Reinforcement (19960195)	1,500,000	1,568,450	1,022,200
Malabar/ Helenvale Reinforcement (19980402)	1,000,000	681,950	444,450
Low Voltage Reticulation Improvement (19930254)	700,000	579,650	377,750
Motherwell Electrification - Bulk Supply (19930329)	1,020,000	695,550	453,300
San Souci (20120084)	20,000	681,900	-
Programme: Radio Communication Systems (10006)	25,000	27,300	22,000
Radio & Test Equipment (19930232)	25,000	27,300	22,000
Programme: Technical Control Systems (10007)	11,465,000	11,910,400	9,166,600
Substation Fibre Optic Backbone (20070209)	2,150,000	1,022,900	700,000
Substation Security Alarm Upgrade (19990109)	4,215,000	4,681,950	4,666,650
Supervisory Additional Substations (20042985)	100,000	272,750	177,800
Supervisory Control Systems Upgrade (19940414)	1,500,000	1,159,300	888,900
Control Room Upgrade (20060174)	2,500,000	2,727,700	1,333,300
Automation of Substations (New)	1,000,000	2,045,800	1,399,950
Programme: Data & Communication Systems (10008)	10,100,000	7,986,750	7,155,520
Uitenhage / Despatch SCADA (20010099)	6,100,000	5,940,950	5,822,220
Computer Systems Upgrade (20030467)	4,000,000	2,045,800	1,333,300
Programme: Buildings, Depots Upgrading & Additions (10009)	5,500,000	2,045,800	-
Bridgemead Depot Improvement (20120082)	-	681,950	-
Motherwell Depot (20120083)	3,000,000	-	-
Electricity Buildings - Additional Furniture and Fittings (19930234)	2,500,000	1,363,850	-
Programme: Vehicles and Plant (10010)	3,000,000	2,045,800	1,333,300
New/Replacement of Plant and Motor Vehicle (20020093)	3,000,000	2,045,800	1,333,300
Programme: Cables & Distribution Kiosks (10013)	4,000,000	3,954,700	3,666,670
Distribution Kiosk Replacement (19980174)	1,500,000	1,613,750	1,444,450
Cable Replacement 6.6kV (19970064)	2,500,000	2,340,950	2,222,220

Electricity & Energy (1477)			
Programme: Transformers & Switchgear (10014)	32,150,000	33,003,050	32,733,250
MV and HV Switchgear replacement (20042989)	10,500,000	11,363,900	10,888,900
Replacement of MV Switchgear (19970068)	16,900,000	16,786,750	17,288,800
Relay Replacement (19970070)	4,500,000	4,681,900	4,444,450
Replace Switchgear in Mini susbs - KwaNobuhle (20050189)	250,000	170,500	111,100
Programme: Line Refurbishment (10015)	16,500,000	16,501,250	15,444,310
Overhead Lines Refurbishment (20042988)	6,000,000	6,045,800	5,555,510
HV Line Refurbishment (66 & 132kV) (20050187)	7,000,000	7,045,800	7,666,600
Fairview Refurbishment (20090039)	1,500,000	1,363,850	888,900
Gas Turbine Refurbishment (20060217)	2,000,000	2,045,800	1,333,300
Programme: Informal Housing Electrification (10012)	47,912,281	16,958,080	34,666,633
Integrated Electrification Programme (New)	30,877,194	-	-
Informal Housing Electrification (19930264)	17,035,087	16,958,080	34,666,633
Programme: Street Lighting (10017)	5,000,000	3,068,600	2,888,750
Area Lighting (19980397)	2,500,000	1,704,800	1,777,700
Street Lighting Residential (19930283)	1,000,000	681,900	444,400
Lighting - New Main Road (19980398)	1,500,000	681,900	666,650
Total	216,957,281	179,351,280	181,365,213
Public Health (1193)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Vehicles and Plant (10010)	660,000	1,655,000	1,690,000
Supply trailers for dog control (New)	60,000	80,000	90,000
Commercial Pump around Gqebera (New)	-	400,000	-
Specialised vehicles for Tree Unit Crane Truck (New)	600,000	-	600,000
Specialised vehicles for cemeteries - Bob Cat (New)	-	400,000	400,000
Water Tanker for Uitenhage (New)	-	600,000	600,000
Purchase of 1400cc Vehicle for Occupational Health (New)	-	175,000	-
Programme: 2010 World Cup Work Packages (10034)	500,000	500,000	500,000
Upgrade Entrances & Gateways (20070242)	500,000	500,000	500,000
Programme: Rehabilitation and Upgrading of Halls and Buildings (10038)	1,700,000	2,050,000	1,550,000
Secure Municipal Parks Facilities (19980266)	-	750,000	750,000
Upgrade of Uitenhage Dog Pound (20090053)	500,000	1,000,000	500,000
Upgrade Infrastructure: Metro Integration (20030658)	300,000	300,000	300,000
Improvements to the Occupational Health and Wellness Center (20070191)	900,000	-	-
Programme: Medical Equipment (10041)	700,000	1,750,000	1,750,000
Specialized Equipment (20000141)	500,000	250,000	250,000
Occupational Health Rehabilitation Medical Equipment (20100099)	200,000	1,500,000	1,500,000
Programme: Upgrade and Rehabilitation of Beaches (10052)	2,500,000	3,500,000	13,000,000
Upgrade Beachfront (20010064)	1,500,000	1,500,000	1,000,000
Reinstate of Embankment - Tygerbay (20010059)	1,000,000	2,000,000	2,000,000
Multi-purpose Reefs (20100088)	-	-	10,000,000
Programme: Greening and Development of Gateways and Public Open Spaces (10053)	12,850,000	6,000,000	5,000,000
Upgrade and Development of Public Open Spaces (20010362)	1,500,000	1,500,000	1,500,000
Implementation - Van Der Kemp's Kloof (20000203)	8,000,000	2,000,000	2,000,000
New Playground Equipment (20100100)	1,500,000	500,000	-
Develop Floodplains (20030420)	1,000,000	1,000,000	1,000,000
Upgrade of St Georges Park (New)	350,000	500,000	-
Greenhouse Upgrade - Peter Gibbs Nursery (New)	500,000	500,000	500,000
Programme: Cemetery Development and Upgrading (10054)	4,500,000	11,950,000	16,200,000
Cemeteries (20030421)	1,000,000	1,000,000	1,000,000
Fencing of Matanzima and Bloemendal Cemeteries (20120045)	-	4,200,000	4,200,000
Cemetery office for Kabah (New)	-	250,000	-
Upgrade of Cemetery Roads (New)	-	2,000,000	3,000,000
Water drainage and roads at Motherwell and Matanzima Cemetery (New)	3,500,000	4,000,000	4,500,000
Land Acquisition for future cemeteries (New)	-	-	3,000,000
Upgrade of Mqolomba Park, Uitenhage (New)	-	500,000	500,000
Programme: Rehabilitation of Bridge Structures (10030)	3,000,000	-	-
Brookshill Promenade Rehabilitation (20120044)	3,000,000	-	-
Programme: Refuse, Tip Sites, Recycle Stations and Equipment (10055)	13,700,000	19,700,000	17,200,000
Development of Waste Disposal Facilities (20030177)	3,200,000	3,200,000	3,200,000
Replacement of Refuse Compactors (19940138)	6,000,000	10,000,000	7,000,000
Urban Refuse Transfer/Recycling Station (20000106)	2,500,000	3,500,000	4,000,000
Waste Management Containers (20010391)	2,000,000	3,000,000	3,000,000
IWMP Projects (20060117)			

Total	40,110,000	47,105,000	56,890,000

Safety & Security (1195)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Rehabilitation and Upgrading of Halls and Buildings (10038)	5,877,000	5,930,000	6,507,000
Replacement of engine bay doors (20090019)	477,000	530,000	530,000
Security upgrade - Kwanobuhle Fire Station (20100057)	-	-	577,000
New Fire Station - Despatch (New)	-	-	5,000,000
New Fire Station - Motherwell (New)	5,000,000	5,000,000	-
Repairs to facility for Mobile Surveillance Vehicle (New)	400,000	400,000	400,000
Programme: Vehicles and Plant (10010)	175,000	175,000	173,250
Replacement of Vehicles at Investigation Unit (New)	175,000	175,000	173,250
Programme: Specialised Vehicles (1011)	2,282,000	2,200,000	2,440,000
Replacement of Off-Road Appliance (20060221)	1,600,000	2,000,000	2,240,000
Replacement of 4*4 bushfire (20043109)	477,000	-	-
Surveillance Vehicle (New)	205,000	200,000	200,000
Programme: Management Systems (10024)	2,370,000	2,370,000	2,360,000
EFMS Additional Software and Hardware Applications (20120050)	370,000	370,000	360,000
Early Warning System (20070187)	2,000,000	2,000,000	2,000,000
Programme: Safety and Security Equipment (10057)	2,096,000	2,500,000	3,000,000
Safety Equipment for Fire Fighters (20060208)	96,000	-	-
Replacement of radios (20100059)	500,000	500,000	500,000
EFMS & CCTV Equipment & Infrastructure (New)	1,500,000	2,000,000	2,500,000
Programme: Furniture and Equipment (10073)	200,000	318,000	-
Replacement of standby generator (20090017)	200,000	318,000	-
Total	13,000,000	13,493,000	14,480,250
Corporate Services (1197)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Upgrading of Computer Systems and Software Enhancement (10037)	16,000,000	11,500,000	13,000,000
Application Software (19980182)	6,000,000	6,500,000	7,000,000
Computer Enhancements - Corporate (19930187)	10,000,000	5,000,000	6,000,000
Programme: Rehabilitation and Upgrading of Halls and Buildings (10038)	23,000,000	4,900,000	3,400,000
Lillian Diedericks (Brister House) Building - Upgrading and Rehabilitation (20060149)	1,500,000	500,000	500,000
Upgrade of Community Halls (20043125)	1,000,000	1,000,000	1,000,000
Office Renovation (20050222)	1,000,000	-	-
Air Conditioning of Buildings (20060065)	1,500,000	500,000	500,000
Repair Structural Damage - Campanile (20100072)	5,000,000	500,000	100,000
Rehabilitation of Noninzi Luzipho (Pleinhuys) Building (20080041)	4,000,000	500,000	500,000
KwaNobuhle Municipal Aerodome - Upgrade of Perimeter Fencing (20100077)	1,700,000	-	-
Mfanasekhaya Gqobose (Eric Tindale Building) - Upgrade and Upgrading of Walmer Training Centre - Phase 2 (20080098)	1,000,000	1,000,000	500,000
Buildings Electrical COC (20120075)	800,000	400,000	-
Woolboard Conference Centre - Rehabilitation (20120076)	1,500,000	-	-
Algoa House Upgrade - Lift Replacement (New)	3,000,000	500,000	300,000
Total	39,000,000	16,400,000	16,400,000
Budget & Treasury (1198)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Buildings, Depots Upgrading & Additions (10009)	1,000,000	-	-
ETB 1st Floor Renovations (20060254)	1,000,000	-	-
Programme: Management Systems (10024)	6,000,000	7,100,000	7,760,000
Financial Accounting Control and Systems Development (20043111)	6,000,000	6,600,000	7,260,000
Replacement of Revenue Sub Directorate Computer Equipment (20050130)	-	500,000	500,000
Programme: Upgrading of Computer Systems and Software Enhancements (10037)	1,000,000	-	-
Financial Asset Management Integration: Computer Hardware (20080162)	1,000,000	-	-
Programme: Furniture and Equipment (10073)	2,300,000	1,350,000	1,500,000
Replacement of Vending POS Equipment (20120080)	500,000	500,000	600,000
Creditors Filing Equipment (20120040)	1,000,000	-	-
Replacement Handheld Devices - Meter Reading (20120079)	800,000	850,000	900,000
Total	10,300,000	8,450,000	9,260,000

Chief Operating Officer (1656)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Upgrading of Computer Systems and Software Enhancement (10037)	5,000,000	5,500,000	6,000,000
Development of Corporate GIS Application (20080063)	5,000,000	5,500,000	6,000,000
Total	5,000,000	5,500,000	6,000,000
Special Projects and Programmes (1666)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Upgrade/New Libraries	5,000,000	-	-
Upgrading Helenvale Resource Centre - Multipurpose Centre (20090015)	5,000,000	-	-
Total	5,000,000	-	-
Motherwell Urban Renewal Programme (1474)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: Upgrading of Computer Systems and Software Enhancement (10037)	2,500,000	-	-
IT Infrastructure	2,500,000	-	-
Programme: Buildings, Depots Upgrading & Additions (10009)	27,550,715	-	-
Motherwell Thusong Service Center (20090018)	5,200,000	-	-
SMME Hive (20080126)	22,350,715	-	-
Total	30,050,715	-	-
Economic Development & Recreational Services (1673)			
	Draft 2013/14 Capital Budget	Draft 2014/15 Capital Budget	Draft 2015/16 Capital Budget
Programme: 2010 World Cup Work Packages (10034)	1,000,000	-	5,000,000
Maintain/Rehabilitate Sports Facility Infrastructure - PE (20000149)	1,000,000	-	5,000,000
Programme: Rehabilitation and Upgrading of Halls and Buildings (10038)	8,000,000	10,000,000	2,500,000
Mendi Bottle Store (20100104)	8,000,000	10,000,000	2,000,000
Secure Recreational Buildings / Facilities (20030427)	-	-	500,000
Programme: Upgrading and Development of Sport and Recreation Facilities (10058)	5,000,000	9,000,000	5,000,000
Upgrade Existing Sports Facilities (19980285)	3,000,000	5,000,000	5,000,000
Upgrade Beaches, Tourism - 2 (20030795)	2,000,000	4,000,000	-
Programme: Upgrading of Computer Systems and Software Enhancement (10037)	-	-	500,000
Upgrading Computer Systems	-	-	500,000
Programme: Upgrade and Development of Swimming Pools (10059)	-	-	3,000,000
Maintain and Rehabilitate Swimming Pools	-	-	3,000,000
Programme: Urban Renewal (10076)	9,582,895	13,157,895	13,157,895
Fountain Road Redevelopment (20080163)	9,582,895	13,157,895	13,157,895
Total	23,582,895	32,157,895	29,157,895
Total	1,135,282,995	1,313,423,683	1,431,472,343

2.14 CAPITAL EXPENDITURE DETAILS

A summary of the budgeted capital expenditure is reflected in Annexure "A".

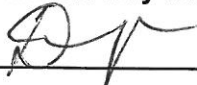
2.15 CITY MANAGER'S QUALITY CERTIFICATION**Quality Certificate**

I, Lindiwe Msengana-Ndlela, City Manager of Nelson Mandela Bay Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: Dr Lindiwe Msengana-Ndlela

City Manager of Nelson Mandela Bay Municipality (EC000)

Signature



Date

04.06.2013
