



# SCHEDULE A

AN ANNUAL BUDGET

AND

SUPPORTING DOCUMENTATION

OF A

MUNICIPALITY



# ANNUAL BUDGET OF SISONKE DISTRICT MUNICIPALITY

2013/14 TO 2015/16  
MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS

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## Table of Contents

<b>PART 1 – ANNUAL BUDGET .....</b>	<b>8</b>
<b>1.1 MAYOR’S REPORT .....</b>	<b>8</b>
1.2 EXECUTIVE SUMMARY .....	22
1.2 OPERATING REVENUE FRAMEWORK.....	23
1.3 OPERATING EXPENDITURE FRAMEWORK.....	33
1.4 CAPITAL EXPENDITURE.....	37
1.5 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	39
<b>PART 2 – SUPPORTING DOCUMENTATION.....</b>	<b>65</b>
1.6 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	65
1.7 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	68
1.8 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	74
1.9 OVERVIEW OF BUDGET RELATED-POLICIES.....	82
1.10 OVERVIEW OF BUDGET ASSUMPTIONS .....	84
1.11 OVERVIEW OF BUDGET FUNDING .....	86
1.12 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	98
1.13 COUNCILOR AND EMPLOYEE BENEFITS .....	100
1.14 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	103
1.15 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS .....	107
1.16 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	109
1.17 CAPITAL EXPENDITURE DETAILS.....	109
1.18 LEGISLATION COMPLIANCE STATUS.....	115
1.19 OTHER SUPPORTING DOCUMENTS .....	116
1.20 MUNICIPAL MANAGER’S QUALITY CERTIFICATE.....	122

**List of Tables**

Table 1 Consolidated Overview of the 2013/14 MTREF.....	23
Table 2 Summary of revenue classified by main revenue source.....	25
Table 3 Percentage growth in revenue by main revenue source.....	25
Table 4 Operating Transfers and Grant Receipts.....	26
Table 5 Proposed Water Tariffs .....	27
Table 6 Comparison between current water charges and increases (Domestic).....	30
Table 7 Comparison between current sanitation charges and increases .....	31
Table 8 Comparison between current sanitation charges and increases, single dwelling- houses .....	32
Table 9 MBRR Table SA14 – Household bills .....	33
Table 10 Summary of operating expenditure by standard classification item.....	34
Table 11 Operational repairs and maintenance .....	36
Table 12 Repairs and maintenance per asset class .....	37
Table 13 2013/14 Medium-term capital budget per vote .....	38
Table 14 MBRR Table A1 - Budget Summary .....	40
Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	44
Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) ...	46
Table 17 Surplus/ (Deficit) calculations for the trading services .....	47
Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure).....	48
Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source .....	51
Table 20 MBRR Table A6 - Budgeted Financial Position .....	53
Table 21 MBRR Table A7 - Budgeted Cash Flow Statement.....	56
Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation .....	58
Table 23 MBRR Table A9 - Asset Management.....	59
Table 24 MBRR Table A10 - Basic Service Delivery Measurement.....	62
Table 25 IDP Strategic Objectives .....	69
Table 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue.....	71
Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure .....	73
Table 28 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure .....	74
Table 29 MBRR Table SA7 - Measurable performance objectives .....	77
Table 30 MBRR Table SA8 - Performance indicators and benchmarks .....	79
Table 31 Breakdown of the operating revenue over the medium-term .....	86
Table 32 Proposed tariff increases over the medium-term .....	88
Table 33 MBRR SA15 – Detail Investment Information.....	88
Table 34 MBRR SA16 – Investment particulars by maturity .....	89
Table 35 Sources of capital revenue over the MTREF.....	89
Table 36 MBRR Table SA 17 - Detail of borrowings.....	90



Table 37 MBRR Table SA 18 - Capital transfers and grant receipts..... 91

Table 38 MBRR Table A7 - Budget cash flow statement ..... 92

Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation ..... 93

Table 40 MBRR SA10 – Funding compliance measurement..... 95

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes ..... 98

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds ..... 99

Table 43 MBRR SA22 - Summary of councilor and staff benefits ..... 100

Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers) ..... 101

Table 45 MBRR SA24 – Summary of personnel numbers ..... 102

Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure ..... 103

Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)..... 104

Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification) ..... 104

Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)..... 105

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)..... 105

Table 51 MBRR SA30 - Budgeted monthly cash flow ..... 106

Table 52 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure ..... 107

Table 53 Water Services Department – Performance objectives and indicators ..... 108

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class..... 110

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class..... 110

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class ..... 111

Table 57 MBRR SA35 - Future financial implications of the capital budget ..... 111

Table 58 MBRR SA36 - Detailed capital budget per municipal vote ..... 112

Table 59 MBRR SA37 - Projects delayed from previous financial year..... 114

Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance..... 116

Table 61 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)..... 118

Table 62 MBRR Table SA3 – Supporting detail to Statement of Financial Position..... 119

Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions ..... 120

Table 64 MBRR SA32 – List of external mechanisms ..... 121



### List of Figures

Figure 1 Main operational expenditure categories for the 2013/14 financial year .....	35
Figure 2 Capital Infrastructure Programme .....	39
Figure 3 Expenditure by major type .....	50
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF .....	61
Figure 5 Planning, budgeting and reporting cycle .....	75
Figure 6 Definition of performance information concepts .....	76
Figure 7 Breakdown of operating revenue over the 2013/14 MTREF .....	87
Figure 8 Sources of capital revenue for the 2013/14 financial year .....	90
Figure 9 Growth in outstanding borrowing (long-term liabilities) .....	91
Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds .....	94



**Abbreviations and Acronyms**

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



## Part 1 – Annual Budget

### 1.1 Mayor's Report

Honourable speaker;

The Deputy Mayor;

Honourable councillors;

The municipal manager;

Senior managers and staff;

Our distinguished (Traditional leaders, Treasury, COGTA)

Honourable councillors from the family of municipalities in the District;

Government departments present;

Our friends from the media;

The community at large;

Ladies and gentlemen;

Good morning

Honourable speaker before I can proceed with my budget speech I would like to take this opportunity and pay tribute to all South Africans that have fallen as from our last budget meeting up to date,

Many women that have been brutally murdered and some also raped by cold blood criminals,

Politicians that we have lost through brutal political killings,

The young boys that have lost their lives during circumcision particularly in Mpumalanga and Limpopo.

Mr Speaker I would like also to join the whole nation in extending our sincere and heartfelt condolences to the family of Mr Vuyo Mbuli, his colleagues in the media fraternity and to the nation as a whole. Indeed we are all deeply saddened by his tragic and unexpected loss. Through the power of Television and radio he was one of us in our homes and in our families. The level of patriotism, maturity and patriotism that he has demonstrated will continue to inspire us all.



May I request that at this point we all rise and observe a moment of silent in respect of all our innocent departed.

May their souls rest in peace.

Honourable Speaker, honourable councillors, distinguished guests, ladies and gentlemen, it is a great pleasure for me to stand in front of you and present the final draft budget on behalf of the executive committee to council for approval and adoption.

It is more exciting honourable speaker to have the open council meeting here in Jolivet, taking council to the people. We have decided to take council out of the comfort of our chambers and take council to the people. I am sure honourable speaker and members that we will do this more often so that our people can really feel that this is their council and their government.

This is one way of fulfilling the wishes of our predecessors who said in 1955 when they were drafting a vision for this country, the vision that is called the freedom charter, they said among others that

*“The people shall govern” (Abantu bayokulawula).*

This in essence meant that, all shall have a right to vote and a right to be elected, that all eligible citizens of this country shall have a right to have a say in the way they are being governed.

So this is truly a Government of the people for the people by the people.

This vision of our predecessors is effectively translated into the bill of rights in the constitution of the republic something that before 1994 we have never dreamed about but under this ANC led government we have realised that.

Some of those rights that are found in the bill of rights are as follows:

- Right to life
- Freedom of speech
- Freedom of movement
- Freedom of political association
- Freedom of press
- Freedom of religion
- Labour rights etc.

We often take these rights for granted.

Just last month we were celebrating 19 years of our freedom and democracy in this country and next year we will be celebrating our second decade in freedom and democracy. This might sound like a long time ago but it can't be possible compared with the long, painful and systematic centuries of apartheid and oppression in this country, almost 350 years of injustices, segregation and oppression.

We must speak about this more often so that even the so called Mandela children can understand where we come from as the people of this country. As the ruling party we resist to call these children that were born in 1994 as “born frees” because even though they were born in the beginning of our new dispensation they are not automatically free.



- ✓ For as long as the economy is still in the hands of the few they are not free,
- ✓ For as long as there is still unemployment they are not free,
- ✓ For as long as poverty is still very rife in the society they are not free,
- ✓ For as long as they still lack skills to compete meaningfully in the market and the economy they are not free

That's why the ruling party in this current epoch speaks about socio- economic freedom in our lifetime.

Some who were opposed to the struggle are today portraying themselves as the champions of the course of our people and attempting to even steal our history and heritage from us, claiming Mandela as theirs, claiming Steve Biko as theirs, claiming Hector Peterson as theirs. These heroes and heroines of our people and many others are a product of the struggle and our people will never be fooled or misled.

While we are still on that note I would like to take this opportunity and congratulate the African National Congress for its landslide victory in the by-elections in ward 18 in uMzikhulu Municipality.

The outcome of these by-elections meant that the ANC now controls all wards in Sisonke District Municipality. The lives of the people of ward 18 will never be the same again.

Already we are building VIP toilets in Machunwini and Mvolozana, we have just delivered water tanks for every house hold in Skhulu and together with the local municipality of uMzimkhulu we shall be electrifying a no of villages in ward 18, Skhulu in particular, later today we will be announcing a budget of kick starting the greater Paninkukhu regional water scheme that will cover all the villages of ward 18 and the surrounding wards such as ward 8 and ward 10 of uMzimkhulu.

So this means that the people of ward 18 have finally voted responsible and voted for progress and service delivery and we are committed to improve their lives as we continue to do that all over the district of Sisonke.

Honourable speaker as we are still in the celebratory mood I would like also to take this opportunity and acknowledge and congratulate some of my special guests here today.

Few days ago chair, there were SAMA Awards and I am glad to announce that one of the sons of our District has made us proud by winning the "Best Maskandi Award" and I took liberty to invite him to join us here today so that we can congratulate him in person and that is non-other than Ichwani le Bhaca. We have a little token of appreciation for you Sir that we will handover later.

Secondly we would like to take this opportunity and officially congratulate Inkosi yesizwe saseMadungeni ngobuholi bakhe obuqotho asesibonise bona kule District yase Sisonke ne sifunda sakwaZulu Natal sonkana. Ngaphandle kokuthi inkosi yesizwe ibe neqhaza elikhulu emzabalweni wokukhulula lelilizwe ngesikhathi kusenzima kodwa namanje usaloko eqhubeke njalo ukwakha isizwe, uNdabezitha usebe usihlalo wendlu yamakhosi kulesifunda sase Sisonke isikhathi eside, ngaphantsi kobuholi bakho Ndabezitha sibona amaxham okusebenzisana phakathi kwemikhandlu yethu nendlu yamakhosi kuloko kukhule njalo, kodwa awugcinanga ngokusebenzela isizwe kulelizinga, sowube usihlalo we CONTRALESA kwisifundazwe sakithi iminyaka eminingi, njengamanje amakhosi akwaZulu Natal asephinde akwethemba ngokuthi uwakhokhele njengosihlalo wendlu yamakhosi kwisifundazwe. Ngaphantsi kobuholi bakho Nkosi yesizwe sibona kukhula



ukusebenza ngokubambisana kwisifundazwe phakathi kukahulumeni kanye nendlu yamakhosi, okuyinto ehlukile kakhulu kunesimo ebesikhona ngaphambili.

Sithi ke Dunge asikubonge usaphila sethembise ukukweseka emsebenzini wakho wesizwe, nokukuqinisekisa ukuthi sizohlala njalo sibuhlonipha ubuholi bomdabu ngoba thina njengama councillors sisebenza emhlabeni wamakhosi ukuthuthukisa isizwe.

Honourable Speaker I would like also to congratulate umama wethu in absentia, the daughter of our District for her outstanding leadership and excellence in her work umama Nkszn Dlamini Zuma. I was humbled to be invited by the Presidency to witness a very inspiring ceremony at Sefako Makgatho presidential guest house in Pretoria of awarding national orders in various categories such as:

- The order of Mapungubwe
- The order of the Baobab
- The order of the companions of O R Tambo
- The order of Luthuli
- The order of Ikhamang
- The Mendi decoration of bravery

Her excellence the chair of the African union, Dr Nkszn Dlamini from Nkumba, here in Bulwer under Sisonke District Municipality was among the recipients of the national orders. She was awarded the order of Luthuli and surely that cannot go unnoticed.

Chief Albert Luthuli was a legendary struggle leader and first African recipient of the Nobel Peace prize in 1960. The order of Luthuli is awarded to South Africans who have served the interests of South Africa by making a meaningful contribution in any of the following areas: the struggle for democracy, human rights, nation-building, justice, peace and conflict resolution.

I am sure all of us know the outstanding contribution of Dr Nkszn Dlamini Zuma. This inspires all of us more especially as young leaders and public servants.

Surely all of us must aspire to be like such leaders and indeed that must be celebrated to encourage everyone to be always driven by a desire to work tirelessly and selflessly to improve the lives of our people.

While we are still talking about the Chair of the AU, ladies and gentlemen I am reminded that this year and in this month in particular we are celebrating 50 years of the African Union that started as the Organisation of African Unity (OAU).

The OAU was established on the 25<sup>th</sup> of May 1963 and its main objective was to fight against colonialism and unite Africa. In 2002, it was then transformed to African Union repositioning it to deal with new challenges of the African renaissance and the rebuilding of Africa to be a strategic player in the world politics.

That's is why today, we speak about legacy infra-structure projects and linking our economies as African countries. It is very encouraging to learn that while the rest of the world is undergoing financial difficulties but the 10 fastest growing economies in the world are found here in Africa, South Africa included.

## Budget

Honourable Speaker, ladies and gentlemen, coming closer to the gist of our occasion, this is our second budget that we are tabling before council ever since our election in May 2011.

This honourable member marks the mid-term of our council ever since our election into office in 2011. One is a bit encouraged chair when we look back from 1994 in terms of the progress generally that we have made in our country but also particularly when we review the work that we have done from 2011 local government elections, two and half years ago.

The 2011 census results have shown that our country is progressing very well almost in all aspects despite the negative ratings but foreign agencies that did not conduct any scientific study as Stats SA normally do. According to Stats SA:

- ✓ There is better access to housing;
- ✓ Road networks have been improved;
- ✓ The quality of education is improving
- ✓ There is better access to public healthcare
- ✓ There is better access to clean water
- ✓ There is better access to proper sanitation
- ✓ There is better access to electricity

But even though a lot has been done but there is still more that we need to do particularly on:

- Water and Sanitation
- And electricity

Here in the district we are constructing three electricity substations to expedite electrification:

- The upgrade of Mzali substation that has been completed;
- The construction of Kenterton substation in Hlokozi;
- The construction of Corinth substation in Riverside.

On the issue of water we are busy from the previous years with regional water schemes that will cover the greater parts of our district though the backlog is very huge because we need about R1, 2 billion to eradicate the backlog.

But currently we are busy with the following regional water schemes among others:

- ✓ Mqatsheni/stepmore water scheme;
- ✓ Greater Kilimoni regional water scheme;
- ✓ Greater Mbhulelweni regional water scheme;
- ✓ Gala/Donnybrook regional water scheme;
- ✓ Bulwer dam (R550m)
- ✓ Ufafa water scheme;
- ✓ Augmentation the Ixopo water schemes that cover Ixopo town and the surroundings such as Fairview, Mariathal, Hopewell etc;
- ✓ Hlokozi water scheme;

- ✓ Upgrade of Highflats water and sanitation;
- ✓ Refurbishment of Nokweja water scheme that covers Nokweja, Webstown, Mazabekweni, Bovini etc;
- ✓ Refurbishment of Jolivethi water scheme and to resolve cross border issues with UGu;
- ✓ Upgrade of water supply and sewer in uMzimkhulu more especially after the new developments( New mall/ shopping complex) to cope with the increased demand;
- ✓ Investigation of Ibisi Dam as a long term solution to water sources in uMzikhulu;
- ✓ Greater Summerfield regional water scheme that covers ward 15, 17 and 20;
- ✓ Greater Mnqumeni regional water scheme that covers ward 14, 12, and 13;
- ✓ Continuation with the refurbishment of a no of water schemes under uMzikhulu such as Mfulamhle Lourdes and many more;
- ✓ Augmentation of Kokstad water supply
- ✓ Refurbishment of Shayamoya water and sanitation
- ✓ Completion of Franklin and Makhoba bulk services to allow the finalisation of the housing projects.

Ladies and gentlemen, the list is endless, I am sure we now understand why we need more than a billion to deal with the backlog and refurbish old and aging infra-structure in some of our towns and support new development initiatives.

We are meeting here today exactly 5 months after the 53<sup>rd</sup> national conference of the African National Congress that was held in Mangaung. We are more empowered to deal with a no of aspects in the society and this conference brought certainty in the policy direction that we are taking as a country.

Allow me honourable speaker to quote one or two paragraphs from the declaration of the 53<sup>rd</sup> national conference of the ANC because some of us are guided by this vision in everything that we do both in government and in the society in general.

*“Action towards socio-economic freedom, we reviewed the progress made over the last 18 years towards the building of a united, democratic, non-racial, non-sexist and prosperous South Africa. We engaged in vigorous and searching debates on persistence of the legacy of apartheid, colonialism, reflected in the triple challenges, poverty, unemployment and inequalities.*

*Responding to these challenges we are boldly entering the second phase of transition from apartheid and colonialism to a national democratic society. This phase will be characterised by decisive action to effect economic transformation and democratic consolidation, critical both to improve the quality of life of all South Africans and to promote nation-building and social cohesion.*

*Consequently, in pursuance of these objectives, we embraced Vision 2030 and the National Development Plan as a platform for united action by all South Africans to eradicate poverty, create full employment and reduce inequality as critical building blocks towards a truly united, non-racial, non-sexist, democratic and prosperous society.*

*We recognise that these efforts cannot bear fruit if carried out by government and the ANC alone. We therefore commit to build strong partnerships with community organisations, social movements, trade unions, religious bodies, business organisations, women and youth structures as well as other organisations to ensure that in actual practice, South Africans- black and white – act as their own liberators.”*



As the local government sector to advance the better life for all we are charged with a responsibility of ensuring the implementation of outcome no 9:

“A RESPONSIVE, ACCOUNTABLE, EFFECTIVE, AND EFFICIENT LOCAL GOVERNMENT SYSTEM WITH 7 OUTPUTS”

1. Implement a differentiated approach to financing, planning and support
2. Improving access to basic services
3. Implementation of the community work programme
4. Actions supportive of the human settlement outcome
5. Deepen community participation through a refined ward committee model
6. Administrative and financial capability
7. Single window of coordination

We are also meeting here today exactly four months after the state of the nation address that was made by the President of the Republic, his excellence President Jacob Zuma on the 9<sup>th</sup> of February this year.

The gist and essence of the state of the nation address was to continue to change the lives of our people for the better and fast track service delivery.

The President in his address acknowledged the triple challenges that continue to confront our country, poverty, unemployment and inequalities hence he announced an infra-structure revolution.

In his words the President said addressing the joint sitting of parliament “The infra-structure plan will be driven and overseen by the Presidential infra-structure coordinating commission, (PICC) which was established in September, bringing together Ministers, Premiers and Metro Mayors under the leadership of the President and the Deputy President”

We have reported in the previous budget debate that following our engagement with the President for intervention in the district, we have also been included in the 23 municipalities throughout the country that are receiving attention from the Presidential infra-structure coordinating commission. Ever since then I have been sitting in the PICC, SIP 6.

During the state of the Nation Address in February this year, President Zuma outlined a number of strategic integrated projects (SIPs) in the infrastructure plan adopted by Cabinet.

One of these Strategic integrated projects relates to Municipal Infrastructure to be implemented initially in 24 Districts municipalities across the country.

The aim of the Strategic integrated projects is to address all maintenance backlogs and upgrades required in water, electricity and sanitation, bulk Infrastructure and roads starting in the 24 least resourced district municipalities. It further aims to integrate municipal infrastructure in a way that shifts the apartheid spatial patterns to build sustainable and integrated settlements.

In the same month of February this year we have also received a very progressive state of the Province address from the Premier Dr Zweli Mkhize, who also took tune from the address made by the President

earlier in that month. The state of the Province address was effectively a continuation of the programs announced by the President in a more localised way in terms of the Province.

One key issue that I would like to highlight is a directive that all districts must establish development entities to push local economic development programs and other initiatives.

We are already few steps ahead as Sisonke as we have established our own entity few years ago.

### **Policy imperatives**

Budgeting is primarily about the choices the Municipality has to make between competing priorities and fiscal realities. With this in mind, the Finance Minister Mr Pravin Gordhan, in his 2012 Medium Term Budget Policy Statement (MTBPS) said it was time for government to make difficult decisions as fiscal constraints force government to choose carefully between competing objectives. He noted that difficult decisions are required to ensure that scarce resources are directed towards economic development and more effective service delivery, while ensuring that debt levels are sustainable.

This 2013/14-2015/16 MTREF is the second budget which this council has vigorously engaged on. I would like to remind the council that in October/November 2012, the Council engaged with the communities prior to the 2012/13 adjustments budget as part of the IDP/Budget road shows before the final consultations now in April/May 2013.

We have incorporated all the comments both in the IDP and Budget.

### **Social networks**

As the Mayor I also went an extra mile to talk to young people from our districts in the social networks particularly face book to solicit their suggestions.

Unfortunately we do not have luxury of time to share all the suggestions with you but all of them have been noted. A no of issues these young people are raising, we are already attending to but some will be included in the IDP and plans.

As an example I have been very touched by the following:

- Nontobeko Ndzimande: “Enkumba asinamanzi tatu Mayor sithwele kanzima, kuphela intsuku singenamanzi please sicela nenze something safe sisenkingeni”
- Khumbulile Ngqulunga: “Babu Mayor indaba yamanzi ayize ilunge e Machunwini kufika lo ashiye, kanjalo nomnye afike ashiye asazi sizokwenzenjani njengoba kungena ubusika ngoba ayaphela emfuleni sicela isizo bo.

As I present the MTREF draft budget for the financial year 2013/2014 we cannot expect to do the same old things and expect different results.

Using the Local Government equitable share subsidy, the municipality should focus to support the low-income households while improve targeting. To overcome challenges relating to the Water infrastructure, the following issues need to be addressed;

- i. Improved planning,
- ii. Build capacity on our Project management unit and,
- iii. Maintenance, hence O and M is receiving about 37m.



With particular reference to Water Services Authorities, municipalities require an integrated approach to water provision, with reticulation supported by sufficient resources that are needed.

## **BUDGET SUMMARY:**

The 2013/2014 Total Revenue is R 476, 297 262m broken down as follows;  
NB Refer to the attachment for the detailed breakdown of the budget.

### **1. Local Economic Development and Tourism**

Sisonke District Municipality has developed a number of local economic development related strategies and plans that seek to enhance its economic growth. We've also had an LED Summit in March 2012 which was very strong in context and a land summit later. The district has recently reviewed its LED strategy with more emphasis on both growth and redistribution with the aim of reducing poverty and unemployment.

As we commemorate 100 years of the 1913 land act, that led to the dispossession of the blacks in general and Africans in particular of land in their own original place of birth, the 2013 January 8<sup>th</sup> statement put it categorically clear that;

*"In 1994, we inherited this highly inequitable distribution of land ownership. Eighty seven percent of commercial arable land was owned by white farmers and businesses and 13 percent of arid was in the hands of the African majority.*

*We state categorically that the land act marked the beginning of all the problems we face today, such as landlessness, poverty and inequality. Land was taken away from the people in order to turn them into a cheap reservoir of labour.*

*Overnight, people who had land and cattle suddenly had nothing, and lost their self-reliance, dignity and independence.*

*This historical injustice must be addressed in order to complete our freedom".*

As Sisonke District Municipality we have established the Sisonke Development Agency (SDA) as a special vehicle to champion local economic development issues. Among others we are doing the following programs:

- ✓ Facilitating the proper usage of some state owned farms to empower our traditional authorities and communities;
- ✓ The following are some of the state owned farms that we are processing: Nyala Valley, Dawn Valley, Texas valley and Pandarosa;
- ✓ We continue to engage traditional leaders to use some of the communal land under our traditional leadership;
- ✓ We are also doing skills development and we have made a major breakthrough in this area when we secured a funding of about 79 million with the department of higher education to train our youth in various aspects such as agriculture, plumbing, electricity, brick laying, business management, computer literacy etc
- ✓ We have further entered into an agreement with the department of basic education in the province to allow us to re-open the former college of education in Umzimkhulu and use it as a skills development centre for our youth;



- ✓ There are also discussions underway to partner with UKZN to use the same facility as a satellite for the training of teachers in the district.

The Sisonke District Municipality has allocated R12 million as our internal funding for the SDA. We have already apart from government funding started to attract direct foreign investment to the District. Discussions are at an advanced stage with the investors from Poland and Berarus that are interested to invest in Agriculture in areas such as:

- ✓ Dairy farming;
- ✓ Maize massification;
- ✓ Building new technology of Silos (maize storage)
- ✓ Setting up a plant for the production of animal feed;
- ✓ Manufacturing of tractors etc.

All we need to do is to strengthen our governance issues in the SDA so that they are ready to tap to these opportunities.

At this point I would like to indicate to council that Mr Peter Haitor has resigned as the chair of the board for the SDA due to ill-health and more pressure on his private businesses and I would like to take this opportunity and thank him for his contribution. As the executive committee we are recommending to council the deputy chair of the board Mr Patrick Khoza to be appointed as the chairman for the remaining part of the term of the board. We have further requested the board to expedite the replacement of the CEO as he resigned for greener pastures and I have personally asked the MEC for economic development in the province to support us to strengthen our entity as well as helping us to package the international trades and agreements.

### **Promoting efficient revenue and expenditure management in local government**

The minister said municipalities, just like national and provincial governments, needed to closely examine their budgets to ensure they are using their available resources to maximise service delivery and this was centred on both;

- i. Cost-effective spending, and
- ii. Revenue collection.

Looking at this budget it will be noticed that we were very conservative on the expenditure but we will also explore all possible means to recover as much potential revenue as we could collect.

The Local Government Budgets and Expenditure Review, published by the National Treasury in September 2011, highlights 5 important considerations:

1. **Revenue management** – To ensure the collection of revenues, the municipality should maintain accurate billing systems; timeously send out accounts to residents and strive to collect as much revenues owed as we can.
2. **Collecting outstanding debts** – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households. In this regard, Sisonke has recently completed a data cleansing exercise and is reviewing its Indigent Policy.
3. **Pricing services correctly** – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities. This is a major area in which should pull our socks. Running services at a loss affects the extension of services to other areas and impact negatively on operations and maintenance.

4. **Under spending on repairs and maintenance** – Often seen as a way to reduce spending in the short-term, under spending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services. This lack of Operations and maintenance also causes uprising by communities due to inadequate supply of services and the questing of democracy.
5. **Spending on non-priorities** – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks. Major attempts would be made to reduce use of consultants. A number of capacity building programmes have been undertaken to improve the capacity which has to result to improved quality of work
6. **Funding local government** -The functions performed by local government rely largely on self-financing. The minister noted that Substantial progress has been made in overcoming the service disparities of the past through transfers from the national fiscus, but large backlogs remain. The major need is to provide municipal infrastructure to poor households and, increasingly, to pay for the institutional and governance needs of poor municipalities. This situation requires us to put more emphasis on job creation and economic development in order to create more opportunities for self-income

## **CONCLUSION**

As I gallop towards the conclusion allow me honourable speaker to quote one or two paragraphs from the declaration of the 53<sup>rd</sup> national conference of the ANC because some of us are guided by this vision in everything that we do both in government and in the society in general.

*“Action towards socio-economic freedom, we reviewed the progress made over the last 18 years towards the building of a united, democratic, non-racial, non-sexist and prosperous South Africa. We engaged in vigorous and searching debates on persistence of the legacy of apartheid, colonialism, reflected in the triple challenges, poverty, unemployment and inequalities.*

*Responding to these challenges we are boldly entering the second phase of transition from apartheid and colonialism to a national democratic society. This phase will be characterised by decisive action to effect economic transformation and democratic consolidation, critical both to improve the quality of life of all South Africans and to promote nation-building and social cohesion.*

*Consequently, in pursuance of these objectives, we embraced Vision 2030 and the National Development Plan as a platform for united action by all South Africans to eradicate poverty, create full employment and reduce inequality as critical building blocks towards a truly united, non-racial, non-sexist, democratic and prosperous society.*

*We recognise that these efforts cannot bear fruit if carried out by government and the ANC alone. We therefore commit to build strong partnerships with community organisations, social movements, trade unions, religious bodies, business organisations, women and youth structures as well as other organisations to ensure that in actual practice, South Africans- black and white – act as their own liberators.”*

As I conclude, it is my honour and privilege to announce that Sisonke District Municipality has been awarded by SALGA KZN a status to host the SALGA KZN games. I am sure colleagues you will all agree with me that SALGA KZN games is more than just a sport activity but a huge and strategic tourism and LED event and indeed we are humbled and excited at the same time to host these games. What will make these games more fun here in this district apart from the fact that we will be hosting them for the first time is our strategic location in the border of KZN and Eastern Cape as well as KZN and Lesotho. This will surely bring more enthusiasm and vibrancy. More than 5000 guests in a week long program will surely make a difference. I am told that for the first in the history of these games all the 9 provinces of our country in terms of SALGA leadership will be here to observe how these games are played as we prepare to take the SALGA games to a national platform in the following years. Let us therefore use these games to strengthen social cohesion, put our district in the map in terms of tourism and ensure infra-structure legacy beyond the tournament.

In conclusion I would like to take this opportunity and thank the following people and stakeholders.

- a) The honourable speaker for a strategic role that you and your office have played in the community consultation process;
- b) The executive committee as the principal committee of council for the team effort, unity and commitment that they continue to demonstrate in the work of the municipality;
- c) The council as the highest decision making body of the municipality for the continued focused and stable leadership and strategic direction that they give to all of us;
- d) The MM and senior management for their commitment to work under pressure to change things around and more especially to understand us as the political leadership that when we fight with them it's not that we are being personal but want things to be done, when we began the term we said "ongentle ukhaba ongezantsi kwakhe", and we were very particular to say we won't accept mediocre and underperformance in our team. Thank you for the good work and understanding.
- e) The IDP unit and the budget unit for the good work that you have done in formulating these very important strategic documents without any help of consultants, there is light at the end of the tunnel that if our staff members are pushed to the right direction, motivated by their senior managers and inspired by their political leadership can really do better and do wonders;
- f) On that note allow me Somlomo baba to also acknowledge and thank the support that we are receiving from treasury and COGTA, it is immeasurable;
- g) The district municipality has no wards, the kind of support and cooperation that we continue to receive from local municipalities really put cooperative governance into practice, and it's no longer a theory in this district. Colleagues thank you and lets continue to support one another, after all we are one government, advancing one objective "a better life for all".
- h) Ko Ndabezitha, amakhosi ase Ndlunkulu, we are always humbled with your support and in this district very few if any contradictions at all between councillors and the traditional leaders, you are all progressive.



- i) To all my friends from the media, thank you in advance for the positive reporting about our government. I have no doubt in my mind that even today you will report very progressively about the state of the District address by the Mayor. On a more serious note we welcome the role that you continue to play in educating and informing our communities for as long as it is objective reporting.

I therefore submit to council the reviewed IDP, final draft budget and accounting policies for a debate and approval of council. In the special council of June 2013 I will then table the SDBIP, Organisational structure and other policies for further consideration.

Let's all join hands and build the nation and ensure socio-economic freedom in our lifetime.

**Together we can build better communities.**

I thank you

Cllr M. Ndobe: District Mayor





## Council Resolutions

On 24 May 2013 the Council of Sisonke met in the Council Chambers of Sisonke District Municipality council chamber to consider the final draft budget of the municipality for the financial year 2013/14. The Council approved the following resolutions:

1. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The draft budget of the municipality for the financial year 2013/14 and the multi-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and
    - 1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
    - 1.1.5. Noting the budget of the Sisonke Development Agency (Municipal Entity) as presented in Supporting in Table 31.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table A6;
    - 1.2.2. Budgeted Cash Flows as contained in Table A7;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
    - 1.2.4. Asset management as contained in Table A9; and
    - 1.2.5. Basic service delivery measurement as contained in Table A10.
2. The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
  - 2.1. the tariffs for the supply of water – Refer to the tariffs policy in Annexure B
  - 2.2. the tariffs for sanitation services – refer to the tariffs policy in Annexure B
3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in tariffs policy.
4. The council, acting in terms of section 24 of the Municipal Finance Management Act , approves with effect from 24 May 2013 the draft budget related policies as discussed above.
5. To give proper effect to the municipality's annual budget, the Council approves:
  - 5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.

## 1.2 Executive Summary

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

District business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items and stern control measures expenditures such as telephone, internet usage, printing, workshops, accommodation, and catering.

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

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

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and sanitation infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water (due to tariff increases from Umngeni and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable. However, with this in mind the municipality has planned to engage on an extensive costing exercise with a view to review.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and

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

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and the operational cost of District expense for the water pumps. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act, except to the provincial projects that are awaiting rollover approval;

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

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

<b>R thousand</b>	<b>Adjustments Budget 2012/13</b>	<b>Budget 2013/14</b>	<b>Year 2014/15</b>	<b>Budget Year + 1 2015/16</b>
<b>Total Operating Revenue</b>	R 265 679 000	R 265 811 262	R 290 726 000	R 292 293 813
<b>Total Operating Expenditure</b>	R 306 494 171	R 254 995 619	R 264 598 945	R 275 109 924
<b>(Surplus)/ Deficit for the year</b>	<b>R -32 084 171</b>	<b>R 10 815 643</b>	<b>R 26 127 179</b>	<b>R 17 183 889</b>
<b>Total Capital Expenditure</b>	R 206 111 000	R 210 485 640	R 243 163 000	R 274 050 079

Total operating revenue has decreased by 3% per cent or R8, 5million for the 2013/114 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 9 % and 1 % per cent respectively, equating to a total revenue growth of R26, 4m over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R254, 9 million and translates into a budgeted surplus of R10, 8 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has decreased by 17% per cent in the 2013/14 budget. The operating surplus for the two outer years has increased to R1, 8 million and then to R1, 2 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R227 million for 2013/14 is 22% per cent more when compared to the 2012/13 Adjustment Budget. The reduction is due to various projects being finalized in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme increases to R252 million in the 2014/15 financial year and peaks out in 2015/16 at R285 million. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

## 1.2 Operating Revenue Framework

For Sisonke District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to



the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for water and sanitation service charges;
- Achievement in the medium term of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the district.

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



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

DC43 Sisonke - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>									
Property rates	78	194	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	23 657	22 115	25 333	25 762	28 423	28 423	30 697	33 152	35 805
Service charges - sanitation revenue	12 187	9 478	11 237	10 018	11 159	11 159	12 052	13 016	1 041
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	80	82	48	-	-	-	-	-	-
Interest earned - external investments	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
Transfers recognised - operational	202 816	165 685	208 257	217 600	217 600	217 600	220 563	242 058	252 948
Other revenue	716	1 595	27 717	19 955	15 229	15 229	500	500	500
Gains on disposal of PPE	1	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>246 174</b>	<b>204 803</b>	<b>274 794</b>	<b>276 679</b>	<b>274 410</b>	<b>274 410</b>	<b>265 811</b>	<b>290 726</b>	<b>292 294</b>

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

DC43 Sisonke - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
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	%
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - water revenue	28 423	10%	30 697	12%	33 152	11%	35 805	12%
Service charges - sanitation revenue	11 159	4%	12 052	5%	13 016	4%	1 041	0%
Interest earned - external investments	2 000	1%	2 000	1%	2 000	1%	2 000	1%
Transfers recognised - operational	217 600	79%	220 563	83%	242 058	83%	252 948	87%
Other revenue	15 229	6%	500	0%	500	0%	500	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>274 410</b>	<b>100%</b>	<b>265 811</b>	<b>100%</b>	<b>290 726</b>	<b>100%</b>	<b>292 294</b>	<b>100%</b>
<b>TOTAL REVENUE FROM RATES &amp; SERVICE CHARGES</b>	<b>39 582</b>	<b>14%</b>	<b>42 748</b>	<b>17%</b>	<b>46 168</b>	<b>15%</b>	<b>36 846</b>	<b>12%</b>

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

Revenue generated from services charges forms a small percentage of the revenue basket for the District. Service charges revenue comprises a mere 14% of the total revenue mix. In the 2013/14 financial year, revenue from service charges totaled R 39,5m or 14% per cent. This increases to R42, 7m, R46, 1m and decrease to R36, 8m in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from services charges which averaging 11% in the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1

Operating grants and transfers totals R220 m in the 2013/14 financial year and steadily increases to R242m 2014/15 and R252m in 2015/16. Note that the year-on-year growth for the 2013/14 financial year is 19% per cent and then flattens out to 19 % and 15 % per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

DC43 Sisonke - Supporting Table SA18 Transfers and grant receipts									
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
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	120 177	-	186 931	217 200	217 200	217 200	220 310	241 790	252 666
Local Government Equitable Share	120 177		182 881	203 556	203 556	203 556	216 056	230 220	243 065
Finance Management	-		1 250	1 250	1 250	1 250	1 250	1 250	1 250
Municipal Systems Improvement	-		790	1 000	1 000	1 000	890	934	967
WATER SERVICES OPERATING SUBSIDY GRANT	-		322	9 618	9 618	9 618	-	7 042	5 000
WATER SERVICES OPERATING SUBSIDY	-		-	-	-	-	300	300	300
Rural Transport Services and Infrastructure Grant	-		1 688	1 776	1 776	1 776	1 814	2 044	2 084
<b>Provincial Government:</b>	-	-	4 100	400	400	400	253	268	282
Lg seta	-		500	-	-	-	-	-	-
In-Service Training - Salaries	-		300	-	-	-	-	-	-
ICT Shared Services Grant (cogta)	-		3 000	-	-	-	-	-	-
District Growth Development Summit	-		-	400	400	400	-	-	-
Infrastructure Sport Facilities	-		-	-	-	-	253	268	282
Experiential Learning	-		300	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	120 177	-	191 031	217 600	217 600	217 600	220 563	242 058	252 948

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

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

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

### 1.2.1 Sale of Water and Impact of Tariff Increases

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

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

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

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2013, which increases the District's water input cost tremendously.

Umngeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umngeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise on multi million for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase of 8 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions of 12.1 per cent increase in the cost of bulk water (Umngeni Water), the cost of other inputs increasing by 6 per cent and a surplus generated on the water service of a minimum 15 per cent. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

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

**Table 5 Proposed Water Tariffs**

#### Residential

Consumption in KL	2012/13	2013/14	Increase
0-6	N/C		
	R 5.56	R 6.00	R 0.44
21-40	R 9.27	R 10.01	R 0.74
41-100	R 10.82	R 11.69	R 0.87
101-200	R 17.93	R 19.36	R 1.43
201+	R 20.40	R 22.03	R 1.63
Unmetered flat rate per month	54.61	58.98	4.37



**Commercial & Industrial**

<b>Consumption Increments in R per KL</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Increase</b>
<b>0-100</b>	R 8.04	R 8.68	<b>R 0.64</b>
<b>101-200</b>	R 10.82	R 11.69	<b>R 0.87</b>
<b>201-300</b>	R 17.93	R 19.36	<b>R 1.43</b>
<b>301-400</b>	R 19.16	R 20.69	<b>R 1.53</b>
<b>401-500</b>	R 20.40	R 22.03	<b>R 1.63</b>
<b>500+</b>	R 21.64	R 23.37	<b>R 1.73</b>





Consumption Increments in R per KL	Public Service & Government Institutions			Educational Institutions			Agricultural			Geriatric Institutions, Religious organisations, NPO & recreational facilities.		
	2012/13	2013/14	Increase	2012/13	2013/14	Increase	2012/13	2013/14	Increase	2012/13	2013/14	Increase
0-6	R 8.04	R 8.68	<b>R 0.64</b>	R 8.04	R 8.68	<b>R 0.64</b>	R 8.04	R 8.68	<b>R 0.64</b>	N/C	N/C	n/c
7-100	R 8.04	R 8.68	<b>R 0.64</b>	R 8.04	R 8.68	<b>R 0.64</b>	R 8.04	R 8.68	<b>R 0.64</b>	R 8.04	R 8.68	<b>R 0.64</b>
101-200	R 10.82	R 11.69	<b>R 0.87</b>	R 10.51	<b>R 0.84</b>	R 10.82	R 11.69	<b>R 0.87</b>	R 10.82	R 11.69	<b>R 0.87</b>	
201-300	R 17.93	R 19.36	<b>R 1.43</b>			R 17.93	R 19.36	<b>R 1.43</b>	R 17.93	R 19.36	<b>R 1.43</b>	
301-400	R 19.16	R 20.69	<b>R 1.53</b>			R 19.16	R 20.69	<b>R 1.53</b>	R 19.16	R 20.69	<b>R 1.53</b>	
401-500	R 20.40	R 22.03	<b>R 1.63</b>			R 20.40	R 22.03	<b>R 1.63</b>	R 20.40	R 22.03	<b>R 1.63</b>	
500+	R 21.64	R 23.37	<b>R 1.73</b>			R 21.64	R 23.37	<b>R 1.73</b>	R 20.40	R 22.03	<b>R 1.63</b>	
						R 20.40	R 22.03	<b>R 1.63</b>				



Road tanker delivery of water	Road tanker Delivery			Static tank hire per day		
	2012/13	2013/14	Increase	2012/13	2013/14	Increase
<b>2500l</b>	R 1 360.02	R 1 468.82	<b>R 108.80</b>	R 123.64	R 133.53	<b>R 9.89</b>
<b>5000l</b>	R 1 854.58	R 2 002.95	<b>R 148.37</b>	R 309.10	R 333.83	<b>R 24.73</b>
<b>7500l</b>	R 2 163.67	R 2 336.76	<b>R 173.09</b>	R 432.73	R 467.35	<b>R 34.62</b>
<b>10 000l</b>	R 2 596.41	R 2 804.12	<b>R 207.71</b>	R 618.19	R 667.65	<b>R 49.46</b>
<b>Del charge</b>	R 247.28	R 267.06	<b>R 19.78</b>	R 247.28	R 267.06	<b>R 19.78</b>

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

Misc. water related tariffs given in pipe diameter	Deposit per meter			New water meter			Disconnections & reconnection IRO credit control		
	2012/13	2013/14	Increase	2012/13	2013/14	Increase	2012/13	2013/14	Increase
<b>15 mm</b>	R 741.83	R 801.18	<b>R 59.35</b>	R 741.83	R 801.18	<b>R 59.35</b>	R 370.92	R 400.59	<b>R 29.67</b>
<b>20 mm</b>	R 927.29	R 1 001.47	<b>R 74.18</b>	R 1 050.93	R 1 135.00	<b>R 84.07</b>	R 494.55	R 534.11	<b>R 39.56</b>
<b>50 mm</b>	R 1 236.38	R 1 335.29	<b>R 98.91</b>	R 1 298.20	R 1 402.06	<b>R 103.86</b>	R 927.29	R 1 001.47	<b>R 74.18</b>
<b>110 mm</b>	R 1 854.58	R 2 002.95	<b>R 148.37</b>	R 2 163.67	R 2 336.76	<b>R 173.09</b>	R 1 236.38	R 1 335.29	<b>R 98.91</b>
<b>100 mm +</b>	R 2 427.77	R 2 621.99	<b>R 194.22</b>	R 3 090.96	R 3 338.24	<b>R 247.28</b>	R 1 545.48	R 1 669.12	<b>R 123.64</b>

**Table 6 Comparison between current water charges and increases (Domestic)**

Consumption Increments in R per Kl	Domestic (Metered)		
	2011/12	2012/13	Increase
<b>0-6</b>	N/C	N/C	
<b>7-20</b>	R 5.15	R 5.56	<b>R 0.41</b>
<b>21-40</b>	R 8.59	R 9.27	<b>R 0.69</b>
<b>41-100</b>	R 10.02	R 10.82	<b>R 0.80</b>
<b>101-200</b>	R 16.60	R 17.93	<b>R 1.33</b>
<b>201 +</b>	R 18.89	R 20.40	<b>R 1.51</b>

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R20.40 per kilolitre for consumption in excess of 201kl per 30 day period.

### 1.2.2 Sanitation and Impact of Tariff Increases

A tariff increase of 8 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that District costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 8 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- The total revenue expected to be generated from rendering this service amounts to R10 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

**Table 7 Comparison between current sanitation charges and increases**

Static sanitation systems given per load	Conservancy tank clearance on site			Septic tank clearance on site			Disposal into municipal reticulation system		
	2012/13	2013/14	Increase	2012/13	2013/14	Increase	2012/13	2013/14	Increase
Per Load	R 259.64	R 280.41	R 20.77	R 803.65	R 867.94	R 64.29	R 259.64	R 280.41	R 20.77
Transport per km	R 8.04	R 8.68	R 0.64	R 8.04	R 8.68	R 0.64	R 8.04	R 8.68	R 0.64

Misc. sanitation related tariffs given in service pipe diameter	New connections			Disconnect/Reconnection IRO credit control		
	2012/13	2013/14	Increase	2012/13	2013/14	Increase
Up to 600 mm	R 2 472.77	R 2 670.59	R 197.82	R 618.19	R 667.65	R 49.46
600 mm -1200 mm	R 3 090.96	R 3 338.24	R 247.28	R 927.29	R 1 001.47	R 74.18
1200 mm +	R 4 327.34	R 4 673.53	R 346.19	R 1 236.38	R 1 335.29	R 98.91

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

**Table 8 Comparison between current sanitation charges and increases, single dwelling- houses**

Sanitation costs given in terms of water consumption	2012/13	2013/14	Increase
0-200	R 4.33	R 4.68	R 0.35
201 +	R 5.56	R 6.00	R 0.44
Unmetered/flat rate per month	R 42.47	R 45.87	R 3.40

### 1.2.3 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 8 per cent, with the same increase for indigent households.



Table 9 MBRR Table SA14 – Household bills

DC43 Sisonke - Supporting 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	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent							% incr.			
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	2.25	2.43	2.58	2.79	2.79	2.79	8.0%	3.01	3.25	3.49
Water: Consumption	180.30	194.72	206.41	222.92	222.92	222.92	8.0%	240.75	260.01	279.27
Sanitation	81.00	87.48	92.73	100.15	100.15	100.15	8.0%	108.16	116.81	125.46
<b>sub-total</b>	<b>263.55</b>	<b>284.63</b>	<b>301.72</b>	<b>325.86</b>	<b>325.86</b>	<b>325.86</b>	<b>8.0%</b>	<b>351.93</b>	<b>380.07</b>	<b>408.22</b>
VAT on Services										
<b>Total large household bill:</b>	<b>263.55</b>	<b>284.63</b>	<b>301.72</b>	<b>325.86</b>	<b>325.86</b>	<b>325.86</b>	<b>8.0%</b>	<b>351.93</b>	<b>380.07</b>	<b>408.22</b>
<b>% increase/-decrease</b>		<b>8.0%</b>	<b>6.0%</b>	<b>8.0%</b>	<b>-</b>	<b>-</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.4%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	2.25	2.43	2.58	2.79	2.79	2.79	8.0%	3.01	3.25	3.49
Water: Consumption	150.25	162.27	172.01	185.77	185.77	185.77	8.0%	200.63	216.68	232.73
Sanitation	67.50	72.90	77.27	83.45	83.45	83.45	8.0%	90.13	97.34	104.55
<b>sub-total</b>	<b>220.00</b>	<b>237.60</b>	<b>251.86</b>	<b>272.01</b>	<b>272.01</b>	<b>272.01</b>	<b>8.0%</b>	<b>293.77</b>	<b>317.27</b>	<b>340.77</b>
VAT on Services										
<b>Total small household bill:</b>	<b>220.00</b>	<b>237.60</b>	<b>251.86</b>	<b>272.01</b>	<b>272.01</b>	<b>272.01</b>	<b>8.0%</b>	<b>293.77</b>	<b>317.27</b>	<b>340.77</b>
<b>% increase/-decrease</b>		<b>8.0%</b>	<b>6.0%</b>	<b>8.0%</b>	<b>-</b>	<b>-</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.4%</b>
			-0.25	0.33	-1.00	-				

### 1.3 Operating Expenditure Framework

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

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

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

**Table 10 Summary of operating expenditure by standard classification item**

DC43 Sisonke - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Expenditure By Type</b>										
Employee related costs	2	47 965	56 108	71 975	81 083	81 083	81 083	90 434	98 831	105 730
Remuneration of councillors		4 041	4 051	4 413	5 541	5 541	5 541	6 181	6 576	7 037
Debt impairment	3	6 685	6 303	15 508	7 156	11 875	11 875	12 000	11 042	8 711
Depreciation & asset impairment	2	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Finance charges		868	843	3 972	3 042	3 042	3 042	3 500	2 800	2 500
Bulk purchases	2	7 566	6 998	7 713	7 500	9 240	9 240	7 800	8 221	8 665
Contracted services		28 007	27 717	41 283	32 154	56 849	56 849	36 317	37 923	37 699
Transfers and grants		-	-	-	-	9 569	9 569	12 000	12 672	13 382
Other expenditure	4, 5	118 264	190 963	151 117	70 647	109 295	109 295	66 763	66 533	70 385
<b>Total Expenditure</b>		<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>306 494</b>	<b>306 494</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>

The budgeted allocation for employee related costs for the 2013/14 financial year totals R90, 4 m, which equals 35% per cent of the total operating expenditure. The period of the salary wage collective agreement has started from 2012/13 and end to 2014/15. In the absence of other information from the South African Local Government Bargaining Council, National Treasury issued Circular 67 advising municipalities to budget for a 6,85 per cent increase. An annual increase of 6, 40 per cent has been included in the next 2014/15 MTREF. As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of the critical and strategically important vacancies as well as the inclusion of the staff to be transferred to the Municipality by the Provincial Health Department. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

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

**The provision of debt impairment** was determined based on an annual collection rate of 80 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R12m and decrease to R11, 5m by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

**Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R20m for the 2013/14 financial and equates to 8% per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a

range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

**Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.3 per cent of operating expenditure.. As previously noted, the District has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing.

**Bulk purchases** are directly informed by the purchase of water from Umngeni Water in the Ubuhlebezwe area. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

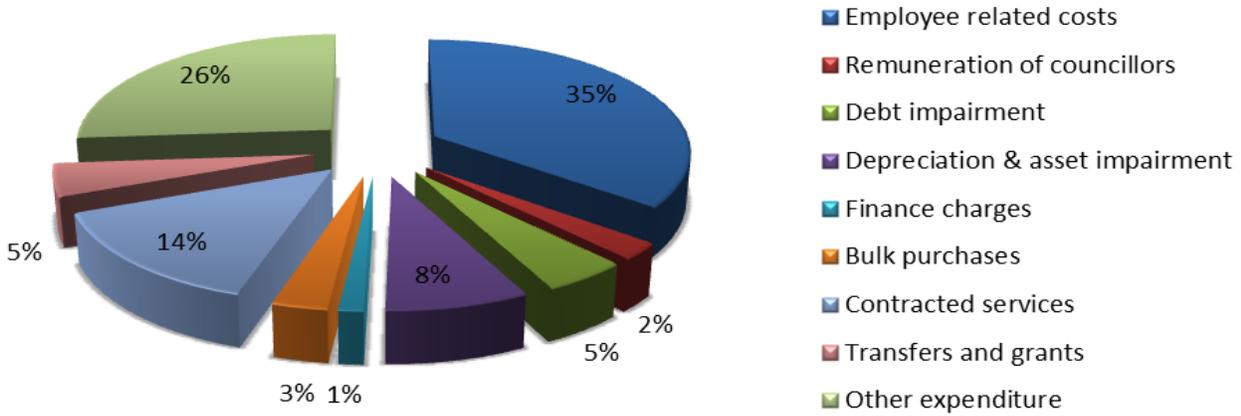
**Contracted services** have been identified as a cost saving area for the Municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/14 financial year, this group of expenditure totals R33, 9 million showing an increase of 5.7 %, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 10 % and 6 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2013/14 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

**Other expenditure** comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been decreased by 22 per cent from the adjusted budget for 2013/14 and curbed at 3 and 2 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table MBRR SA1.

The following chart gives a breakdown of the main expenditure categories for the 2013/14 financial year.

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

### 2013/14 EXPENDITURE BY TYPE



#### 1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the district’s current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the district. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 11 Operational repairs and maintenance**

DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<b>Repairs and Maintenance</b>									
<b>by Expenditure Item</b>									
Employee related costs	25 950	32 917	29 493	31 263	30 998	30 998	33 139	35 127	36 801
Other materials	18 165	23 042	20 645	21 884	21 699	21 699	23 197	24 589	25 761
Contracted Services	5 190	6 583	5 899	6 253	6 200	6 200	6 628	7 025	7 360
Other Expenditure	2 595	3 292	2 949	3 126	3 100	3 100	3 314	3 513	3 680
<b>Total Repairs and Maintenance Expenditure</b>	<b>51 900</b>	<b>65 834</b>	<b>58 987</b>	<b>62 526</b>	<b>61 996</b>	<b>61 996</b>	<b>66 278</b>	<b>70 254</b>	<b>73 602</b>

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 7 per cent in the 2012/13 financial year, from R62, 5 million to R66, 2 million. During the 2012 Adjustment Budget this allocation was adjusted slightly downwards



to R62, 5 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/14 equates to R66, 2 million a growth of 7 per cent in relation to the Adjustment Budget and continues to 7 in the following year and 7 per cent in 2014/15 over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 6 per cent for the respective financial years of the MTREF.

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

**Table 12 Repairs and maintenance per asset class**

DC43 Sisonke - Table A9 Consolidated Asset Management									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation &amp; asset impairment</u>	18 651	19 812	17 859	23 000	20 000	20 000	19 000	20 000	21 000
<u>Repairs and Maintenance by Asset Class</u>	51 900	65 834	58 987	62 526	61 996	61 996	66 278	70 254	73 602
<i>Infrastructure - Water</i>	28 960	38 206	34 186	36 237	36 237	36 237	38 412	40 716	43 021
<i>Infrastructure - Sanitation</i>	21 920	26 202	23 501	24 911	24 911	24 911	26 405	27 990	29 574
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-	-	-
Infrastructure	50 880	64 408	57 687	61 148	61 148	61 148	64 817	68 706	72 595
Other assets	1 020	1 425	1 300	1 378	848	848	1 461	1 548	1 007
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>70 551</b>	<b>85 645</b>	<b>76 846</b>	<b>85 526</b>	<b>81 996</b>	<b>81 996</b>	<b>85 278</b>	<b>90 254</b>	<b>94 602</b>

For the 2013/14 financial year, 97 per cent of total repairs and maintenance will be spent on infrastructure assets. This signifies the implementation of the municipality’s plans of maintaining its infrastructure levels high to ensure uninterrupted service delivery.

**1.3.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the district Indigent Policy. The target is to register 20 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

**1.4 Capital expenditure**

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

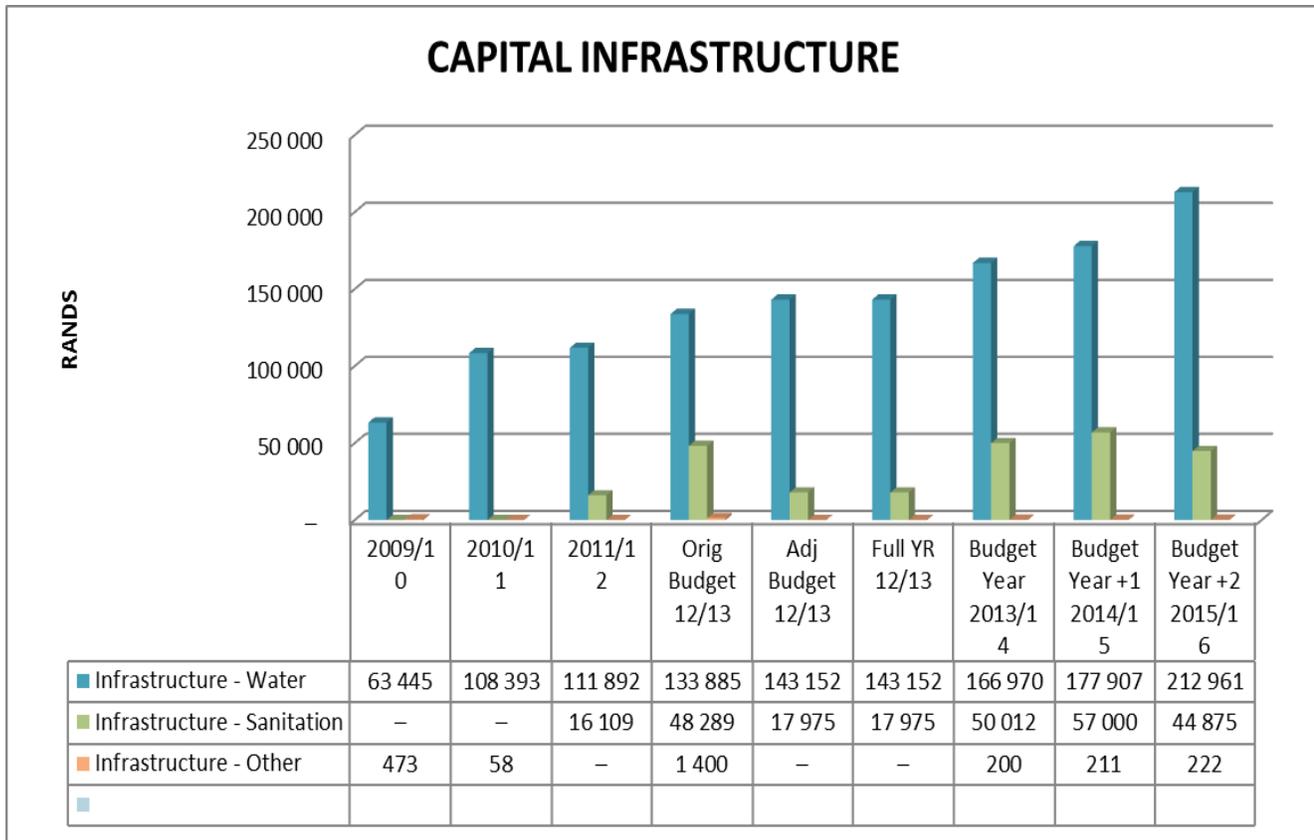
**Table 13 2013/14 Medium-term capital budget per vote**

DC43 Sisonke - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding								
Vote 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	%
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 1 - Executive & Council	-		0	0%	-	0%	-	0%
Vote 2 - Finance	281	0.2%	130	0%	2 000	1%	-	0%
Vote 3 - Corporate Services	930	0.5%	3 256	1%	910	0%	974	0.34%
Vote 4 - Economic & Community Services	-	0%	-	0%	-	0%	-	0%
Vote 5 - Infrastructure Services	185 321	99%	223 248	98%	249 163	99%	284 050	99%
Vote 6 - Water Services	-	0%	600	0.3%	632	0%	667	0.23%
<b>Capital multi-year expenditure sub-total</b>	<b>186 532</b>	<b>100%</b>	<b>227 234</b>	<b>100%</b>	<b>252 706</b>	<b>100%</b>	<b>285 691</b>	<b>100%</b>

For 2013/14 an amount of R227 million has been appropriated for the development of infrastructure which represents 98 per cent of the total capital budget. In the outer years this amount totals R252 million, 98 per cent and R285 million, 99 per cent respectively for each of the financial years.

Total new assets represent 99 per cent or R223 million of the total capital budget while asset renewal equates to 1% per cent or R2, 1million. Further detail relating to asset classes and proposed capital expenditure is contained in Table MBRR A9 (Asset Management). In addition to the MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Refer to table MBRR SA36 for the detailed listing of the capital projects.

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**

#### 1.4.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35. This table shows that future operational costs associated with the capital programme totals R35 million in 2013/14 and escalates to R40 million by 2014/15. This concomitant operational expenditure is expected to escalate to R44 million by 2015/16. It needs to be noted that as part of the 2012/13 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### 1.5 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 14 MBRR Table A1 - Budget Summary**

DC43 Sisonke - Table A1 Budget Summary									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
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
<b>Financial Performance</b>									
Property rates	78	194	-	-	-	-	-	-	-
Service charges	35 844	31 592	36 570	35 780	39 582	39 582	42 748	46 168	36 846
Investment revenue	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
Transfers recognised - operational	202 816	165 685	208 257	217 600	217 600	217 600	220 563	242 058	252 948
Other own revenue	797	1 678	27 765	19 955	15 229	15 229	500	500	500
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>246 174</b>	<b>204 803</b>	<b>274 794</b>	<b>276 679</b>	<b>274 410</b>	<b>274 410</b>	<b>265 811</b>	<b>290 726</b>	<b>292 294</b>
Employee costs	47 965	56 108	71 975	81 083	81 083	81 083	90 434	98 831	105 730
Remuneration of councillors	4 041	4 051	4 413	5 541	5 541	5 541	6 181	6 576	7 037
Depreciation & asset impairment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Finance charges	868	843	3 972	3 042	3 042	3 042	3 500	2 800	2 500
Materials and bulk purchases	7 566	6 998	7 713	7 500	9 240	9 240	7 800	8 221	8 665
Transfers and grants	-	-	-	-	9 569	9 569	12 000	12 672	13 382
Other expenditure	152 955	224 983	241 373	109 957	178 019	178 019	115 081	115 498	116 796
<b>Total Expenditure</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>306 494</b>	<b>306 494</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>
<b>Surplus/(Deficit)</b>	<b>14 127</b>	<b>(107 990)</b>	<b>(72 511)</b>	<b>46 556</b>	<b>(32 084)</b>	<b>(32 084)</b>	<b>10 816</b>	<b>26 127</b>	<b>17 184</b>
Transfers recognised - capital	98 720	141 454	177 773	183 745	206 111	206 111	210 486	243 163	274 050
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>



**DC43 Sisonke - Table A1 Budget Summary**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	128 689	152 003	157 014	209 375	186 532	186 532	227 234	252 706	285 691
Transfers recognised - capital	118 145	135 412	157 014	209 375	166 971	166 971	210 486	243 163	274 050
Borrowing	-	16 591	-	-	-	-	-	-	-
Internally generated funds	10 544	-	-	-	19 561	19 561	16 748	9 543	11 641
<b>Total sources of capital funds</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Financial position</b>									
Total current assets	123 501	41 655	13 605	52 828	16 590	16 590	63 318	108 231	143 975
Total non current assets	937 476	864 881	978 157	1 319 593	1 299 750	1 299 750	1 517 343	1 766 264	2 060 211
Total current liabilities	110 407	108 028	89 331	30 183	54 830	54 830	34 740	32 142	30 945
Total non current liabilities	12 192	42 681	39 549	31 973	31 973	31 973	33 101	30 527	28 353
Community wealth/Equity	938 379	755 828	862 882	1 310 265	1 229 536	1 229 536	1 512 820	1 811 825	2 144 888
<b>Cash flows</b>									
Net cash from (used) operating	185 157	98 602	119 672	247 695	250 072	250 072	253 556	298 210	322 512
Net cash from (used) investing	(205 270)	(104 289)	(142 420)	(214 375)	(236 741)	(236 741)	(226 772)	(252 706)	(285 691)
Net cash from (used) financing	3 294	1 435	25 942	(3 765)	(3 765)	(3 765)	(2 482)	(2 721)	(2 980)
<b>Cash/cash equivalents at the year end</b>	<b>4 597</b>	<b>346</b>	<b>3 540</b>	<b>31 055</b>	<b>11 066</b>	<b>11 066</b>	<b>54 303</b>	<b>97 086</b>	<b>130 927</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	114 429	7 058	3 539	34 236	11 066	11 066	54 303	97 086	130 927
Application of cash and investments	104 154	79 449	78 819	9 347	46 662	46 662	25 246	21 786	19 476
<b>Balance - surplus (shortfall)</b>	<b>10 275</b>	<b>(72 391)</b>	<b>(75 280)</b>	<b>24 888</b>	<b>(35 595)</b>	<b>(35 595)</b>	<b>29 056</b>	<b>75 300</b>	<b>111 451</b>
<b>Asset management</b>									
Asset register summary (WDV)	937 476	864 881	978 157	1 319 593	1 299 750	1 299 750	1 517 343	1 766 264	2 060 211
Depreciation & asset impairment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Renewal of Existing Assets	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
Repairs and Maintenance	51 900	65 834	58 987	62 526	61 996	61 996	66 278	70 254	73 602
<b>Free services</b>									
Cost of Free Basic Services provided	5 980	5 980	6 924	7 868	7 868	7 868	8 812	9 756	10 700
Revenue cost of free services provided	62 134	65 863	69 814	73 766	73 766	73 766	77 718	81 670	85 621
<b>Households below minimum service level</b>									
Water:	33	34	32	31	31	31	31	32	32



## DC43 Sisonke - Table A1 Consolidated Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial Performance</b>									
Property rates	78	194	-	-	-	-	-	-	-
Service charges	35 844	31 592	36 570	35 780	39 582	39 582	42 748	46 168	36 846
Investment revenue	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
Transfers recognised - operational	202 816	165 685	208 257	217 600	230 194	230 194	269 953	271 142	264 462
Other own revenue	797	1 678	27 765	19 955	15 229	15 229	500	500	500
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>246 174</b>	<b>204 803</b>	<b>274 794</b>	<b>276 679</b>	<b>287 004</b>	<b>287 004</b>	<b>315 202</b>	<b>319 811</b>	<b>303 808</b>
Employee costs	47 965	56 108	71 975	81 083	82 519	82 519	95 027	103 791	111 087
Remuneration of councillors	4 041	4 051	4 413	5 541	5 541	5 541	6 181	6 576	7 037
Depreciation & asset impairment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Finance charges	868	843	3 972	3 042	3 047	3 047	3 509	2 809	2 510
Materials and bulk purchases	7 566	6 998	7 713	7 500	9 240	9 240	7 800	8 221	8 665
Transfers and grants	-	-	-	-	9 569	9 569	12 000	12 672	13 382
Other expenditure	152 955	224 983	241 373	109 957	169 410	169 410	159 870	139 613	122 943
<b>Total Expenditure</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>299 326</b>	<b>299 326</b>	<b>304 386</b>	<b>293 683</b>	<b>286 624</b>
<b>Surplus/(Deficit)</b>	<b>14 127</b>	<b>(107 990)</b>	<b>(72 511)</b>	<b>46 556</b>	<b>(12 321)</b>	<b>(12 321)</b>	<b>10 816</b>	<b>26 127</b>	<b>17 184</b>
Transfers recognised - capital	98 720	141 454	177 773	183 745	206 111	206 111	210 486	243 163	274 050
Contributions recognised - capital & contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>193 790</b>	<b>193 790</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>193 790</b>	<b>193 790</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
Transfers recognised - capital	<b>118 145</b>	135 412	157 014	209 375	166 971	166 971	210 486	243 163	274 050
Borrowing	-	16 591	-	-	-	-	-	-	-
Internally generated funds	<b>10 544</b>	-	-	-	19 561	19 561	16 748	9 543	11 641
<b>Total sources of capital funds</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>

**DC43 Sisonke - Table A1 Consolidated Budget Summary**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial position</b>									
Total current assets	123 501	41 655	13 605	52 828	39 352	39 352	86 152	131 145	166 975
Total non current assets	937 476	864 881	978 157	1 319 593	1 299 750	1 299 750	1 517 343	1 766 264	2 060 211
Total current liabilities	110 407	108 028	89 331	30 183	54 830	54 830	34 740	32 142	30 945
Total non current liabilities	12 192	42 681	39 549	63 946	63 946	63 946	66 201	61 054	56 707
Community wealth/Equity	938 379	755 828	862 882	1 310 265	1 229 536	1 229 536	1 512 820	1 811 825	2 144 888
<b>Cash flows</b>									
Net cash from (used) operating	185 157	98 602	119 672	247 695	260 266	260 266	241 628	285 617	309 215
Net cash from (used) investing	(205 270)	(104 289)	(142 420)	(214 375)	(236 741)	(236 741)	(226 772)	(252 706)	(285 691)
Net cash from (used) financing	3 294	1 435	25 942	(3 765)	(3 765)	(3 765)	(2 482)	(2 721)	(2 980)
Cash/cash equivalents at the year end	4 597	346	3 540	31 055	24 261	24 261	42 375	72 565	93 110
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	114 429	7 058	3 539	34 236	33 829	33 829	77 137	120 000	153 926
Application of cash and investments	104 154	79 449	78 819	9 347	46 662	46 662	25 246	21 786	19 476
Balance - surplus (shortfall)	10 275	(72 391)	(75 280)	24 888	(12 833)	(12 833)	51 891	98 214	134 450
<b>Asset management</b>									
Asset register summary (WDV)	937 476	864 881	978 157	1 319 593	1 299 750	1 299 750	1 517 343	1 766 264	2 060 211
Depreciation & asset impairment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Renewal of Existing Assets	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
Repairs and Maintenance	51 900	65 834	58 987	62 526	61 996	61 996	66 278	70 254	73 602
<b>Free services</b>									
Cost of Free Basic Services provided	5 980	5 980	6 924	7 868	7 868	7 868	8 812	9 756	10 700
Revenue cost of free services provided	62 134	65 863	69 814	73 766	73 766	73 766	77 718	81 670	85 621
<b>Households below minimum service level</b>									
Water:	33	34	32	31	31	31	31	32	32

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

- Table A1 is a budget summary and provides a concise overview of the Sisonke district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - Internally generated funds is financed from a combination of the current operating surplus and VAT refunds on Conditional Grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains



positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

**Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

DC43 Sisonke - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)									
Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	160 877	169 185	233 596	229 105	214 526	214 526	220 696	234 904	247 782
Executive and council	1 087	511	142	-	772	772	-	-	-
Budget and treasury office	159 190	168 581	233 190	229 105	213 608	213 608	220 696	234 904	247 782
Corporate services	600	93	264	-	147	147	-	-	-
<b>Economic and environmental services</b>	103	13 160	3 074	400	8 471	8 471	-	-	-
Planning and development	103	13 160	3 074	400	8 471	8 471	-	-	-
<b>Trading services</b>	183 914	163 913	215 898	230 919	257 524	257 524	255 601	298 985	318 562
Water	35 844	32 050	179 004	45 398	49 637	49 637	56 748	76 310	85 646
Waste water management	148 071	131 863	36 894	185 521	207 887	207 887	198 853	222 675	232 916
<b>Total Revenue - Standard</b>	<b>344 894</b>	<b>346 258</b>	<b>452 567</b>	<b>460 424</b>	<b>480 521</b>	<b>480 521</b>	<b>476 297</b>	<b>533 889</b>	<b>566 344</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	115 689	133 355	120 896	116 568	100 221	100 221	121 481	124 908	126 596
Executive and council	23 103	45 704	35 894	32 905	12 169	12 169	18 956	19 578	20 847
Budget and treasury office	43 823	53 688	47 556	52 189	55 636	55 636	63 431	63 734	61 241
Corporate services	48 763	33 962	37 446	31 473	32 416	32 416	39 094	41 596	44 508
<b>Economic and environmental services</b>	20 128	23 571	60 385	25 536	45 092	45 092	45 047	45 838	48 850
Planning and development	20 128	23 571	60 385	25 536	45 092	45 092	33 047	33 166	35 468
<b>Trading services</b>	96 229	155 867	166 023	88 019	161 181	161 181	88 467	93 854	99 664
Water	22 377	86 718	53 204	11 255	60 612	60 612	78 651	83 300	88 482
Waste water management	73 852	69 150	112 820	76 764	100 569	100 569	9 816	10 554	11 182
<b>Total Expenditure - Standard</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>306 494</b>	<b>306 494</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>

DC43 Sisonke - Table A2 Consolidate Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>									
<b>Revenue Standard DISTRICT MUNICIPALITY</b>									
<b>Governance and administration</b>	<del>160 877</del>	<del>168 185</del>	<del>233 586</del>	<del>228 185</del>	<del>214 526</del>	<del>214 526</del>	<del>228 686</del>	<del>234 804</del>	<del>247 782</del>
Executive and council	1 087	511	142	-	772	772	-	-	-
Budget and treasury office	159 190	168 581	233 190	229 105	213 608	213 608	220 696	234 904	247 782
Corporate services	600	93	264	-	147	147	-	-	-
<b>Economic and environmental services</b>	<b>103</b>	<b>13 160</b>	<b>3 074</b>	<b>400</b>	<b>21 065</b>	<b>21 065</b>	<b>98 925</b>	<b>58 327</b>	<b>23 199</b>
Planning and development	103	13 160	3 074	400	21 065	21 065	98 925	58 327	23 199
<b>Trading services</b>	<b>183 914</b>	<b>163 913</b>	<b>215 898</b>	<b>230 919</b>	<b>257 524</b>	<b>257 524</b>	<b>255 601</b>	<b>298 985</b>	<b>318 562</b>
Water	35 844	32 050	179 004	45 398	49 637	49 637	56 748	76 310	85 646
Waste water management	148 071	131 863	36 894	185 521	207 887	207 887	198 853	222 675	232 916
<b>Total Revenue - Standard</b>	<b>344 894</b>	<b>346 258</b>	<b>452 567</b>	<b>460 424</b>	<b>493 115</b>	<b>493 115</b>	<b>575 222</b>	<b>592 216</b>	<b>589 543</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>115 689</b>	<b>133 355</b>	<b>120 896</b>	<b>116 568</b>	<b>100 221</b>	<b>100 221</b>	<b>121 481</b>	<b>124 908</b>	<b>126 596</b>
Executive and council	23 103	45 704	35 894	32 905	12 169	12 169	18 956	19 578	20 847
Budget and treasury office	43 823	53 688	47 556	52 189	55 636	55 636	63 431	63 734	61 241
Corporate services	48 763	33 962	37 446	31 473	32 416	32 416	39 094	41 596	44 508
<b>Economic and environmental services</b>	<b>20 128</b>	<b>23 571</b>	<b>60 385</b>	<b>25 536</b>	<b>37 924</b>	<b>37 924</b>	<b>94 437</b>	<b>74 922</b>	<b>60 364</b>
Planning and development	20 128	23 571	60 385	25 536	37 924	37 924	94 437	74 922	60 364
<b>Trading services</b>	<b>96 229</b>	<b>155 867</b>	<b>166 023</b>	<b>88 019</b>	<b>161 181</b>	<b>161 181</b>	<b>88 467</b>	<b>93 854</b>	<b>99 664</b>
Water	22 377	86 718	53 204	11 255	60 612	60 612	78 651	83 300	88 482
Waste water management	73 852	69 150	112 820	76 764	100 569	100 569	9 816	10 554	11 182
<b>Total Expenditure - Standard</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>299 326</b>	<b>299 326</b>	<b>304 386</b>	<b>293 683</b>	<b>286 624</b>
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>193 790</b>	<b>193 790</b>	<b>270 836</b>	<b>298 533</b>	<b>302 919</b>



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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for District, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions show a deficit between revenue and expenditure are being financed from equitable share and other revenue sources reflected under the Budget and Treasury vote.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC43 Sisonke - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 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
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	1 087	511	142	-	772	772	-	-	-
Vote 2 - Finance	142 435	168 581	233 190	229 105	213 608	213 608	220 696	234 904	247 782
Vote 3 - Corporate Services	600	93	264	-	147	147	-	-	-
Vote 4 - Economic & Community Services	103	13 160	3 074	400	8 471	8 471	-	-	-
Vote 5 - Infrastructure Services	164 825	131 863	179 004	185 521	207 887	207 887	198 853	222 675	232 916
Vote 6 - Water Services	35 844	32 050	36 894	45 398	49 637	49 637	56 748	76 310	85 646
<b>Total Revenue by Vote</b>	<b>344 894</b>	<b>346 258</b>	<b>452 567</b>	<b>460 424</b>	<b>480 521</b>	<b>480 521</b>	<b>476 297</b>	<b>533 889</b>	<b>566 344</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	33 103	45 704	35 894	32 905	12 169	12 169	18 956	19 578	20 847
Vote 2 - Finance	36 168	53 688	47 556	52 189	55 636	55 636	63 431	63 734	61 241
Vote 3 - Corporate Services	48 763	33 962	37 446	31 473	32 416	32 416	39 094	41 596	44 508
Vote 4 - Economic & Community Services	17 783	23 571	60 385	25 536	45 092	45 092	45 047	45 838	48 850
Vote 5 - Infrastructure Services	22 377	69 150	53 204	11 255	60 612	60 612	78 651	10 554	88 482
Vote 6 - Water Services	73 852	86 718	112 820	76 764	100 569	100 569	9 816	83 300	11 182
<b>Total Expenditure by Vote</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>306 494</b>	<b>306 494</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>



**DC43 Sisonke - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 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
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	1 087	511	142	-	772	772	-	-	-
Vote 2 - Finance	142 435	168 581	233 190	229 105	213 608	213 608	220 696	234 904	247 782
Vote 3 - Corporate Services	600	93	264	-	147	147	-	-	-
Vote 4 - Economic & Community Services	103	13 160	3 074	400	21 065	21 065	98 925	58 327	23 199
Vote 5 - Infrastructure Services	164 825	131 863	179 004	185 521	207 887	207 887	198 853	222 675	232 916
Vote 6 - Water Services	35 844	32 050	36 894	45 398	49 637	49 637	56 748	76 310	85 646
<b>Total Revenue by Vote</b>	<b>344 894</b>	<b>346 258</b>	<b>452 567</b>	<b>460 424</b>	<b>493 115</b>	<b>493 115</b>	<b>575 222</b>	<b>592 216</b>	<b>589 543</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	33 103	45 704	35 894	32 905	12 169	12 169	18 956	19 578	20 847
Vote 2 - Finance	36 168	53 688	47 556	52 189	55 636	55 636	63 431	63 734	61 241
Vote 3 - Corporate Services	48 763	33 962	37 446	31 473	32 416	32 416	39 094	41 596	44 508
Vote 4 - Economic & Community Services	17 783	23 571	60 385	25 536	37 924	37 924	94 437	74 922	60 364
Vote 5 - Infrastructure Services	22 377	69 150	53 204	11 255	60 612	60 612	78 651	10 554	88 482
Vote 6 - Water Services	73 852	86 718	112 820	76 764	100 569	100 569	9 816	83 300	11 182
<b>Total Expenditure by Vote</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>299 326</b>	<b>299 326</b>	<b>304 386</b>	<b>293 683</b>	<b>286 624</b>
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>193 790</b>	<b>193 790</b>	<b>270 836</b>	<b>298 533</b>	<b>302 919</b>

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

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

**Table 17 Surplus/ (Deficit) calculations for the trading services**

DC43 Sisonke - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Water</b>									
Total Revenue	35 844	32 050	36 894	45 398	49 637	49 637	56 748	76 310	85 646
Operating Expenditure	73 852	86 718	112 820	76 764	100 569	100 569	9 816	83 300	11 182
<b>Surplus/(Deficit) for the year</b>	<b>(38 009)</b>	<b>(54 668)</b>	<b>(75 926)</b>	<b>(31 366)</b>	<b>(50 932)</b>	<b>(50 932)</b>	<b>46 932</b>	<b>(6 990)</b>	<b>74 464</b>
<b>Percentage Surplus</b>	<b>-106%</b>	<b>-171%</b>	<b>-206%</b>	<b>-69%</b>	<b>-103%</b>	<b>-103%</b>	<b>83%</b>	<b>-9%</b>	<b>87%</b>

2. The municipality currently operates on a deficit in its trading services. This is largely attributable to higher percentage increase in the input cost as compared to the increase in tariffs. The municipality is currently reviewing the costing of the tariff structure with a view to recovering the cost of providing these services and also ensuring financial sustainability.

**Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

DC43 Sisonke - 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
<b>Revenue By Source</b>									
Property rates	78	194	-	-	-	-	-	-	-
Service charges - water revenue	24 219	16 887	25 333	25 762	28 423	28 423	30 697	33 152	35 805
Service charges - sanitation revenue	11 625	14 705	11 237	10 018	11 159	11 159	12 052	13 016	1 041
Rental of facilities and equipment	80	82	48						
Interest earned - external investments	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
Transfers recognised - operational	202 816	165 685	208 257	217 600	217 600	217 600	220 563	242 058	252 948
Other revenue	716	1 595	27 717	19 955	15 229	15 229	500	500	500
Gains on disposal of PPE	1								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>246 174</b>	<b>204 803</b>	<b>274 794</b>	<b>276 679</b>	<b>274 410</b>	<b>274 410</b>	<b>265 811</b>	<b>290 726</b>	<b>292 294</b>
<b>Expenditure By Type</b>									
Employee related costs	47 965	56 108	71 975	81 083	81 083	81 083	90 434	98 831	105 730
Remuneration of councillors	4 041	4 051	4 413	5 541	5 541	5 541	6 181	6 576	7 037
Debt impairment	6 685	6 303	15 508	7 156	11 875	11 875	12 000	11 042	8 711
Depreciation & asset impairment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Finance charges	868	843	3 972	3 042	3 042	3 042	3 500	2 800	2 500
Bulk purchases	7 566	6 998	7 713	7 500	9 240	9 240	7 800	8 221	8 665
Contracted services	28 007	27 717	41 283	32 154	56 849	56 849	36 317	37 923	37 699
Transfers and grants	-	-	-	-	9 569	9 569	12 000	12 672	13 382
Other expenditure	118 264	190 963	151 117	70 647	109 295	109 295	66 763	66 533	70 385
Loss on disposal of PPE			33 465						
<b>Total Expenditure</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>306 494</b>	<b>306 494</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>

**DC43 Sisonke - Table A4 Budgeted Financial Performance (revenue and expenditure)**

DC43 Sisonke - 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
<b>Surplus/(Deficit)</b>	<b>14 127</b>	<b>(107 990)</b>	<b>(72 511)</b>	<b>46 556</b>	<b>(32 084)</b>	<b>(32 084)</b>	<b>10 816</b>	<b>26 127</b>	<b>17 184</b>
Transfers recognised - capital	98 720	141 454	177 773	183 745	206 111	206 111	210 486	243 163	274 050
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>
<b>Surplus/(Deficit) after taxation</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>112 848</b>	<b>33 464</b>	<b>105 263</b>	<b>230 301</b>	<b>174 027</b>	<b>174 027</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>

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



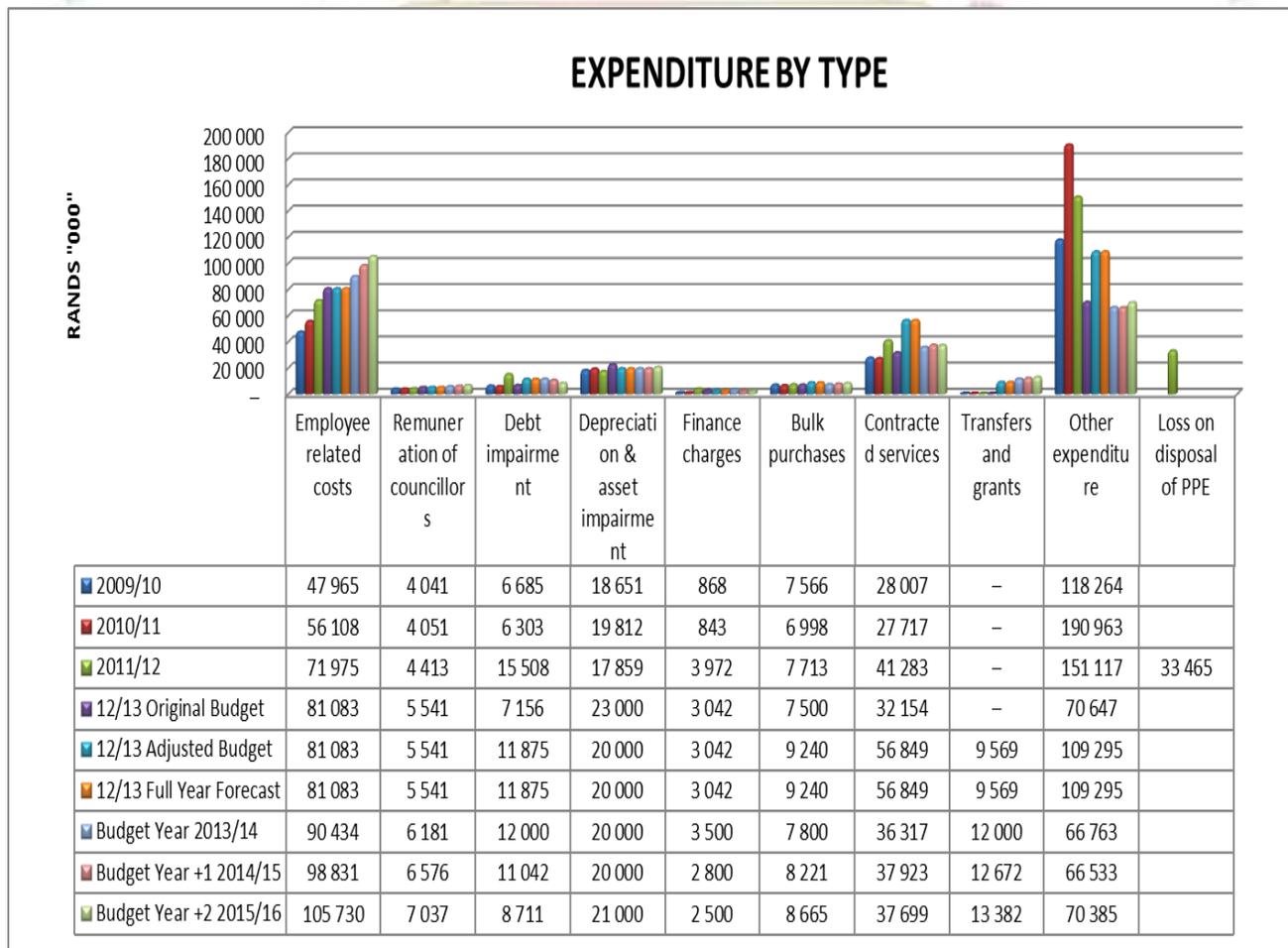
1. Total revenue is R265, 8 million in 2013/14 and escalates to R290,1 million by 2014/15. This represents a year-on-year increase of 4 per cent for the 2013/14 financial year and 9 per cent for the 2014/15 and 1 % in 2015/16 financial year.
2. Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R42,7 million for the 2013/14 financial year and increasing to R46,1 million by 2014/15. For the 2013/14 financial year services charges amount to 16 per cent of the total revenue and also over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF to 10 per cent and 14 per cent for the two outer years.
4. The following graph illustrates the major expenditure items per type.

DC43 Sisonke - Table A4 Consolidated 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
<b>Revenue By Source</b>									
Property rates	78	194	-	-	-	-	-	-	-
Service charges - water revenue	24 219	16 887	25 333	25 762	28 423	28 423	30 697	33 152	35 805
Service charges - sanitation revenue	11 625	14 705	11 237	10 018	11 159	11 159	12 052	13 016	1 041
Rental of facilities and equipment	80	82	48	-	-	-	72	79	86
Interest earned - external investments	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
Transfers recognised - operational	202 816	165 685	208 257	217 600	230 194	230 194	269 953	271 142	264 462
Other revenue	716	1 595	27 717	19 955	15 229	15 229	500	500	500
Gains on disposal of PPE	1								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>246 174</b>	<b>204 803</b>	<b>274 794</b>	<b>276 679</b>	<b>287 004</b>	<b>287 004</b>	<b>315 274</b>	<b>319 890</b>	<b>303 893</b>
<b>Expenditure By Type</b>									
Employee related costs	47 965	56 108	71 975	81 083	82 519	82 519	95 027	103 791	111 087
Remuneration of councillors	4 041	4 051	4 413	5 541	5 541	5 541	6 181	6 576	7 037
Debt impairment	6 685	6 303	15 508	7 156	11 875	11 875	12 000	11 042	8 711
Depreciation & asset impairment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
Finance charges	868	843	3 972	3 042	3 047	3 047	3 509	2 809	2 510
Bulk purchases	7 566	6 998	7 713	7 500	9 240	9 240	7 800	8 221	8 665
Contracted services	28 007	27 717	41 283	32 154	56 899	56 899	36 408	38 021	37 805
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	118 264	190 963	151 117	70 647	110 205	110 205	123 462	103 222	89 808
Loss on disposal of PPE			33 465						
<b>Total Expenditure</b>	<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>299 326</b>	<b>299 326</b>	<b>304 386</b>	<b>293 683</b>	<b>286 624</b>



DC43 Sisonke - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)									
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
Surplus/(Deficit)	14 127	(107 990)	(72 511)	46 556	(12 321)	(12 321)	10 888	26 206	17 269
Transfers recognised - capital	98 720	141 454	177 773	183 745	206 111	206 111	210 486	243 163	274 050
Surplus/(Deficit) after capital transfers & contributions	112 848	33 464	105 263	230 301	193 790	193 790	221 374	269 369	291 319
Surplus/(Deficit) after taxation	112 848	33 464	105 263	230 301	193 790	193 790	221 374	269 369	291 319
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	112 848	33 464	105 263	230 301	193 790	193 790	221 374	269 369	291 319
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	112 848	33 464	105 263	230 301	193 790	193 790	221 374	269 369	291 319

Figure 3 Expenditure by major type





5. Bulk purchases have significantly increased over the 2009/10 to 2014/15 period escalating from R7.5 Million to R8.6 Million. These increases can be attributed to the substantial increase in the cost of water from Umngeni Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

DC43 Sisonke - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure, to be appropriated</b>									
Vote 1 - Executive & Council	-	-	200	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	281	281	130	2 000	-
Vote 3 - Corporate Services	4 082	9 563	1 753	1 100	930	930	3 256	910	974
Vote 4 - Economic & Community Services	6 871	15 777	-	-	-	-	-	-	-
Vote 5 - Infrastructure Services	116 738	125 176	155 061	208 275	185 321	185 321	223 248	249 163	284 050
Vote 6 - Water Services	998	1 487	-	-	-	-	600	632	667
<b>Capital multi-year expenditure sub-total</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Total Capital Expenditure - Vote</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>4 082</b>	<b>9 563</b>	<b>1 952</b>	<b>1 100</b>	<b>1 211</b>	<b>1 211</b>	<b>3 386</b>	<b>2 910</b>	<b>974</b>
Executive and council	-	-	200	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	281	281	130	2 000	-
Corporate services	4 082	9 563	1 753	1 100	930	930	3 256	910	974
<b>Economic and environmental services</b>	<b>6 871</b>	<b>15 777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	6 871	15 777	-	-	-	-	-	-	-
<b>Trading services</b>	<b>117 736</b>	<b>126 663</b>	<b>155 061</b>	<b>208 275</b>	<b>185 321</b>	<b>185 321</b>	<b>223 848</b>	<b>249 795</b>	<b>284 717</b>
Water	998	1 487	-	-	-	-	600	632	667
Waste water management	116 738	125 176	155 061	208 275	185 321	185 321	223 248	249 163	284 050
<b>Total Capital Expenditure - Standard</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Funded by:</b>									
National Government	83 145	100 655	136 500	192 736	144 386	144 386	210 486	243 163	274 050
Provincial Government	35 000	34 757	20 514	16 638	22 585	22 585	-	-	-
<b>Transfers recognised - capital</b>	<b>118 145</b>	<b>135 412</b>	<b>157 014</b>	<b>209 375</b>	<b>166 971</b>	<b>166 971</b>	<b>210 486</b>	<b>243 163</b>	<b>274 050</b>
<b>Borrowing</b>	<b>-</b>	<b>16 591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>10 544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 561</b>	<b>19 561</b>	<b>16 748</b>	<b>9 543</b>	<b>11 641</b>
<b>Total Capital Funding</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>



DC43 Sisonke - Consolidated Table A5 Budgeted Capital Expenditure by vote, standard classification and funding									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure, to be appropriated</b>									
Vote 1 - Executive & Council	-	-	200	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	281	281	130	2 000	-
Vote 3 - Corporate Services	4 082	9 563	1 753	1 100	930	930	3 256	910	974
Vote 4 - Economic & Community Services	6 871	15 777	-	-	3 000	3 000	-	-	-
Vote 5 - Infrastructure Services	116 738	125 176	155 061	208 275	185 321	185 321	223 248	249 163	284 050
Vote 6 - Water Services	998	1 487	-	-	-	-	600	632	667
<b>Capital multi-year expenditure sub-total</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>189 532</b>	<b>189 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Total Capital Expenditure - Vote</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>189 532</b>	<b>189 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>4 082</b>	<b>9 563</b>	<b>1 952</b>	<b>1 100</b>	<b>4 211</b>	<b>4 211</b>	<b>3 386</b>	<b>2 910</b>	<b>974</b>
Executive and council	-	-	200	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	281	281	130	2 000	-
Corporate services	4 082	9 563	1 753	1 100	930	930	3 256	910	974
<b>Economic and environmental services</b>	<b>6 871</b>	<b>15 777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	6 871	15 777	-	-	3 000	3 000	-	-	-
<b>Trading services</b>	<b>117 736</b>	<b>126 663</b>	<b>155 061</b>	<b>208 275</b>	<b>185 321</b>	<b>185 321</b>	<b>223 848</b>	<b>249 795</b>	<b>284 717</b>
Water	998	1 487	-	-	-	-	600	632	667
Waste water management	116 738	125 176	155 061	208 275	185 321	185 321	223 248	249 163	284 050
<b>Total Capital Expenditure - Standard</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>189 532</b>	<b>189 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Funded by:</b>									
National Government	83 145	100 655	136 500	192 736	147 386	147 386	210 486	243 163	274 050
Provincial Government	35 000	34 757	20 514	16 638	22 585	22 585	-	-	-
<b>Transfers recognised - capital</b>	<b>118 145</b>	<b>135 412</b>	<b>157 014</b>	<b>209 375</b>	<b>169 971</b>	<b>169 971</b>	<b>210 486</b>	<b>243 163</b>	<b>274 050</b>
<b>Borrowing</b>	<b>-</b>	<b>16 591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>10 544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 561</b>	<b>19 561</b>	<b>16 748</b>	<b>9 543</b>	<b>11 641</b>
<b>Total Capital Funding</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>189 532</b>	<b>189 532</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>

### 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 (multi-year appropriation); 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 MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R225 million has been allocated of the total R226 million infrastructural budget, which totals 99 per cent. This capital budget allocation escalates to R249 million in 2013/14 and then flattens out to R284 million in 2014/15 owing primarily to the fact that various projects reach completion in 2013/14 hence the spike in expenditure in year two.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and



equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital programme is funded mainly from national and provincial grants and subsidies. For 2013/14, capital transfers totals R210 million and escalates to R252 million by 2015/16. No borrowing applications are expected to result in the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 20 MBRR Table A6 - Budgeted Financial Position**

DC43 Sisonke - Table A6 Budgeted Financial Position									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	4 597	346	3 539	24 236	11 066	11 066	54 303	97 086	130 927
Call investment deposits	109 832	6 712	-	10 000	-	-	-	-	-
Consumer debtors	2 512	-	-	10 242	5 523	5 523	2 505	3 771	5 805
Other debtors	6 510	34 543	9 950	8 350	-	-	6 510	7 374	7 244
Inventory	50	54	116				-	-	-
<b>Total current assets</b>	<b>123 501</b>	<b>41 655</b>	<b>13 605</b>	<b>52 828</b>	<b>16 590</b>	<b>16 590</b>	<b>63 318</b>	<b>108 231</b>	<b>143 975</b>
<b>Non current assets</b>									
Property, plant and equipment	936 612	864 148	977 662	1 319 593	1 299 750	1 299 750	1 516 798	1 765 714	2 059 601
Intangible	864	734	495	-	-	-	545	549	611
<b>Total non current assets</b>	<b>937 476</b>	<b>864 881</b>	<b>978 157</b>	<b>1 319 593</b>	<b>1 299 750</b>	<b>1 299 750</b>	<b>1 517 343</b>	<b>1 766 264</b>	<b>2 060 211</b>
<b>TOTAL ASSETS</b>	<b>1 060 977</b>	<b>906 537</b>	<b>991 762</b>	<b>1 372 420</b>	<b>1 316 339</b>	<b>1 316 339</b>	<b>1 580 661</b>	<b>1 874 495</b>	<b>2 204 186</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Borrowing	-	4 191	4 911	3 774	3 774	3 774	3 174	2 574	2 374
Consumer deposits	723	787	881	857	1 000	1 000	1 012	1 014	1 017
Trade and other payables	105 452	98 071	77 661	20 555	45 059	45 059	30 555	28 555	27 555
Provisions	4 231	4 978	5 878	4 997	4 997	4 997	-	-	-
<b>Total current liabilities</b>	<b>110 407</b>	<b>108 028</b>	<b>89 331</b>	<b>30 183</b>	<b>54 830</b>	<b>54 830</b>	<b>34 740</b>	<b>32 142</b>	<b>30 945</b>
<b>Non current liabilities</b>									
Borrowing	7 933	37 140	32 122	25 878	25 878	25 878	25 384	22 810	20 636
Provisions	4 259	5 541	7 427	6 095	6 095	6 095	7 717	7 717	7 717
<b>Total non current liabilities</b>	<b>12 192</b>	<b>42 681</b>	<b>39 549</b>	<b>31 973</b>	<b>31 973</b>	<b>31 973</b>	<b>33 101</b>	<b>30 527</b>	<b>28 353</b>
<b>TOTAL LIABILITIES</b>	<b>122 598</b>	<b>150 709</b>	<b>128 880</b>	<b>62 156</b>	<b>86 803</b>	<b>86 803</b>	<b>67 841</b>	<b>62 670</b>	<b>59 299</b>
<b>NET ASSETS</b>	<b>938 379</b>	<b>755 828</b>	<b>862 882</b>	<b>1 310 265</b>	<b>1 229 536</b>	<b>1 229 536</b>	<b>1 512 820</b>	<b>1 811 825</b>	<b>2 144 888</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	938 379	755 828	862 882	1 310 265	1 229 536	1 229 536	1 512 820	1 811 825	2 144 888
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>938 379</b>	<b>755 828</b>	<b>862 882</b>	<b>1 310 265</b>	<b>1 229 536</b>	<b>1 229 536</b>	<b>1 512 820</b>	<b>1 811 825</b>	<b>2 144 888</b>



## DC43 Sisonke - Table A6 Consolidated Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	4 597	346	3 539	24 236	33 829	33 829	77 137	120 000	153 926
Call investment deposits	109 832	6 712	-	10 000	-	-	-	-	-
Consumer debtors	2 512	-	-	10 242	5 523	5 523	2 505	3 771	5 805
Other debtors	6 510	34 543	9 950	8 350	-	-	6 510	7 374	7 244
Inventory	50	54	116				-	-	-
<b>Total current assets</b>	<b>123 501</b>	<b>41 655</b>	<b>13 605</b>	<b>52 828</b>	<b>39 352</b>	<b>39 352</b>	<b>86 152</b>	<b>131 145</b>	<b>166 975</b>
<b>Non current assets</b>									
Property, plant and equipment	936 612	864 148	977 662	1 319 593	1 299 750	1 299 750	1 516 798	1 765 714	2 059 601
Intangible	864	734	495	-	-	-	545	549	611
<b>Total non current assets</b>	<b>937 476</b>	<b>864 881</b>	<b>978 157</b>	<b>1 319 593</b>	<b>1 299 750</b>	<b>1 299 750</b>	<b>1 517 343</b>	<b>1 766 264</b>	<b>2 060 211</b>
<b>TOTAL ASSETS</b>	<b>1 060 977</b>	<b>906 537</b>	<b>991 762</b>	<b>1 372 420</b>	<b>1 339 102</b>	<b>1 339 102</b>	<b>1 603 495</b>	<b>1 897 409</b>	<b>2 227 186</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Borrowing	-	4 191	4 911	3 774	3 774	3 774	3 174	2 574	2 374
Consumer deposits	723	787	881	857	1 000	1 000	1 012	1 014	1 017
Trade and other payables	105 452	98 071	77 661	20 555	45 059	45 059	30 555	28 555	27 555
Provisions	4 231	4 978	5 878	4 997	4 997	4 997	-	-	-
<b>Total current liabilities</b>	<b>110 407</b>	<b>108 028</b>	<b>89 331</b>	<b>30 183</b>	<b>54 830</b>	<b>54 830</b>	<b>34 740</b>	<b>32 142</b>	<b>30 945</b>
<b>Non current liabilities</b>									
Borrowing	15 865	74 280	64 244	51 755	51 755	51 755	50 767	45 620	41 273
Provisions	8 518	11 082	14 854	12 191	12 191	12 191	15 434	15 434	15 434
<b>Total non current liabilities</b>	<b>24 383</b>	<b>85 363</b>	<b>79 098</b>	<b>63 946</b>	<b>63 946</b>	<b>63 946</b>	<b>66 201</b>	<b>61 054</b>	<b>56 707</b>
<b>TOTAL LIABILITIES</b>	<b>134 790</b>	<b>193 390</b>	<b>168 429</b>	<b>94 128</b>	<b>118 776</b>	<b>118 776</b>	<b>100 941</b>	<b>93 197</b>	<b>87 652</b>
<b>NET ASSETS</b>	<b>926 188</b>	<b>713 147</b>	<b>823 333</b>	<b>1 278 292</b>	<b>1 220 326</b>	<b>1 220 326</b>	<b>1 502 554</b>	<b>1 804 212</b>	<b>2 139 534</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	938 379	755 828	862 882	1 310 265	1 252 299	1 252 299	1 535 655	1 834 739	2 167 887
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>938 379</b>	<b>755 828</b>	<b>862 882</b>	<b>1 310 265</b>	<b>1 252 299</b>	<b>1 252 299</b>	<b>1 535 655</b>	<b>1 834 739</b>	<b>2 167 887</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 63 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:



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



**Table 21 MBRR Table A7 - Budgeted Cash Flow Statement**

DC43 Sisonke - Table A7 Budgeted Cash Flows									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	22 500	22 864	30 518	48 579	33 686	33 686	30 424	32 818	26 292
Government - operating	165 175	166 200	186 786	217 600	217 600	217 600	220 563	242 058	252 948
Government - capital	117 072	120 498	184 132	183 745	206 111	206 111	210 486	243 163	274 050
Interest	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
<b>Payments</b>									
Suppliers and employees	(125 361)	(215 771)	(279 994)	(202 531)	(206 283)	(206 283)	(194 417)	(206 357)	(216 897)
Finance charges	(868)	(843)	(3 972)	(3 042)	(3 042)	(3 042)	(3 500)	(2 800)	(2 500)
Transfers and Grants			-				(12 000)	(12 672)	(13 382)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>185 157</b>	<b>98 602</b>	<b>119 672</b>	<b>247 695</b>	<b>250 072</b>	<b>250 072</b>	<b>253 556</b>	<b>298 210</b>	<b>322 512</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	1	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	7 154	103 120	6 712	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(212 425)	(207 409)	(149 132)	(214 375)	(236 741)	(236 741)	(226 772)	(252 706)	(285 691)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(205 270)</b>	<b>(104 289)</b>	<b>(142 420)</b>	<b>(214 375)</b>	<b>(236 741)</b>	<b>(236 741)</b>	<b>(226 772)</b>	<b>(252 706)</b>	<b>(285 691)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	3 318	-	-	-	-	-	-	-
Borrowing long term/refinancing	4 173	113	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	30 449	9	9	9	12	14	17
<b>Payments</b>									
Repayment of borrowing	(879)	(1 996)	(4 507)	(3 774)	(3 774)	(3 774)	(2 494)	(2 735)	(2 997)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>3 294</b>	<b>1 435</b>	<b>25 942</b>	<b>(3 765)</b>	<b>(3 765)</b>	<b>(3 765)</b>	<b>(2 482)</b>	<b>(2 721)</b>	<b>(2 980)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 819)</b>	<b>(4 251)</b>	<b>3 193</b>	<b>29 555</b>	<b>9 566</b>	<b>9 566</b>	<b>24 303</b>	<b>42 783</b>	<b>33 841</b>
Cash/cash equivalents at the year begin:	21 416	4 597	346	1 500	1 500	1 500	30 000	54 303	97 086
Cash/cash equivalents at the year end:	4 597	346	3 540	31 055	11 066	11 066	54 303	97 086	130 927



DC43 Sisonke - Table A7 Consolidated Budgeted Cash Flows

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	22 500	22 864	30 518	48 579	33 686	33 686	30 496	32 897	26 378
Government - operating	165 175	166 200	186 786	217 600	230 194	230 194	269 953	271 142	264 462
Government - capital	117 072	120 498	184 132	183 745	206 111	206 111	210 486	243 163	274 050
Interest	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
<b>Payments</b>									
Suppliers and employees	(125 361)	(215 771)	(279 994)	(202 531)	(208 678)	(208 678)	(255 799)	(248 104)	(241 782)
Finance charges	(868)	(843)	(3 972)	(3 042)	(3 047)	(3 047)	(3 509)	(2 809)	(2 510)
Transfers and Grants			-				(12 000)	(12 672)	(13 382)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>185 157</b>	<b>98 602</b>	<b>119 672</b>	<b>247 695</b>	<b>260 266</b>	<b>260 266</b>	<b>241 628</b>	<b>285 617</b>	<b>309 215</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	1	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	7 154	103 120	6 712	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(212 425)	(207 409)	(149 132)	(214 375)	(233 741)	(233 741)	(226 772)	(252 706)	(285 691)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(205 270)</b>	<b>(104 289)</b>	<b>(142 420)</b>	<b>(214 375)</b>	<b>(233 741)</b>	<b>(233 741)</b>	<b>(226 772)</b>	<b>(252 706)</b>	<b>(285 691)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	3 318	-	-	-	-	-	-	-
Borrowing long term/refinancing	4 173	113	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	30 449	9	9	9	12	14	17
<b>Payments</b>									
Repayment of borrowing	(879)	(1 996)	(4 507)	(3 774)	(3 774)	(3 774)	(2 494)	(2 735)	(2 997)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>3 294</b>	<b>1 435</b>	<b>25 942</b>	<b>(3 765)</b>	<b>(3 765)</b>	<b>(3 765)</b>	<b>(2 482)</b>	<b>(2 721)</b>	<b>(2 980)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 819)</b>	<b>(4 251)</b>	<b>3 193</b>	<b>29 555</b>	<b>22 761</b>	<b>22 761</b>	<b>12 375</b>	<b>30 190</b>	<b>20 545</b>
Cash/cash equivalents at the year begin:	21 416	4 597	346	1 500	1 500	1 500	30 000	42 375	72 565
Cash/cash equivalents at the year end:	4 597	346	3 540	31 055	24 261	24 261	42 375	72 565	93 110

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of Sisonke fell significantly over the 2009/10 to 2010/11 period owing directly to a net decrease in cash for the 2009/10 financial year.
4. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalisation of spending priorities.
5. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R27 million as at the end of the 2013/14 financial year and escalates to R69 million by 2014/15.

**Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

DC43 Sisonke - Table A8 Cash backed reserves/accumulated surplus reconciliation									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	4 597	346	3 540	31 055	11 066	11 066	54 303	97 086	130 927
Other current investments > 90 days	109 832	6 712	(0)	3 180	(0)	(0)	-	-	-
<b>Cash and investments available:</b>	<b>114 429</b>	<b>7 058</b>	<b>3 539</b>	<b>34 236</b>	<b>11 066</b>	<b>11 066</b>	<b>54 303</b>	<b>97 086</b>	<b>130 927</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	68 081	47 640	32 528	-	24 504	24 504	10 000	8 000	7 000
Statutory requirements	-	-	-	-	-	-	346	346	346
Other working capital requirements	31 842	26 831	40 414	4 350	17 160	17 160	14 213	12 717	11 368
Other provisions	4 231	4 978	5 878	4 997	4 997	4 997	687	723	762
<b>Total Application of cash and investments:</b>	<b>104 154</b>	<b>79 449</b>	<b>78 819</b>	<b>9 347</b>	<b>46 662</b>	<b>46 662</b>	<b>25 246</b>	<b>21 786</b>	<b>19 476</b>
<b>Surplus(shortfall)</b>	<b>10 275</b>	<b>(72 391)</b>	<b>(75 280)</b>	<b>24 888</b>	<b>(35 595)</b>	<b>(35 595)</b>	<b>29 056</b>	<b>75 300</b>	<b>111 451</b>

DC43 Sisonke - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	4 597	346	3 540	31 055	33 829	33 829	77 137	120 000	153 926
Other current investments > 90 days	109 832	6 712	(0)	3 180	(0)	(0)	-	-	-
<b>Cash and investments available:</b>	<b>114 429</b>	<b>7 058</b>	<b>3 539</b>	<b>34 236</b>	<b>33 829</b>	<b>33 829</b>	<b>77 137</b>	<b>120 000</b>	<b>153 926</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	68 081	47 640	32 528	-	24 504	24 504	10 000	8 000	7 000
Statutory requirements	-	-	-	-	-	-	346	346	346
Other working capital requirements	31 842	26 831	40 414	4 350	17 160	17 160	14 213	12 717	11 368
Other provisions	4 231	4 978	5 878	4 997	4 997	4 997	687	723	762
<b>Total Application of cash and investments:</b>	<b>104 154</b>	<b>79 449</b>	<b>78 819</b>	<b>9 347</b>	<b>46 662</b>	<b>46 662</b>	<b>25 246</b>	<b>21 786</b>	<b>19 476</b>
<b>Surplus(shortfall)</b>	<b>10 275</b>	<b>(72 391)</b>	<b>(75 280)</b>	<b>24 888</b>	<b>(12 833)</b>	<b>(12 833)</b>	<b>51 891</b>	<b>98 214</b>	<b>134 450</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.



5. From the table it can be seen that for the period 2013/14 to 2015/16 the surplus escalates from R51 million to R43 million
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 Draft Budget MTREF was not funded owing to the significant deficit.
7. 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 aligned to section 18 of the MFMA.
8. According to this schedule, The 2013/14 draft budget is not funded.

**Table 23 MBRR Table A9 - Asset Management**

DC43 Sisonke - Table A9 Consolidated Asset Management									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	82 177	135 278	133 554	195 665	180 205	180 205	224 587	247 706	275 691
Infrastructure - Electricity	-	-	-	5 000	-	-	580	-	-
Infrastructure - Water	63 445	108 393	111 892	133 885	143 152	143 152	166 970	177 907	212 961
Infrastructure - Sanitation	-	-	16 109	48 289	17 975	17 975	50 012	57 000	44 875
Infrastructure - Other	473	58	-	1 400	-	-	200	211	222
Infrastructure	63 918	108 451	128 001	188 574	161 126	161 126	217 762	235 118	258 058
Community	1 462	15 777	3 600	-	4 346	4 346	2 000	3 256	6 214
Other assets	16 797	11 051	1 952	7 091	14 452	14 452	4 252	6 865	10 926
Intangibles	-	-	-	-	281	281	572	2 467	492
<b>Total Renewal of Existing Assets</b>	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
Infrastructure - Water	46 513	16 725	16 283	10 187	3 127	3 127	916	5 000	10 000
Infrastructure - Sanitation	-	-	7 177	3 522	3 200	3 200	1 269	-	-
Infrastructure	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
<b>Total Capital Expenditure</b>									
Infrastructure - Electricity	-	-	-	5 000	-	-	580	-	-
Infrastructure - Water	109 958	125 118	128 175	144 072	146 279	146 279	167 886	182 907	222 961
Infrastructure - Sanitation	-	-	23 286	51 812	21 175	21 175	51 281	57 000	44 875
Infrastructure - Other	473	58	-	1 400	-	-	200	211	222
Infrastructure	110 431	125 176	151 461	202 283	167 453	167 453	219 947	240 118	268 058
Community	1 462	15 777	3 600	-	4 346	4 346	2 000	3 256	6 214
Other assets	16 797	11 051	1 952	7 091	14 452	14 452	4 252	6 865	10 926
Intangibles	-	-	-	-	281	281	572	2 467	492
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>226 772</b>	<b>252 706</b>	<b>285 691</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Other assets	785 573	864 148	977 662	1 319 593	1 299 750	1 299 750	1 516 798	1 765 714	2 059 601
Intangibles	864	734	495	-	-	-	545	549	611
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>786 437</b>	<b>864 881</b>	<b>978 157</b>	<b>1 319 593</b>	<b>1 299 750</b>	<b>1 299 750</b>	<b>1 517 343</b>	<b>1 766 264</b>	<b>2 060 211</b>



DC43 Sisonke - Table A9 Consolidated Asset Management

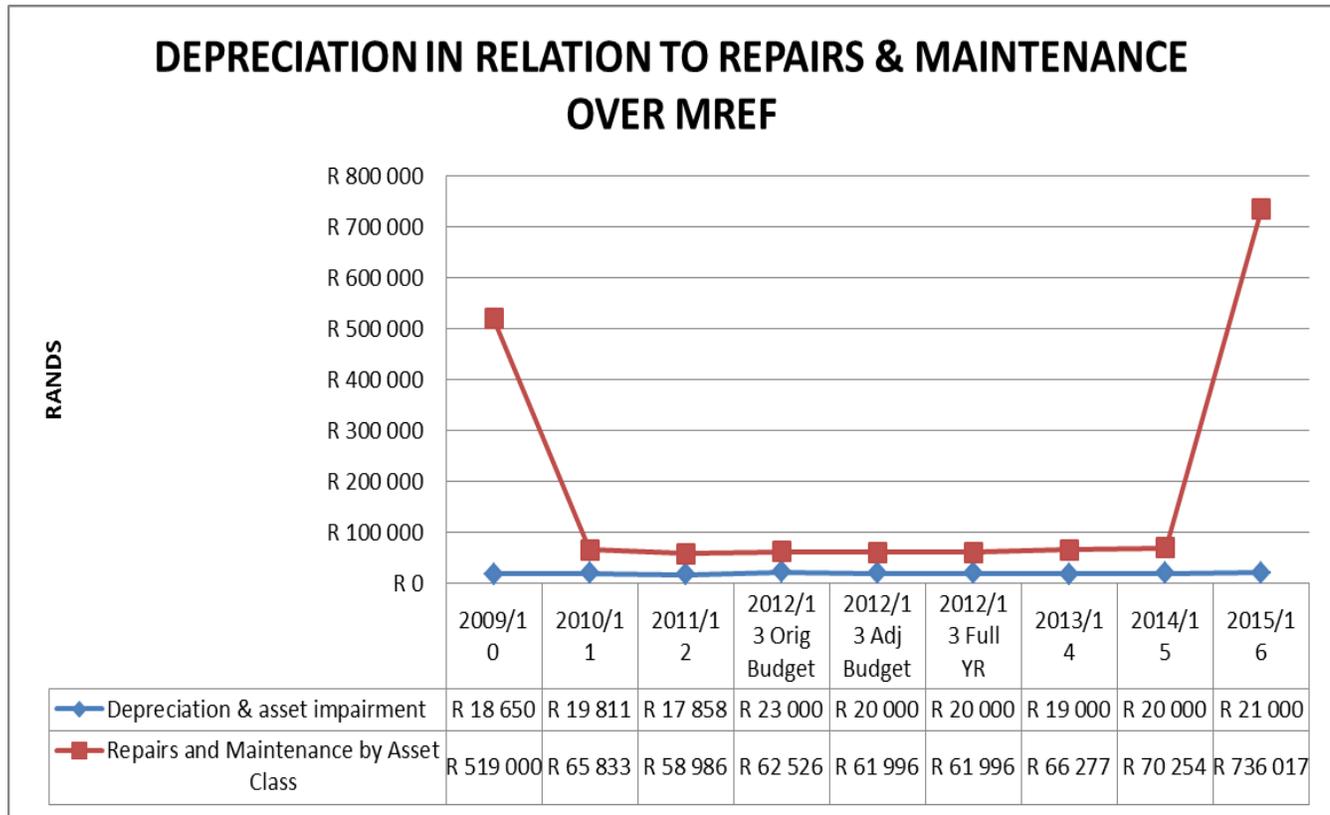
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	82 177	135 278	133 554	195 665	180 205	180 205	224 587	247 706	275 691
Infrastructure - Electricity	-	-	-	5 000	-	-	580	-	-
Infrastructure - Water	63 445	108 393	111 892	133 885	143 152	143 152	166 970	177 907	212 961
Infrastructure - Sanitation	-	-	16 109	48 289	17 975	17 975	50 012	57 000	44 875
Infrastructure - Other	473	58	-	1 400	-	-	200	211	222
Infrastructure	63 918	108 451	128 001	188 574	161 126	161 126	217 762	235 118	258 058
Community	1 462	15 777	3 600	-	4 346	4 346	2 000	3 256	6 214
Other assets	16 797	11 051	1 952	7 091	14 452	14 452	4 252	6 865	10 926
Intangibles	-	-	-	-	281	281	572	2 467	492
<b>Total Renewal of Existing Assets</b>	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
Infrastructure - Water	46 513	16 725	16 283	10 187	3 127	3 127	916	5 000	10 000
Infrastructure - Sanitation	-	-	7 177	3 522	3 200	3 200	1 269	-	-
Infrastructure	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
<b>Total Capital Expenditure</b>									
Infrastructure - Electricity	-	-	-	5 000	-	-	580	-	-
Infrastructure - Water	109 958	125 118	128 175	144 072	146 279	146 279	167 886	182 907	222 961
Infrastructure - Sanitation	-	-	23 286	51 812	21 175	21 175	51 281	57 000	44 875
Infrastructure - Other	473	58	-	1 400	-	-	200	211	222
Infrastructure	110 431	125 176	151 461	202 283	167 453	167 453	219 947	240 118	268 058
Community	1 462	15 777	3 600	-	4 346	4 346	2 000	3 256	6 214
Other assets	16 797	11 051	1 952	7 091	14 452	14 452	4 252	6 865	10 926
Intangibles	-	-	-	-	281	281	572	2 467	492
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	128 689	152 003	157 014	209 375	186 532	186 532	226 772	252 706	285 691
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Other assets	936 612	864 148	977 662	1 319 593	1 299 750	1 299 750	1 516 798	1 765 714	2 059 601
Intangibles	864	734	495	-	-	-	545	549	611
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	937 476	864 881	978 157	1 319 593	1 299 750	1 299 750	1 517 343	1 766 264	2 060 211

### Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Due to the extremely high infrastructure backlogs that exists in our district a huge allocation of the conditional funding arising from prior years multi- year capital budget appropriations has been committed towards new water and sanitation infrastructure. However the revised infrastructure plan will see a shift of more funds being allocated towards the refurbishment of assets as advised by National Treasury.
- The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the district strategy to address the maintenance backlog.



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





**Table 24 MBRR Table A10 - Basic Service Delivery Measurement**

DC43 Sisonke - Table A10 Consolidated basic service delivery measurement									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	35 431	38 431	42 517	40 927	40 927	40 927	41 595	41 985	42 376
Piped water inside yard (but not in dwelling)	16 226	17 226	19 471	18 743	18 743	18 743	19 048	19 227	19 406
Using public tap (at least min.service level)	19 308	21 308	23 170	22 304	22 304	22 304	22 667	22 880	23 093
<i>Minimum Service Level and Above sub-total</i>	70 965	76 965	85 158	81 974	81 974	81 974	83 311	84 093	84 875
No water supply	32 817	33 817	32 127	30 926	30 926	30 926	31 430	31 725	32 020
<i>Below Minimum Service Level sub-total</i>	32 817	33 817	32 127	30 926	30 926	30 926	31 430	31 725	32 020
<b>Total number of households</b>	<b>103 782</b>	<b>110 782</b>	<b>117 284</b>	<b>112 900</b>	<b>112 900</b>	<b>112 900</b>	<b>114 741</b>	<b>115 818</b>	<b>116 895</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	50 628	54 628	60 753	63 791	63 791	63 791	66 981	70 330	73 679
Flush toilet (with septic tank)	10 526	11 526	12 631	13 262	13 262	13 262	13 926	14 622	15 318
Pit toilet (ventilated)	42 502	44 502	51 003	53 553	53 553	53 553	56 231	59 042	61 854
<i>Minimum Service Level and Above sub-total</i>	103 656	110 656	124 387	130 606	130 606	130 606	137 137	143 993	150 850
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>103 656</b>	<b>110 656</b>	<b>124 387</b>	<b>130 606</b>	<b>130 606</b>	<b>130 606</b>	<b>137 137</b>	<b>143 993</b>	<b>150 850</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	8 380	8 580	9 796	11 013	11 013	11 013	12 229	13 446	14 662
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	3 186	3 186	3 689	4 192	4 192	4 192	4 695	5 198	5 701
Sanitation (free sanitation service)	2 794		3 235	3 676	3 676	3 676	4 117	4 558	5 000
<b>Total cost of FBS provided (minimum social p</b>	<b>5 980</b>	<b>3 186</b>	<b>6 924</b>	<b>7 868</b>	<b>7 868</b>	<b>7 868</b>	<b>8 812</b>	<b>9 756</b>	<b>10 700</b>
<b>Highest level of free service provided</b>									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
<b>Revenue cost of free services provided (R'000)</b>									
Water	49 049	51 992	55 111	58 231	58 231	58 231	61 350	64 470	67 589
Sanitation	13 086	13 871	14 703	15 535	15 535	15 535	16 367	17 200	18 032
<b>Total revenue cost of free services provided (total social package)</b>	<b>62 134</b>	<b>65 863</b>	<b>69 814</b>	<b>73 766</b>	<b>73 766</b>	<b>73 766</b>	<b>77 718</b>	<b>81 670</b>	<b>85 621</b>



DC43 Sisonke - Table A10 Basic service delivery measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	35 431	38 431	42 517	40 927	40 927	40 927	41 595	41 985	42 376
Piped water inside yard (but not in dwelling)	16 226	17 226	19 471	18 743	18 743	18 743	19 048	19 227	19 406
Using public tap (at least min.service level)	19 308	21 308	23 170	22 304	22 304	22 304	22 667	22 880	23 093
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	70 965	76 965	85 158	81 974	81 974	81 974	83 311	84 093	84 875
No water supply	32 817	33 817	32 127	30 926	30 926	30 926	31 430	31 725	32 020
<i>Below Minimum Service Level sub-total</i>	32 817	33 817	32 127	30 926	30 926	30 926	31 430	31 725	32 020
<b>Total number of households</b>	<b>103 782</b>	<b>110 782</b>	<b>117 284</b>	<b>112 900</b>	<b>112 900</b>	<b>112 900</b>	<b>114 741</b>	<b>115 818</b>	<b>116 895</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	50 628	54 628	60 753	63 791	63 791	63 791	66 981	70 330	73 679
Flush toilet (with septic tank)	10 526	11 526	12 631	13 262	13 262	13 262	13 926	14 622	15 318
Pit toilet (ventilated)	42 502	44 502	51 003	53 553	53 553	53 553	56 231	59 042	61 854
<i>Minimum Service Level and Above sub-total</i>	103 656	110 656	124 387	130 606	130 606	130 606	137 137	143 993	150 850
<b>Total number of households</b>	<b>103 656</b>	<b>110 656</b>	<b>124 387</b>	<b>130 606</b>	<b>130 606</b>	<b>130 606</b>	<b>137 137</b>	<b>143 993</b>	<b>150 850</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	8 380	8 580	9 796	11 013	11 013	11 013	12 229	13 446	14 662
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	3 186	3 186	3 689	4 192	4 192	4 192	4 695	5 198	5 701
Sanitation (free sanitation service)	2 794	2 794	3 235	3 676	3 676	3 676	4 117	4 558	5 000
<b>Total cost of FBS provided (minimum social package)</b>	<b>5 980</b>	<b>5 980</b>	<b>6 924</b>	<b>7 868</b>	<b>7 868</b>	<b>7 868</b>	<b>8 812</b>	<b>9 756</b>	<b>10 700</b>
<b>Highest level of free service provided</b>									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Water	49 049	51 992	55 111	58 231	58 231	58 231	61 350	64 470	67 589
Sanitation	13 086	13 871	14 703	15 535	15 535	15 535	16 367	17 200	18 032
<b>Total revenue cost of free services provided (total social package)</b>	<b>62 134</b>	<b>65 863</b>	<b>69 814</b>	<b>73 766</b>	<b>73 766</b>	<b>73 766</b>	<b>77 718</b>	<b>81 670</b>	<b>85 621</b>

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

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The district continues to make good progress with the eradication of backlogs:
  - a. Water services – The table shows an increase in the number of household accessing water in the MTREF. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.
  - b. Sanitation services – backlog will be reduced greatly in the MTREF.
3. The budget provides for 9796 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services.
4. It is anticipated that these Free Basic Services will cost the municipality R7.5 million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.



## Part 2 – Supporting Documentation

### 1.6 Overview of the annual budget process

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

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

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

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

#### 1.6.1 Budget Process Overview

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

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2010. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- **28 January 2013** - Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- **February 2013** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **25 MARCH 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;



- **April 2013** – Public consultation;
- **6 May 2013** - Closing date for written comments;
- **6 to 21 May 2013** – finalisation of the 2013/14 IDP and 2013/14 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **25 May 2012** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

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

### **1.6.2 IDP and Service Delivery and Budget Implementation Plan**

This is the second review of the IDP as adopted by Council in May 2011. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

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

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

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved draft 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **1.6.3 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- District growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, household debt, migration patterns)



- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

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

#### 1.6.4 Community Consultation

The draft 2013/14 MTREF as tabled before Council on 27 MARCH 2013 for community consultation was published on the municipality's website, and hard copies were made available at satellite offices, municipal notice boards and various libraries. In addition E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Sisonke district municipality's website, and the district call centre was engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees were utilised to facilitate the community consultation process from 02 to 27 April 2013, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and local municipalities a notice board on average attendance of 350 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and izimbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2013/14 draft MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The district is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially poor condition of water (drinking water) and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;



- The affordability of tariff increases was raised on numerous occasions. This concern was also raised by organised business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

## 1.7 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

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



- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 25 IDP Strategic Objectives**

2013/14 Financial Year	2014/15 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Sisonke district principles through a caring, accessible and accountable service	4. Foster participatory democracy and Sisonke district principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the district to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide water;
  - Provide sanitation;
  - Provide housing;
  - Provide district planning services; and
  - Maintaining the infrastructure of the district.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the district;



- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

### 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

### 3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

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

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

### 5.1 Promote sound governance through:

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

### 5.2 Ensure financial sustainability through:

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

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory



settlements. It provides direction to the district IDP, associated sectoral plans and strategies, and the allocation of resources of the district and other service delivery partners.

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

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

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

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

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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



**DC43 Sisonke - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Good Governance	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	1 704	1 711	2 236	-	-	-	-	-	-
Financial Viability and Sustainability	Ensuring that the residents have access to an environment that is not harmful to their health and well being.	137 539	138 083	180 477	229 105	239 105	239 105	220 696	247 382	262 420
Muni Trans & Instit Dev	Infrastructure Services	-	-	-	0	0	0	-	-	-
Muni Trans & Instit Dev	Meet Basic Service & address Backlogs	620	623	814	-	-	-	-	-	-
Socio Economic Development		1 615	1 622	2 120	400	417	417	-	-	-
Infrastructure & Services		170 522	171 197	223 758	185 521	193 619	193 619	198 853	222 897	236 447
Water Services		32 893	33 023	43 162	45 398	47 380	47 380	56 748	63 610	67 477
<b>Allocations to other priorities</b>										
<b>Total Revenue (excluding capital transfers and contributi</b>		<b>344 894</b>	<b>346 258</b>	<b>452 567</b>	<b>460 424</b>	<b>480 521</b>	<b>480 521</b>	<b>476 297</b>	<b>533 889</b>	<b>566 344</b>



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

DC43 Sisonke - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	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
<b>R thousand</b>										
Good Governance	Promote the Support of Activities of Sport & Recreation, Youth Development, Elderly, Women & Physically-Challenged	13 000	17 524	19 458	11 115	17 171	17 171	14 008	14 824	15 413
Good Governance	Ensure Accessibility & Promote Governance	16 578	22 346	24 812	11 443	21 896	21 896	17 862	18 903	19 654
Good Governance	To Create an Efficient & Accountable Administration	13 534	18 244	20 256	10 348	17 876	17 876	14 583	15 433	16 046
Financial Viability and Sustainability	Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending	22 663	30 549	33 920	52 189	29 934	29 934	24 419	25 842	26 869
Muni Trans & Instit Dev	HR Dev. (Including Healthy & Productive Employees) & Organisational dev.	9 970	13 440	14 922	6 773	13 169	13 169	10 743	11 369	11 821
Muni Trans & Instit Dev	Effective & Efficient Admin & IT Support Service Provision	21 741	29 307	32 541	21 540	28 717	28 717	23 426	24 792	25 776
Muni Trans & Instit Dev	Efficient Fleet Management Service	5 310	7 158	7 947	3 160	7 013	7 013	5 721	6 055	6 295
Socio Economic Development	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	24 106	32 494	36 079	15 876	31 840	31 840	25 974	27 488	28 579
Socio Economic Development	To create the disaster management unit that seeks to prevent, mitigate; preparedness; response; recovery and rehabilitation to disasters	993	1 339	1 487	6 064	1 312	1 312	1 070	1 133	1 178
Socio Economic Development	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	5 842	7 874	8 743	3 596	7 716	7 716	6 294	6 661	6 926
Infrastructure & Services	Infrastructure Services	26 010	35 061	38 930	11 255	34 355	34 355	28 026	29 659	30 837
Water Services	Meet Basic Service & address Backlogs	72 299	97 458	108 211	76 764	95 495	95 495	77 901	82 442	85 717
<b>Total Expenditure</b>		<b>232 046</b>	<b>312 794</b>	<b>347 305</b>	<b>230 123</b>	<b>306 494</b>	<b>306 494</b>	<b>250 026</b>	<b>264 599</b>	<b>275 110</b>



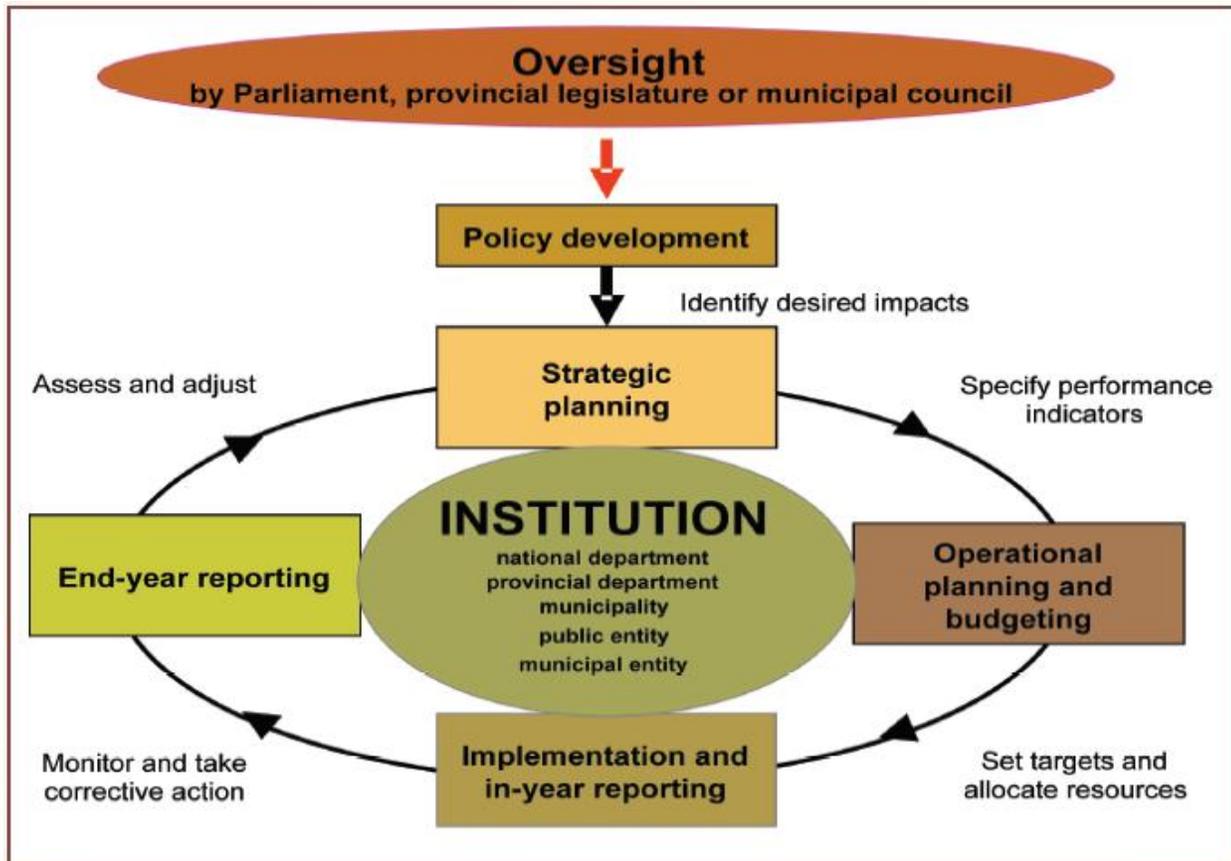
Table 28 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC43 Sisonke - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)											
Strategic Objective	Goal	Goal Code	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											
Good Governance	Ensure Accessibility & Promote Governance	B	-	-	200	-	-	-	-	-	-
Good Governance	To Create an Efficient & Accountable Administration	C	-	-	-	-	281	281	130	2 000	-
Muni Trans & Instit Dev	Effective & Efficient Admin & IT Support Service Provision	F	394	6 303	1 752	1 100	930	930	1 056	910	974
Muni Trans & Instit Dev	Efficient Fleet Management Service	G	-	3 318	-	-	-	-	-	-	-
Socio Economic Development	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	H	771	15 719	-	-	-	-	-	-	-
Infrastructure & Services	Infrastructure Services	K	125 521	125 176	155 061	208 275	185 321	185 321	224 986	249 163	284 050
Water Services	Meet Basic Service & address Backlogs	L	2 003	1 487	-	-	-	-	600	632	667
<b>Total Capital Expenditure</b>			<b>128 689</b>	<b>152 003</b>	<b>157 014</b>	<b>209 375</b>	<b>186 532</b>	<b>186 532</b>	<b>226 772</b>	<b>252 706</b>	<b>285 691</b>

## 1.8 Measurable performance objectives and indicators

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

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



**Figure 5 Planning, budgeting and reporting cycle**

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

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

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

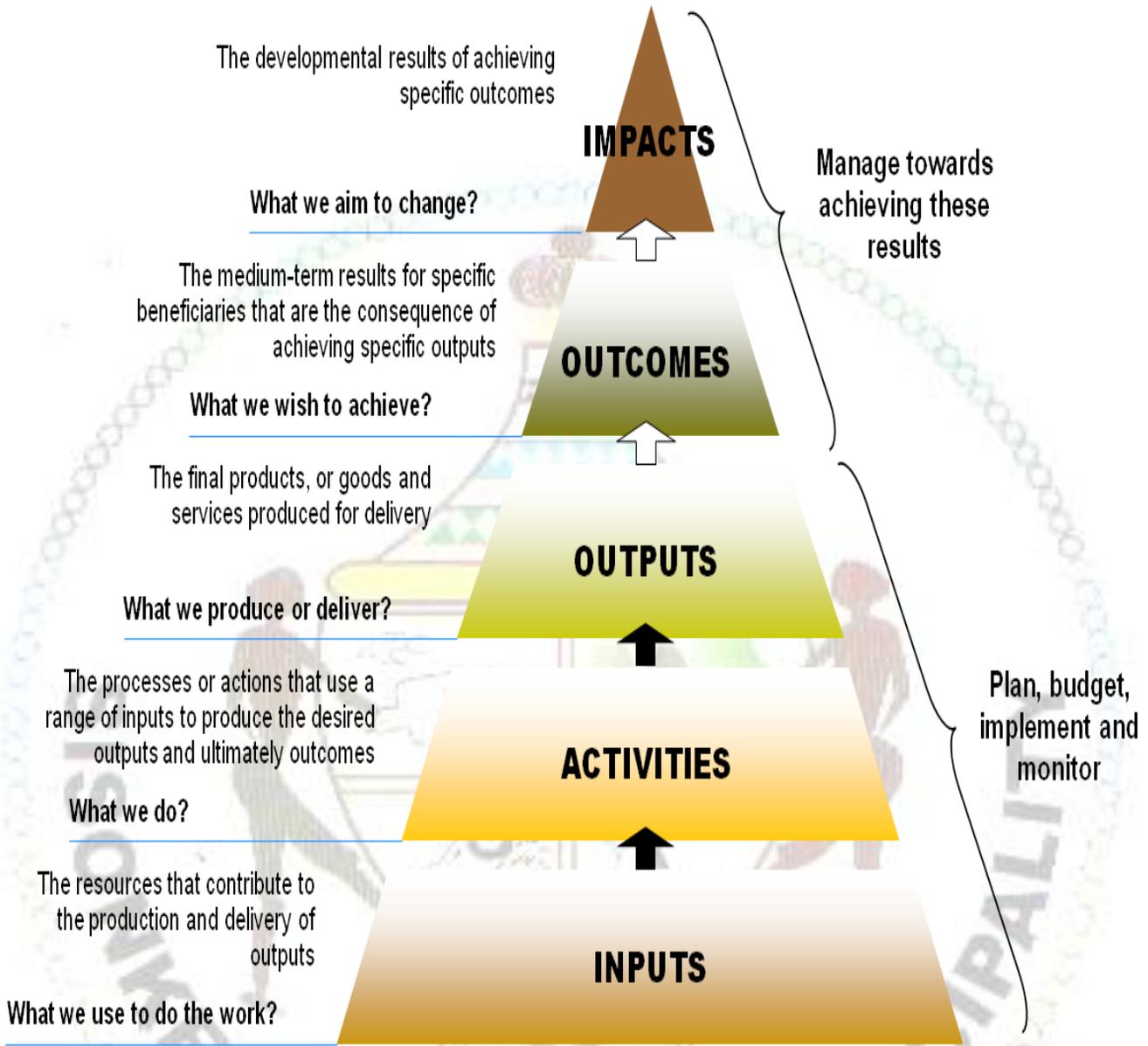


Figure 6 Definition of performance information concepts



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

**Table 29 MBRR Table SA7 - Measurable performance objectives**

DC43 Sisonke - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
<b>Vote1 - Executive &amp; Council</b>										
<b>Function 1 - Operations Department</b>										
<b>Sub-function 1 - Youth Development</b>										
To render youth developmentn projects	Number of programmes	22	23	20	16	14	14	10	10	10
<b>Sub-function 2 - Sports and Recreation</b>										
To promote sports initiatives and activities	Number of games &	4	4	6	6	6	6	8	8	8
<b>Sub-function 3 - Communication and</b>										
To render intergrated communication services	Information	10	10	12	12	12	12	12	12	12
<b>Sub-function 4 - Special Programmes</b>										
Programs for the Elderly, Disabled, HIV&Aids	Number of Programmes	10	10	6	6	6	6	6	6	6
<b>Sub-function 5 - IDP/PMS</b>										
Compilation of Annual Report, SDBIP, Annual	Number of Reports	9	9	9	9	9	9	9	9	9
<b>Sub-function 6 - Intergovernmental</b>										
To hold the meetings as part of the	Number of meeting Held	0	10	4	4	4	4	4	4	4
<b>Vote2 - Finance</b>										
<b>Function 1 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budgeting &amp;</b>										
Financial Viability & Management	Number of Reports	15	15	15	15	15	15	15	15	15
<b>Vote3 - Corporate Services</b>										
<b>Sub-function 2 - Human Resource</b>										
To provide Human Resource Management	Number of Staff Capacity Building	5	5	5	5	5	5	5	5	5



DC43 Sisonke - Supporting Table SA7 Measureable performance objectives CONT

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
<b>Vote4 - Economic &amp; Community Services</b>										
<b>Function 1 - Development &amp; Planning</b>										
<b>Sub-function 1 - Planning &amp; GIS</b>										
To provide Development Planning Services	Number of Precinct Plans	1	0	2	4	3	3	4	4	4
	Physical Developments of Parks				2					
<b>Sub-function 2 - Environmental Health</b>										
The municipality shall therefore ensure that, its residents have access to an environment that is not harmful to their health and well being.	% Enforcements	30%	45%	80%	100%	100%	100%	100%	100%	100%
	Surveillance of Business	0	0	0	240	240	240	240	240	240
	Percentage of samples	60%	65%	68%	70%	70%	70%	80%	90%	100%
<b>Sub-function 3 - Disaster Management</b>										
Turnaround time to respond to any disaster	% Enforcements	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs
	Construction of Disaster	0.0%	0.0%		100%					
<b>Vote5 - Infrastructure Services</b>										
<b>Function 1 - Waste Water Infrastructure</b>										
<b>Sub-function 1 - Water</b>										
Reduction in water backlogs	Total number of HH with Bulk Water & Sewer	5304	5894	6435	6893	6755	6755	6435	6435	6435
		160	168	176	187	183	183	176	176	176
<b>Sub-function 2 - Sanitation</b>										
Reduction in sanitation backlogs	Number of household with new access to VIP	1752	1844	1956	2043	1941	1941	1956	1956	1956
<b>Sub-function 3 - Electricity</b>										
To provide electricity to the existing water schemes	No of hh with electricity connection in the water	85	90	95	100	98	98	95	95	95
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation</b>										
To ensure the effective management of all	Water Feasibility Studies	10	10	10	10	8	8	10	10	10
	Sanitation Feasibility	4	4	5	4	5	5	8	10	12
<b>Sub-function 2 - Water &amp; Sanitation</b>										
To render effective water & sanitation services	% Reduction in water	80.0%	90.0%	95.0%	100%	98%	98%	100%	100%	100%
	% reduction in the	80.0%	90.0%	95.0%	100%	100%	100%	100%	100%	100%
	% Progress made	<50%	<50%	>50%	>50%	>50%	>50%	>65%	>80%	>95%

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.



**Table 30 MBRR Table SA8 - Performance indicators and benchmarks**

DC43 Sisonke - Supporting Table SA8 Performance indicators and benchmarks										
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Borrowing Management</b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	6.7%	2.4%	3.0%	2.2%	2.2%	1.0%	0.9%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.0%	53.4%	12.7%	11.5%	12.0%	12.0%	5.5%	5.1%	6.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	39.6%	20.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>										
Current Ratio	Current assets/current liabilities	1.1	0.4	0.2	1.8	0.3	0.3	0.2	0.3	0.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.4	0.2	1.8	0.3	0.3	0.2	0.3	0.3
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.1	0.0	1.1	0.2	0.2	0.1	0.1	0.1
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		61.3%	68.3%	47.4%	87.2%	61.5%	0.0%	70.3%	70.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			61.3%	68.3%	47.4%	87.2%	61.5%	0.0%	70.3%	70.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	3.7%	19.5%	4.9%	6.7%	2.0%	2.0%	3.4%	3.8%	4.5%
<b>Creditors Management</b>										
Creditors to Cash and Investments		812.9%	14570.9%	1275.1%	66.2%	185.7%	185.7%	66.7%	26.8%	18.1%
<b>Other Indicators</b>										
Employee costs	Employee costs/(Total Revenue - capital revenue)	19.5%	27.4%	26.2%	29.3%	29.5%	29.5%	34.4%	33.5%	35.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	20.9%	29.4%	0.0%	31.3%	31.6%	31.6%	36.8%	35.7%	38.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	21.1%	32.1%	21.5%	22.6%	22.6%	22.6%	24.9%	24.2%	25.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.9%	18.9%	7.9%	9.4%	8.4%	8.4%	8.1%	7.7%	8.0%
<b>DC43 Sisonke - Supporting Table SA8 Performance indicators and benchmarks CONT</b>										
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	5.7	5.8	9.3	10.2	10.2	10.2	22.6	24.3	19.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.1%	125.1%	36.8%	52.0%	14.0%	14.0%	21.1%	24.1%	35.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	0.0	0.2	2.3	0.6	0.6	1.9	4.5	6.5

## 1.8.1 Performance indicators and benchmarks

### 1.8.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Sisonke's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 2 per cent to 1 per cent in 2014/15, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *No projects are funded from Borrowing in the MTREF*

In summary, various financial risks could have a negative impact on the future borrowing District of the municipality. In particular, the continued ability of the district to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

### 1.8.1.2 Liquidity (reference SA8)

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the District has set a limit of 1.5, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.8 in the 2013/14 financial year and 1.7, 1.6 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 1.1 and it has been increased to 1.3 in the 2014/15 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the District. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

### 1.8.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in



arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 1.8.1.4 Creditors Management

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

#### 1.8.1.5 Other Indicators

- The water distribution losses have been reduced from 35 per cent in 2010/11 to 32 per cent in 2011/12. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the District to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses from 32 per cent in 2011/12 to 25 per cent by 2013/14.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of Sisonke's strategy to ensure the management of its asset base.

### 1.8.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District.

For the 2013/14 financial year all households in the district have been budgeted for the 6 free kilo litres. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

### 1.8.3 Providing clean water and managing waste water

Sisonke district is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Only in the Ubuhlebezwe local municipal area is a districts bulk water



needs provided by Umngeni water and Ugu District municipality while the remaining supplier is generated from the district own water sources, such as boreholes and small dams.

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

The following is briefly the main challenges facing the district:

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

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

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and there is training that embark on an in-house, especially for operational personnel and plumbers;
- The District Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

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

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

### **1.9.1 Review of credit control and debt collection procedures/policies**

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

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the district's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.



### **1.9.2 Asset Management, Infrastructure Investment and Funding Policy**

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

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

### **1.9.3 Budget Adjustment Policy**

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

### **1.9.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2013. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **1.9.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the district system of delegations. The Budget and Virement Policy was approved by Council after having been amended accordingly.

### **1.9.6 Cash Management and Investment Policy**

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

### **1.9.7 Tariff Policies**



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

### 1.9.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

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

All the above policies are available on the district website, as well as the following budget related policies:

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

## 1.10 Overview of budget assumptions

### 1.10.1 External factors

The economy is still recovering from the recession it has had in the past 2 years.

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



### 1.10.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on district's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the price of bulk water; and other input costs like District and fuel,
- The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

### 1.10.3 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 80 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### 1.10.4 Growth or decline in tax base of the municipality

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

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

### 1.10.5 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2014. Year three is an across the board increase of 6.8 per cent.

### 1.10.6 Impact of national, provincial and local policies

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



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

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

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

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

## 1.11 Overview of budget funding

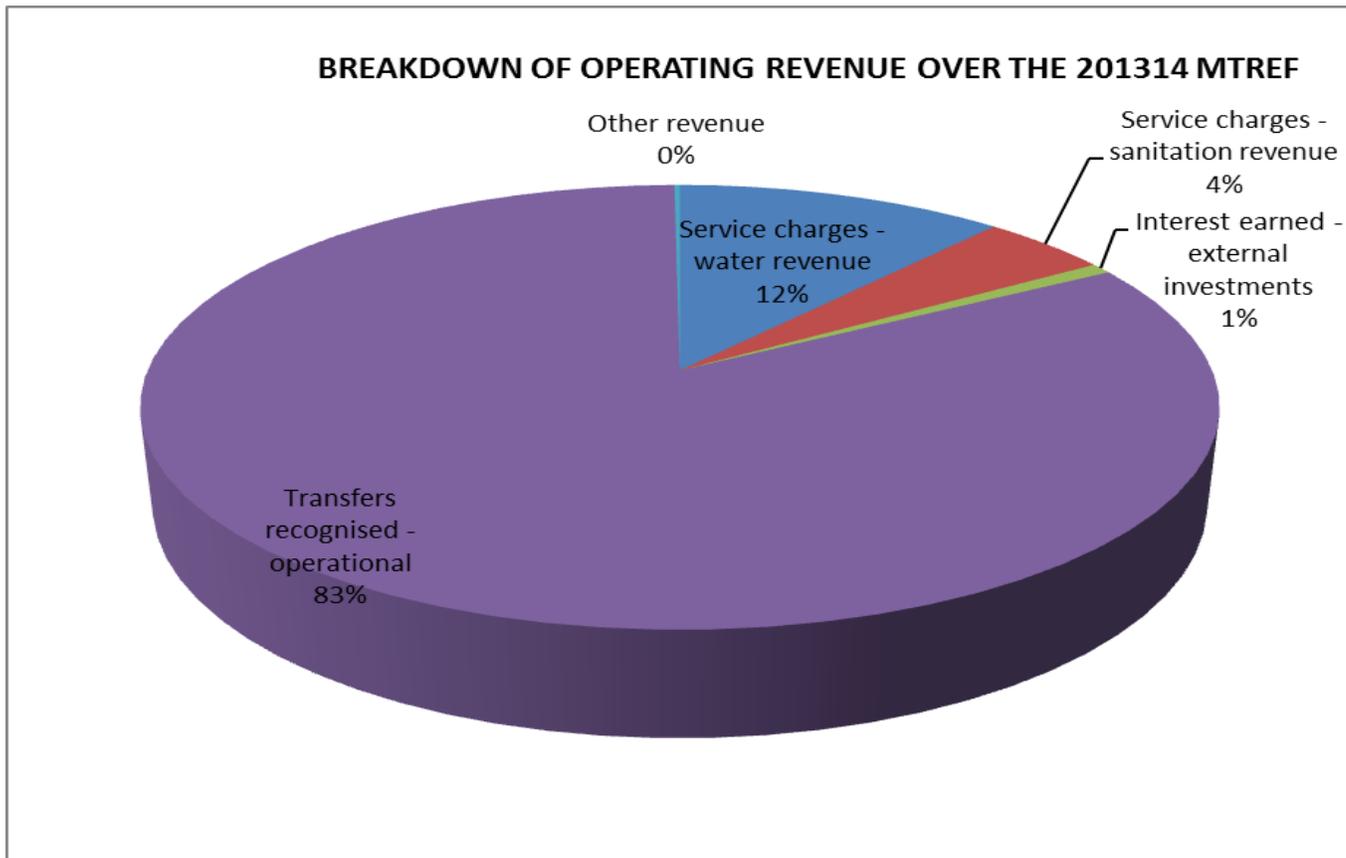
### 1.11.1 Medium-term outlook: operating revenue

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

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

DC43 Sisonke - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
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	%
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - water revenue	28 423	10%	30 697	12%	33 152	11%	35 805	12%
Service charges - sanitation revenue	11 159	4%	12 052	5%	13 016	4%	1 041	0%
Interest earned - external investments	2 000	1%	2 000	1%	2 000	1%	2 000	1%
Transfers recognised - operational	217 600	79%	220 563	83%	242 058	83%	252 948	87%
Other revenue	15 229	6%	500	0%	500	0%	500	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>274 410</b>	<b>100%</b>	<b>265 811</b>	<b>100%</b>	<b>290 726</b>	<b>100%</b>	<b>282 294</b>	<b>100%</b>
<b>TOTAL REVENUE FROM RATES &amp; SERVICE CHARGES</b>	<b>39 582</b>	<b>14%</b>	<b>42 748</b>	<b>17%</b>	<b>46 168</b>	<b>15%</b>	<b>36 846</b>	<b>12%</b>

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



**Figure 7 Breakdown of operating revenue over the 2013/14 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The district derives most of its operational revenue from the provision of goods and services such as water and sanitation.

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

- Growth in the District and economic development;
- Revenue management and enhancement;
- Achievement of a 80 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- District tariff increases within the National District Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- And the ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

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

DC43 Sisonke - Supporting Table SA14 Household bills						
REVENUE CATEGORY	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	PROPOSED TARIFF INCREASE	PROPOSED TARIFF INCREASE	PROPOSED TARIFF INCREASE	ADDITIONALREVENUE FOR EACH 1% TARIFF INCREASE	ADDITIONALREVENUE FOR EACH 1% TARIFF INCREASE	ADDITIONALREVENUE FOR EACH 1% TARIFF INCREASE
	%	%	%			
Service Charges-water revenue	8%	8%	8%	257 616	278 225	300 483
Service Charges-sanitation revenue	8%	8%	8%	100 184	108 199	116 855
<b>TOTAL</b>				357 800	386 424	417 338

Services charges relating to water and sanitation constitute the biggest component of the revenue basket of the district totaling R386 million for the 2013/14 financial year and increasing to R417 million by 2014/15. For the 2013/14 financial year services charges amount to 13 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

Operational grants and subsidies amount to R220 million, R242 million and R252 million for each of the respective financial years of the MTREF, or 1, 10 and 4 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 10 per cent and 14 per cent for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R2 million, R2 million and R2 million for the respective three financial years of the 2013/14 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

**Table 33 MBRR SA15 – Detail Investment Information**

DC43 Sisonke - Supporting Table SA15 Investment particulars by type									
Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<b>Parent municipality</b>									
Deposits - Bank	109 832	6 914	110 000	-	-	-	-	-	-
Municipality sub-total	109 832	6 914	110 000	-	-	-	-	-	-
Consolidated total:	109 832	6 914	110 000	-	-	-	-	-	-



**Table 34 MBRR SA16 – Investment particulars by maturity**

DC43 Sisonke - Supporting Table SA16 Investment particulars by maturity										
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
<b>Parent municipality</b>										
NEOBANK 18214604	Indefinite	NEDTERM	NO	Variable	Prime +	None	None	NA	-	-
FNB 62095523281	Indefinite	MONEY MARKET	NO	Variable	Prime +	None	None	NA	-	-
FNB 100456-DC03F0018	Indefinite	0	NO	Variable	Prime +	None	None	NA	-	-
FNB 621-3853-8692	Indefinite	CALL ACCOUNT	NO	Variable	Prime +	None	None	NA	-	-
FNB 62095523281	Indefinite	MONEY MARKET	NO	Variable	Prime +	None	None	NA	-	-
FNB 62032587331	Indefinite	CALL ACCOUNT	NO	Variable	Prime +	None	None	NA	-	-
Municipality sub-total									-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>									-	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R42, 7 million, R46, 1 million and R36, 8 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

**1.11.2 Medium-term outlook: capital revenue**

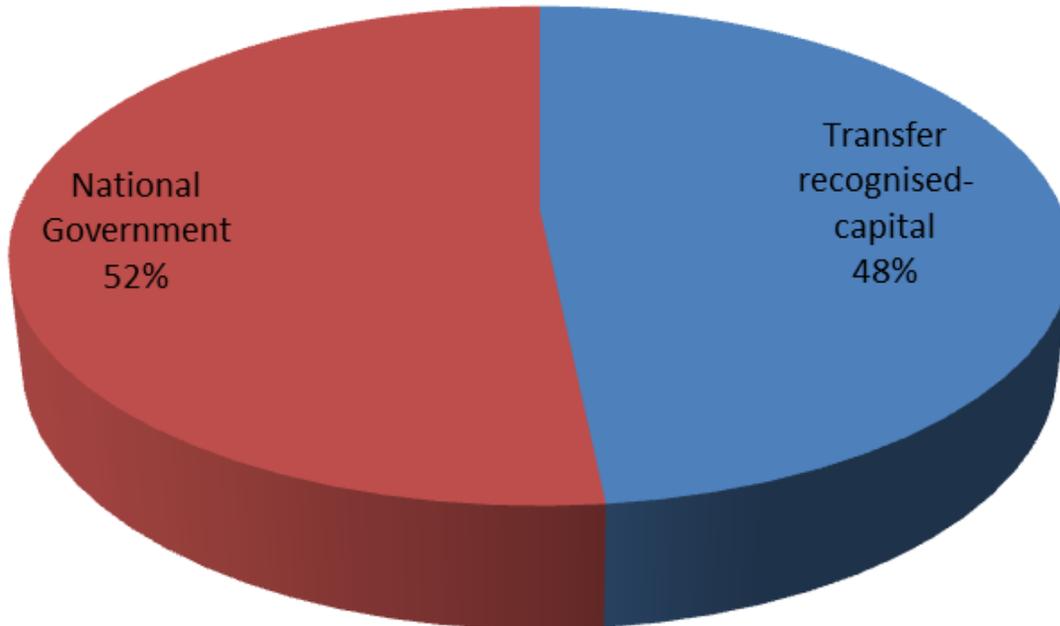
The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

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

DC43 Sisonke - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding								
Vote Description	Current Year 2012/13		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2013/14		Budget Year +1 2014/15		Budget Year +2 2015/16	
<b>Funded by:</b>								
National Government	144 386		210 486		243 163		274 050	
Provincial Government	22 585		-		-		-	
<b>Transfers recognised - capital</b>	<b>166 971</b>	<b>90%</b>	<b>210 486</b>	<b>93%</b>	<b>243 163</b>	<b>96%</b>	<b>274 050</b>	<b>96%</b>
<b>Internally generated funds</b>	<b>19 561</b>	<b>10%</b>	<b>16 748</b>	<b>7%</b>	<b>9 543</b>	<b>4%</b>	<b>11 641</b>	<b>4%</b>
<b>Total Capital Funding</b>	<b>186 532</b>	<b>100%</b>	<b>227 234</b>	<b>100%</b>	<b>252 706</b>	<b>100%</b>	<b>285 691</b>	<b>100%</b>

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

## SOURCES OF CAPITAL REVENUE FOR 2013/14



**Figure 8 Sources of capital revenue for the 2013/14 financial year**

Capital grants and receipts equates to 100 per cent of the total funding source which represents R210 million for the 2013/134financial year and steadily increase to R243 million and R274 for 2015/16. Growth relating to an average receipts of 29 per cent over the medium-term.

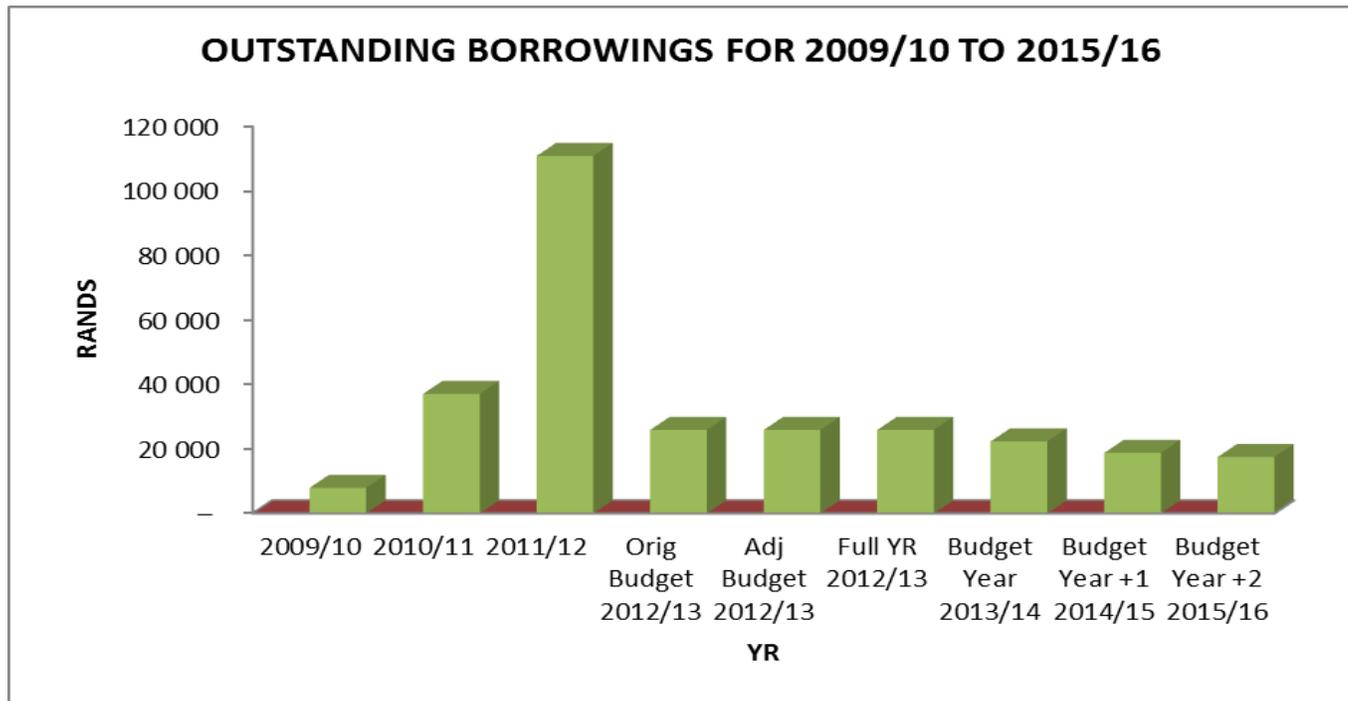
The following table is a detailed analysis of the District’s borrowing liability.

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

DC43 Sisonke - Supporting Table SA17 Borrowing							2013/14 medium term Revenue & Expenditure Framework		
Borrowing - Categorised by type	2009/10	2010/11	2011/12	Current Year 2012/13			Budget Year	Budget Year	Budget Year
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2013/14	+1 2014/15	+2 2015/16
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)	-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)	7 933	37 140	32 122	25 878	25 878	25 878	25 384	22 810	20 636
<b>Municipality sub-total</b>	<b>7 933</b>	<b>37 140</b>	<b>32 122</b>	<b>25 878</b>	<b>25 878</b>	<b>25 878</b>	<b>25 384</b>	<b>22 810</b>	<b>20 636</b>



The following graph illustrates the growth in outstanding borrowing for the 2008/09 to 2014/15 period.



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

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

**Table 37 MBRR Table SA 18 - Capital transfers and grant receipts**

DC43 Sisonke - Supporting Table SA18 Transfers and grant receipts									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	105 955	-	138 585	183 745	185 311	185 311	210 486	243 163	274 050
Municipal Infrastructure Grant (MIG)	105 955		136 610	165 717	165 717	165 717	173 618	187 163	200 550
Regional Bulk Infrastructure				15 000	15 000	15 000	15 429	33 200	30 000
Neighbourhood Development Partnership							-	-	-
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT							5 000	-	-
MUNICIPAL WATER INFRASTRUCTURE GRANT							13 700	22 800	43 500
Expanded public works programme incentive grant			1 975	3 028	4 594	4 594	2 739	-	-
<b>Provincial Government:</b>	49 743	-	12 000	-	20 800	20 800	-	-	-
Cogta				-	12 800	12 800			
Massification				-	8 000	8 000			
Digtla - umzimkhulu assistance grant	49 743		12 000						
<b>Total Capital Transfers and Grants</b>	<b>155 698</b>	<b>-</b>	<b>150 585</b>	<b>183 745</b>	<b>206 111</b>	<b>206 111</b>	<b>210 486</b>	<b>243 163</b>	<b>274 050</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>275 875</b>	<b>-</b>	<b>341 616</b>	<b>401 345</b>	<b>423 711</b>	<b>423 711</b>	<b>431 049</b>	<b>485 221</b>	<b>526 998</b>



### 1.11.3 Cash Flow Management

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

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

**Table 38 MBRR Table A7 - Budget cash flow statement**

DC43 Sisonke - Table A7 Budgeted Cash Flows									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	22 500	22 864	30 518	48 579	33 686	33 686	30 424	32 818	26 292
Government - operating	165 175	166 200	186 786	217 600	217 600	217 600	220 563	242 058	252 948
Government - capital	117 072	120 498	184 132	183 745	206 111	206 111	210 486	243 163	274 050
Interest	6 639	5 655	2 202	3 345	2 000	2 000	2 000	2 000	2 000
<b>Payments</b>									
Suppliers and employees	(125 361)	(215 771)	(279 994)	(202 531)	(206 283)	(206 283)	(194 417)	(206 357)	(216 897)
Finance charges	(868)	(843)	(3 972)	(3 042)	(3 042)	(3 042)	(3 500)	(2 800)	(2 500)
Transfers and Grants			-				(12 000)	(12 672)	(13 382)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>185 157</b>	<b>98 602</b>	<b>119 672</b>	<b>247 695</b>	<b>250 072</b>	<b>250 072</b>	<b>253 556</b>	<b>298 210</b>	<b>322 512</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	1	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	7 154	103 120	6 712	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(212 425)	(207 409)	(149 132)	(214 375)	(236 741)	(236 741)	(226 772)	(252 706)	(285 691)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(205 270)</b>	<b>(104 289)</b>	<b>(142 420)</b>	<b>(214 375)</b>	<b>(236 741)</b>	<b>(236 741)</b>	<b>(226 772)</b>	<b>(252 706)</b>	<b>(285 691)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	3 318	-	-	-	-	-	-	-
Borrowing long term/refinancing	4 173	113	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	30 449	9	9	9	12	14	17
<b>Payments</b>									
Repayment of borrowing	(879)	(1 996)	(4 507)	(3 774)	(3 774)	(3 774)	(2 494)	(2 735)	(2 997)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>3 294</b>	<b>1 435</b>	<b>25 942</b>	<b>(3 765)</b>	<b>(3 765)</b>	<b>(3 765)</b>	<b>(2 482)</b>	<b>(2 721)</b>	<b>(2 980)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 819)</b>	<b>(4 251)</b>	<b>3 193</b>	<b>29 555</b>	<b>9 566</b>	<b>9 566</b>	<b>24 303</b>	<b>42 783</b>	<b>33 841</b>
Cash/cash equivalents at the year begin:	21 416	4 597	346	1 500	1 500	1 500	30 000	54 303	97 086
Cash/cash equivalents at the year end:	4 597	346	3 540	31 055	11 066	11 066	54 303	97 086	130 927

The above table shows that cash and cash equivalents of the District were largely depleted between the 2009/10 and 2013/14 financial year moving from a cash balance of R4.5 million to R31 million with the approved



2013/14 MTREF. With the 2013/14 adjustments budget various cost efficiencies and savings had to be realised to ensure the District could meet its operational expenditure commitments. In addition the District undertook an extensive debt collection process but it was not that successful. These interventions have translated into a deficit for the District and it is projected that cash and cash equivalents on hand showed a deficit of R11.6 million by the financial year end. For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R27 million by 2013/14 and steadily increasing to R102 million by 2015/16.

#### 1.11.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

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

DC43 Sisonke - Table A8 Cash backed reserves/accumulated surplus reconciliation									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	4 597	346	3 540	31 055	11 066	11 066	54 303	97 086	130 927
Other current investments > 90 days	109 832	6 712	(0)	3 180	(0)	(0)	-	-	-
<b>Cash and investments available:</b>	<b>114 429</b>	<b>7 058</b>	<b>3 539</b>	<b>34 236</b>	<b>11 066</b>	<b>11 066</b>	<b>54 303</b>	<b>97 086</b>	<b>130 927</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	68 081	47 640	32 528	-	24 504	24 504	10 000	8 000	7 000
Statutory requirements	-	-	-	-	-	-	346	346	346
Other working capital requirements	31 842	26 831	40 414	4 350	17 160	17 160	14 213	12 717	11 368
Other provisions	4 231	4 978	5 878	4 997	4 997	4 997	687	723	762
<b>Total Application of cash and investments:</b>	<b>104 154</b>	<b>79 449</b>	<b>78 819</b>	<b>9 347</b>	<b>46 662</b>	<b>46 662</b>	<b>25 246</b>	<b>21 786</b>	<b>19 476</b>
<b>Surplus(shortfall)</b>	<b>10 275</b>	<b>(72 391)</b>	<b>(75 280)</b>	<b>24 888</b>	<b>(35 595)</b>	<b>(35 595)</b>	<b>29 056</b>	<b>75 300</b>	<b>111 451</b>

From the above table it can be seen that the cash and investments available total R3.5 million in the 2013/14 financial year and progressively increase to R3.8 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to ‘roll-over’ and be spent in the ordinary course of business, but this practice has been discontinued.
- There is no unspent borrowing from the previous financial years. In terms of the municipality’s Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month’s operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the District to meet its creditor obligations.
- Against other provisions an amount R687 000 has been provided for the 2013/14 financial year and this increases to R752 000 by 2015/16. This liability is informed by, amongst others, the supplementary pension liability.

The 2013/14 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the District will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

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

#### **2.6.5 Funding compliance measurement**

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

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

## DC43 Sisonke Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	1	4 597	346	3 540	31 055	11 066	11 066	54 303	97 086	130 927
Cash + investments at the yr end less applications - R'000	18(1)b	2	10 275	(72 391)	(75 280)	24 888	(35 595)	(35 595)	29 056	75 300	111 451
Cash year end/monthly employee/supplier payments	18(1)b	3	0.4	0.0	0.2	2.3	0.6	0.6	3.4	5.8	7.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	131 499	33 464	105 263	253 301	194 027	194 027	221 302	269 290	291 234
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(17.5%)	9.1%	(8.2%)	4.6%	(6.0%)	2.0%	2.0%	(26.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	61.3%	68.3%	47.4%	87.2%	61.5%	61.5%	70.3%	70.3%	70.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	18.6%	19.8%	42.3%	20.0%	30.0%	30.0%	28.1%	23.9%	23.6%
Capital payments % of capital expenditure	18(1);19	8	165.1%	136.5%	95.0%	102.4%	126.9%	126.9%	99.8%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	39.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	282.9%	(71.2%)	86.9%	(70.3%)	0.0%	63.2%	23.6%	17.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	5.5%	7.6%	6.0%	4.7%	4.8%	4.8%	4.4%	4.0%	3.6%
Asset renewal % of capital budget	20(1)(vi)	14	36.1%	11.0%	14.9%	6.5%	3.4%	3.4%	1.0%	2.0%	3.5%

*1.11.4.1 Cash/cash equivalent position*

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R27 million, R69 million and R102 million for each respective financial year.

*1.11.4.2 Cash plus investments less application of funds*

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

*1.11.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Notably, the ratio has been falling significantly for the period 2009/10 to 2012/13, moving from 4.2 to 2.3, this ratio improved from 1.9 to 6.5 in the 2013/14 MTREF.

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

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R0.00 million, R37 million and R29 million.

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

#### *1.11.4.5 Service charge revenue as a percentage increase less macro inflation target*

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

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 2 per cent for the respective financial year of the 2013/14 MTREF. Considering tariff increase in relation to revenue generated from rates and services charges is 8 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

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

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 87.2, 87.1 and 87.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on an 80 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

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

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 20, 19.5 and 18.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.



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

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

#### *1.11.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

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

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

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

#### *1.11.4.11 Repairs and maintenance expenditure level*

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

#### *1.11.4.12 Asset renewal/rehabilitation expenditure level*

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

**1.12 Expenditure on grants and reconciliations of unspent funds****Table 41 MBRR SA19 - Expenditure on transfers and grant programmes**

DC43 Sisonke - Supporting Table SA18 Transfers and grant receipts									
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
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	120 177	-	186 931	217 200	217 200	217 200	220 310	241 790	252 666
Local Government Equitable Share	120 177		182 881	203 556	203 556	203 556	216 056	230 220	243 065
Finance Management	-		1 250	1 250	1 250	1 250	1 250	1 250	1 250
Municipal Systems Improvement	-		790	1 000	1 000	1 000	890	934	967
WATER SERVICES OPERATING SUBSIDY GRANT	-		322	9 618	9 618	9 618	-	7 042	5 000
WATER SERVICES OPERATING SUBSIDY	-		-	-	-	-	300	300	300
Rural Transport Services and Infrastructure Grant	-		1 688	1 776	1 776	1 776	1 814	2 044	2 084
<b>Provincial Government:</b>	-	-	4 100	400	400	400	253	268	282
Lg seta	-		500	-	-	-	-	-	-
In-Service Training - Salaries	-		300	-	-	-	-	-	-
ICT Shared Services Grant (cogta)	-		3 000	-	-	-	-	-	-
District Growth Development Summit	-		-	400	400	400	-	-	-
Infrastructure Sport Facilities	-		-	-	-	-	253	268	282
Experiential Learning	-		300	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>120 177</b>	<b>-</b>	<b>191 031</b>	<b>217 600</b>	<b>217 600</b>	<b>217 600</b>	<b>220 563</b>	<b>242 058</b>	<b>252 948</b>

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

DC43 Sisonke - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	3 923		-	-	-	-	-	-	-
Current year receipts	191 441		186 931	217 200	217 200	217 200	220 310	241 790	252 666
<b>Conditions met - transferred to revenue</b>	<b>192 099</b>	<b>-</b>	<b>186 931</b>	<b>217 200</b>	<b>217 200</b>	<b>217 200</b>	<b>220 310</b>	<b>241 790</b>	<b>252 666</b>
Conditions still to be met - transferred to liabilities	3 266		-	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	14 416		-	-	-	-	-	-	-
Current year receipts	7 094		4 100	400	400	400	253	268	282
<b>Conditions met - transferred to revenue</b>	<b>10 717</b>	<b>-</b>	<b>4 100</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>253</b>	<b>268</b>	<b>282</b>
Conditions still to be met - transferred to liabilities	10 794		-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>202 816</b>	<b>-</b>	<b>191 031</b>	<b>217 600</b>	<b>217 600</b>	<b>217 600</b>	<b>220 563</b>	<b>242 058</b>	<b>252 948</b>
<b>Total operating transfers and grants - CTBM</b>	<b>14 060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	11 308		-	25 630	25 630	25 630	-	-	-
Current year receipts	75 701		138 585	183 745	183 745	183 745	210 486	243 163	274 050
<b>Conditions met - transferred to revenue</b>	<b>81 630</b>	<b>-</b>	<b>138 585</b>	<b>209 375</b>	<b>209 375</b>	<b>209 375</b>	<b>210 486</b>	<b>243 163</b>	<b>274 050</b>
Conditions still to be met - transferred to liabilities	5 379		-	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	16 233		-	-	-	-	-	-	-
Current year receipts	39 863		12 000	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>36 515</b>	<b>-</b>	<b>12 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	19 581		-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>118 145</b>	<b>-</b>	<b>150 585</b>	<b>209 375</b>	<b>209 375</b>	<b>209 375</b>	<b>210 486</b>	<b>243 163</b>	<b>274 050</b>
<b>Total capital transfers and grants - CTBM</b>	<b>24 960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>320 961</b>	<b>-</b>	<b>341 616</b>	<b>426 975</b>	<b>426 975</b>	<b>426 975</b>	<b>431 049</b>	<b>485 221</b>	<b>526 998</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>39 019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### 1.13 Councilor and employee benefits

**Table 43 MBRR SA22 - Summary of councilor and staff benefits**

DC43 Sisonke - Supporting Table SA22 Summary councilor and staff benefits									
Summary of Employee and Councilor remuneration	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	2 203	2 209	2 747	3 021	3 021	3 021	3 370	3 586	3 837
Pension and UIF Contributions	288	289	359	395	395	395	441	469	502
Medical Aid Contributions	68	68	85	93	93	93	104	110	118
Motor Vehicle Allowance	850	852	1 060	1 166	1 166	1 166	1 301	1 384	1 481
Cellphone Allowance	186	187	232	256	256	256	286	304	325
Other benefits and allowances	445	446	554	610	610	610	680	724	775
<b>Sub Total - Councillors</b>	<b>4 041</b>	<b>4 051</b>	<b>5 037</b>	<b>5 541</b>	<b>5 541</b>	<b>5 541</b>	<b>6 181</b>	<b>6 576</b>	<b>7 037</b>
<b>% increase</b>		<b>0.2%</b>	<b>24.4%</b>	<b>10.0%</b>	<b>-</b>	<b>-</b>	<b>11.5%</b>	<b>6.4%</b>	<b>7.0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	2 695	3 309	3 535	3 818	3 818	3 818	3 801	4 048	4 311
Pension and UIF Contributions	49	68	2	2	2	2	2	2	3
Medical Aid Contributions	41	81	4	4	4	4	4	4	5
Performance Bonus			488	527	527	527	525	559	595
Motor Vehicle Allowance	1 879	2 031	2 210	2 387	2 387	2 387	2 376	2 531	2 695
Cellphone Allowance		112	103	112	112	112	111	119	126
Other benefits and allowances	113	0	3	3	3	3	3	4	4
<b>Sub Total - Senior Managers of Municipality</b>	<b>4 777</b>	<b>5 600</b>	<b>6 346</b>	<b>6 853</b>	<b>6 853</b>	<b>6 853</b>	<b>6 823</b>	<b>7 267</b>	<b>7 739</b>
<b>% increase</b>		<b>17.2%</b>	<b>13.3%</b>	<b>8.0%</b>	<b>-</b>	<b>-</b>	<b>(0.4%)</b>	<b>6.5%</b>	<b>6.5%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	32 472	37 636	48 310	52 943	52 943	52 943	60 398	65 742	70 380
Pension and UIF Contributions	4 251	5 242	9 025	9 891	9 891	9 891	10 212	11 999	12 830
Medical Aid Contributions	1 705	1 897	1 129	1 237	1 237	1 237	1 411	1 501	1 604
Overtime	2 498	2 884	1 009	1 105	1 105	1 105	1 261	1 341	1 434
Performance Bonus	-		4 476	4 906	4 906	4 906	5 596	5 951	6 363
Motor Vehicle Allowance	1 285	1 228	2 058	2 255	2 255	2 255	2 572	2 735	2 925
Cellphone Allowance	-	220	351	385	385	385	439	467	499
Housing Allowances	151	127	30	33	33	33	38	41	43
Other benefits and allowances	196	1 273	1 346	1 475	1 475	1 475	1 682	1 789	1 913
<b>Sub Total - Other Municipal Staff</b>	<b>42 558</b>	<b>50 508</b>	<b>67 734</b>	<b>74 230</b>	<b>74 230</b>	<b>74 230</b>	<b>83 611</b>	<b>91 564</b>	<b>97 991</b>
<b>% increase</b>		<b>18.7%</b>	<b>34.1%</b>	<b>9.6%</b>	<b>-</b>	<b>-</b>	<b>12.6%</b>	<b>9.5%</b>	<b>7.0%</b>
<b>Total Parent Municipality</b>	<b>51 376</b>	<b>60 159</b>	<b>79 117</b>	<b>86 624</b>	<b>86 624</b>	<b>86 624</b>	<b>96 615</b>	<b>105 407</b>	<b>112 767</b>
<b>% increase</b>		<b>17.1%</b>	<b>31.5%</b>	<b>9.5%</b>	<b>-</b>	<b>-</b>	<b>11.5%</b>	<b>9.1%</b>	<b>7.0%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>51 376</b>	<b>60 159</b>	<b>79 117</b>	<b>86 624</b>	<b>86 624</b>	<b>86 624</b>	<b>96 615</b>	<b>105 407</b>	<b>112 767</b>
<b>% increase</b>		<b>17.1%</b>	<b>31.5%</b>	<b>9.5%</b>	<b>-</b>	<b>-</b>	<b>11.5%</b>	<b>9.1%</b>	<b>7.0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>47 335</b>	<b>56 108</b>	<b>74 079</b>	<b>81 083</b>	<b>81 083</b>	<b>81 083</b>	<b>90 434</b>	<b>98 831</b>	<b>105 730</b>

**Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)****DC43 Sisonke - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Rand per annum</b>			<b>1.</b>				<b>2.</b>
<b>Councillors</b>							
Speaker	1	548 202	68 914	106 259			723 376
Chief Whip	1	-	-	25 036			25 036
Executive Mayor	1	685 254	86 144	132 825			904 222
Deputy Executive Mayor	1	345 310	68 914	106 259			520 484
Executive Committee	3	1 541 817	193 823	298 856			2 034 495
Total for all other councillors	19	1 517 540	189 122	266 571			1 973 233
<b>Total Councillors</b>	<b>26</b>	<b>4 638 123</b>	<b>606 917</b>	<b>935 806</b>			<b>6 180 846</b>
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)		732 505	181	490 002	101 626		1 324 314
Chief Finance Officer		608 328	168	406 948	84 374		1 099 818
<i>List of each official with packages &gt;= senior manager</i>							
Head: Corporate Services		608 328	168	406 948	84 374		1 099 818
Head: Economic & Community Services		608 328	168	406 948	84 374		1 099 818
Head: Infrastructure Services		608 328	168	406 948	84 374		1 099 818
Head: Water Services		608 328	168	406 948	84 374		1 099 818
<b>Total Senior Managers of the Municipality</b>	<b>-</b>	<b>3 774 145</b>	<b>1 023</b>	<b>2 524 741</b>	<b>523 495</b>		<b>6 823 404</b>
<b>A Heading for Each Entity</b>							
List each member of board by designation							
<b>Total for municipal entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>26</b>	<b>8 412 268</b>	<b>607 940</b>	<b>3 460 547</b>	<b>523 495</b>		<b>13 004 250</b>

**Table 45 MBRR SA24 – Summary of personnel numbers****DC43 Sisonke - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers Number	2011/12			Current Year 2012/13			Budget Year 2013/14		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	26	-	26	26	-	26	26	-	26
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	7	-	7	7	-	7	7	-	7
Other Managers	12	12	-	14	14	-	14	14	-
Professionals	37	35	2	39	39	-	44	44	-
<i>Finance</i>	3	3	-	3	3	-	4	4	-
<i>Spatial/town planning</i>	1	1	-	1	1	-	1	1	-
<i>Information Technology</i>	2	2	-	2	2	-	2	2	-
<i>Roads</i>	1	1	-	1	1	-	1	1	-
<i>Electricity</i>	1	1	-	1	1	-	1	1	-
<i>Water</i>	7	7	-	7	7	-	7	7	-
<i>Sanitation</i>	1	1	-	1	1	-	1	1	-
<i>Refuse</i>	1	1	-	1	1	-	1	1	-
<i>Other</i>	20	18	2	21	21	-	25	25	-
Technicians	37	33	4	39	35	4	39	35	4
<i>Finance</i>	7	7	-	7	7	-	7	7	-
<i>Spatial/town planning</i>	4	4	-	4	4	-	4	4	-
<i>Information Technology</i>	1	1	-	1	1	-	1	1	-
<i>Roads</i>	1	1	-	1	1	-	1	1	-
<i>Electricity</i>	1	1	-	1	1	-	1	1	-
<i>Water</i>	5	4	1	5	4	1	5	4	1
<i>Sanitation</i>	3	3	-	3	3	-	3	3	-
<i>Refuse</i>	1	1	-	1	1	-	1	1	-
<i>Other</i>	14	11	3	15	12	3	15	12	3
Clerks (Clerical and administrative)	70	50	20	74	73	-	74	73	-
Service and sales workers	1	1	-	1	1	-	1	1	-
Skilled agricultural and fishery workers	1	1	-	1	1	-	1	1	-
Craft and related trades	1	1	-	1	1	-	1	1	-
Plant and Machine Operators	94	86	8	99	90	8	105	105	12
Elementary Occupations	43	35	8	45	37	8	45	37	12
<b>TOTAL PERSONNEL NUMBERS</b>	<b>329</b>	<b>254</b>	<b>75</b>	<b>345</b>	<b>291</b>	<b>54</b>	<b>356</b>	<b>310</b>	<b>62</b>
<b>% increase</b>				4.9%	14.4%	(27.5%)	3.2%	6.7%	13.2%
<b>Total municipal employees headcount</b>	<b>329</b>	<b>254</b>	<b>75</b>	<b>345</b>	<b>291</b>	<b>54</b>	<b>356</b>	<b>310</b>	<b>62</b>
Finance personnel headcount	43	43	-	44	44	-	45	45	-
Human Resources personnel headcount	10	10	10	10	10	10	10	10	10



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

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

DC43 Sisonke - Supporting Table SA25 Budgeted monthly revenue and expenditure														Medium Term Revenue and Expenditure Framework		
Description	Budget Year 2012/13												Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May				June
<b>Revenue By Source</b>																
Service charges - water revenue	2 410	2 626	2 560	4 160	2 146	2 069	2 555	2 519	2 573	2 352	1 971	2 756	30 697	33 152	35 805	
Service charges - sanitation revenue	837	644	660	4 654	600	623	675	667	646	644	571	831	12 052	13 016	1 041	
Interest earned - external investments	166	250	167	95	315	213	188	101	249	165	84	7	2 000	2 000	2 000	
Transfers recognised - operational	90 519	-	-	4 640	69 182	-	4 640	-	51 582	-	-	-	220 563	242 058	252 948	
Other revenue	83	-	83	-	83	-	83	-	83	-	83	-	500	500	500	
<b>Total Revenue (excluding capital transfers)</b>	<b>94 015</b>	<b>3 521</b>	<b>3 470</b>	<b>13 549</b>	<b>72 326</b>	<b>2 905</b>	<b>8 141</b>	<b>3 287</b>	<b>55 132</b>	<b>3 161</b>	<b>2 710</b>	<b>3 593</b>	<b>265 811</b>	<b>290 726</b>	<b>292 294</b>	
<b>Expenditure By Type</b>																
Employee related costs	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	6 554	90 434	98 831	105 730	
Remuneration of councillors	515	515	515	515	515	515	515	515	515	515	515	515	6 181	6 576	7 037	
Debt impairment	937	937	937	937	937	937	937	937	937	937	937	1 692	12 000	11 042	8 711	
Depreciation & asset impairment	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	2 583	20 000	20 000	21 000	
Finance charges	208	208	208	208	208	208	208	208	208	208	208	1 208	3 500	2 800	2 500	
Bulk purchases	650	650	650	650	650	650	650	650	650	650	650	650	7 800	8 221	8 665	
Contracted services	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	36 317	37 923	37 699	
Transfers and grants	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 672	13 382	
Other expenditure	5 483	5 483	5 483	5 483	5 483	5 483	5 483	5 483	5 483	5 483	5 483	6 450	66 763	66 533	70 385	
<b>Total Expenditure</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>25 805</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>	
<b>Surplus/(Deficit)</b>	<b>73 180</b>	<b>(17 315)</b>	<b>(17 365)</b>	<b>(7 286)</b>	<b>51 491</b>	<b>(17 931)</b>	<b>(12 694)</b>	<b>(17 548)</b>	<b>34 296</b>	<b>(17 674)</b>	<b>(18 125)</b>	<b>(22 212)</b>	<b>10 816</b>	<b>26 127</b>	<b>17 184</b>	
Transfers recognised - capital	88 368	1 057	-	-	60 874	-	4 296	7 155	47 747	-	989	-	210 486	243 163	274 050	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>161 547</b>	<b>(16 258)</b>	<b>(17 365)</b>	<b>(7 286)</b>	<b>112 365</b>	<b>(17 931)</b>	<b>(8 399)</b>	<b>(10 393)</b>	<b>82 043</b>	<b>(17 674)</b>	<b>(17 136)</b>	<b>(22 212)</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>	
<b>Surplus/(Deficit)</b>	<b>161 547</b>	<b>(16 258)</b>	<b>(17 365)</b>	<b>(7 286)</b>	<b>112 365</b>	<b>(17 931)</b>	<b>(8 399)</b>	<b>(10 393)</b>	<b>82 043</b>	<b>(17 674)</b>	<b>(17 136)</b>	<b>(22 212)</b>	<b>221 302</b>	<b>269 290</b>	<b>291 234</b>	



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

DC43 Sisonke - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<b>Revenue by Vote</b>																
Vote 2 - Finance	87 340	404	3 474	155	69 073	343	3 507	164	52 626	267	3 340	2	220 696	234 904	247 782	
Vote 5 - Infrastructure Services	84 589	989	-	-	56 959	-	4 019	6 695	44 676	-	925	-	198 853	222 675	232 916	
Vote 6 - Water Services	4 042	3 491	3 438	14 989	3 316	2 884	9 171	3 402	3 436	3 203	2 728	2 647	56 748	76 310	85 646	
<b>Total Revenue by Vote</b>	<b>175 971</b>	<b>4 884</b>	<b>6 912</b>	<b>15 143</b>	<b>129 349</b>	<b>3 228</b>	<b>16 697</b>	<b>10 261</b>	<b>100 738</b>	<b>3 470</b>	<b>6 994</b>	<b>2 650</b>	<b>476 297</b>	<b>533 889</b>	<b>566 344</b>	
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive & Council	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	18 956	19 578	20 847	
Vote 2 - Finance	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	8 705	63 431	63 734	61 241	
Vote 3 - Corporate Services	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	39 094	41 596	44 508	
Vote 4 - Economic & Community Services	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	4 891	45 047	45 838	48 850	
Vote 5 - Infrastructure Services	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	78 651	10 554	88 482	
Vote 6 - Water Services	818	818	818	818	818	818	818	818	818	818	818	818	9 816	83 300	11 182	
<b>Total Expenditure by Vote</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>25 805</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>	
Surplus/(Deficit) before assoc.	155 136	(15 951)	(13 924)	(5 692)	108 514	(17 608)	(4 139)	(10 574)	79 903	(17 365)	(13 842)	(23 156)	221 302	269 290	291 234	
Surplus/(Deficit)	155 136	(15 951)	(13 924)	(5 692)	108 514	(17 608)	(4 139)	(10 574)	79 903	(17 365)	(13 842)	(23 156)	221 302	269 290	291 234	

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

DC43 Sisonke - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>															
<i>Governance and administration</i>	87 340	404	3 474	155	69 073	343	3 507	164	52 626	267	3 340	2	220 696	234 904	247 782
Budget and treasury office	87 340	404	3 474	155	69 073	343	3 507	164	52 626	267	3 340	2	220 696	234 904	247 782
<i>Trading services</i>	88 631	4 480	3 438	14 989	60 276	2 884	13 190	10 097	48 112	3 203	3 653	2 647	255 601	298 985	318 562
Water	4 042	3 491	3 438	14 989	3 316	2 884	9 171	3 402	3 436	3 203	2 728	2 647	56 748	76 310	85 646
Waste water management	84 589	989	-	-	56 959	-	4 019	6 695	44 676	-	925	-	198 853	222 675	232 916
<b>Total Revenue - Standard</b>	<b>175 971</b>	<b>4 884</b>	<b>6 912</b>	<b>15 143</b>	<b>129 349</b>	<b>3 228</b>	<b>16 697</b>	<b>10 261</b>	<b>100 738</b>	<b>3 470</b>	<b>6 994</b>	<b>2 650</b>	<b>476 297</b>	<b>533 889</b>	<b>566 344</b>
<b>Expenditure - Standard</b>															
<i>Governance and administration</i>	9 813	9 813	9 813	9 813	9 813	9 813	9 813	9 813	9 813	9 813	9 813	13 543	121 481	124 908	126 596
Executive and council	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	18 956	19 578	20 847
Budget and treasury office	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	4 975	8 705	63 431	63 734	61 241
Corporate services	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	39 094	41 596	44 508
<i>Economic and environmental services</i>	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	3 651	4 891	45 047	45 838	48 850
Planning and development	2 651	2 651	2 651	2 651	2 651	2 651	2 651	2 651	2 651	2 651	2 651	3 891	33 047	33 166	35 468
Environmental protection	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 672	13 382
<i>Trading services</i>	7 372	7 372	7 372	7 372	7 372	7 372	7 372	7 372	7 372	7 372	7 372	7 372	88 467	93 854	99 664
Water	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	6 554	78 651	83 300	88 482
Waste water management	818	818	818	818	818	818	818	818	818	818	818	818	9 816	10 554	11 182
<b>Total Expenditure - Standard</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>20 835</b>	<b>25 805</b>	<b>254 996</b>	<b>264 599</b>	<b>275 110</b>
Surplus/(Deficit) before assoc.	155 136	(15 951)	(13 924)	(5 692)	108 514	(17 608)	(4 139)	(10 574)	79 903	(17 365)	(13 842)	(23 156)	221 302	269 290	291 234
Surplus/(Deficit)	155 136	(15 951)	(13 924)	(5 692)	108 514	(17 608)	(4 139)	(10 574)	79 903	(17 365)	(13 842)	(23 156)	221 302	269 290	291 234



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

DC43 Sisonke - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Multi-year expenditure to be appropriated</b>															
Vote 2 - Finance	11	11	11	11	11	11	11	11	11	11	11	11	130	2 000	-
Vote 3 - Corporate Services	88	88	88	88	88	88	88	88	88	88	88	2 288	3 256	910	974
Vote 5 - Infrastructure Services	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	17 011	223 248	249 163	284 050
Vote 6 - Water Services	50	50	50	50	50	50	50	50	50	50	50	50	600	632	667
<b>Capital multi-year expenditure sub-total</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>19 360</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>
<b>Total Capital Expenditure</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>19 360</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>

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

DC43 Sisonke - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>2 299</b>	<b>3 386</b>	<b>2 910</b>	<b>974</b>
Budget and treasury office	11	11	11	11	11	11	11	11	11	11	11	11	130	2 000	-
Corporate services	88	88	88	88	88	88	88	88	88	88	88	2 288	3 256	910	974
<b>Trading services</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>18 799</b>	<b>17 061</b>	<b>223 848</b>	<b>249 795</b>	<b>284 717</b>
Water	50	50	50	50	50	50	50	50	50	50	50	50	600	632	667
Waste water management	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	18 749	17 011	223 248	249 163	284 050
<b>Total Capital Expenditure - Standard</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>18 898</b>	<b>19 360</b>	<b>227 234</b>	<b>252 706</b>	<b>285 691</b>



Table 51 MBRR SA30 - Budgeted monthly cash flow

DC43 Sisonke - Supporting Table SA30 Consolidated budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash Receipts By Source</b>																
Service charges - water revenue	1 775	1 775	1 775	1 775	1 775	1 775	1 775	1 775	1 775	1 775	1 775	1 775	21 297	22 972	18 404	
Service charges - sanitation revenue	761	761	761	761	761	761	761	761	761	761	761	761	9 127	9 845	7 888	
Interest earned - external investments	166	250	167	95	315	213	188	101	249	165	84	7	2 000	2 000	2 000	
Transfer receipts - operational	18 380	18 380	18 380	18 380	18 380	18 380	18 380	18 380	18 380	18 380	18 380	18 380	220 563	242 058	252 948	
Other revenue												-				
<b>Cash Receipts by Source</b>	<b>21 081</b>	<b>21 166</b>	<b>21 083</b>	<b>21 011</b>	<b>21 230</b>	<b>21 128</b>	<b>21 103</b>	<b>21 017</b>	<b>21 164</b>	<b>21 081</b>	<b>21 000</b>	<b>20 923</b>	<b>252 987</b>	<b>276 876</b>	<b>281 240</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	17 541	17 541	17 541	17 541	17 541	17 541	17 541	17 541	17 541	17 541	17 541	17 541	210 486	243 163	274 050	
Increase (decrease) in consumer deposits	1	1	1	1	1	1	1	1	1	1	1	1	12	14	17	
<b>Total Cash Receipts by Source</b>	<b>38 623</b>	<b>38 708</b>	<b>38 624</b>	<b>38 552</b>	<b>38 772</b>	<b>38 670</b>	<b>38 645</b>	<b>38 558</b>	<b>38 706</b>	<b>38 622</b>	<b>38 541</b>	<b>38 464</b>	<b>463 485</b>	<b>520 053</b>	<b>555 307</b>	
<b>Cash Payments by Type</b>																
Employee related costs	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	7 625	91 505	97 314	104 026	
Remuneration of councillors	515	515	515	515	515	515	515	515	515	515	515	515	6 181	6 576	7 037	
Finance charges	208	208	208	208	208	208	208	208	208	208	208	208	2 500	2 500	2 500	
Bulk purchases - Water & Sewer	650	650	650	650	650	650	650	650	650	650	650	650	7 800	8 221	8 665	
Contracted services	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	33 999	37 423	37 199	
Transfers and grants - other	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 672	13 382	
Other expenditure	4 578	4 578	4 578	4 578	4 578	4 578	4 578	4 578	4 578	4 578	4 578	4 578	54 932	56 822	59 970	
<b>Cash Payments by Type</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>17 410</b>	<b>208 917</b>	<b>221 529</b>	<b>232 779</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	18 898	18 898	18 898	18 898	18 898	18 898	18 898	18 898	18 898	18 898	18 898	18 898	226 772	252 706	285 691	
<b>Total Cash Payments by Type</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>36 307</b>	<b>435 689</b>	<b>474 235</b>	<b>518 469</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>2 315</b>	<b>2 400</b>	<b>2 317</b>	<b>2 245</b>	<b>2 464</b>	<b>2 362</b>	<b>2 337</b>	<b>2 251</b>	<b>2 398</b>	<b>2 315</b>	<b>2 234</b>	<b>2 157</b>	<b>27 796</b>	<b>45 818</b>	<b>36 838</b>	
Cash/cash equivalents at the monthly/year begin:	3 000	5 315	7 716	10 032	12 278	14 742	17 104	19 441	21 692	24 091	26 406	28 640	3 000	30 796	76 614	
Cash/cash equivalents at the monthly/year end:	5 315	7 716	10 032	12 278	14 742	17 104	19 441	21 692	24 091	26 406	28 640	30 796	30 796	76 614	113 452	



## 1.15 Annual budgets and SDBIPs – internal departments

### 1.15.1 Water Services Department – Vote 14

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

**Table 52 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure**

<b>DC43 Sisonke - Supporting Table SA2 Matrix Financial Performance</b>		
Description	Vote 5 - Infrastructur	Vote 6 - Water
R thousand		
<b>Revenue By Source</b>		
Service charges - sanitation revenue		30 697
Service charges - refuse revenue		12 052
Transfers recognised - operational	2 067	300
<b>Total Revenue (excluding capital transfers and</b>	<b>2 067</b>	<b>43 048</b>
<b>Expenditure By Type</b>		
Employee related costs	7 633	38 772
Bulk purchases		7 800
Contracted services	12 542	
Other expenditure	21 721	
<b>Total Expenditure</b>	<b>41 896</b>	<b>46 572</b>
<b>Surplus/(Deficit)</b>		
	<b>(39 829)</b>	<b>(3 524)</b>
Transfers recognised - capital	196 786	13 700
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>156 957</b>	<b>10 176</b>



**Table 53 Water Services Department – Performance objectives and indicators**

DC43 Sisonke - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Vote5 - Infrastructure Services</b>										
<b>Function 1 - Waste Water Infrastructure</b>										
<b>Sub-function 1 - Water</b>										
Reduction in water backlogs	Total number of HH with access to water	5304	5894	6435	6893	6755	6755	6435	6435	6435
	Bulk Water & Sewer Infrastructure	160	168	176	187	183	183	176	176	176
<b>Sub-function 2 - Sanitation</b>										
Reduction in sanitation backlogs	Number of household with new access to VIP sanitation	1752	1844	1956	2043	1941	1941	1956	1956	1956
<b>Sub-function 3 - Electricity</b>										
To provide electricity to the existing water schemes	No of hh with electricity connection in the water scheme	85	90	95	100	98	98	95	95	95
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation infrastructure Planning &amp; Design</b>										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies, Business Plans Approved	10	10	10	10	8	8	10	10	10
	Sanitation Feasibility Studies, Business Plans Approved	4	4	5	4	5	5	8	10	12
<b>Sub-function 2 - Water &amp; Sanitation Services Operations and Maintenance</b>										
To render effective water & sanitation services	% Reduction in water losses Minimum Night Flows in main supply areas	80.0%	90.0%	95.0%	100%	98%	98%	100%	100%	100%
	% reduction in the number of sewer overflows	80.0%	90.0%	95.0%	100%	100%	100%	100%	100%	100%
	% Progress made towards Blue drop and Green drop Status DWA	<50%	<50%	>50%	>50%	>50%	>50%	>65%	>80%	>95%

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of 2 Executive Director (Water and Infrastructure services), three directors and 7 professional engineers. As part of the performance objectives for the 2013/14 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R30 million, R31, 6 million and R32.6 million in each of the respective financial years of the MTREF.



The departmental revenue base is primarily informed by the sale of water and charges for sanitation of which budget appropriation for the 2013/14 financial year is R35, 7 million and increases to R38, 6 million by 2013/14 and has been informed by a collection rate of 80 per cent and distribution losses of 20 per cent in the outer years.

The reduction of distribution losses is considered a priority and hence the departmental objectives. There has been a huge concerted effort in the 2011/12 in trying to minimize the water losses with initiatives such as the water meter and infrastructure audits. The enhancement of the ongoing Water Demand Management & Conservation initiatives are expected to also have a positive impact in minimizing water losses in the medium to long term.

**Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.**

### **1.16 Contracts having future budgetary implications**

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

### **1.17 Capital expenditure details**

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



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

DC43 Sisonke - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class									
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
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	63 918	108 451	128 001	188 574	161 126	161 126	217 762	235 118	258 058
Infrastructure - Electricity	-	-	-	5 000	-	-	580	-	-
<i>Transmission &amp; Reticulation</i>				5 000			580		
Infrastructure - Water	63 445	108 393	111 892	133 885	143 152	143 152	166 970	177 907	212 961
<i>Reticulation</i>	63 445	108 393	111 892	133 885	143 152	143 152	166 970	177 907	212 961
Infrastructure - Sanitation	-	-	16 109	48 289	17 975	17 975	50 012	57 000	44 875
<i>Sewerage purification</i>	-	-	16 109	48 289	17 975	17 975	50 012	57 000	44 875
Infrastructure - Other	473	58	-	1 400	-	-	200	211	222
<i>Other</i>	473	58	-	1 400	-	-	200	211	222
<b>Community</b>	1 462	15 777	3 600	-	4 346	4 346	2 000	3 256	6 214
<i>Other</i>	1 462	15 777	3 600	-	4 346	4 346	2 000	3 256	6 214
<b>Other assets</b>	16 797	11 051	1 952	7 091	14 452	14 452	4 252	6 865	10 926
General vehicles	3 070	3 318	663	-	-	-	2 739	-	-
Specialised vehicles	-	-	-	-	8 300	8 300	-	-	-
Plant & equipment	2 272	773	-	-	-	-	-	-	-
Furniture and other office equipment	1 027	1 099	994	450	150	150	798	849	909
Other Buildings	10 428	5 861	295	5 991	6 002	6 002	700	6 000	10 000
Other	-	-	-	650	-	-	15	16	17
<b>Intangibles</b>	-	-	-	-	281	281	572	2 467	492
Computers - software & programming	-	-	-	-	281	281	572	2 467	492
<b>Total Capital Expenditure on new assets</b>	<b>82 177</b>	<b>135 278</b>	<b>133 554</b>	<b>195 665</b>	<b>180 205</b>	<b>180 205</b>	<b>224 587</b>	<b>247 706</b>	<b>275 691</b>

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

DC43 Sisonke - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class									
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
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	46 513	16 725	23 460	13 709	6 327	6 327	2 185	5 000	10 000
Infrastructure - Water	46 513	16 725	16 283	10 187	3 127	3 127	916	5 000	10 000
<i>Reticulation</i>	46 513	16 725	16 283	10 187	3 127	3 127	916	5 000	10 000
Infrastructure - Sanitation	-	-	7 177	3 522	3 200	3 200	1 269	-	-
<i>Sewerage purification</i>	-	-	7 177	3 522	3 200	3 200	1 269	-	-
<b>Total Capital Expenditure on renewal of</b>	<b>46 513</b>	<b>16 725</b>	<b>23 460</b>	<b>13 709</b>	<b>6 327</b>	<b>6 327</b>	<b>2 185</b>	<b>5 000</b>	<b>10 000</b>

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

DC43 Sisonke - Supporting Table SA34c Consolidated repairs and maintenance by asset class									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	50 880	64 408	57 687	61 148	61 148	61 148	64 817	68 706	72 595
Infrastructure - Water	28 960	38 206	34 186	36 237	36 237	36 237	38 412	40 716	43 021
<i>Water purification</i>	28 960	38 206	34 186	36 237	36 237	36 237	38 412	40 716	43 021
Infrastructure - Sanitation	21 920	26 202	23 501	24 911	24 911	24 911	26 405	27 990	29 574
<i>Sewerage purification</i>	21 920	26 202	23 501	24 911	24 911	24 911	26 405	27 990	29 574
<b>Other assets</b>	1 020	1 425	1 300	1 378	848	848	1 461	1 548	1 007
General vehicles	580	776	500	530			562	596	
Plant & equipment	315	451	-	-	-	-	-	-	-
Computers - hardware/equipment	125	199	300	318	318	318	337	357	378
Other Buildings	-	-	500	530	530	530	562	596	629
<b>Total Repairs and Maintenance Expenditure</b>	<b>51 900</b>	<b>65 834</b>	<b>58 987</b>	<b>62 526</b>	<b>61 996</b>	<b>61 996</b>	<b>66 278</b>	<b>70 254</b>	<b>73 602</b>

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

DC43 Sisonke - Supporting Table SA35 Consolidated future financial implications of the capital budget							
Vote Description	2013/14 Medium Term Revenue &			Forecasts			
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
<b>Capital expenditure</b>							
Vote 1 - Executive & Council	-	-	-	-	-	-	-
Vote 2 - Finance	130	2 000	-	-	-	-	-
Vote 3 - Corporate Services	1 056	910	974	1 038	1 102	1 165	1 229
Vote 4 - Economic & Community Services	-	-	-	-	-	-	-
Vote 5 - Infrastructure Services	224 986	249 163	284 050	318 937	353 824	388 711	423 598
Vote 6 - Water Services	600	632	667	701	735	769	803
<b>Total Capital Expenditure</b>	<b>226 772</b>	<b>252 706</b>	<b>285 691</b>	<b>320 676</b>	<b>355 660</b>	<b>390 645</b>	<b>425 630</b>
<b>Net Financial Implications</b>	<b>226 772</b>	<b>252 706</b>	<b>285 691</b>	<b>320 676</b>	<b>355 660</b>	<b>390 645</b>	<b>425 630</b>



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

DC43 Sisonke - Supporting Table SA36 Detailed capital budget											
Municipal Vote/Capital project	Program/Project description	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
		6	3	3	Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>											
INFRASTRUCTURE SERVICES	Refurbishment Of Creighton Water Treatment Works	Yes	Infrastructure - Water	Reticulation	-	-	-	-	-	-	RENEWAL
INFRASTRUCTURE SERVICES	Greater Kokstad Water Demand And Conservation Management	Yes	Infrastructure - Other	Reticulation	5 000	-	-	5 000	-	-	NEW
INFRASTRUCTURE SERVICES	Construction Of Registry	Yes	Other Assets	Other	-	600	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	Farmers Market	Yes	Infrastructure - Other	Markets	-	800	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	Expanded Public Works Programme	Yes	Infrastructure - Water	Other	-	3 028	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	Refurbishment Of Ibsi Water Treatment Works	Yes	Infrastructure - Water	Reticulation	-	-	-	-	-	-	RENEWAL
INFRASTRUCTURE SERVICES	Umzimkhulu Waste Water Works	Yes	Infrastructure - Sanitation	Reticulation	-	-	-	-	-	-	16 NEW
INFRASTRUCTURE SERVICES	Bulwer Nkelabantwana & Nkumba Water Supply	Yes	Infrastructure - Water	Reticulation	-	2 000	1 500	-	-	-	NEW
INFRASTRUCTURE SERVICES	Construction Of Disaster Mngt Centre	Yes	Other Assets	Buildings	-	3 991	1 500	-	-	-	NEW
INFRASTRUCTURE SERVICES	Kwatshaka (Machumini Ext) Water Supply	Yes	Infrastructure - Water	Reticulation	-	2 337	2 337	-	-	-	18 NEW
INFRASTRUCTURE SERVICES	Umzimkhulu Sewer Emergency Intervention	Yes	Infrastructure - Sanitation		2 000	3 000	2 500	3 000	-	-	16 NEW
INFRASTRUCTURE SERVICES	Rudimentary Programme	Yes	Infrastructure - Water	Other	-	2 500	3 500	-	-	-	NEW
INFRASTRUCTURE SERVICES	Moyeni / Teekloof	Yes	Infrastructure - Water	Reticulation	-	-	6 500	7 800	-	-	14 RENEWAL
INFRASTRUCTURE SERVICES	Greater Summerfield	Yes	Infrastructure - Water	Reticulation	-	-	3 000	15 000	25 000	-	15 RENEWAL
INFRASTRUCTURE SERVICES	Bulwer Donnybrook Water Supply Scheme Project	Yes	Infrastructure - Water	Reticulation	-	-	15 429	-	-	-	NEW
INFRASTRUCTURE SERVICES	Bulwer Waste Water Works	Yes	Infrastructure - Water	Reticulation	-	-	-	-	-	-	10 NEW
INFRASTRUCTURE SERVICES	St Appolinaris Waste Water	Yes	Infrastructure - Sanitation	Reticulation	-	-	-	-	-	-	4 NEW
INFRASTRUCTURE SERVICES	Pholela Waste Water	Yes	Infrastructure - Sanitation	Reticulation	-	-	-	-	-	-	10 NEW
INFRASTRUCTURE SERVICES	Ncakubana Water Project	Yes	Infrastructure - Water	Reticulation	7 000	2 830	2 500	1 500	-	-	1 NEW
INFRASTRUCTURE SERVICES	Makhoba Housing Project (W&S)	Yes	Infrastructure - Sanitation	Reticulation	1 000	2 500	3 562	3 000	-	-	2 NEW
INFRASTRUCTURE SERVICES	Kwanomandlovu Water Project (Sdm)	Yes	Infrastructure - Water	Reticulation	5 500	8 000	8 000	1 082	-	-	5,11 NEW
INFRASTRUCTURE SERVICES	Horseshoe Sanitation Project-New	Yes	Infrastructure - Sanitation	Reticulation	10 000	4 500	6 067	-	-	-	1 NEW
INFRASTRUCTURE SERVICES	Eradication Of Sanitation Backlog In Ubuhlebezwe	Yes	Infrastructure - Sanitation	Reticulation	2 000	5 000	6 000	8 000	-	-	NEW
INFRASTRUCTURE SERVICES	Ixopo Hopewell Water Supply Scheme	Yes	Infrastructure - Water	Reticulation	-	1 000	3 000	10 000	-	-	2 NEW
INFRASTRUCTURE SERVICES	Mnqumeni Water Supply	Yes	Infrastructure - Water	Reticulation	-	25 524	25 000	10 000	-	-	NEW
INFRASTRUCTURE SERVICES	Eradication Of Water Backlogs In Kokstad	Yes	Infrastructure - Water	Reticulation	500	200	200	-	-	-	NEW
INFRASTRUCTURE SERVICES	Franklin Waste Water Works	Yes	Infrastructure - Sanitation	Reticulation	972	-	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	Franklin Waster Water Works	Yes	Infrastructure - Sanitation	Reticulation	972	-	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	orinth Extension, Ndawana Resourviors And Emaus Gravity Mai	Yes	Infrastructure - Water	Reticulation	1 000	-	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	Centocow Community Water Supply	Yes	Infrastructure - Water	Reticulation	-	-	-	-	-	-	2,4 NEW
INFRASTRUCTURE SERVICES	Riverside Waste Water	Yes	Infrastructure - Sanitation	Reticulation	1 458	-	-	-	-	-	2 NEW
INFRASTRUCTURE SERVICES	Umzimkhulu Bulk Water Supply	Yes	Infrastructure - Water	Reticulation	1 500	2 000	6 000	-	-	-	16 RENEWAL
INFRASTRUCTURE SERVICES	Underberg Waste Water Works	Yes	Infrastructure - Sanitation	Reticulation	1 887	-	-	-	-	-	3 NEW
INFRASTRUCTURE SERVICES	Kokstad Bulk Water And Sewer Upgrade	Yes	Infrastructure - Sanitation	Reticulation	8 000	-	-	-	-	-	NEW
INFRASTRUCTURE SERVICES	Ebovinil/ Emazabekweni Community Water Supply	Yes	Infrastructure - Water	Reticulation	2 000	1 800	-	-	-	-	9,11,12 NEW
INFRASTRUCTURE SERVICES	ification: Kwathusi, Gaybrook, Kwafile, Ndawana, Kwasenti (Warc	Yes	Infrastructure - Electricity	Other	2 000	4 000	3 000	-	-	-	NEW



DC43 Sisonke - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
					Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
R thousand		6	3	3							
INFRASTRUCTURE SERVICES	Mahwaqa Water Supply	Yes	Infrastructure - Water	Reticulation		-		-	-		NEW
INFRASTRUCTURE SERVICES	Rain Water Harvesting	Yes	Infrastructure - Water	Reticulation	2 500	-	4 000	-	-		NEW
INFRASTRUCTURE SERVICES	Refurbishment Of Mulamhle Water Scheme	Yes	Infrastructure - Water	Reticulation	3 000	3 687	1 500	-	-		RENEWAL
INFRASTRUCTURE SERVICES	Thubalethu Water Supply	Yes	Infrastructure - Water	Reticulation	4 500	5 500	8 600	3 000	3 000	4	NEW
INFRASTRUCTURE SERVICES	Enhlanhleni And Kwapitela Water Project	Yes	Infrastructure - Water	Reticulation	3 238	500	1 000	-	-	1,2	NEW
INFRASTRUCTURE SERVICES	Kokstad Wastewater Works	Yes	Infrastructure - Sanitation	Reticulation	3 252	-	-	-	-		3 NEW
INFRASTRUCTURE SERVICES	Jolivet Water Conservation And Water Demand Management	Yes	Infrastructure - Water	Reticulation	3 844	1 100	-	-	-		7 NEW
INFRASTRUCTURE SERVICES	PMU	Yes	Infrastructure - Water	Reticulation	-	-	3 381	3 651	3 944		NEW
INFRASTRUCTURE SERVICES	Refurbishment Of Lourdes Water Scheme	Yes	Infrastructure - Water	Reticulation	4 000	2 000	-	-	-		6 RENEWAL
INFRASTRUCTURE SERVICES	Gala Donnybrook Phase 2 Water	Yes	Infrastructure - Water	Reticulation		-	-	-	-	3,11	NEW
INFRASTRUCTURE SERVICES	Khukhulela Water (Sdm)	Yes	Infrastructure - Water	Reticulation	3 000	2 500	2 000	5 965	4 000	2	NEW
INFRASTRUCTURE SERVICES	Ixopo Mariathal Water Supply	Yes	Infrastructure - Water	Reticulation	2 500	3 000	4 000	6 920	5 000	4	NEW
INFRASTRUCTURE SERVICES	Paninkukhu Water	Yes	Infrastructure - Water	Reticulation	5 365	2 000	3 742	2 900	5 530	18	NEW
INFRASTRUCTURE SERVICES	Umkhunya Water Projects	Yes	Infrastructure - Water	Reticulation	4 500	1 000	1 957	3 256	6 770	5	NEW
INFRASTRUCTURE SERVICES	Pakies Water Ext Ph2	Yes	Infrastructure - Water	Reticulation	500	800	2 556	3 420	6 526	6	NEW
INFRASTRUCTURE SERVICES	Highflats Town Bulk Water Supply Scheme	Yes	Infrastructure - Water	Reticulation	-	3 000	3 000	7 000	7 000	9	NEW
INFRASTRUCTURE SERVICES	Franklin Bulk Water & Sewerage Upgrade	Yes	Infrastructure - Sanitation	Reticulation	8 800	2 522	1 269	-	-		2 NEW
INFRASTRUCTURE SERVICES	Ibisi Housing Bulk Sewer Services	Yes	Infrastructure - Sanitation	Reticulation	5 070	2 670	3 000	5 000	9 000	11	NEW
INFRASTRUCTURE SERVICES	Hlokozi Water Project	Yes	Infrastructure - Water	Reticulation	9 500	6 000	6 500	-	-	6,8	NEW
INFRASTRUCTURE SERVICES	Underberg Bulk Water Supply Upgrade Phase 2	Yes	Infrastructure - Water	Reticulation	4 000	1 000	636	5 000	10 000	1	NEW
INFRASTRUCTURE SERVICES	Chibini Water Supply	Yes	Infrastructure - Water	Reticulation	2 000	7 023	6 500	5 151	10 000	3	NEW
INFRASTRUCTURE SERVICES	New Office Building (Umgeni Farm)	Yes	Other Assets	Buildings	-	-	-	6 000	10 000	2	NEW
INFRASTRUCTURE SERVICES	Ibisi Water	Yes	Infrastructure - Water	Reticulation		1 281	-	-	10 556		NEW
INFRASTRUCTURE SERVICES	Ufafa Water Supply	Yes	Infrastructure - Water	Reticulation	4 000	3 000	3 000	5 745	15 000	3	NEW
INFRASTRUCTURE SERVICES	Ingwe Household Sanitation Project	Yes	Infrastructure - Sanitation	Reticulation		8 000	7 266	8 000	15 875		NEW
INFRASTRUCTURE SERVICES	Mangwaneni Water Supply	Yes	Infrastructure - Water	Reticulation	4 023	4 023	8 980	9 120	16 287	7	NEW
INFRASTRUCTURE SERVICES	Underberg Sanitation Project	Yes	Infrastructure - Sanitation	Reticulation	-	300	300	5 000	20 000	3	NEW
INFRASTRUCTURE SERVICES	Mbulweni Water Supply	Yes	Infrastructure - Water	Reticulation	8 000	8 000	8 000	10 000	20 500	8	NEW
INFRASTRUCTURE SERVICES	Mqatshezi Stepmore Water Project	Yes	Infrastructure - Water	Reticulation	8 068	3 500	5 466	5 104	21 830	1	NEW
INFRASTRUCTURE SERVICES	Greater Khilimoni (Ward 1)	Yes	Infrastructure - Water	Reticulation	7 000	15 000	10 000	15 000	25 000	1,2,4	NEW
INFRASTRUCTURE SERVICES	Eradication Of Sanitation Backlog In UMZIMKHULU	Yes	Infrastructure - Sanitation	Reticulation		17 500	15 000	26 349	26 056		NEW
INFRASTRUCTURE SERVICES	Bulwer Town Emergency Intervention	Yes	Infrastructure - Water	Other	-	15 000	-	33 200	30 000		NEW
INFRASTRUCTURE SERVICES	Umzimkhulu Urban And Peri Urban Sanitation	Yes	Infrastructure - Sanitation	Reticulation	3 565	1 800				16	NEW
WATER SERVICES	Leak Detection Equipment	Yes	Other Assets	Plant & equipment	-	1 500	-	-	-		NEW
WATER SERVICES	Diesel Pump Conversion To Electricity	Yes	Other Assets	Plant & equipment	-	4 000	-	-	-		NEW
WATER SERVICES	Customer Care Upgrade/ Establishment	Yes	Other Assets	Plant & equipment	-	3 000	-	-	-		NEW
WATER SERVICES	Two Way Radio's	Yes	Other Assets	Plant & equipment	-	1 500	-	-	-		NEW
WATER SERVICES	Cctv Cameras Including( Its Own Vehicle)	Yes	Other Assets	Plant & equipment	-	2 500	-	-	-		NEW
WATER SERVICES	Additional Honey Sucker 1000 000 Loan	Yes	Other Assets	Specialised vehicles - Conservancy	-	1 000	-	-	-		NEW
WATER SERVICES	Umziki Agri Village Package Plant	Yes	Infrastructure - Water	Plant & equipment	-	5 000	-	-	-	4	NEW
WATER SERVICES	Mbizweni Hospital Package Plant And Pump Station	Yes	Other Assets	Plant & equipment	-	1 000	-	-	-	16	NEW
WATER SERVICES	Ncwadi Water Supply Scheme	Yes	Infrastructure - Water	Reticulation	-	1 000	-	-	-		NEW
WATER SERVICES	Establishment Of Mechanical Workshop	Yes	Other Assets	Other	-	1 000	-	-	-		NEW
WATER SERVICES	Purchase Ofdomestic And Bulk Meters	Yes	Other Assets	Plant & equipment	-	5 000	-	-	-		NEW



DC43 Sisonke - Supporting Table SA36 Detailed capital budget												
Municipal Vote/Capital project	Program/Project description	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information		
					Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal	
R thousand		6	3	3								
WATER SERVICES	Greater Bulwer Bulk Regional Scheme	Yes	Infrastructure - Water	Reticulation	-	5 000	-	-	-		NEW	
WATER SERVICES	Bulwer Dam	Yes	Infrastructure - Water	Reticulation	-	1 200	-	-	-		NEW	
WATER SERVICES	Tazz Valley Package Plant	Yes	Infrastructure - Water	Plant & equipment	-	1 000	-	-	2 175		NEW	
WATER SERVICES	Boreholes Drilling ( Explorations) E.G Farm Area	Yes	Other Assets	Other	-	3 000	-	-	-		NEW	
WATER SERVICES	Pump Station	Yes	Other Assets	Plant & equipment	-	2 000	-	-	-		NEW	
WATER SERVICES	INSTALLATION OF BULK WATER METERS		Other Assets	Other	-	-	200	211	222			
WATER SERVICES	INSTALLATION OF CALL CENTRE SYSTEM		Other Assets	Other	-	-	400	422	444			
COPORATE SERVICES	Computers	Yes	Other Assets	Computers - software & programming	-	-	158	169	180		NEW	
COPORATE SERVICES	VEHICLES	Yes	Other Assets	General vehicles	-	-	1 000	-	-		NEW	
COPORATE SERVICES	Office Equipment	Yes	Other Assets	Furniture and other office equipment	-	316	250	266	285		NEW	
COPORATE SERVICES	New Furniture	Yes	Other Assets	Furniture and other office equipment	-	158	150	160	171		NEW	
COPORATE SERVICES	Office Alterations	Yes	Other Assets	Other	-	474	200	-	-		NEW	
COPORATE SERVICES	NEW PROJECTOR & MICROPHONES	Yes	Other Assets	Other			240	255	273			
COPORATE SERVICES	CAMERAS & SOFTWARE	Yes	Other Assets	Other			57	61	65			
COPORATE SERVICES	SERVER UPGRADE	YES	Other Assets	Other			1 200					
FINANCE	BUILDING OF THE STORES( FINANCE)	Yes	OTHER ASSETS	BUILDING	-	-	-	-	-			
FINANCE	COMPUTER SOFTWARE MUN FIN SYSTEMS - MSIG	Yes	OTHER ASSETS	OTHER			130	2 000	-			
Parent Capital expenditure								227 234	252 706	285 691		
Entity Capital expenditure								-	-	-		
Total Capital expenditure							157 014	239 964	227 234	252 706	285 691	

Table 59 MBRR SA37 - Projects delayed from previous financial year

DC43 Sisonke - Supporting Table SA37 Projects delayed from previous financial year/s										
Municipal Vote/Capital project	Project name	Asset Class	Asset Sub-Class	Current Year	2013/14 Medium Term Revenue &					
				Original Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16			
R thousand		3	3							
Parent municipality:										
<i>List all capital projects grouped by Municipal Vote</i>										
		Examples	Examples							
INFRA	Ingwe Household Sanitation Project	Infrastructure - Sanitation	Reticulation	3 000	7 266	-	-			
INFRA	Eradication of Sanitation Backlog in UMZIMK	Infrastructure - Sanitation	Reticulation	5 670	15 000	-	-			
INFRA	Horseshoe Sanitation Project-New	Infrastructure - Water	Reticulation	1 281	2 000	-	-			
INFRA	Eradication of Sanitation Backlog in Ubuhlebe	Infrastructure - Water	Reticulation	5 000	5 000	-	-			
INFRA	Rural Electrification: KwaThusi, Gaybrook, K	Infrastructure - Electricity	Reticulation	1 687	3 000	-	-			
INFRA	Ibisi Housing Bulk Sewer Services	Infrastructure - Water	Reticulation	5 670	1 500	-	-			



## 1.18 Legislation compliance status

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

- 1. In year reporting**

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

The district is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and internal auditing. They have completed their two year contract on 28 February 2012 and left with one year as required by National Treasury. Since the introduction of the Internship programme the district has successfully employed and trained 08 interns through this programme and a majority of them were appointed either in the district or other Institutions.
- 3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.
- 4. Audit Committee**

An Audit Committee has been established and is fully functional.
- 5. Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
- 6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.
- 7. MFMA Training**

The MFMA training module in electronic format is presented at the district and training is ongoing.
- 8. Policies**

The review of all budget related policies has taken place in terms of Regulation 7 of the MBRR.



### 1.19 Other supporting documents

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

DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	78	403	-	-	-	-	-	-	-
less Revenue Foregone		209	-	-	-	-	-	-	-
<b>Net Property Rates</b>	<b>78</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	24 219	16 887	25 333	25 762	28 423	28 423	31 528	34 050	36 774
less Revenue Foregone	-	-	-	-	-	-	831	898	970
<b>Net Service charges - water revenue</b>	<b>24 219</b>	<b>16 887</b>	<b>25 333</b>	<b>25 762</b>	<b>28 423</b>	<b>28 423</b>	<b>30 697</b>	<b>33 152</b>	<b>35 805</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	11 625	14 705	11 237	10 018	11 159	11 159	12 052	13 016	1 041
<b>Net Service charges - sanitation revenue</b>	<b>11 625</b>	<b>14 705</b>	<b>11 237</b>	<b>10 018</b>	<b>11 159</b>	<b>11 159</b>	<b>12 052</b>	<b>13 016</b>	<b>1 041</b>
<b>Other Revenue by source</b>									
Other revenue	716	1 595	27 717	19 955	2 000	2 000	-	-	-
SUNDRY INCOME	-	-	-	-	-	-	500	500	500
LG SETA GRANT	-	-	-	-	147	147	-	-	-
Development Planning Shared Services	-	-	-	-	3 617	3 617	-	-	-
Neighbourhood Development Grant	-	-	-	-	2 499	2 499	-	-	-
Inter Governmental Grant	-	-	-	-	47	47	-	-	-
Government Experts Grant	-	-	-	-	725	725	-	-	-
Sihelza Maize Production Grant - CoGTA	-	-	-	-	482	482	-	-	-
CoGTA Signage Grant	-	-	-	-	1 472	1 472	-	-	-
Cogta Umzimkhulu Grant	-	-	-	-	4 239	4 239	-	-	-
<b>Total 'Other' Revenue</b>	<b>716</b>	<b>1 595</b>	<b>27 717</b>	<b>19 955</b>	<b>15 229</b>	<b>15 229</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	35 007	40 547	71 975	58 689	58 689	58 689	65 161	71 954	77 000
Pension and UIF Contributions	6 978	5 310	-	7 674	7 674	7 674	8 660	9 210	9 845
Medical Aid Contributions	-	1 947	-	2 821	2 821	2 821	3 183	3 385	3 619
Overtime	-	2 884	-	4 168	4 168	4 168	4 704	5 002	5 347
Performance Bonus	3 068	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	2 460	3 259	-	4 710	4 710	4 710	5 316	5 653	6 043
Cellphone Allowance	-	332	-	479	479	479	541	575	615
Housing Allowances	195	127	-	183	183	183	207	220	235
Other benefits and allowances	-	1 273	-	1 840	1 840	1 840	2 077	2 208	2 361
Payments in lieu of leave	224	398	-	481	481	481	543	578	617
Post-retirement benefit obligations	34	31	-	38	38	38	43	45	49
<b>sub-total</b>	<b>47 965</b>	<b>56 108</b>	<b>71 975</b>	<b>81 083</b>	<b>81 083</b>	<b>81 083</b>	<b>90 434</b>	<b>98 831</b>	<b>105 730</b>
Less: Employees costs capitalised to PPE									
<b>Total Employee related costs</b>	<b>47 965</b>	<b>56 108</b>	<b>71 975</b>	<b>81 083</b>	<b>81 083</b>	<b>81 083</b>	<b>90 434</b>	<b>98 831</b>	<b>105 730</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	18 651	19 812	17 859	23 000	20 000	20 000	20 000	20 000	21 000
<b>Total Depreciation &amp; asset impairment</b>	<b>18 651</b>	<b>19 812</b>	<b>17 859</b>	<b>23 000</b>	<b>20 000</b>	<b>20 000</b>	<b>20 000</b>	<b>20 000</b>	<b>21 000</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases									
Water Bulk Purchases	7 566	6 998	7 713	7 500	9 240	9 240	7 800	8 221	8 665
<b>Total bulk purchases</b>	<b>7 566</b>	<b>6 998</b>	<b>7 713</b>	<b>7 500</b>	<b>9 240</b>	<b>9 240</b>	<b>7 800</b>	<b>8 221</b>	<b>8 665</b>
<b>Transfers and grants</b>									
Cash transfers and grants	-	-	-	-	9 569	9 569	12 000	12 672	13 382
<b>Total transfers and grants</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 569</b>	<b>9 569</b>	<b>12 000</b>	<b>12 672</b>	<b>13 382</b>



Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>Contracted services</b>									
Garding Services	472	143	41 283	70	70	70	42	40	45
Cleaning services	165	358	-	200	200	200	265	282	302
Security Services	2 197	1 985	-	4 700	4 700	4 700	8 500	9 044	9 677
IT Support & Office Rental	531	1 039	-	150	150	150	200	211	226
EXTERNAL WATER QUALITY MONITORING	-	-	-	-	-	-	1 800	1 897	2 000
Temporary offices	205	-	-	500	500	500	-	-	-
Implementation of Grap	4 422	2 586	-	700	700	700	3 710	5 580	3 580
WSDP Review	11 155	1 505	-	264	264	264	100	105	111
Municipal Finance Support	4 574	8 233	-	1 680	1 680	1 680	1 000	1 000	1 000
VAT Consultant	3 077	2 856	-	1 600	1 600	1 600	2 380	2 380	2 380
Water conservation	859	3 634	-	2 728	2 728	2 728	200	211	222
PM Umzimkhulu pitts	279	4 148	-	-	-	-	-	-	-
Institutional Support Services	-	-	-	-	-	-	4 905	5 178	5 521
RENTAL OF OFFICE EQUIPMENT	71	1 229	-	350	350	350	1 000	1 064	1 138
Water Resource Strategies & Planning	-	-	-	3 510	3 510	3 510	200	211	222
LEGAL SERVICES	-	-	-	400	400	400	775	817	861
INSTALLATION OF BULK & WATER METERS	-	-	-	100	100	100	1 400	1 476	1 555
RISK ASS, MAN STRATEGY AND AUDIT ASSIS	-	-	-	650	650	650	550	581	614
RURAL ROADS ASSETS INFRASTRUCTURE	-	-	-	1 776	1 776	1 776	-	-	-
Planning and Support Projects	-	-	-	12 776	12 776	12 776	-	-	-
Horseshoe Sanitation Project	-	-	-	-	1 070	1 070	-	-	-
Ingwe Household Sanitation Projects	-	-	-	-	6 057	6 057	-	-	-
Eradication of Sanitation Backlog in Ubuhlebezwe	-	-	-	-	5 465	5 465	-	-	-
Greater Umzimkhulu Sanitation Project	-	-	-	-	9 368	9 368	-	-	-
Refurbishment Projects	-	-	-	-	2 735	2 735	9 290	7 848	8 245
<b>sub-total</b>	<b>28 007</b>	<b>27 717</b>	<b>41 283</b>	<b>32 154</b>	<b>56 849</b>	<b>56 849</b>	<b>36 317</b>	<b>37 923</b>	<b>37 699</b>
<b>Total contracted services</b>	<b>28 007</b>	<b>27 717</b>	<b>41 283</b>	<b>32 154</b>	<b>56 849</b>	<b>56 849</b>	<b>36 317</b>	<b>37 923</b>	<b>37 699</b>
<b>Other Expenditure By Type</b>									
Collection costs	64	2 048	-	750	750	750	2 860	3 360	3 360
Contributions to 'other' provisions	1 386	1 053	-	7 156	7 156	7 156	687	723	762
Consultant fees	13 918	15 614	-	-	-	-	-	-	-
Audit fees	618	1 947	-	900	900	900	3 197	2 328	2 665
General expenses	8 650	14 402	12 780	5 230	8 498	8 498	5 076	4 843	5 153
COMMUNITY PARTICIPATION	3 807	6 339	5 625	2 302	3 740	3 740	2 234	2 245	2 271
CONFERENCES AND SEMINARS	1 666	2 773	2 461	1 007	1 636	1 636	977	1 027	1 082
DISASTER MANAGEMENT	119	199	176	72	117	117	70	74	79
ELECTRICITY	4 771	7 945	7 050	2 885	4 688	4 688	2 800	2 951	3 111
FINANCE RELATED COSTS	5 774	9 614	8 531	3 491	5 673	5 673	3 388	3 563	3 596
HUMAN RESOURCE RELATED COSTS	4 891	8 143	7 226	2 957	4 805	4 805	2 870	3 051	3 264
IT RELATED COSTS	1 297	2 160	1 917	784	1 275	1 275	761	654	723
OPERATIONS & MAINTENANCE	26 840	44 691	39 656	16 228	26 371	26 371	15 750	16 635	17 591
PRINTING & STATIONARY	2 210	3 680	3 266	1 336	2 172	2 172	1 297	1 380	1 477
PROJECT PLANNING	1 738	2 894	2 568	1 051	1 708	1 708	1 020	1 075	1 138
PUBLIC RELATIONS	6 240	10 389	9 219	3 773	6 130	6 130	3 662	2 980	3 158
RURAL ROADS ASSETS INFRASTRUCTURE	3 091	5 147	4 567	1 869	3 037	3 037	1 814	2 044	2 084
SOCIAL & SPORTS	21 331	35 517	31 516	12 897	20 958	20 958	12 517	11 471	12 350
SUBSISTANCE & TRAVELLING	1 991	3 316	2 942	1 204	1 957	1 957	1 169	1 229	1 294
TELEPHONE & FAXES	5 206	8 668	7 691	3 148	5 115	5 115	3 055	3 250	3 478
WATER CONSERVATION & DEMAND MANAGE	2 656	4 423	3 925	1 606	2 610	2 610	1 559	1 650	1 750
<b>Total 'Other' Expenditure</b>	<b>118 264</b>	<b>190 963</b>	<b>151 117</b>	<b>70 647</b>	<b>109 295</b>	<b>109 295</b>	<b>66 763</b>	<b>66 533</b>	<b>70 385</b>



**DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs	25 950	32 917	29 493	31 263	30 998	30 998	33 139	35 127	36 801
Other materials	18 165	23 042	20 645	21 884	21 699	21 699	23 197	24 589	25 761
Contracted Services	5 190	6 583	5 899	6 253	6 200	6 200	6 628	7 025	7 360
Other Expenditure	2 595	3 292	2 949	3 126	3 100	3 100	3 314	3 513	3 680
<b>Total Repairs and Maintenance Expenditure</b>	<b>51 900</b>	<b>65 834</b>	<b>58 987</b>	<b>62 526</b>	<b>61 996</b>	<b>61 996</b>	<b>66 278</b>	<b>70 254</b>	<b>73 602</b>

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

**DC43 Sisonke - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)**

Description	Vote 1 - Executive &	Vote 2 - Finance	Vote 3 - Corporate	Vote 4 - Economic	Vote 5 - Infrastructur	Vote 6 - Water	Total
<b>R thousand</b>							
<b>Revenue By Source</b>							
Service charges - sanitation revenue	-	-	-	-	-	30 697	30 697
Service charges - refuse revenue	-	-	-	-	-	12 052	12 052
Interest earned - external investments	-	2 000	-	-	-	-	2 000
Other revenue	-	500	-	-	-	-	500
Transfers recognised - operational	-	218 196	-	-	2 067	300	220 563
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>-</b>	<b>220 696</b>	<b>-</b>	<b>-</b>	<b>2 067</b>	<b>43 048</b>	<b>265 811</b>
<b>Expenditure By Type</b>							
Employee related costs	17 450	10 705	10 183	11 733	7 633	38 772	96 475
Remuneration of councillors	6 181	-	-	-	-	-	6 181
Debt impairment	-	11 245	-	-	-	-	11 245
Depreciation & asset impairment	-	19 000	-	-	-	-	19 000
Finance charges	-	2 500	-	-	-	-	2 500
Bulk purchases	-	-	-	-	-	7 800	7 800
Contracted services	-	7 773	6 570	7 113	12 542	-	33 999
Transfers and grants	-	-	-	12 000	-	-	12 000
Other expenditure	521	8 252	22 341	12 961	21 721	-	65 796
<b>Total Expenditure</b>	<b>24 152</b>	<b>59 475</b>	<b>39 094</b>	<b>43 807</b>	<b>41 896</b>	<b>46 572</b>	<b>254 996</b>
<b>Surplus/(Deficit)</b>	<b>(24 152)</b>	<b>161 221</b>	<b>(39 094)</b>	<b>(43 807)</b>	<b>(39 829)</b>	<b>(3 524)</b>	<b>10 816</b>
Transfers recognised - capital	-	-	-	-	196 786	13 700	210 486
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(24 152)</b>	<b>161 221</b>	<b>(39 094)</b>	<b>(43 807)</b>	<b>156 957</b>	<b>10 176</b>	<b>221 302</b>



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

DC43 Sisonke - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	109 832	6 712		10 000	-	-	-	-	-
<b>Total Call investment deposits</b>	<b>109 832</b>	<b>6 712</b>	<b>-</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consumer debtors</b>									
Consumer debtors	2 512	5 310	3 519	16 000	16 000	16 000	9 523	12 035	12 035
Less: Provision for debt impairment	-	-	-	(5 758)	(10 477)	(10 477)	(7 019)	(8 263)	(6 230)
<b>Total Consumer debtors</b>	<b>2 512</b>	<b>5 310</b>	<b>3 519</b>	<b>10 242</b>	<b>5 523</b>	<b>5 523</b>	<b>2 505</b>	<b>3 771</b>	<b>5 805</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year	-	-	-	1 398	1 398	1 398	10 477	7 019	7 019
Contributions to the provision	6 685	-	-	7 156	11 875	11 875	11 542	11 245	9 211
Bad debts written off	(6 685)	-	-	(2 796)	(2 796)	(2 796)	(15 000)	(10 000)	(10 000)
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 758</b>	<b>10 477</b>	<b>10 477</b>	<b>7 019</b>	<b>8 263</b>	<b>6 230</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/v valuation (excl. finance leases)	942 793	864 148	977 662	1 540 088	1 517 245	1 517 245	1 753 293	2 022 210	2 337 096
Less: Accumulated depreciation	6 181	10 705	-	220 495	217 495	217 495	236 495	256 495	277 495
<b>Total Property, plant and equipment (PPE)</b>	<b>936 612</b>	<b>853 443</b>	<b>977 662</b>	<b>1 319 593</b>	<b>1 299 750</b>	<b>1 299 750</b>	<b>1 516 798</b>	<b>1 765 714</b>	<b>2 059 601</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Current portion of long-term liabilities		4 191	4 911	3 774	3 774	3 774	3 174	2 574	2 374
<b>Total Current liabilities - Borrowing</b>	<b>-</b>	<b>4 191</b>	<b>4 911</b>	<b>3 774</b>	<b>3 774</b>	<b>3 774</b>	<b>3 174</b>	<b>2 574</b>	<b>2 374</b>
<b>Trade and other payables</b>									
Trade and other creditors	37 371	50 432	45 134	20 555	20 555	20 555	20 555	20 555	20 555
Unspent conditional transfers	68 081	47 640	32 528	-	24 504	24 504	10 000	8 000	7 000
<b>Total Trade and other payables</b>	<b>105 452</b>	<b>98 071</b>	<b>77 661</b>	<b>20 555</b>	<b>45 059</b>	<b>45 059</b>	<b>30 555</b>	<b>28 555</b>	<b>27 555</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing	5 203	32 484	28 842	25 878	25 878	25 878	22 104	19 530	17 357
Finance leases (including PPP asset element)	2 729	4 656	3 280	-	-	-	3 280	3 280	3 280
<b>Total Non current liabilities - Borrowing</b>	<b>7 933</b>	<b>37 140</b>	<b>32 122</b>	<b>25 878</b>	<b>25 878</b>	<b>25 878</b>	<b>25 384</b>	<b>22 810</b>	<b>20 636</b>
<b>Provisions - non-current</b>									
Retirement benefits	2 966	3 919	5 300	4 311	4 311	4 311	5 933	5 933	5 933
Other	1 293	1 622	2 127	1 784	1 784	1 784	1 784	1 784	1 784
<b>Total Provisions - non-current</b>	<b>4 259</b>	<b>5 541</b>	<b>7 427</b>	<b>6 095</b>	<b>6 095</b>	<b>6 095</b>	<b>7 717</b>	<b>7 717</b>	<b>7 717</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance	730 484	722 364	757 619	1 263 615	1 263 615	1 263 615	1 291 518	1 542 535	1 853 654
Restated balance	730 484	722 364	757 619	1 263 615	1 263 615	1 263 615	1 291 518	1 542 535	1 853 654
Surplus/(Deficit)	112 848	33 464	105 263	230 301	174 027	174 027	221 302	269 290	291 234
Depreciation offsets	18 651	-	-	23 000	20 000	20 000	-	-	-
Other adjustments	76 396	-	-	23 649	(57 079)	(57 079)	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	<b>938 379</b>	<b>755 828</b>	<b>862 882</b>	<b>1 540 566</b>	<b>1 400 564</b>	<b>1 400 564</b>	<b>1 512 820</b>	<b>1 811 825</b>	<b>2 144 888</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>938 379</b>	<b>755 828</b>	<b>862 882</b>	<b>1 540 566</b>	<b>1 400 564</b>	<b>1 400 564</b>	<b>1 512 820</b>	<b>1 811 825</b>	<b>2 144 888</b>



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

DC43 Sisonke - Supporting Table SA9 Social, economic and demographic statistics and assumptions										
Description of economic indicator	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>										
Population	-	457	500	534	546	558	571	584	597	611
Females aged 5 - 14	-	40	74	79	81	82	84	86	88	90
Males aged 5 - 14	-	41	63	67	69	70	72	73	75	77
Females aged 15 - 34	-	54	92	98	101	103	105	108	110	113
Males aged 15 - 34	-	48	78	84	86	88	90	92	94	96
Unemployment	-	114	125	133	136	139	143	146	149	153
<b>Monthly household income (no. of households)</b>										
R1-R 400	-	64 824	71 012	75 825	77 500	79 213	80 964	82 753	84 408	86 063
R401 – R 800	-	108 648	119 020	127 086	129 895	132 765	135 700	138 699	141 473	144 246
R801 - R1 600	-	169 546	185 730	198 319	202 701	207 181	211 760	216 440	220 768	225 097
R1601-R3 200	-	38 917	42 632	45 521	46 527	47 556	48 607	49 681	50 674	51 668
R3201-R6 400	-	33 142	36 306	38 767	39 623	40 499	41 394	42 309	43 155	44 001
R6 401-R12 800	-	25 656	28 105	30 009	30 673	31 351	32 043	32 752	33 407	34 062
R12 801 –R25 600	-	10 157	11 127	11 881	12 144	12 412	12 686	12 967	13 226	13 485
R25 600- R51 200	-	2 191	2 400	2 563	2 620	2 678	2 737	2 797	2 853	2 909
R102 401 – R204 800	-	2 511	2 750	2 937	3 002	3 068	3 136	3 205	3 269	3 333
R204 801 or more	-	913	1 000	1 068	1 092	1 116	1 140	1 166	1 189	1 212
<b>Poverty profiles (no. of households)</b>										
< R2 060 per household per month										
Households with total combined income of less than R1600		71 900	78 910	100817.00	100817.00	100817.00	100817.00	107019.28	113440.43	
<b>Household/demographics (000)</b>										
Number of people in municipal area	-	456 506	500 082	534	546	558	570	583	594	606
Number of poor people in municipal area	-	342 380	375 762	480	480	480	480	510	520	530
Number of households in municipal area	-	103 264	105 659	113	115	118	120	123	126	128
Number of poor households in municipal area	-	71 900	78 910	101	101	101	101	107	109	111
Definition of poor household (R per	-	<R800P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M	<R1600 P/M



DC43 Sisonke - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Housing statistics</b>										
Formal	-	32 115	33 917	36 215	37 016	37 834	38 670	39 524	40 315	41 105
Informal	-	4 234	2 008	2 144	2 191	2 239	2 289	2 339	2 386	2 433
<b>Total number of households</b>	-	36 349	35 924	38 359	39 207	40 073	40 959	41 864	42 701	43 538
<b>Economic</b>										
Inflation/inflation outlook (CPIX)				5.3%	5.7%	4.8%	5.3%	5.5%	5.7%	5.9%
Interest rate - borrowing				14.0%	10.5%	9.0%	9.5%	10.0%	10.4%	10.8%
Interest rate - investment				10.0%	9.5%	7.0%	7.5%	8.0%	8.3%	8.6%
Remuneration increases				13.0%	7.7%	6.1%	7.3%	7.5%	7.8%	8.1%
Consumption growth (electricity)				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)				2.0%	2.0%	8.7%	2.2%	2.2%	2.3%	2.4%
<b>Collection rates</b>										
Property tax/service charges				0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Rental of facilities & equipment				7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Interest - external investments				10.0%	9.5%	7.0%	7.5%	8.0%	8.6%	8.6%
Interest - debtors				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 64 MBRR SA32 – List of external mechanisms

DC43 Sisonke - Supporting Table SA32 List of external mechanisms						
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.	
Name of organisation		Number			R thousand	
	Yrs	1	Garding Services	One year Contract	R	70 000
	Yrs	1	Cleaning services	One year Contract	R	200 000
	Yrs	1	Security Services	One year Contract	R	4 700 000
	Yrs	1	IT Support	One year Contract	R	150 000
	Yrs	1	Temporary offices	One year Contract	R	500 000
	Yrs	2	Implementation of Grap	One year Contract	R	700 000
Contracts on Tender	Yrs	3	VAT Consultant	One year Contract		Percentage Based
Canon	Yrs	5	RENTAL OF OFFICE EQUIPMENT	One year Contract		Volume Dependant
	Yrs	1	LEGAL SERVICES	One year Contract		

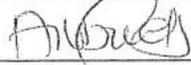


### 1.20 Municipal manager’s quality certificate

I Adelaide N. Dlamini municipal manager of SISONKE DISTRICT 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 Adelaide Nomnaneli Dlamini

Municipal manager of SISONKE DISTRICT MUNICIPALITY (DC43)

Signature 

Date 24 MAY 2013

