

ANNUAL DRAFT BUDGET OF

# MSUNDUZI LOCAL MUNICIPALITY

## KZN225



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

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## Table of Contents

<b>PART 1 – ANNUAL BUDGET .....</b>	<b>1</b>
1.1 COUNCIL RESOLUTIONS.....	1
1.2 EXECUTIVE SUMMARY .....	2
1.3 OPERATING REVENUE FRAMEWORK.....	6
1.4 OPERATING EXPENDITURE FRAMEWORK.....	55
1.5 CAPITAL EXPENDITURE .....	61
1.6 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	62
<b>PART 2 – SUPPORTING DOCUMENTATION .....</b>	<b>87</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	87
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP.....	93
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	105
2.4 OVERVIEW OF BUDGET ASSUMPTIONS.....	113
2.5 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS .....	127
2.6 COUNCILLOR AND EMPLOYEE BENEFITS.....	130
2.7 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW .....	132
2.8 MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....	145

## List of Tables

Table 1 Consolidated Overview of the 2014/15 MTREF.....	4
Table 2 Summary of revenue classified by main revenue source .....	7
Table 3 Percentage growth in revenue by main revenue source .....	8
Table 4 Transfers and Grant Receipts.....	10
Table 5 Comparison of proposed rates and tariffs to levied for the 2014/15 financial year.....	14
Table 6 Summary of operating expenditure by standard classification item.....	57
Table 7 2014/15 Medium-term capital budget per funding .....	61
Table 8 MBRR Table A1 - Budget Summary.....	63
Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	67
Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) .....	69
Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	71
Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source .....	74
Table 13 MBRR Table A6 - Budgeted Financial Position.....	76
Table 14 MBRR Table A7 - Budgeted Cash Flow Statement.....	78
Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation.....	80
Table 16 MBRR Table A9 - Asset Management.....	82
Table 17 MBRR Table A10 – Funding Compliance Measurement.....	86
Table 18 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue.....	102
Table 19 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and expenditure.....	103
Table 20 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and capital expenditure .....	104
Table 21 MBRR Table SA8 – Performance indicators and benchmarks .....	108
Table 22 MBRR Table 22 – Breakdown of operating revenue over the medium term.....	118
Table 23 MBRR Table SA15 – Detailed investment information.....	120
Table 24 MBRR Table SA16 – Investment particulars by maturity.....	121
Table 25 MBRR Table 25 – Sources of capital over the MTREF .....	122
Table 26 MBRR Table SA17 – Detailed borrowings.....	123
Table 27 MBRR Table SA18 – Capital transfers and grants receipts .....	124
Table 28 MBRR Table A7 – Budget cash flow statement.....	126
Table 29 MBRR Table SA19 – Expenditure on transfers and grants programmes.....	128
Table 30 MBRR Table SA20 – Reconciliation between of transfers, grant receipts and unspent funds .....	129

Table 31 MBRR Table SA22 – Summary of councillor and staff benefits.....	130
Table 32 MBRR Table SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers) .....	131
Table 33 MBRR Table SA24 – Summary of personnel numbers .....	132
Table 34 MBRR Table SA25 – Budgeted monthly revenue and expenditure .....	133
Table 35 MBRR Table SA26 – Budgeted monthly revenue and expenditure (municipal vote).....	134
Table 36 MBRR Table SA27 – Budgeted monthly revenue and expenditure (standard classification) .....	135
Table 37 MBRR Table SA28 – Budgeted monthly capital expenditure (municipal vote).....	136
Table 38 MBRR Table SA29 – Budgeted monthly capital expenditure (standard classification).....	137
Table 39 MBRR Table SA30 – Budgeted monthly cash flow.....	138
Table 40 MBRR Table SA34a – Capital expenditure on new assets by asset class .....	140
Table 41 MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class.....	141
Table 42 MBRR Table SA34c – Repairs and maintenance expenditure by asset class.....	143
Table 43 MBRR Table SA35 – Future financial implications of the capital budget .....	144

## List of Figures

Figure 1 Consolidated budget summary .....	63
Figure 2 Planning, budgeting and reporting cycle .....	106
Figure 3 Definition of performance information concepts.....	107
Figure 4 Breakdown of operating revenue over the medium term .....	118

## Abbreviations and Acronyms

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

## Part 1 – Annual Budget

### 1.1 Council Resolutions

On 31 March 2014 the Council of Msunduzi Local Municipality met in the Council Chambers of Msunduzi City Hall to consider the Draft annual budget for the financial year 2014/15 and the two outer years, namely 201/2016 & 2016/2017

It was resolved

7.1 That the Draft Annual Budget and Medium Term Revenue and Expenditure Framework for 2014/15 to 2016/17 be approved.

7.2 That Council mandates the Mayor and the Accounting Officer to subject the Draft Budget for the 2014/2015-2016/2017 financial year to a consultative process.

7.3 That the following reviewed financial policies be approved;

7.3.1 Supply Chain Management policy

7.3.2 Asset Management Policy

7.3.3 Cash and Investment Management policy

7.3.4 Budget Policy

7.3.5 General Insurance Policy

7.3.6 Indigent policy

7.3.7 Tariffs policy

7.3.8 Rates Policy

7.3.9 Credit control and debt management policy

7.3.10 Virement policy

7.3.11 Funding and reserves policy

7.4 That the rate randage for the following categories of properties be increased by 5.6%:

7.4.1 Agricultural

7.4.2 Public Benefit Organisations

7.4.3 Dwelling: Shops and Flats

7.4.4 Small business – home

7.4.5 Unauthorised use

7.4.6 Impermissible

7.4.7 Other (Commercial & Industrial)

7.4.8 Mining

7.4.9 Rural Communal Land

7.4.10 Public Service Infrastructure

7.4.11 Residential

7.4.12 Vacant Land

7.5 Approve the provisional rates and tariffs register for 2014/15 with the interim randages for property rates based on CPI. The current General Valuation Roll is still under review and is to be subjected to the mandatory processes and public consultation before the municipality finalise rates for 2014/15 financial year.

## **1.2 Executive Summary**

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

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items to ensure key objectives are achieved and well-performed programmes are supported. Over the next three years, the municipality as a whole will learn to do more with less.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. The City has further 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 Circulars No. 51, 54, 55, 58, 59, 66, 67, 70, and 72 were used to guide the compilation of the 2014/15 MTREF.

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

- The on-going difficulties in the national and local economy;
- Ageing and poorly maintained water, roads and electricity infrastructure;
- The need to re-prioritise projects and expenditure within the existing resource envelope given the cash flow realities;
- The increased cost of bulk water and electricity (due to tariff increases from Umgeni Water 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;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Expanding public sector investment in infrastructure through ensuring the budgets and MTREF's acknowledge that capital programmes needs a balanced funding structure, addressing not only backlogs in services but also investment in new infrastructure as well as renewing existing infrastructure.

- To act as a catalyst for local economic development by appropriately structuring the capital programme to address backlog eradication, asset renewal and the development of new infrastructure; this will require carefully formulating the funding mix to include grants, borrowing and own funding (internally generated funding).

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

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted for the new baselines for the 2014/15 annual budget;
- Affordability was taken into consideration for tariff and property rate increases and were within the inflation rate, except where there were price increases in the inputs of services that were beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost effective, and take into account the need to address infrastructure backlogs;
- Inflation forecasts as per MFMA Circular No. 70 and 72 were taken into consideration when preparing the 2014/15 budgets.
- Section 18 of the Municipal Finance Management Act, 2003 which deals with the funding of expenditure through the realistic revenue to be collected was also taken into consideration. In this regard municipalities must ensure that:
  - The operating and capital expenditure is in line with the requirement of section 18 of the MFMA; and
  - The municipality is required to implement initiatives that would contribute to the sustainability of the municipality during the financial year and beyond. This requires the implementation of the budget as planned.

In terms of section 62(1) of the MFMA the accounting officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:

- That the resources of the municipality are used effectively, efficiently and economically;
- That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
- That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; and of internal audit operating in accordance with any prescribed norms and standards; and
- That unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
Total Revenue (excluding capital transfers and contributions)	2,460,486	2,878,839	3,367,779	3,291,485	3,249,133	3,249,133	3,249,133	3,657,466	3,851,079	4,015,368
Total Expenditure	2,365,707	2,738,877	3,274,191	3,224,899	3,182,549	3,182,549	3,182,549	3,587,146	3,775,254	3,963,183
Surplus/(Deficit)	94,778	139,961	93,589	66,586	66,584	66,584	66,584	70,320	75,825	52,185

**KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	Current Year			MTREF Budget Year 2013/14 - 2016/17				
		Original Budget	Adjusted Budget	% Change	2014/15 Budget	% Change	2015/16 Budget	% Change	2016/17 Budget
<b>R thousands</b>									
Total Revenue (excluding capital transfers and contributions)		3,291,485	3,249,133	12.57%	3,657,466	18.53%	3,851,079	23.58%	4,015,368
Total Expenditure		3,224,899	3,182,549	12.71%	3,587,146	18.62%	3,775,254	24.53%	3,963,183
Surplus / (Deficit)		66,584	66,584		70,320		75,825		52,185
Transfers recognised - capital		383,158	423,840	-33.02%	283,897	9.54%	464,283	11.02%	470,542
Contributions recognised - capital		-	-		-	-	-	-	-
Contributed assets		-	-		-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		449,744	490,424		354,217		540,108		522,727



Total operating revenue has increased by 12.6 per cent or R 408 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 18.5% R602 million and 23.6 per cent R766 million respectively, equating to a total revenue increase of R1.3 billion over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R3.6 billion and translates into a budgeted surplus of R70.3 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has increased by 12.7 per cent in the 2014/15 budget, in the 2015/16 by 18.6% and 24.5% over the outer years respectively.

### **1.3 Operating Revenue Framework**

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

In terms of section 64 of the MFMA on Revenue Management, the Municipal Manager with the institutional and technical support of the Chief Financial Officer and senior management is required to create and continuously enhance and strengthen the policy imperatives, procedures and processes to achieve the required minimum rate and standard on revenue collection and debt management.

National Treasury also continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities must justify

in their budget documentation all increases in excess of the 6.2 per cent upper boundary of the South African Reserve Bank's inflation target in the budget narratives.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

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

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>	1										
Property rates	2	448,257	505,310	585,863	607,308	607,308	607,308	607,308	641,317	673,383	707,052
Property rates - penalties & collection charges		26,358	31,244	39,596	37,363	37,363	37,363	37,363	39,231	40,800	42,500
Service charges - electricity revenue	2	1,011,459	1,212,660	1,425,627	1,558,827	1,516,475	1,516,475	1,516,475	1,628,543	1,733,368	1,828,704
Service charges - water revenue	2	270,107	288,345	349,140	378,445	378,445	378,445	378,445	409,856	420,819	443,965
Service charges - sanitation revenue	2	102,592	107,507	120,089	132,153	132,153	132,153	132,153	139,553	146,950	155,032
Service charges - refuse revenue	2	65,559	70,091	73,999	77,592	77,592	77,592	77,592	81,937	86,280	91,025
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		17,313	17,944	20,896	20,255	20,255	20,255	20,255	35,024	38,329	40,292
Interest earned - external investments		12,823	25,951	34,328	27,029	27,029	27,029	27,029	28,050	28,519	28,665
Interest earned - outstanding debtors		47,480	58,254	82,051	1,255	1,255	1,255	1,255	1,292	1,318	1,390
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5,354	3,813	8,371	3,634	3,634	3,634	3,634	6,826	7,014	11,218
Licences and permits		89	78	59	48	48	48	48	50	53	56
Agency services		577	374	733	586	586	586	586	3,220	3,324	3,490
Transfers recognised - operational		387,733	500,669	566,470	383,848	383,848	383,848	383,848	402,280	420,741	418,392
Other revenue	2	64,786	56,599	60,558	48,011	48,011	48,011	48,011	240,286	250,180	243,587
Gains on disposal of PPE					15,131	15,131	15,131	15,131	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,460,486</b>	<b>2,878,839</b>	<b>3,367,779</b>	<b>3,291,485</b>	<b>3,249,133</b>	<b>3,249,133</b>	<b>3,249,133</b>	<b>3,657,466</b>	<b>3,851,079</b>	<b>4,015,368</b>

Table 3 Percentage growth in revenue by main revenue source

Description	MTREF Budget 2014/ 15 - 2016/17							
	Ref			2014/15 Medium Term Revenue & Expenditure Framework				
R thousand	1	Adjusted Budget	% Change	Budget Year 2014/15	% Change	Budget Year +1 2015/16	% Change	Budget Year +2 2016/17
<b>Revenue By Source</b>								
Property rates	2	607,308	5.6%	641,317	5.0%	673,383	5.0%	707,052
Property rates - penalties & collection charges		37,363	5.0%	39,231	4.0%	40,800	4.2%	42,500
Service charges - electricity revenue	2	1,516,475	7.4%	1,628,543	6.4%	1,733,368	5.5%	1,828,704
Service charges - water revenue	2	378,445	8.3%	409,856	2.7%	420,819	5.5%	443,965
Service charges - sanitation revenue	2	132,153	5.6%	139,553	5.3%	146,950	5.5%	155,032
Service charges - refuse revenue	2	77,592	5.6%	81,937	5.3%	86,280	5.5%	91,025
Service charges - other			0.0%	–	0.0%	–	0.0%	
Rental of facilities and equipment		20,255	72.9%	35,024	9.4%	38,329	5.1%	40,292
Interest earned - external investments		27,029	3.8%	28,050	1.7%	28,519	0.5%	28,665
Interest earned - outstanding debtors		1,255	3.0%	1,292	2.0%	1,318	5.4%	1,390
Dividends received			0.0%	–	0.0%	–	0.0%	
Fines		3,634	87.8%	6,826	2.8%	7,014	59.9%	11,218
Licences and permits		48	4.2%	50	6.0%	53	5.0%	56
Agency services		586	449.6%	3,220	3.2%	3,324	5.0%	3,490
Transfers recognised - operational		383,848	4.8%	402,280	4.6%	420,741	-0.6%	418,392
Other revenue	2	48,011	400.5%	240,286	4.1%	250,180	-2.6%	243,587
Gains on disposal of PPE		15,131	-100.0%	–	0.0%		0.0%	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>3,249,133</b>		<b>3,657,466</b>		<b>3,851,079</b>		<b>4,015,368</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 the inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and service charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenue comprises more than two thirds of the total revenue generated by the municipality. In the 2013/14 financial year, revenue from rates and service charges totalled R2.7 billion or 83.5 of total revenue. This increases to R0.4 million, R0.6 million and R0.8 million for 2014/15, 2015/16 and 2016/17 respectively. This growth can be mainly attributed to the increased sales that electricity contributes to the total revenue mix, which in turn is due to the rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source and equates to 17.5 per cent or R641 million of total revenue. Other revenue consists of various items such as rental of facilities, interest earned, fines, licenses and permits, agency services and other (includes sale of land, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R 402.3 million in the 2014/15 financial year and steadily increases to R 420.7 million by 2015/19 and decreases in 2016/17 financial year to R418.4 million as per DORA. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Transfers and Grant Receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>267,375</b>	<b>310,326</b>	<b>342,704</b>	<b>362,139</b>	<b>362,139</b>	<b>362,139</b>	<b>380,424</b>	<b>397,878</b>	<b>418,392</b>
Local Government Equitable Share		267,211	304,835	338,903	354,313	354,313	354,313	373,541	392,761	413,174
Finance Management		165	1,979	1,500	1,550	1,550	1,550	1,600	1,650	1,700
Municipal Systems Improvement			978	800	890	890	890	934	967	1,018
EPWP Incentive				1,501	1,874	1,874	1,874	2,782		
Energy Efficiency and Demand Management			2,534		-	-	-	-	-	
Water Services Operating Subsidy										
Other transfers/grants [insert description]					3,512	3,512	3,512			
Neighbourhood Development Partnership Technical ass								1,567	2,500	2,500
<b>Provincial Government:</b>		<b>33,467</b>	<b>4,074</b>	<b>22,500</b>	<b>21,709</b>	<b>21,709</b>	<b>21,709</b>	<b>21,856</b>	<b>22,863</b>	<b>-</b>
Health subsidy			-							
Provincial Government:		20,979	1,207							
Health subsidy			-							
Expanded Public Works Grant			2,868							
Operating Grant - Property Rates										
Health		12,488		2,537						
Human Settlements				9,000						
Public Works										
Arts and Culture				10,963	21,709	21,709	21,709	21,856	22,863	
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating Transfers and Grants</b>	5	<b>300,842</b>	<b>314,400</b>	<b>365,204</b>	<b>383,848</b>	<b>383,848</b>	<b>383,848</b>	<b>402,280</b>	<b>420,741</b>	<b>418,392</b>

<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>73,225</b>	<b>138,340</b>	<b>208,599</b>	<b>386,670</b>	<b>389,761</b>	<b>389,761</b>	<b>283,897</b>	<b>464,283</b>	<b>470,542</b>
Municipal Infrastructure Grant (MIG)		48,348	138,340	153,399	154,824	151,312	151,312	159,158	166,213	173,983
Public Transport and Systems		11,663		45,000	100,846	100,846	100,846	100,000	220,000	250,000
Neighbourhood Development Partnership				700				10,350	10,737	11,288
Rural Households Infrastructure				4,500						
Dept of Mineral/Electricity		3,757			8,000	8,000	8,000			
Intergrated National Electrification Porgramme				5,000	123,000	123,000	123,000	3,000	9,000	9,000
						353	353			
Municipal Water Infrastructure Grant		9,457				6,250	6,250	11,389	58,333	26,271
<b>Provincial Government:</b>		<b>11,429</b>	<b>11,836</b>	<b>19,315</b>	<b>-</b>	<b>25,460</b>	<b>25,460</b>	<b>-</b>	<b>-</b>	<b>-</b>
Airport Development Project		11,429	11,836	19,315		16,200	16,200	-	-	
Sport and Recreation				2,100						
Corridor Development						8,660	8,660		-	-
KZNPA						600	600			
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>2,427</b>	<b>2,427</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Carnegie</i>				135		296	296			
<i>Cementry Trust</i>						2,131	2,131			
<b>Total Capital Transfers and Grants</b>	5	<b>84,654</b>	<b>150,176</b>	<b>228,049</b>	<b>386,670</b>	<b>417,648</b>	<b>417,648</b>	<b>283,897</b>	<b>464,283</b>	<b>470,542</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>385,496</b>	<b>464,576</b>	<b>593,253</b>	<b>770,518</b>	<b>801,496</b>	<b>801,496</b>	<b>686,177</b>	<b>885,024</b>	<b>888,934</b>

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

The percentage increase of Eskom bulk tariff is beyond the mentioned inflation target. Given that this tariff increase is determined by external an agency, the impact it has on the municipality's electricity tariff is largely outside the control of the City. Discounting the impact of this price increase in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost

drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City 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 City has undertaken the tariff setting process relating to service charges as follows.

### **Property Rates**

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. The regulations prescribing the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1 came into effect on 1 July 2009, whilst the rate ratio for Public Benefit Organizations came into effect on 1 July 2010. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Approve the provisional rates and tariffs register for 2014/15 with the interim randages for property rates based on CPI. The current General Valuation Roll is still under review and is to be subjected to the mandatory processes and public consultation before the municipality finalise rates for 2014/15 financial year.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 5.6 per cent increase from 1 July 2014 is contained below:

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

<u>Rates</u>						
VOTE	SUB	ITEM		2013/14	2014/15	
060	448	8208		Cents in the R	Cents in the R	%Incr
<b>1. A GENERAL RATE</b> , assessed in terms of the Local Government: Municipal Property Rates Act 6 of 2004				0.0213	0.0225	5.60%
(a) <u>Vacant Land</u> - no rebate granted (net)				0.0213	0.0225	5.60%
(b) <u>Unauthorised use</u> plus surcharge				0.0264	0.0279	5.60%
<b>2. REBATES:</b>						
<u>Residential Property</u>						
(a) A rebate on the valuation of rateable property				0.0096	0.0101	
Rate Randage – after rebate (net)				<u>0.0117</u>	<u>0.0124</u>	
<u>Other Properties</u>						
(b) A rebate on the valuation of rateable property				0.0006	0.0006	
Rate Randage – after rebate (net)				<u>0.0207</u>	<u>0.0219</u>	
<u>Agricultural Property</u>						
(c) A rebate on the valuation of rateable property				0.0184	0.0194	
Rate Randage – after rebate (net)				<u>0.0029</u>	<u>0.0031</u>	
<u>Public Service Infrastructure</u>						
(d) A rebate on the valuation of rateable property				0.0184	0.0194	
Rate Randage – after rebate (net)				<u>0.0029</u>	<u>0.0031</u>	
<u>Rural Communal Property</u>						
(e) A rebate on the valuation of rateable property				0.0006	0.0006	
Rate Randage – after rebate (net)				<u>0.0207</u>	<u>0.0219</u>	
<u>Home Business and DSF properties</u>						
(f) A rebate on the valuation of rateable property				0.0065	0.0069	
Rate Randage – after rebate (net)				<u>0.0148</u>	<u>0.0156</u>	
<u>Sectional Title Garages - Separately Registered</u>						
(g) A rebate on the valuation of rateable property				<u>0.0096</u>	0.0101	
Rate Randage – after rebate (net)				<u>0.0117</u>	<u>0.0124</u>	



<u>Mining</u>						
(h)	A rebate on the valuation of rateable property				0.0006	0.0006
	Rate Randage – after rebate (net)				0.0207	0.0219
<u>Public Benefit Organisations</u>						
(i)	A rebate on the valuation of rateable property				0.0184	0.0194
	Statutory Rebate				0.0029	0.0031
	Additional Rebate				100%	100%
<b>3. OTHER REBATES:</b>						
<u>Impermissible and Free Value based rebates</u>						
(j)	No rates shall be levied on the market value of the first R15,000 of residential property, home business and DSF properties.					
	A rebate of 100% will be granted on all residential property and home business property from a value of R15,001 to a value of R100,000. (Under review)					
<u>Aged Persons and Disability Grantees Rebate</u>						
(k)	Aged Persons Occupier Owner Applicants:					
	Female – 60 years and over					
	Male – 63 years and over					
	Total monthly income of all occupants and owners from all sources				R 3,200	to be finalised
	%tage Rebate –				40% max	40% max
<u>Child Headed Households</u>						
(l)	Maximum monthly income of all occupants and owners from all sources					
	%tage Rebate –				R 3,200	to be finalised
					40% max	40% max

<u>Listed Buildings</u>							
(m)	Rates Rebate after primary rebate on Listed Buildings					40% Max	40% Max
<u>Developers Rebate</u>							
(n)	Rates Rebate on VL only subject to Council Conditions					100%	100%
	Year 1					66%	66%
	Year 2					33%	33%
	Year 3						
<b>4. GENERAL NOTE:</b>							
(a)	No rebates on Listed Buildings and Developers properties will be granted to ratepayers where any arrears is outstanding on the property for rates & services. Rebates will only be granted to aged persons and child headed households where arrangements are made for arrears and where all arrangements are being maintained.						
(b)	Existing Newly Incorporated Properties have been phased in over three years and no further rebates will be granted in terms of the Municipal Property Rates Act.						
(c)	No rates will be levied on property owned and occupied by the Msunduzi Municipality.						

### 1.3.1 Sale of Water and Sanitation Tariff Increases

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

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

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

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water is proposing an 8.3 per cent increase on its bulk tariffs and on sanitation a 5.6% increase as per Circular No. 70 of the MFMA from 1 July 2014.

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

<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="text-align: center;">VOTE 787</td> <td style="text-align: center;">SUB 460</td> <td style="text-align: center;">ITEM 8595</td> </tr> </table>			VOTE 787	SUB 460	ITEM 8595	2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr
VOTE 787	SUB 460	ITEM 8595						
<u>Water Supply Tariffs</u>								
1	Scale 2 (1) – Domestic							
	Basic Charge		R 15.83	R 17.14	8.33%			
	0kl to 6kl		R 41.14	R 44.56	8.33%			
	2 (2) – Domestic							
	7kl to 30kl per kl		R 13.84	R 14.99	8.33%			
	2 (3) – Domestic							
	31kl to 60kl per kl		R 20.42	R 22.13	8.33%			
	2 (4) _Domestic							
	61kl and over per kl		R 23.84	R 25.83	8.33%			
	2 (5) _Domestic							
	Flat rate (unmetered households)		R 63.30	R 68.57	8.33%			
2	Scale 3A – Flats, Simplexes							
	Basic Charge		R 15.83	R 17.14	8.33%			
	Unit		R 13.05	R 14.13	8.33%			
3	Scale 3B – Flats (Non-Rateable)							
	Basic Charge		R 15.83	R 17.14	8.33%			
	Unit		R 17.95	R 19.45	8.33%			

4	Scale 4A (1) – Commercial							
	Basic Charge					R 26.38	R 28.57	8.33%
	0 - 30 kl per kl					R 14.81	R 16.04	8.33%
	4A (2) – Commercial							
	31kl to 60kl per kl					R 16.50	R 17.87	8.33%
	4A (3) – Commercial							
	61kl to 100kl per kl					R 19.36	R 20.97	8.33%
	4A (4) – Commercial							
	101kl and over per kl					R 14.81	R 16.04	8.33%
5	Scale 4B – Commercial (Non-Rateable)							
	Basic Charge					R 26.38	R 28.57	8.33%
	Unit					R 18.26	R 19.79	8.33%
6	Scale 5 – Builders, Construction Sites							
	Basic Charge					R 26.38	R 28.57	8.33%
	Unit					R 18.26	R 19.79	8.33%
	Flat Rate - Unmetered Fire Mains					R 158.25	R 171.43	8.33%
7	Scale 6 – Religious Organisations							
	Basic Charge					R 26.38	R 28.57	8.33%
	Unit					R 14.48	R 15.69	8.33%

8	Scale 7 – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council.					
	Basic Charge			R 26.38	R 28.57	8.33%
	Unit			R 14.48	R 15.69	8.33%
10	Scale 8 – Municipal Departments Unit			R 13.83	R 14.98	8.33%
<b>Indigent Benefit - Domestic Water supply only</b>						
Qualifying indigent consumers will receive the first 6kl of water free						
<b>INTEREST RATE</b>						
1	Interest rate per annum			9.5%	9.5%	0.00%

<u>Sewerage Tariffs</u>						
VOTE 202	SUB 469	ITEM 8439		2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr
Based on the relevant Water Scale						
<u>Sewerage Tariffs</u>						
1		Scale 2 – Domestic/House		R 115.14	R 121.58	5.60%
2		Home Business		R 129.82	R 137.09	5.60%
3		Scale 3A – Flats/Simplexes per kl		R 6.11	R 6.45	5.60%
4		Scale 4A – Business/Commercial per kl				
		0 - 400		R 6.24	R 6.59	5.60%
		401 - 1000		R 5.83	R 6.15	5.60%
		Greater than 1000		R 4.82	R 5.09	5.60%
		Subject to a maximum of		R 25,119.53	R 26,526.23	5.60%
5		Vacant Land		R 115.14	R 121.58	5.60%
6		Scale 6 – Worship Places		R 219.66	R 231.96	5.60%
7		Scale 8M – Municipal Departments per kl		R 6.24	R 6.59	5.60%
8		Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.				

VOTE 202	SUB 469	ITEM 8346					
9	Scale 3c, 4c, 7c – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council. per kl		R 6.24	R 6.59	5.60%		
<b>Note: Home Business</b>							
Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.							
<b>INTEREST RATE</b>							
1	Interest rate per annum		9.5%	9.5%	0.00%		

<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>
<b>159</b>	<b>896</b>	<b>0516</b>

Sewer Connections

In all cases the connection into the Corporate Sewer shall be undertaken by the Executive Manager at the expense of the owner of the premises to be connected or his authorised agent. The Executive Manager shall decide the type and diameter of the pipe to be used for the connection.

Except where otherwise authorised, the work shall be charged at the following tariffs:		<b>2013/14</b>	<b>2014/15</b>	
		<b>Excl. Vat</b>	<b>Excl. Vat</b>	<b>%Incr</b>
1	Connection fees payable in terms of bylaw 23(3)b:			
(a)	100mm pipes	R 2,788	R 2,945	5.60%
(b)	150mm pipes minimum charge [cost plus 10%]	R 5,103	R 5,389	5.60%
(c)	200mm pipes minimum charge [cost plus 10%]	R 5,888	R 6,218	5.60%
The tariffs payable to this item are subject to the provision that –				
(i)	where it is necessary to include such items as manholes, or other means of access to the connection, special pipes or any other works which may be peculiar to the connection, such additional work shall be to the expense of the owner of the premises to be connected or to his authorized agent, and such additional work shall be charged at full cost plus 10% administration charges, and	Cost Plus 10% Admin. Charge	Cost Plus 10% Admin. Charge	
(ii)	where a connection is required for a property within the central area other than a single residential dwelling, such connection shall be charged at full cost plus 10% administration charges with a minimum charge equal to the relevant tariff set out in this item.	Cost Plus 10% Admin. Charge	Cost Plus 10% Admin. Charge	



<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>VOTE</b></td> <td style="text-align: center;"><b>SUB</b></td> <td style="text-align: center;"><b>ITEM</b></td> </tr> <tr> <td style="text-align: center;"><b>159</b></td> <td style="text-align: center;"><b>896</b></td> <td style="text-align: center;"><b>0516</b></td> </tr> </table>			<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>159</b>	<b>896</b>	<b>0516</b>	2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>									
<b>159</b>	<b>896</b>	<b>0516</b>									
3	The charge to be levied by the Council iro. conveyance and treatment of trade effluent discharged into its sewers from manufacturing premises shall be assessed in accordance with the following formula:										
	(i) Cost [c/k] = <b>0.726</b> [Ave COD – 350]	0.672	0.726	8.00%							
	(ii) The volume of effluent discharged being a fixed percentage of their monthly water consumption, such percentage being mutually agreed upon by the industry concerned and Umgeni Water.										
	(iii) The average COD value used shall be determined from the average of previous six months COD results taken by Umgeni Water.										
	(iv) Where an industry's monthly effluent sample is found to exceed the limits set out in the Water Services By-Laws, a charge will be levied for a re-inspection of the premises and re-sampling of the effluent within a two week prescribed period.										
		R 954	R 1,030.64	8.00%							
2	Miscellaneous Fees The following miscellaneous fees shall be payable to the Council in accordance with the provisions of these bylaws:										
	(a) Clearing of internal drain and sewer blockages during normal working hours.	R 758	R 800	5.60%							
	(b) (i) Clearing of septic tanks within the Council's area of jurisdiction	R 1,543	R 1,630	5.60%							
	(ii) Clearing of septic tanks outside Council's area of jurisdiction (Minimum deposit R1000.00)	Cost plus 10%	Cost plus 10%								
	(c) Clearing of conservancy tanks during normal working hours for non-residential property (per load)	R 487	R 515	5.60%							
	(d) Clearing of conservancy tanks during normal working hours for residential property (per load)	R 244	R 257	5.60%							
	(e) Clearing of pit latrines	R 244	R 257	5.60%							
	(f) Clearing of pit latrines monthly tariff	R 38	R 40	5.60%							

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<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>									
159	896	0516									
			Excl. Vat	Excl. Vat	%Incr						
3	The charge to be levied by the Council iro. conveyance and treatment of trade effluent discharged into its sewers from manufacturing premises shall be assessed in accordance with the following formula:										
	(i) Cost [c/k] = <b>0.726</b> [Ave COD – 350]										
	(ii) The volume of effluent discharged being a fixed percentage of their monthly water consumption, such percentage being mutually agreed upon by the industry concerned and Umgeni Water.										
	(iii) The average COD value used shall be determined from the average of previous six months COD results taken by Umgeni Water.										
	(iv) Where an industry's monthly effluent sample is found to exceed the limits set out in the Water Services By-Laws, a charge will be levied for a re-inspection of the premises and re-sampling of the effluent within a two week prescribed period.										
			0.672	0.726	8.00%						
			R 954	R 1,030.64	8.00%						

VOTE 159	SUB 896	ITEM 0519	2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr
1	When an owner or a consumer desires the services of the Council for the closing down or turning on of the water from a Council Control valve to a fire supply consequent upon alterations, repairs or otherwise to the system, application shall be made for such service to the Council and the applicant shall pay in advance to the Council a fee of <b>R469</b> for both the closing down and turning on of water by the Council. Fees payable ito Bylaw 30.		R 444	R 469	5.60%
	<b>NOTE</b> When it is necessary icw the repairs of any consumer's pipes or fittings that the water should be turned off at the mains, the consumer's plumber shall inform the Engineer who will give him notice of the day and hour that the water will be turned off, and upon the water being turned off, the plumber shall carry out the necessary repairs forthwith and complete same as expeditiously as possible.				
2	The Council is empowered summarily to cut off the water supply of any consumer whose account for water is overdue or who has contravened any of these Bylaws, without prejudice to any penalties which may be recoverable under the Bylaws, and the Council may recover the fee provided in Subsection (b) of this Bylaw and any further sum or sums due by the consumer.				
	(a) When the water supply to any consumer has been cut off under this Bylaw, or is turned off at the owner's or consumer's request for the purposes other than repairs by an authorized plumber, a disconnection fee of <b>R801</b> will be charged when the property is situated inside the Council's area and a disconnecting fee of <b>R801</b> will be charged when the property is situated outside the area of the Council, which fees will be payable by the owner or consumer, as the case may be, upon demand. Fees payable ito Bylaw 32.		R 759	R 801	5.60%
	(b) When the water supply to any consumer has been cut off under this Bylaw, the Council may, at its discretion, on payment in full of the overdue account and the disconnecting fee and a further fee for reconnection of <b>R801</b> the property is situated within the area of Council or <b>R801</b> if the property is situated outside the area of the Council, reconnect the supply to such premises. Fees payable ito Bylaw 32		R 759	R 801	5.60%

(c) Water Restriction Washer							
	Installation				R 262	R 277	5.60%
	Removal				R 279	R 295	5.60%
(d) Surcharge raised for the reinstatement of domestic services that have been removed for tampering (including where a meter has been removed and/or bypassed by an occupier/owner):							
	First offence				R 12,419	R 13,115	5.60%
	Second offence				R 18,629	R 19,672	5.60%
	Third or subsequent offence				R 31,049	R 32,787	5.60%
(e) Surcharge raised for the reinstatement of Business services that have been removed for tampering (including where a meter has been removed and/or bypassed by an occupier/owner):							
	First offence				R 310,487	R 327,874	5.60%
	Second offence				R 372,584	R 393,448	5.60%
	Third or subsequent offence				R 620,973	R 655,747	5.60%
(f) Tampering with Water Meters or Metering Installations: Domestic & Business							
	Disconnection Fee				R 759	R 801	5.60%
	Back dated consumption (calculated based on estimated tampering period)						

VOTE	SUB	ITEM	2013/14	2014/15	
159	896	0519	Excl. Vat	Excl. Vat	%Incr
3 (a) Except where other competent arrangements have been agreed upon, the tariff for connection to the water main shall be as follows[fees payable ito Bylaw96]:					
(i) In Council's area of jurisdiction – Diameter of supply pipe					
		15mm (Vulindlela)	R 680	R 816	20.00%
		15mm	R 2,220	R 2,344	5.60%
		20mm	R 5,082	R 5,183.68	2.00%
		25mm	R 6,530	R 6,896	5.60%
		50mm	R 10,014	R 10,814.92	8.00%
		80mm	R 18,136	R 19,586.36	8.00%
		100mm	R 25,547	R 27,590.58	8.00%
		150mm	R 29,030	R 31,352.93	8.00%
(ii) Outside Council's area of jurisdiction – In all cases – cost of labour and materials plus 10% supervision on total cost					
(iii) Where an application is made for more than one connection for the same property a discount of 25% be given on the smaller connections, subject to the following –					
(a) the application be made at the same time.					
(b) the positions of the connections be adjacent to one another.					
(c) the applicant be ready for the connections to be done at the same time.					

(iv)	<b>Removal of Connections</b>							
	Moving of connection from one position to another shall be charged at actual cost.							
	Where a meter has been temporarily removed at the request of the owner, the cost of replacing the meter at a later date will be				R 805	R 850	5.60%	
(v)	<b>Removal or By-passing meters</b>							
	Where a meter has been removed and/or bypassed by an occupier/owner, a fee shall be charged for the replacement of the meter.				R 1,391	R 1,469	5.60%	
(vi)	Fee for attendance at the applicant's site at time notified by applicant where it is not possible to make the connection due to the applicants pipe-work not being ready for connection.				R 444	R 469	5.60%	
4	The following shall be the charges for the testing of meters and testing and stamping of taps and fittings in accordance with these Bylaws:							
(a)	<b>Testing Meters</b>							
(i)	for testing meters from 15mm up to and including 25mm supplied by the Council <b>R613</b> , provided that where the meter shows an error of more than 3% fast a refund of <b>R613</b> will be made to the consumer concerned.				R 581	R 613	5.60%	
(b)	<b>Hydrant/Flow Pressure Tests</b>							
	The charge for a flow pressure test on a hydrant shall be <b>R483</b> for a test and a further <b>R483</b> for each and every subsequent test requested.				R 458	R 483	5.60%	

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

NERSA has announced the revised bulk electricity pricing structure. An 8.06 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

#### Comparison between current electricity charges and increases (Domestic)

DESCRIPTION	VOTE	SUB	ITEM
Domestic – Basic Charge	704	412	8401
Domestic – Amp Charge	704	412	8154
Domestic – Energy Charge	704	412	8157

2013/14	2014/15	
Excl. Vat	Excl. Vat	%Incr

**Scale A: Domestic**

1	A.1 Single-Phase up to 80A –				
	Basic Charge per month			R 18.38	R 19.73 7.37%
	Net Ampere Charge per amp per phase p.m.			R 7.30	R 7.30 0.00%
	Energy Charge per kWh (cents)			64.78	72.220 11.49%

DESCRIPTION	VOTE	SUB	ITEM
Domestic – Basic Charge	704	412	8401
Domestic – Amp Charge	704	412	8154
Domestic – Energy Charge	704	412	8157

2	Scale A.3 Three Phase up to 100A				
	Basic Charge per month			R 30.62	R 32.88 7.39%
	Net Ampere Charge per amp per phase p.m.			R 5.38	R 5.38 0.00%
	Energy Charge per kWh (cents)			66.01	72.22 9.41%

VOTE		SUB		ITEM				
704		412		8409				
<b>Scale S0. Domestic Indigent 20 Amp</b>								
Qualifying Indigent consumers will receive the first 70kWh of electricity free.								
Should be on Prepaid with 20 Amps Current limiting breaker								
3	Energy Charge only (cents)	No Basic Charge				87.950	97.090	10.39%
<b>Scale S1: Domestic Life Line Tariff 20 Amp</b>								
4	Energy Charge only (cents)	No Basic Charge				108.440	116.680	7.60%
<b>Scale S2: Domestic Straight Line Tariff - 60 Amps 1 phase</b>								
5	Energy Charge only (cents)	Basic Charge (Included in the monthly Municipal Bill)				108.440	116.680	7.60%
								<b>R 10.00</b>
<b>Scale TD1: Time Of Use Domestic Single Phase</b>								
Supply Metered by a Smart Meter								
6	Scale TD.1 Time Of Use Domestic		Single Phase					
							R 39.73	
Basic Charge per month								
Capacity charge per kVA per month							R 7.30	
Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)								
High Demand: (June, July, August)								
Peak							254.310	
Standard							83.630	
Off Peak							49.720	
Low Demand: (Other Months)								
Peak							89.320	
Standard							64.420	
Off Peak							44.320	



**Scale TD2: Time Of Use Domestic Three Phase**

Supply Metered by a Smart Meter

7 Scale TD.2 Time Of Use Domestic Three Phase

Basic Charge per month R 62.88

Capacity charge per kVA per month R 5.38

Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)

High Demand: (June, July, August)

Peak	254.310
------	---------

Standard	83.630
----------	--------

Off Peak	49.720
----------	--------

Low Demand: (Other Months)

Peak	89.320
------	--------

Standard	64.420
----------	--------

Off Peak	44.320
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DESCRIPTION	VOTE	SUB	ITEM
Small Power Users Basic Charge	704	412	8402
Small Power Users Ampere charge	704	412	8376
Small Power Users Energy Charge	704	412	8289

2013/14	2014/15	
Excl. Vat	Excl. Vat	%Incr

**Scale B: Small Power users ≤ 65 kVA**

8	Scale B.1 Small Power Single-Phase ≤80A				
	Basic Charge per month		R 47.13	R 50.61	7.39%
	Net Ampere Charge per amp per phase p.m.		R 15.36	R 15.36	0.03%
	Energy Charge per kWh (cents)		67.85	79.28	16.85%
9	Scale B.3 Small Power Three-Phase ≤100A				
	Basic Charge per month		R 84.51	R 90.75	7.39%
	Net Ampere Charge per amp per phase p.m.		R 12.96	R 12.96	0.04%
	Energy Charge per kWh (cents)		67.85	79.28	16.85%

DESCRIPTION	VOTE	SUB	ITEM
Large Power Users Bulk Basic	704	412	8403
Large Power Users Bulk kVa	704	412	8049
Large Power Users Bulk kWh	704	412	8052

**Scale C: Large Power users (Load greater than 65 kVA)**

10	Scale C.1 Large Power at LV						
		Basic Charge per month			R 369.17	R 396.45	7.39%
		Demand charge per kVA per month			R 148.17	R 152.33	2.81%
		Energy charge per kWh (cents)			63.477	72.590	14.36%

\* The minimum demand charge per month payable by the consumer under Scale C shall be an amount calculated as aforesaid on the basis of 70% of the highest maximum demand in kVA notified to the City Electrical Engineer by the consumer or 70% of the previous twelve months highest maximum in kVA, whichever is the higher.

<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>
<b>704</b>	<b>412</b>	<b>8289</b>

**Scale D.1: Block Tariff - THIS TARIFF IS TO BE DISCONTINUED WITH EFFECT FROM 1 JULY 2015**

This scale may be applied to any consumer at his election as an alternative to any other scale.

11	Energy Charge per kWh				R 3.040	R 3.36	10.53%
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\* The minimum monthly charge payable by the consumer under this scale shall be an amount calculated as aforesaid based on 50% of the highest monthly meter reading in the last twelve months.

DESCRIPTION	VOTE	SUB	ITEM
Time of Use: Basic	704	412	8404
Time of Use: Demand kVa	704	412	8405
Time of Use: Access kVa	704	412	8406
Time of Use: kWh	704	412	8407

**Scale T1: Time Of Use Large customer - MV**

12	Scale T1: Time of use large customer at MV			
	Basic Charge per month	R 1,845.83	R 1,982.23	7.39%
	Demand charge per kVA (Peak and Standard periods only) per month.	R 69.25	R 64.38	-7.03%
	Access charge per kVA per month. Based on highest of notified or previous 12 months highest demand.	R 22.64	R 28.80	27.21%
	Energy charge c/kWh (Periods as per shown in table below - public holidays treated as per table)			
	High Demand: (June, July, August)			
	Peak	241.260	242.680	0.59%
	Standard	78.910	87.520	10.91%
	Off Peak	52.370	56.700	8.27%
	Low Demand: (Other Months)			
	Peak	83.150	92.690	11.47%
	Standard	59.410	70.060	17.93%
	Off Peak	48.130	51.780	7.58%
	Reactive energy charge. A charge for all reactive energy which exceed 30% of the real energy (kWh) per half hour period in the peak and standard periods only (c/kvarh)	6.037	6.210	2.87%

	2013/14 Excl. Vat	2014/15 Excl. Vat
<b>Scale T2: Time Of Use Large customer at 400 V</b>		
13 Scale T2: Time Of Use Large customer at LV		
Basic Charge per month		R 369.17
Demand charge per kVA (Peak and Standard periods only) per month.		R 70.82
Access charge per kVA per month.		R 31.68
Based on highest of notified or previous 12 months highest demand.		
Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)		
High Demand: (June, July, August)		
Peak		254.820
Standard		91.900
Off Peak		59.530
Low Demand: (Other Months)		
Peak		97.330
Standard		73.560
Off Peak		54.370
Reactive energy charge.		
A charge for all reactive energy which exceed 30% of the real energy (kWh) per half hour period in the peak and standard periods only (c/kvarh)		6.040

**Time periods**

Day	Peak	Standard	Off-Peak
Week Day			00:00-06:00
		06:00-07:00	
	07:00-10:00	10:00-18:00	
	18:00-20:00	20:00-22:00	22:00-24:00
Saturday			00:00-07:00
		07:00-12:00	12:00-18:00
		18:00-20:00	20:00-24:00
Sunday			00:00-24:00

THE TABLE BELOW INDICATES THE TREATMENT OF PUBLIC HOLIDAYS FOR THE TIME OF USE TARIFF			
Date	Day	Actual day of the week	Day treated as
9 August 2014	NATIONAL WOMEN'S DAY	SATURDAY	UNDER REVIEW
24 September 2014	HERITAGE DAY	WEDNESDAY	UNDER REVIEW
16 December 2014	DAY OF RECONCILIATION	TUESDAY	UNDER REVIEW
25 December 2014	CHRISTMAS DAY	THURSDAY	UNDER REVIEW
26 December 2014	DAY OF GOODWILL	FRIDAY	UNDER REVIEW
1 January 2015	NEW YEAR'S DAY	WEDNESDAY	UNDER REVIEW
21 March 2015	HUMAN RIGHTS DAY	FRIDAY	UNDER REVIEW
18 April 2015	GOOD FRIDAY	FRIDAY	UNDER REVIEW
21 April 2015	FAMILY DAY	MONDAY	UNDER REVIEW
27 April 2015	FREEDOM DAY	SUNDAY	UNDER REVIEW
28 April 2015	PUBLIC HOLIDAY	MONDAY	UNDER REVIEW
1 May 2015	WORKERS DAY	THURSDAY	UNDER REVIEW
16 June 2015	YOUTH DAY	MONDAY	UNDER REVIEW

Under Review

		<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>2013/14</b>	<b>2014/15</b>	
		<b>703</b>	<b>463</b>	<b>8382</b>	<b>Excl. Vat</b>	<b>Excl. Vat</b>	<b>%Incr</b>
<b>CHARGES FOR PUBLIC LIGHTING SERVICES TO NON-MUNICIPAL CUSTOMERS</b>							
<b>CHARGES FOR PUBLIC LIGHTING SERVICES TO MUNICIPAL APPLICATIONS</b>							
L1	Lights: Whole Night (incl Maintenance)						
	Fixed-R /light/month				R 27.31	R 28.84	5.60%
	Energy charge per 100 Watt per month if not measured				R 21.265	R 22.75	7.00%
	Energy charge if measured (cents) per kWh				58.212	62.287	7.00%
L2	Lights: 24 hour (incl Maintenance)						
	Fixed-R /light/month				R 27.31	R 28.84	5.60%
	Energy charge per 100 Watt per month if not measured				R 76.467	R 81.82	7.00%
	Energy charge if measured (cents) per kWh				62.932	67.338	7.00%
L3	Lights: Whole Night High Mast (incl. Maintenance)						
	Fixed-R /light/month				R 546.29	R 576.88	5.60%
	Energy charge per 100 Watt per month if not measured				R 62.422	R 66.79	7.00%
	Energy charge if measured (cents) per kWh				58.212	62.287	7.00%
L4	Lights: 24 Hrs Traffic (Excl. Maintenance)						
	Maintenance charged at actual cost				Actual Cost	Actual Cost	
	Energy charge per 100 Watt per month if not measured				R 76.467	R 81.82	7.00%
	Energy charge if measured (cents) per kWh				62.932	67.338	7.00%
<b>INTEREST RATE</b>							
1	Interest rate per annum				9.5%	9.5%	0.0%

<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="text-align: center;">VOTE 713</td> <td style="text-align: center;">SUB 873</td> <td style="text-align: center;">ITEM 1000</td> </tr> </table>			VOTE 713	SUB 873	ITEM 1000	2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr
VOTE 713	SUB 873	ITEM 1000						
<b>New Connection</b>								
1	Bylaw 27(12)(a)							
	(a) Normal domestic business premises:							
	(single phase service connection with a maximum capacity of 80A with a credit meter):							
	R 3,016	R 3,185	5.60%					
	<b>Plus the cost of labour and material</b>							
	(single phase service connection with a maximum capacity of 80A with a prepayment meter):							
	R 3,693	R 3,900	5.60%					
	<b>Plus the cost of labour and material</b>							
	Plus the cost of providing and laying or mounting the underground cable or overhead wiring, as the case may be, within the consumer's property boundary							
	Plus the cost of providing and laying or mounting the underground cable or overhead wiring, as the case may be, within the consumer's property boundary							
	(b) Surcharge raised for the reinstatement of single phase domestic services that have been removed for tampering (including illegal reconnection of disconnected service):							
	First offence							
	R 4,000	R 4,224	5.60%					
	Second offence							
	R 5,500	R 5,808	5.60%					
	Third or subsequent offence							
	R 7,000	R 7,392	5.60%					
	(c) Surcharge raised for the reinstatement of single phase domestic services that have been removed for tampering (including illegal reconnection of disconnected service):							
	First offence							
	R 20,000	R 21,120	5.60%					
	Second offence							
	R 35,000	R 36,960	5.60%					
	Third or subsequent offence							
	R 50,000	R 52,800	5.60%					
	(d) Tampering with Electricity Meters or Metering Installations: Domestic & Business							
	Disconnection Fee							
	R 712	R 752	5.60%					
	Back dated consumption (calculated based on estimated tampering period)							



(e) <b>Additional Charges: Illegal Connection and Reconnection</b>						
(i) Copper Theft						
	Theft of Material			Immediate Arrest	Immediate Arrest	
	Buying of stolen material			Immediate Arrest	Immediate Arrest	
(ii) Illegal service connection - Connector				Immediate Arrest	Immediate Arrest	
(iii) Interference with other consumer's equipment				R 1,139	R 1,203	5.60%
(iv) Failure to comply with any issued notice				R 228	R 241	5.60%
(v) Improper use of Electricity				R 570	R 602	5.60%
(vi) Property access to inspect equipment is denied				R 342	R 361	5.60%
(vii) Refusing to provide information				R 228	R 241	5.60%
(viii) Rendering false information				R 228	R 241	5.60%
(ix) Refusal of admittance				R 228	R 241	5.60%
(x) Restricted access to meter room				R 228	R 241	5.60%
(xi) Resale of electricity without a license or approval				R 228	R 241	5.60%
(xii) Selling or supplying electricity without authority				R 570	R 602	5.60%
(xiii) Standby Equipment connected to network without authority				R 570	R 602	5.60%
(f) Tampering with installed anti-tampering seals				R 2,279	R 2,406	5.60%
(g) Use of Electricity supply without a signed consumer agreement with the Municipality				R 570	R 602	5.60%
(h) Unkept substation equipment accommodation room				R 570	R 602	5.60%
(i) Unkept meter rooms				R 570	R 602	5.60%
(j) Unlocked meter rooms				R 570	R 602	5.60%

<b>VOTE</b> 713	<b>SUB</b> 873	<b>ITEM</b> 1000
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<b>2013/14</b> <b>Excl. Vat</b>	<b>2014/15</b> <b>Excl. Vat</b>	<b>%Incr</b>
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2 Bylaw 27 (12)(b)  
In all other cases, the connection charges shall be calculated on the basis of maximum demand required in accordance with the following:

Maximum Demand (kVA)	Basic Charge (Rands)		Basic Charge if no substation provided (Rands)	
	2013/14	2014/15	2013/14	2014/15
0 – 25	3,883	4,093	0	0
26 – 50	7,281	7,674	0	0
51 – 65	9,261	9,761	0	0
66 – 100	13,941	14,694	0	0
101 – 130	17,917	18,885	0	0
131 – 200	27,338	28,814	0	0
201 – 315	68,899	72,620	22,185	23,383
316 – 500	81,369	85,763	48,369	50,981
501 – 800	100,832	106,277	88,394	93,167
801 – 1 000	119,348	125,793	119,348	125,793
More than 1000 kva				101*kva +1620

Added to these charges will be the cost of providing and installing all cables and Council-owned equipment on the consumer's premises.

3 Bylaw 27 (13)(a)  
Electrification projects (Low Cost Housing)  
Fee for the installation and connection, for domestic or small power users, of service cable or line, electricity dispenser and, where necessary, power distribution unit:

(a)	For a single phase service up 20A	R 208	R 220	5.60%
(b)	For a single phase service up to 60A	R 1,387	R 1,465	5.60%

VOTE 704		SUB 415		ITEM 8506				
1	Fee for attendance at or disconnection of consumer's Installation per meter:							
	(a) where due to non-payment of charges or fees or due to failure to make any required deposit or furnish any required security by the consumer in terms of the bylaws or to the breach by the consumer of any of the bylaws or any condition of his agreement			business	R 712	R 752	5.60%	
				domestic	R 317	R 334	5.60%	
	Note: This charge is also applicable to water disconnections/restrictions ito 1(a)							
	(b) on the consumer's request for a temporary disconnection (11kV supply)				R 948	R 1,001	5.60%	
	(c) on the consumer's request for a temporary disconnection (low voltage supply)				R 589	R 621	5.60%	
	(d) where a consumer's supply is disconnected at the supply mains				R 1,151	R 1,216	5.60%	
2	Fee for attendance in connection with a failure of supply				R 147	R 155	5.60%	
3	Fee for testing							
	(a) fee for testing and inspection of an installation (other than bona fide shock or fault of a serious nature)							
	(i) Single dwelling unit							
		First visit inspection			R 708	R 747	5.60%	
		Subsequent visits/inspections			R 353	R 372	5.60%	
	(ii) Any other installation				Actual Cost	Actual Cost		
	(b) fee for inspection of meter box upon certification by electrical contractor that a meter box is ready for inspection							
	(i)	First inspection			No Charge	No Charge		
	(ii)	Any subsequent inspection			R 249	R 263	5.60%	

4	Fee for testing accuracy of meter												
(a)	Single-phase				R 433	R 457	5.60%						
(b)	Three-phase				R 645	R 681	5.60%						
(c)	Maximum demand				Actual Cost	Actual Cost							
5	Fee for testing accuracy of tariff mcb												
(a)	Single-phase service				R 381	R 402	5.60%						
(b)	Three-phase service				R 541	R 571	5.60%						
<table border="1"> <thead> <tr> <th>VOTE</th> <th>SUB</th> <th>ITEM</th> </tr> </thead> <tbody> <tr> <td>704</td> <td>415</td> <td>8506</td> </tr> </tbody> </table>			VOTE	SUB	ITEM	704	415	8506			<b>2013/14</b>	<b>2014/15</b>	
VOTE	SUB	ITEM											
704	415	8506											
					<b>Excl. Vat</b>	<b>Excl. Vat</b>	<b>%Incr</b>						
6	Fee for change of tariff mcb												
(a)	Single-phase service				No Charge	No Charge							
(b)	Three-phase				R 22	R 23	5.60%						
7	Fee for checking meter reading				R 119	R 126	5.60%						
<table border="1"> <thead> <tr> <th>VOTE</th> <th>SUB</th> <th>ITEM</th> </tr> </thead> <tbody> <tr> <td>704</td> <td>415</td> <td>8010</td> </tr> </tbody> </table>			VOTE	SUB	ITEM	704	415	8010					
VOTE	SUB	ITEM											
704	415	8010											
8	Accounting Charge				R 141	R 148	5.60%						

Funding has been allocated to the electricity infrastructure budget but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

### 1.3.3 Landfill Site and Impact of Tariff Increases

A tariff increase of 5.6 per cent for landfill site from 1 July 2014 is proposed. This proposal is in line with Circular No.70 of the MFMA taken into account inflation forecasts of 5.6 per cent into consideration.

VOTE 185		SUB 469		ITEM 8556		2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr
1	The tariff for the disposal of refuse at the New England Road Landfill Site –							
	(a)	general domestic refuse, inert trade refuse, per 250kg or part thereof				R 37.60	R 39.70	5.60%
	(b)	mixed refuse (garden, domestic, trade refuse, including builder's rubble) per 250kg or part thereof				R 37.60	R 39.70	5.60%
	(c)	industrial sludges, subject to agreement and approval by the Landfill Manager per 250kg or part thereof				R 162.11	R 171.19	5.60%
	(d)	builder's rubble and excavated material per 250kg or part thereof				R 12.27	R 12.95	5.60%
	(e)	bulk food waste and condemned food per 250kg or part thereof				R 85.08	R 89.84	5.60%
	(f)	garden refuse, per 250kg or part thereof				R 12.27	R 12.95	5.60%
	(g)	finely divided excavated material with the maximum stone content of 10% and maximum stone size of 100mm per 250kg or part thereof				R 5.65	R 5.96	5.60%
	(h)	Sawdust and woodwaste, per 250kg or part thereof				R 57.28	R 60.49	5.60%
	Provided that no charge shall be payable for the disposal of –							
	(i)	garden refuse by <u>bona fide</u> householders where such refuse is conveyed in motor cars, trailers with a nominal capacity not greater than 0,5 tonne and light delivery vehicles with a nominal capacity not greater than 1 tonne and deposited in the garden refuse containers.				Existing concession	Existing concession	
	(ii)	builder's rubble by <u>bona fide</u> householders and casual builders where such rubble is conveyed in vehicles with a nominal capacity not greater than 1 tonne and deposited in the demarcated area on the Landfill site.				1 Tonne – limit	1 Tonne – limit	
	(iii)	garden refuse by <u>bona fide</u> householders where such refuse is conveyed in vehicles with a nominal capacity not greater than 1 tonne and deposited in the demarcated area on the Landfill Site				1 Tonne –limit	1 Tonne –limit	
	(iv)	soil, ash and sand which the Landfill Site Manager has agreed in advance is suitable cover material, delivered in trucks of minimum 5 tonne capacity.				No change to existing concession	No change to existing concession	

2	Tariff for the voluntary weighing of vehicles (per vehicle)		R 31.04	R 32.78	5.60%
3	That parking of a vehicle, trailer or container be not more than 8 hours at the New England Road Site, or on the road reserve adjacent to the site For each 8 hour period (per unit)		R 343.84	R 363.10	5.60%
4	Building Rubble: deposit payable when submitting a building plan for approval and refundable upon proof of disposal on the landfill site.		R 1,156.10	R 1,220.84	5.60%
5	Illegal Dumping: a collection and disposal fee per 1,75m <sup>3</sup> container load for refuse or rubble dumped on a road verge in front of or next to a property.		R 1,141.21	R 1,205.12	5.60%
6	Florescent Tubes – complete tubes to be deposited in specialized containers located in the recycling area. Per 250 kgs or part thereof		R 74.42	R 78.59	5.60%

### 1.3.4 Refuse

A tariff increase of 5.6 per cent for refuse from 1 July 2014 is proposed. .

			2013/14	2014/15	
VOTE	SUB	ITEM	Excl. Vat	Excl. Vat	%Incr
182	469	8439			
Standard charges for Domestic and Commercial Refuse Removal Based on relevant Electricity Scale					
<u>Refuse Removal Tariffs</u>					
1	Domestic				
		Single phase up to 80A	R 74.47	R 78.64	5.60%
		Three phase up to 100A	R 74.47	R 78.64	5.60%
		Prepayment Meter	R 74.46	R 78.63	5.60%
2	Home Business				
		Single phase up to 80A	R 112.89	R 119.21	5.60%
		Three phase up to 100A	R 112.89	R 119.21	5.60%
		Prepayment Meter	R 112.89	R 119.21	5.60%
3	Small Power Users - Business/Commercial				
		Single phase up to 80A	R 213.34	R 225.29	5.60%
		Three phase up to 100A	R 213.34	R 225.29	5.60%
4	Large Power Users – Business/Commercial				
		Supply taken at 400V	R 213.34	R 225.29	5.60%
		Supply taken at 6.6 or 11kV	R 213.34	R 225.29	5.60%
5	Flats/Simplexes		R 63.10	R 66.64	5.60%

6	Indigent Tariff	(Under Review)									
7	Previously PHB Housing and Informal Settlements (MASS HOUSING) - per household per month		R 15.00	R 15.84	5.60%						
8	Central Business District		R 283.71	R 299.60	5.60%						
	Main cbd bordered by East(Massukwane), Winston/Victoria, Bulwer, Boschhoff, Alan Paton, Prince Alfred, Railway, Pine. Greytown Rd form East To Trichy, Balhambra Way from Greytown Road to Newholme Way, Khan Roadfrom Greytown Road to Deccan Road, Mysore Road from Greytown Road to Bangalore Road, Alan Paton up till King Edward Ave.										
<b>Note: Home Business</b>											
Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.											
<b>INTEREST RATE PER ANNUM</b>			9.5%	9.5%	0.00%						
			<b>2013/14</b>	<b>2014/15</b>							
			<b>Excl. Vat</b>	<b>Excl. Vat</b>	<b>%Incr</b>						
1	Standard charges for Domestic and Commercial Refuse Removal.										
Fees payable for the additional removal and clearance of refuse by arrangement from premises other than those applicable in item 1.											
<table border="1" style="margin-left: 40px;"> <tr> <td><b>VOTE</b></td> <td><b>SUB</b></td> <td><b>ITEM</b></td> </tr> <tr> <td><b>182</b></td> <td><b>469</b></td> <td><b>8439</b></td> </tr> </table>						<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>182</b>	<b>469</b>	<b>8439</b>
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>									
<b>182</b>	<b>469</b>	<b>8439</b>									
2. (a)	Removal of additional domestic refuse: <b>Excluding Central Business District</b>										
	Normal days per collection –										
	(i) 3 x 85l bins or part thereof		R 23	R 25	5.60%						
	(ii) 240l wheeled bin or part thereof		R 23	R 25	5.60%						
(b)	Other than normal removal days, per collection –										
	(i) 3 x 85l bins or part thereof		R 143	R 151	5.60%						
(c)	Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m³ container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.		R 234	R 247	5.60%						



3. (a) Removal of additional domestic refuse: <b>Central Business District</b>						
Normal days per collection –						
(i)	3 x 85l bins or part thereof			R 24	R 25	5.60%
(ii)	240l wheeled bin or part thereof			R 24	R 25	5.60%
(b) Other than normal removal days, per collection –						
(i)	3 x 85l bins or part thereof			R 146	R 154	5.60%
(c) Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m <sup>3</sup> container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.						
				R 238	R 251	5.60%
4. (a) Removal of trade refuse [Industrial/Commercial]:						
Normal days, per collection –						
(i)	3 x 85l bins or part thereof			R 62	R 65	5.60%
(ii)	210l drum or part thereof			R 62	R 65	5.60%
(iii)	240l bin or part thereof			R 62	R 65	5.60%
(iv)	Removal of additional refuse as per 3(a)(i)-(iii)			R 62	R 65	5.60%
(b) Other than normal removal days, per collection –						
(i)	3 x 85l bins or part thereof			R 137	R 144	5.60%
(ii)	210l drum or part thereof			R 137	R 144	5.60%
(iii)	240l bin or part thereof			R 137	R 144	5.60%

<table border="1"> <tr> <td><b>VOTE</b></td> <td><b>SUB</b></td> <td><b>ITEM</b></td> </tr> <tr> <td><b>183</b></td> <td><b>469</b></td> <td><b>8046</b></td> </tr> </table>			<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>183</b>	<b>469</b>	<b>8046</b>	2013/14	2014/15	
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>									
<b>183</b>	<b>469</b>	<b>8046</b>									
			Excl. Vat	Excl. Vat	%Incr						
5 Removal of industrial refuse [Industrial/Commercial]:											
(a) (i)	per load or part thereof loaded by the Executive Manager [maximum 15 m³] removed as a once off clearance.		R 2,346	R 2,478	5.60%						
(ii)	bulk refuse containers [15 m³] hire thereof, including a once off clearance.		R 1,766	R 1,865	5.60%						
(iii)	bulk refuse containers [maximum 15 m³] hire thereof, including one clearance per week.		R 1,710	R 1,806	5.60%						
(iv)	second clearance		R 1,184	R 1,250	5.60%						
(v)	each additional clearance		R 1,063	R 1,122	5.60%						
<table border="1"> <tr> <td><b>VOTE</b></td> <td><b>SUB</b></td> <td><b>ITEM</b></td> </tr> <tr> <td><b>182</b></td> <td><b>469</b></td> <td><b>8439</b></td> </tr> </table>			<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>182</b>	<b>469</b>	<b>8439</b>			
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>									
<b>182</b>	<b>469</b>	<b>8439</b>									
(b) small mobile refuse containers [approx. 0,24m³] available in Otto Bin serviced areas only:											
(i)	hire thereof, including one clearance per week.		R 66	R 70	5.60%						
(ii)	second clearance		R 49	R 52	5.60%						
(iii)	each additional clearance		R 45	R 48	5.60%						
(c) small mobile refuse containers [approx. 1 m³] available in Otto Bin services areas only:											
(i)	hire thereof, including one clearance per week.		R 262	R 277	5.60%						
(ii)	second clearance		R 193	R 204	5.60%						
(iii)	each additional clearance		R 169	R 178	5.60%						
<table border="1"> <tr> <td><b>VOTE</b></td> <td><b>SUB</b></td> <td><b>ITEM</b></td> </tr> <tr> <td><b>182</b></td> <td><b>469</b></td> <td><b>8439</b></td> </tr> </table>			<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>	<b>182</b>	<b>469</b>	<b>8439</b>			
<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>									
<b>182</b>	<b>469</b>	<b>8439</b>									
(d) small mobile refuse containers [approx. 2 m³]:											
(i)	hire thereof as a once off clearance		R 426	R 450	5.60%						
(ii)	hire per week, including one clearance		R 387	R 409	5.60%						
(iii)	second clearance		R 201	R 212	5.60%						
(iv)	each additional clearance		R 176	R 186	5.60%						

(e) 7 m³ refuse skips available in south-west area only:											
(i)	hire thereof, including one clearance per week.		R 856	R 904	5.60%						
(ii)	second clearance		R 600	R 633	5.60%						
(iii)	each additional clearance		R 510	R 539	5.60%						
6 The tariff for the removal of refuse from properties owned by the State & Municipal Departments:											
240l											
(i)	hire thereof, including one clearance per week.		R 66	R 70	5.60%						
(ii)	second clearance		R 49	R 52	5.60%						
(iii)	each additional clearance		R 45	R 48	5.60%						
1 100l											
(i)	hire thereof, including one clearance per week.		R 251	R 265	5.60%						
(ii)	second clearance		R 185	R 195	5.60%						
(iii)	each additional clearance		R 157	R 166	5.60%						
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">VOTE</th> <th style="width: 33%;">SUB</th> <th style="width: 33%;">ITEM</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">182</td> <td style="text-align: center;">469</td> <td style="text-align: center;">8439</td> </tr> </tbody> </table>			VOTE	SUB	ITEM	182	469	8439	<b>2013/14</b>	<b>2014/15</b>	
VOTE	SUB	ITEM									
182	469	8439									
			<b>Excl. Vat</b>	<b>Excl. Vat</b>	<b>%Incr</b>						
1,75m³											
(i)	hire thereof, including once off clearance		R 408	R 431	5.60%						
(ii)	hire per week, including one clearance per week		R 371	R 391	5.60%						
(iii)	second clearance		R 192	R 203	5.60%						
(iv)	each additional clearance		R 169	R 178	5.60%						
7m³											
(i)	hire thereof, including one clearance per week		R 819	R 865	5.60%						
(ii)	Second clearance		R 579	R 611	5.60%						
(iii)	Each additional clearance		R 488	R 516	5.60%						

VOTE	SUB	ITEM				
183	469	8046				
15m³						
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance		R 2,346	R 2,478	5.60%	
(ii)	hire thereof, including a once off clearance		R 1,766	R 1,865	5.60%	
(iii)	hire thereof, including once clearance per week		R 1,710	R 1,806	5.60%	
(iv)	second clearance		R 1,200	R 1,267	5.60%	
(v)	each additional clearance		R 1,063	R 1,122	5.60%	
20m³						
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance		R 3,128	R 3,304	5.60%	
(ii)	hire thereof, including a once off clearance		R 2,355	R 2,487	5.60%	
(iii)	hire thereof, including once clearance per week		R 2,281	R 2,408	5.60%	
(iv)	second clearance		R 1,600	R 1,689	5.60%	
(v)	each additional clearance		R 1,417	R 1,496	5.60%	
25m³						
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance		R 3,911	R 4,130	5.60%	
(ii)	hire thereof, including a once off clearance		R 2,944	R 3,109	5.60%	
(iii)	hire thereof, including once clearance per week		R 2,851	R 3,010	5.60%	
(iv)	second clearance		R 2,000	R 2,112	5.60%	
(v)	each additional clearance		R 1,771	R 1,870	5.60%	
<b>DESCRIPTION</b>	<b>VOTE</b>	<b>SUB</b>	<b>ITEM</b>			
Domestic – Outside Refuse Removal Area	182	469	8439			
Commercial – Outside Refuse Removal Area	183	469	8046			
7	Removal and clearances from properties outside the refuse removal area:					

							2013/14 Excl. Vat	2014/15 Excl. Vat	%Incr	
<u>Services provided by the Executive Manager</u>										
8	Dead animals [per carcass] during working hours –									
(a)	(i)	dog or cat					R 402	R 425	5.60%	
	(ii)	sheep, goat, calf or pig					R 603	R 637	5.60%	
	(iii)	ox, cow, bull, horse, mule or donkey					R 1,301	R 1,374	5.60%	
	(b)	outside working hours –								
	(i)	dog or cat					R 449	R 474	5.60%	
	(ii)	sheep, goat, calf or pig					R 1,140	R 1,204	5.60%	
	(iii)	ox, cow, bull, horse, mule or donkey					R 2,280	R 2,407	5.60%	
The fees specified in this item shall be payable upon demand or otherwise may be arranged with the Council.										
9	Euthanased animals [per carcass]:									
(a)	Removal of dog and cat carcasses from the premises owned or occupied by registered veterinary practitioners –									
	(i)	during normal working hours					R 134	R 142	5.60%	
	(ii)	after normal working hours					R 483	R 510	5.60%	
	(b)	removal of carcasses other than dogs and cats shall be charged at the fees prescribed in items 4 and 5 as the case may be.								

### **1.3.5 Other Revenue**

#### **1.3.5.1 Primary/major source of other revenue include the following**

- Revenue from the Airport
- Gains from sale of land
- Rental of facilities
- Markert
- Forestry

#### **1.3.5.2 Revenue from the airport**

The airport income reflects an increase of 30% in the 2014/2015 financial year. This increase is due to the higher passenger traffic as two new airlines started operating this year namely SA express and last year Federal Air. The airport terminal has been extended and this comes with increased trading spaces that will generate more rental income.

The two outer years should remain stable within the 10%, above inflation as the municipality is further anticipating an increase in its revenue relating to the airport with the proposed R 2 billion technology park that would target the aviation and manufacturing industries.

#### **1.3.5.3 Gains from sale of land**

Gains from the sale of land are anticipated to be above the normal trend and are estimated to increase by 572%. This high variation is as a result of increase in land alienation by the municipality for development and land mark projects such as Liberty Mall extension and other development that had to be facilitated by the municipality releasing more land for development. The municipality plans to sell the land as part of its strategy to improve its working capital, and the proceeds will be used to fund service delivery projects in the city.

#### **1.3.5.4 Rental of facilities**

In the previous financial years, the municipality did not effectively manage the revenue relating to the rental of facilities. The municipality has however included this as part of its strategy to turn around the situation and to improve its credit management as a whole. This is expected to boost the revenue by at least 55% in the coming financial year. This has been based on the trend results since the implementation of the consolidated billing & vigorous disconnections by the municipality on these properties. The two outer years are anticipated to be at 9% and 5% respectively, based on current trends and the fact that the old debt relating to the properties will be settled within the 2014/2015 financial year

#### 1.3.5.4 Forestry

Forestry reflects a 100% increase which is above the 6% inflation rate, this is due to a significant portion of the forest estate being matured for harvesting during the 2014/15 financial year. It is envisaged that this will decrease significantly owing to a decrease in forestry to be harvested in the outer years.

### 1.4 Operating Expenditure Framework

The City's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;  
Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there were 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 2014/15 budget and MTREF (classified per main type of operating expenditure):

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Employee costs	648,294	668,305	686,988	779,721	764,521	764,521	764,521	855,887	920,778	991,388
Remuneration of councillors	18,418	31,427	33,422	36,419	36,419	36,419	36,419	39,272	42,350	45,659
Depreciation & asset impairment	253,513	273,702	237,206	222,212	222,212	222,212	222,212	259,469	268,183	281,592
Finance charges	71,568	72,134	70,966	64,600	64,600	64,600	64,600	60,738	54,782	50,025
Materials and bulk purchases	994,366	1,219,818	1,373,241	1,517,751	1,515,751	1,515,751	1,515,751	1,612,120	1,743,011	1,884,532
Transfers and grants	195	196	216	5,027	5,027	5,027	5,027	5,408	5,678	5,962
Other expenditure	379,354	473,296	872,152	599,168	574,018	574,018	574,018	754,251	740,471	704,026
<b>Total Expenditure</b>	<b>2,365,707</b>	<b>2,738,877</b>	<b>3,274,191</b>	<b>3,224,899</b>	<b>3,182,549</b>	<b>3,182,549</b>	<b>3,182,549</b>	<b>3,587,146</b>	<b>3,775,254</b>	<b>3,963,183</b>



Table 6 Summary of operating expenditure by standard classification item

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>	<b>1</b>									
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		–	–	<b>547,848</b>	<b>478,471</b>	<b>462,562</b>	<b>462,564</b>	<b>891,120</b>	<b>850,593</b>	<b>901,297</b>
Executive and council		–	–	71,094	63,134	61,146	61,147	384,298	441,445	465,415
Budget and treasury office		–	–	206,566	210,837	217,856	217,856	299,857	199,997	214,960
Corporate services		–	–	270,188	204,500	183,560	183,561	206,965	209,150	220,923
<b>Community and public safety</b>		–	–	<b>376,578</b>	<b>389,983</b>	<b>385,165</b>	<b>385,170</b>	<b>421,741</b>	<b>421,561</b>	<b>426,757</b>
Community and social services		–	–	38,719	62,957	62,134	62,135	99,202	96,099	78,748
Sport and recreation		–	–	77,038	75,535	73,933	73,933	81,358	80,968	85,978
Public safety		–	–	177,669	205,998	203,977	203,979	196,317	199,191	213,720
Housing		–	–	36,554	19,696	19,491	19,491	25,149	26,047	27,658
Health		–	–	46,598	25,797	25,631	25,632	19,716	19,256	20,653
<b>Economic and environmental services</b>		–	–	<b>161,452</b>	<b>112,985</b>	<b>101,991</b>	<b>101,993</b>	<b>575,459</b>	<b>798,788</b>	<b>783,269</b>
Planning and development		–	–	65,668	72,382	71,199	71,199	128,290	127,201	94,751
Road transport		–	–	95,784	40,603	30,792	30,794	447,169	671,586	688,519
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		–	–	<b>1,855,665</b>	<b>2,180,746</b>	<b>2,170,727</b>	<b>2,170,729</b>	<b>1,999,221</b>	<b>2,218,159</b>	<b>2,374,334</b>
Electricity		–	–	1,215,590	1,482,680	1,477,494	1,477,494	1,374,093	1,508,952	1,613,629
Water		–	–	476,068	573,488	572,648	572,648	406,791	471,900	508,264
Waste water management		–	–	95,019	23,555	20,941	20,941	101,621	121,422	129,864
Waste management		–	–	68,988	101,024	99,646	99,646	116,716	115,884	122,577
<b>Other</b>	<b>4</b>	–	–	<b>41,102</b>	<b>62,713</b>	<b>62,104</b>	<b>62,105</b>	<b>31,122</b>	<b>25,373</b>	<b>26,751</b>
<b>Total Expenditure - Standard</b>	<b>3</b>	–	–	<b>2,982,646</b>	<b>3,224,898</b>	<b>3,182,549</b>	<b>3,182,560</b>	<b>3,918,663</b>	<b>4,314,473</b>	<b>4,512,408</b>
<b>Surplus/(Deficit) for the year</b>		–	–	<b>5,144</b>	<b>66,586</b>	<b>66,584</b>	<b>66,573</b>	<b>70,320</b>	<b>75,826</b>	<b>52,185</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals to R855.9 million, which equates to 24 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 8 per cent for the 2014/15 financial year. An annual increase of 7 per

cent has been included in the two outer years of the MTREF respectively. Included in this amount is a provision of R 60 million for vacant posts due to retirement, death etc. that became vacant during the financial year.

The average CPI for the period from February 2013 to 31 January 2014 is 5.79 per cent. In terms of MFMA Circular No.72 a provision of 6.79 per cent (5.79% plus 1%) should be provided. The Msunduzi Municipality has provided 8 per cent in the draft budget.

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). An increase of 8.0 per cent has been projected for councillor's remuneration.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the City. For the 2014/15 financial year this amount equates to R145 million and for the two outer years remains at the 95% collection levels. 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 R259 million for the 2014/15 financial and equates to 7.2 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 payment of interest on long-term borrowing (cost of capital). The decrease of interest payable is expected as a significant portion of debt exposure will be fully redeemed during the 2014/15 financial year. Finance charges represent 1.7 per cent (R61 million) of total operating expenditure.

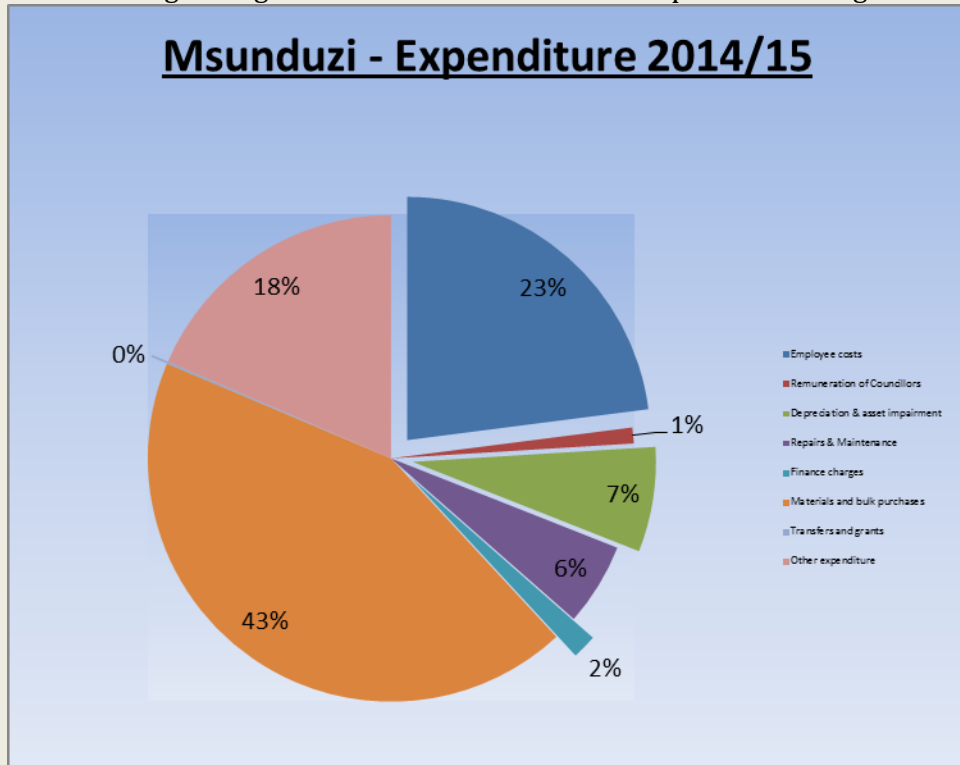
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Umgeni Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. In terms of electricity bulk purchases a provision of 8.06 per cent and water 8.3 per cent has been made in the 2014/15 financial year as per NERSA's guideline and Umgeni Water pending approval by Minister of Water Affairs respectively.

Contracted services had been identified as a cost saving area for the City. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals to R74 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Included in Other expenditure is Insurance, which reflects a significant increase of 753% which is due to a review of insurable interest to include the broader items of infrastructure such as water pipelines and bulk electrical reticulation infrastructure but this is still provisional and the finality is subject to the risk appetite of the market. There was a huge increase under repairs and maintenance from R79 million to R204 million in the 2013/14 to 2014/15 financial year.

This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Cost containment measures must be implemented to eliminate waste, reprioritize spending and ensure savings on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as costs for accommodation. In pursuing value for money and curtailing unnecessary costs municipalities are strongly urged to take cognizance of the cost containment measures as approved by Cabinet and align their budgeting policies to these guidelines to the maximum extent possible. Municipalities must pay special attention to cost containing measures and controlling unnecessary spending on nice-to-have items and non-essential activities.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.



**Figure 1 Main operational expenditure categories for the 2014/15 financial year**

**1.4.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the City’s current infrastructure, the 2014/15 budget and MTREF provides for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and the repairs and maintenance plan of the City. 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. Asset management is a strategic imperative for any municipality and needs to be prioritized as a spending objective in the budget of municipalities.

## 1.5 Capital expenditure

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

**Table 7 2014/15 Medium-term capital budget per funding**

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>73 225</b>	<b>138 340</b>	<b>208 599</b>	<b>386 670</b>	<b>389 761</b>	<b>389 761</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
Municipal Infrastructure Grant (MIG)		48 348	138 340	153 399	154 824	151 312	151 312	159 158	166 213	173 983
Public Transport and Systems		11 663		45 000	100 846	100 846	100 846	100 000	220 000	250 000
Neighbourhood Development Partnership				700				10 350	10 737	11 288
Rural Households Infrastructure				4 500						
Dept of Mineral/Electricity		3 757			8 000	8 000	8 000			
Intergrated National Electrification Programme				5 000	123 000	123 000	123 000	3 000	9 000	9 000
						353	353			
Municipal Water Infrastructure Grant		9 457				6 250	6 250	11 389	58 333	26 271
<b>Provincial Government:</b>		<b>11 429</b>	<b>11 836</b>	<b>19 315</b>	<b>–</b>	<b>25 460</b>	<b>25 460</b>	<b>–</b>	<b>–</b>	<b>–</b>
Airport Development Project		11 429	11 836	19 315		16 200	16 200	–	–	–
Sport and Recreation				2 100						
Corridor Development						8 660	8 660		–	–
KZNPA						600	600			
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>135</b>	<b>–</b>	<b>2 427</b>	<b>2 427</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>Carnegie</i>				135		296	296			
<i>Cemetry Trust</i>						2 131	2 131			
<b>Total Capital Transfers and Grants</b>	5	<b>84 654</b>	<b>150 176</b>	<b>228 049</b>	<b>386 670</b>	<b>417 648</b>	<b>417 648</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>

Total capital expenditure for 2014/15 financial year amounts to R653.9 million and is made up of R283.9 million grant funding, R250 million loan and R120 million internal funded projects. Priority still needs to be given to the:

- ✓ Expediting spending on capital projects that are funded by conditional grants
- ✓ Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme
- ✓ Ensuring that the capital budget reflect consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services existing

## 1.6 Annual Budget Tables - Parent Municipality

The following pages present the nine of 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 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 7 Capital Budget Summary by Funding source**

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15		Budget Year +1 2015/16		Budget Year +2 2016/17	
<b>R thousand</b>						
<b>Funded by:</b>						
National Government	283 897	43%	464 283	59%	470 542	71%
Provincial Government	–	0%	–	0%	–	0%
Borrowings	250 000	38%	–	0%	–	0%
Public contributions & donations	120 000	18%	319 316	41%	194 988	29%
<b>Total Capital Funding</b>	<b>653 897</b>	<b>100%</b>	<b>783 599</b>	<b>100%</b>	<b>665 530</b>	<b>100%</b>

**Table 8 MBRR Table A1 - Budget Summary**  
**KZN225 Msunduzi - Table A1 Consolidated Budget Summary**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>										
Property rates	474 615	536 555	625 458	644 671	644 671	644 671	644 671	680 548	714 183	749 552
Service charges	1 449 717	1 678 603	1 968 855	2 147 016	2 104 664	2 104 664	2 104 664	2 259 889	2 387 418	2 518 726
Investment revenue	12 823	25 951	34 328	27 029	27 029	27 029	27 029	28 050	28 519	28 665
Transfers recognised - operational	387 733	500 669	566 470	383 848	383 848	383 848	383 848	402 280	420 741	418 392
Other own revenue	135 598	137 061	172 668	88 920	88 920	88 920	88 920	286 699	300 218	300 033
<b>Total Revenue (excluding capital transfers and contributions)</b>	2 460 486	2 878 839	3 367 779	3 291 485	3 249 133	3 249 133	3 249 133	3 657 466	3 851 079	4 015 368
Employee costs	648 294	668 305	686 988	779 721	764 521	764 521	764 521	855 887	920 778	991 388
Remuneration of councillors	18 418	31 427	33 422	36 419	36 419	36 419	36 419	39 272	42 350	45 659
Depreciation & asset impairment	253 513	273 702	237 206	222 212	222 212	222 212	222 212	259 469	268 183	281 592
Finance charges	71 568	72 134	70 966	64 600	64 600	64 600	64 600	60 738	54 782	50 025
Materials and bulk purchases	994 366	1 219 818	1 373 241	1 517 751	1 515 751	1 515 751	1 515 751	1 612 120	1 743 011	1 884 532
Transfers and grants	195	196	216	5 027	5 027	5 027 574	5 027 574	5 408 754	5 678 740	5 962
Other expenditure	379 354	473 296	872 152	599 168	574 018	018	018	251	471	704 026
<b>Total Expenditure</b>	2 365 707	2 738 877	3 274 191	3 224 899	3 182 549	3 182 549	3 182 549	3 587 146	3 775 254	3 963 183
<b>Surplus/(Deficit)</b>	<b>94 778</b>	<b>139 961</b>	<b>93 589</b>	<b>66 586</b>	<b>66 584</b>	<b>66 584</b>	<b>66 584</b>	<b>70 320</b>	<b>75 825</b>	<b>52 185</b>
Transfers recognised - capital	84	-	-	383 158	423 840	423 840	423 840	283 897	464 283	470 542
Contributions recognised - capital & contributed assets	654	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>179 433</b>	<b>139 961</b>	<b>93 589</b>	<b>449 744</b>	<b>490 424</b>	<b>490 424</b>	<b>490 424</b>	<b>354 217</b>	<b>540 108</b>	<b>522 727</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>179 433</b>	<b>139 961</b>	<b>93 589</b>	<b>449 744</b>	<b>490 424</b>	<b>490 424</b>	<b>490 424</b>	<b>354 217</b>	<b>540 108</b>	<b>522 727</b>
<b>Capital expenditure &amp; funds sources</b>	<b>111</b>									
<b>Capital expenditure</b>	<b>149</b>	223 959	220 319	443 158	753 136	753 136	753 136	653 897	783 599	665 530

Transfers recognised - capital	84					419	419	283	464	
	654	149 070	220 319	383 158	419 648	648	648	897	283	470 542
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
	26							250		
Borrowing	495	-	-	-	4 193	4 193	4 193	000	-	-
						99	99	120	319	
Internally generated funds	-	74 889	-	60 000	99 294	294	294	000	316	194 988
	111					523	523	653	783	
<b>Total sources of capital funds</b>	<b>149</b>	<b>223 959</b>	<b>220 319</b>	<b>443 159</b>	<b>523 135</b>	<b>135</b>	<b>135</b>	<b>897</b>	<b>599</b>	<b>665 530</b>
<b>Financial position</b>										
	372					2 410	2 410	2 269	2 345	
Total current assets	712	1 940 175	2 328 287	1 403 494	2 410 396	396	396	566	127	2 430 413
	6 810					7 157	7 157	6 046	6 193	
Total non-current assets	307	6 810 525	6 894 187	6 901 394	7 157 439	439	439	885	872	6 173 268
	593					866	866	712	753	
Total current liabilities	401	760 999	852 682	730 078	866 279	279	279	953	740	802 275
	755					1 099	1 099	1 546	2 086	
Total non-current liabilities	409	888 094	1 077 967	573 000	1 099 769	769	769	317	901	2 647 421
	53					7 443	7 443	7 637	8 495	
Community wealth/Equity	214	7 048 412	7 292 733	7 088 120	7 443 829	829	829	029	511	6 927 556
<b>Cash flows</b>										
	482					852	852	612	373	
Net cash from (used) operating	264	479 237	499 295	395 062	852 545	545	545	394	084	559 342
	(304	(214	(375			(381	(381	(283	(464	
Net cash from (used) investing	268)	914)	050)	(285 819)	(381 882)	882)	882)	897)	283)	(470 542)
	(30		(27			(41	(41	207	(42	
Net cash from (used) financing	568)	63 596	864)	(41 453)	(41 453)	453)	453)	309	101)	(47 039)
	294					1 259	1 259	1 434	1 301	
<b>Cash/cash equivalents at the year end</b>	<b>829</b>	<b>622 748</b>	<b>719 129</b>	<b>786 919</b>	<b>1 259 972</b>	<b>972</b>	<b>972</b>	<b>358</b>	<b>059</b>	<b>1 342 819</b>
<b>Cash backing/surplus reconciliation</b>										
	-					866	866	540	567	
Cash and investments available		628 048	725 075	603 763	866 926	926	926	046	046	595 386
	610					355	(208	(390	(320	
Application of cash and investments	057	519 390	264 052	499 764	355 553	553	482)	736)	586)	(352 033)
	(610	108				511	1 075	930	887	
<b>Balance - surplus (shortfall)</b>	<b>057)</b>	<b>659</b>	<b>461 023</b>	<b>103 999</b>	<b>511 373</b>	<b>373</b>	<b>408</b>	<b>782</b>	<b>632</b>	<b>947 419</b>
<b>Asset management</b>										
	6 810					6 892	7 242	7 242	7 660	
Asset register summary (WDV)	307	6 666 660	6 814 247	6 953 432	6 892 940	940	491	491	658	7 924 610
	253					222	259	259	268	
Depreciation & asset impairment	513	273 702	237 206	222 212	222 212	212	469	469	183	281 592
	88					324	324	355	358	
Renewal of Existing Assets	822	116 459	119 912	268 858	324 255	255	255	365	876	279 186
	65					77	204	204	194	
Repairs and Maintenance	648	39 510	89 185	94 956	77 744	744	612	612	350	162 950
<b>Free services</b>										
	-						68	68	72	
Cost of Free Basic Services provided		-	-	-	-	-	843	843	561	76 479
	267					363	391	391	420	
Revenue cost of free services provided		-	338 903	363 502	363 502	363				420 337

	211					502	259	259	337	
<b><u>Households below minimum service level</u></b>										
Water:	-	6	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	5	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	54	-	74	54	54	54	34	34	20	20

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

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. The Financial management reform 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:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. An amount of R250 million in the 2014/15 budget is anticipated for borrowing
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surplus from the previous years. 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. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
5. 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.



**Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		-	-	668,763	863,576	863,576	863,576	1,193,510	1,261,968	1,318,589
Executive and council		-	-	287	302	302	302	-	-	-
Budget and treasury office		-	-	642,450	846,614	846,614	846,614	1,189,647	1,257,894	1,314,311
Corporate services		-	-	26,026	16,660	16,660	16,660	3,862	4,074	4,278
<b>Community and public safety</b>		-	-	26,289	32,854	32,854	32,854	42,321	41,264	23,210
Community and social services		-	-	1,527	1,631	1,631	1,631	27,210	25,546	2,818
Sport and recreation		-	-	835	892	892	892	729	760	798
Public safety		-	-	6,631	26,998	26,998	26,998	8,827	9,092	13,397
Housing		-	-	14,664	3,233	3,233	3,233	5,485	5,792	6,116
Health		-	-	2,632	101	101	101	70	73	81
<b>Economic and environmental services</b>		-	-	5,721	5,350	5,350	5,350	308,940	440,962	481,432
Planning and development		-	-	4,788	4,342	4,342	4,342	45,314	50,053	52,518
Road transport		-	-	933	1,008	1,008	1,008	263,627	390,909	428,913
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	2,268,708	2,263,174	2,220,822	2,220,822	2,419,047	2,620,117	2,713,826
Electricity		-	-	1,557,285	1,640,105	1,597,754	1,597,754	1,682,095	1,839,444	1,901,890
Water		-	-	398,569	392,974	392,974	392,974	500,521	533,983	554,418
Waste water management		-	-	174,132	144,974	144,974	144,974	149,071	155,516	162,313
Waste management		-	-	138,721	85,120	85,120	85,120	87,359	91,174	95,205
<b>Other</b>	4	-	-	18,309	126,531	126,531	126,531	25,165	25,987	27,537
<b>Total Revenue - Standard</b>	2	-	-	2,987,790	3,291,485	3,249,133	3,249,133	3,988,983	4,390,299	4,564,594

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity, Water and Waste water management function, but not the Waste management function.

<b>Expenditure - Standard</b>										
<b>Governance and administration</b>				<b>547,848</b>	<b>478,471</b>	<b>462,562</b>	<b>462,564</b>	<b>891,120</b>	<b>850,593</b>	<b>901,297</b>
Executive and council				71,094	63,134	61,146	61,147	384,298	441,445	465,415
Budget and treasury office				206,566	210,837	217,856	217,856	299,857	199,997	214,960
Corporate services				270,188	204,500	183,560	183,561	206,965	209,150	220,923
<b>Community and public safety</b>				<b>376,578</b>	<b>389,983</b>	<b>385,165</b>	<b>385,170</b>	<b>421,741</b>	<b>421,561</b>	<b>426,757</b>
Community and social services				38,719	62,957	62,134	62,135	99,202	96,099	78,748
Sport and recreation				77,038	75,535	73,933	73,933	81,358	80,968	85,978
Public safety				177,669	205,998	203,977	203,979	196,317	199,191	213,720
Housing				36,554	19,696	19,491	19,491	25,149	26,047	27,658
Health				46,598	25,797	25,631	25,632	19,716	19,256	20,653
<b>Economic and environmental services</b>				<b>161,452</b>	<b>112,985</b>	<b>101,991</b>	<b>101,993</b>	<b>575,459</b>	<b>798,788</b>	<b>783,269</b>
Planning and development				65,668	72,382	71,199	71,199	128,290	127,201	94,751
Road transport				95,784	40,603	30,792	30,794	447,169	671,586	688,519
Environmental protection				-	-	-	-	-	-	-
<b>Trading services</b>				<b>1,855,665</b>	<b>2,180,746</b>	<b>2,170,727</b>	<b>2,170,729</b>	<b>1,999,221</b>	<b>2,218,159</b>	<b>2,374,334</b>
Electricity				1,215,590	1,482,680	1,477,494	1,477,494	1,374,093	1,508,952	1,613,629
Water				476,068	573,488	572,648	572,648	406,791	471,900	508,264
Waste water management				95,019	23,555	20,941	20,941	101,621	121,422	129,864
Waste management				68,988	101,024	99,646	99,646	116,716	115,884	122,577
<b>Other</b>	4			<b>41,102</b>	<b>62,713</b>	<b>62,104</b>	<b>62,105</b>	<b>31,122</b>	<b>25,373</b>	<b>26,751</b>
<b>Total Expenditure - Standard</b>	3			<b>2,982,646</b>	<b>3,224,898</b>	<b>3,182,549</b>	<b>3,182,560</b>	<b>3,918,663</b>	<b>4,314,473</b>	<b>4,512,408</b>
<b>Surplus/(Deficit) for the year</b>				<b>5,144</b>	<b>66,586</b>	<b>66,584</b>	<b>66,573</b>	<b>70,320</b>	<b>75,826</b>	<b>52,185</b>

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>	1									
<b>Vote 1 - Corporate Services</b>		<b>8,268</b>	<b>20,175</b>	<b>2,920</b>	<b>24,112</b>	<b>24,112</b>	<b>24,112</b>	<b>18,059</b>	<b>18,441</b>	<b>18,143</b>
1.1 - Council and Committee Support		44	336	–	560	560	560	3	3	3
1.2 - Enterprise Wide Risk Management & Audit and Control		5		–						
1.3 - Human Resources Management		1,075	3,148	2,763	3,089	3,089	3,089	3	3	3
1.4 - Legislative Compliance		729	45	11	550	550	550	654	689	726
1.5 - Local Economic Development Management		5,857	16,477	–	19,800	19,800	19,800	13,703	14,046	13,316
1.6 - Management Information Services		14	9	12	8	8	8	3,697	3,700	4,095
1.7 - Marketing and Public Relations Management		544	160	135	105	105	105			
<b>Vote 2 - Financial Management Area</b>		<b>1,006,732</b>	<b>1,112,257</b>	<b>643,041</b>	<b>948,138</b>	<b>948,138</b>	<b>948,138</b>	<b>1,077,719</b>	<b>1,145,893</b>	<b>1,285,369</b>
2.1 - Budget & Treasury Management		20	–	0				2,246	3,454	3,787
2.2 - Expenditure Management		630	601	310	312	312	312	–	–	–
2.3 - Financial Control and Cash Management		506	2,323	2,619	1,829	1,829	1,829	2,230	2,440	2,680
2.4 - Revenue Management		1,005,364	1,109,064	639,825	945,706	945,706	945,706	1,072,993	1,139,736	1,278,626
2.5 - Supply Chain Management		212	268	287	291	291	291	250	263	276
<b>Vote 3 - Infrastructure Development, Service Delivery and Support</b>		<b>1,810,650</b>	<b>1,681,909</b>	<b>2,298,991</b>	<b>2,260,701</b>	<b>2,218,350</b>	<b>2,218,350</b>	<b>2,522,951</b>	<b>2,647,236</b>	<b>2,666,338</b>
3.1- Electricity Distribution Management		1,068,562	823,723	1,557,309	1,617,257	1,574,906	1,574,906	1,628,543	1,733,369	1,747,072
3.2 - Human Settlement Development Management		3,991	7,002	14,123	3,622	3,622	3,622			
3.3 - Municipal Infrastructure Planning, Funding, Maintenance and Management		11,374	8,705	9,961	10,234	10,234	10,234	93,582	98,857	96,015
3.4 - Roads and Stormwater		33,596	73,812	6,176	66,306	66,306	66,306	108,395	120,386	122,451
3.5 - Waste Management		81,349	97,153	138,744	89,182	89,182	89,182	92,117	84,160	87,806
3.6 - Water Distribution and Sanitation Management		611,778	671,514	572,678	474,100	474,100	474,100	600,315	610,464	612,994
<b>Vote 4 - Sustainable Community Service Delivery and Support</b>		<b>76,349</b>	<b>74,165</b>	<b>42,837</b>	<b>58,533</b>	<b>58,533</b>	<b>58,533</b>	<b>38,737</b>	<b>39,509</b>	<b>45,518</b>
4.1 - Community Services Provision Management		36,439	37,674	29,047	20,235	20,235	20,235	5	5	5
4.2 - Public Safety, Enforcement and Disaster Management		7,818	5,999	5,617	6,095	6,095	6,095	6,827	7,092	9,397
4.3 - Regional Community Services Provision Management		32,093	30,492	8,174	32,202	32,202	32,202	31,905	32,412	36,116
<b>Total Revenue by Vote</b>	2	<b>2,902,000</b>	<b>2,888,505</b>	<b>2,987,790</b>	<b>3,291,485</b>	<b>3,249,134</b>	<b>3,249,134</b>	<b>3,657,466</b>	<b>3,851,079</b>	<b>4,015,368</b>

<b>Expenditure by Vote</b>	1									
<b>Vote 1 - Corporate Services</b>		<b>19,009</b>	<b>22,373</b>	<b>241,789</b>	<b>285,544</b>	<b>263,300</b>	<b>263,300</b>	<b>263,785</b>	<b>330,411</b>	<b>324,259</b>
1.1 - Council and Committee Support		131	144	55,556	67,201	65,193	65,193	76,139	82,286	90,331
1.2 - Enterprise Wide Risk Management & Audit and Compliance			3,820	4,373	10,839	10,789	10,789	13,352	14,609	14,766
1.3 - Human Resources Management			-	12,152	18,546	18,521	18,521	20,220	35,347	16,481
1.4 - Legislative Compliance		934	447	85,971	76,711	60,103	60,103	70,743	108,188	124,236
1.5 - Local Economic Development Management		9,019	8,678	11,391	36,196	35,516	35,516	43,965	44,700	33,087
1.6 - Management Information Services			-	33,482	36,649	34,524	34,524	39,366	45,281	45,358
1.7 - Marketing and Public Relations Management		8,924	9,283	38,864	39,401	38,654	38,654			
<b>Vote 2 - Financial Management Area</b>		<b>493,683</b>	<b>165,182</b>	<b>243,368</b>	<b>244,421</b>	<b>251,488</b>	<b>251,488</b>	<b>481,725</b>	<b>494,944</b>	<b>449,382</b>
2.1 - Budget & Treasury Management			-	12,697	4,625	4,625	4,625	180,469	181,244	185,347
2.2 - Expenditure Management		2,789	3,308	9,871	12,904	12,904	12,904	11,418	12,209	12,499
2.3 - Financial Control and Cash Management		(25)	-	26,940	31,139	31,139	31,139	77,388	78,565	8,375
2.4 - Revenue Management		490,919	143,036	167,749	164,980	172,053	172,053	174,199	175,346	185,411
2.5 - Supply Chain Management		-	18,837	26,111	30,772	30,767	30,767	38,251	47,580	57,750
<b>Vote 3 - Infrastructure Development, Service Delivery</b>		<b>1,849,196</b>	<b>2,003,497</b>	<b>2,088,990</b>	<b>2,284,628</b>	<b>2,261,772</b>	<b>2,261,772</b>	<b>2,360,368</b>	<b>2,465,627</b>	<b>2,654,354</b>
3.1 - Electricity Distribution Management		946,336	1,144,078	1,227,846	1,124,281	1,117,895	1,117,895	1,214,518	1,312,408	1,418,188
3.2 - Human Settlement Development Management		9,323	45,294	15,366	9,030	8,880	8,880			
3.3 - Municipal Infrastructure Planning, Funding, Maintenance		72,167	46,161	92,405	102,906	101,319	101,319	103,559	104,461	108,837
3.4 - Roads and Stormwater		200,399	186,775	161,738	319,271	308,871	308,871	310,034	311,362	354,435
3.5 - Waste Management		165,721	175,440	126,784	155,854	152,376	152,376	151,981	152,208	228,338
3.6 - Water Distribution and Sanitation Management		455,249	405,749	464,849	573,286	572,431	572,431	580,277	585,188	544,555
<b>Vote 4 - Sustainable Community Service Delivery</b>		<b>445,299</b>	<b>462,986</b>	<b>408,500</b>	<b>410,306</b>	<b>405,987</b>	<b>405,987</b>	<b>481,268</b>	<b>484,271</b>	<b>535,189</b>
4.1 - Community Services Provision Management		166,656	179,363	156,318	147,707	145,559	145,559	147,428	148,406	150,570
4.2 - Public Safety, Enforcement and Disaster Management		169,430	176,699	161,474	160,324	159,565	159,565	160,317	161,760	172,320
4.3 - Regional Community Services Provision Management		109,213	106,925	90,707	102,275	100,863	100,863	173,523	174,105	212,298
<b>Total Expenditure by Vote</b>	2	<b>2,807,186</b>	<b>2,654,037</b>	<b>2,982,646</b>	<b>3,224,899</b>	<b>3,182,547</b>	<b>3,182,547</b>	<b>3,587,146</b>	<b>3,775,253</b>	<b>3,963,183</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>94,814</b>	<b>234,468</b>	<b>5,144</b>	<b>66,586</b>	<b>66,587</b>	<b>66,587</b>	<b>70,320</b>	<b>75,826</b>	<b>52,185</b>

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

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	448,257	505,310	585,863	607,308	607,308	607,308	607,308	641,317	673,383	707,052
Property rates - penalties & collection charges		26,358	31,244	39,596	37,363	37,363	37,363	37,363	39,231	40,800	42,500
Service charges - electricity revenue	2	1,011,459	1,212,660	1,425,627	1,558,827	1,516,475	1,516,475	1,516,475	1,628,543	1,733,368	1,828,704
Service charges - water revenue	2	270,107	288,345	349,140	378,445	378,445	378,445	378,445	409,856	420,819	443,965
Service charges - sanitation revenue	2	102,592	107,507	120,089	132,153	132,153	132,153	132,153	139,553	146,950	155,032
Service charges - refuse revenue	2	65,559	70,091	73,999	77,592	77,592	77,592	77,592	81,937	86,280	91,025
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		17,313	17,944	20,896	20,255	20,255	20,255	20,255	35,024	38,329	40,292
Interest earned - external investments		12,823	25,951	34,328	27,029	27,029	27,029	27,029	28,050	28,519	28,665
Interest earned - outstanding debtors		47,480	58,254	82,051	1,255	1,255	1,255	1,255	1,292	1,318	1,390
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5,354	3,813	8,371	3,634	3,634	3,634	3,634	6,826	7,014	11,218
Licences and permits		89	78	59	48	48	48	48	50	53	56
Agency services		577	374	733	586	586	586	586	3,220	3,324	3,490
Transfers recognised - operational		387,733	500,669	566,470	383,848	383,848	383,848	383,848	402,280	420,741	418,392
Other revenue	2	64,786	56,599	60,558	48,011	48,011	48,011	48,011	240,286	250,180	243,587
Gains on disposal of PPE					15,131	15,131	15,131	15,131	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,460,486</b>	<b>2,878,839</b>	<b>3,367,779</b>	<b>3,291,485</b>	<b>3,249,133</b>	<b>3,249,133</b>	<b>3,249,133</b>	<b>3,657,466</b>	<b>3,851,079</b>	<b>4,015,368</b>

<b>Expenditure By Type</b>											
Employee related costs	2	648,294	668,305	686,988	779,721	764,521	764,521	764,521	855,887	920,778	991,388
Remuneration of councillors		18,418	31,427	33,422	36,419	36,419	36,419	36,419	39,272	42,350	45,659
Debt impairment	3	96,000	58,210	217,794	137,510	137,510	137,510	137,510	145,060	153,040	161,289
Depreciation & asset impairment	2	253,513	273,702	237,206	222,212	222,212	222,212	222,212	259,469	268,183	281,592
Finance charges		71,568	72,134	70,966	64,600	64,600	64,600	64,600	60,738	54,782	50,025
Bulk purchases	2	994,366	1,219,818	1,373,241	1,493,890	1,491,890	1,491,890	1,491,890	1,612,120	1,743,011	1,884,532
Other materials	8	-	-	-	23,861	23,861	23,861	23,861	-	-	-
Contracted services		13,766	21,091	17,769	57,176	57,176	57,176	57,176	74,039	77,396	71,363
Transfers and grants		195	196	216	5,027	5,027	5,027	5,027	5,408	5,678	5,962
Other expenditure	4, 5	269,625	394,936	638,236	404,483	379,332	379,332	379,332	535,151	510,035	471,374
Loss on disposal of PPE		(37)	(941)	(1,647)	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>2,365,707</b>	<b>2,738,877</b>	<b>3,274,191</b>	<b>3,224,899</b>	<b>3,182,549</b>	<b>3,182,549</b>	<b>3,182,549</b>	<b>3,587,146</b>	<b>3,775,254</b>	<b>3,963,183</b>
<b>Surplus/(Deficit)</b>		<b>94,778</b>	<b>139,961</b>	<b>93,589</b>	<b>66,586</b>	<b>66,584</b>	<b>66,584</b>	<b>66,584</b>	<b>70,320</b>	<b>75,825</b>	<b>52,185</b>

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

- Total revenue is R 3.7 billion in 2014/5 and escalates to R3.9 billion by 2015/16. This represents a year-on-year increase of 11.1 per cent for the 2014/15 financial year and 15.6 per cent for the 2015/16 financial year compared to the adjusted budget 2013/14.
- 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.
- Revenue to be generated from property rates is R641.3 million in the 2014/15 financial year and increases to R673.4 million by 2015/16 which represents 17.5 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.6 per cent for each of the respective financial years of the MTREF.
- Service charges relating to electricity, water, sanitation and refuse removal contributes to the revenue basket of the Municipality totalling R2.3 billion for the 2014/15 financial year and increasing to R2.4 billion by 2015/16. For the 2014/15 financial year service charges amounts to 61.2 per cent of the total revenue base.
- 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 increasing to around 5 per cent year on year basis.

6. Bulk purchases have significantly increased over the 2014/15 to 2015/16 period escalating from R1.6 billion to R1.7 billion. These increases can be attributed to the substantial increase in the cost of bulk supply of electricity and water from Eskom and Umgeni Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to reduce the impact of employee costs and bulk tariff increases in future years.

**Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>7,557</b>	<b>12,723</b>	<b>3,713</b>	<b>30,760</b>	<b>49,425</b>	<b>49,425</b>	<b>49,425</b>	<b>23,899</b>	<b>46,413</b>	<b>32,450</b>
Executive and council		235		309	–	353	353	353	1,961	46,413	32,450
Budget and treasury office		7,323	35	3,404	30,760	49,072	49,072	49,072	21,938		
Corporate services			12,689	–	–				–	–	
<b>Community and public safety</b>		<b>612</b>	<b>12,838</b>	<b>18,084</b>	<b>4,500</b>	<b>9,437</b>	<b>9,437</b>	<b>9,437</b>	<b>10,506</b>	<b>11,417</b>	<b>12,682</b>
Community and social services		436	12,620	12,610	2,800	3,837	3,837	3,837	4,128	4,499	4,994
Sport and recreation		–		5,475	1,700	5,000	5,000	5,000	5,858	6,268	6,707
Public safety		165	218	–	–	600	600	600	520	649	981
Housing		11		–	–				–	–	
Health		–		–	–				–	–	
<b>Economic and environmental services</b>		<b>46,382</b>	<b>84,650</b>	<b>66,580</b>	<b>163,976</b>	<b>414,348</b>	<b>414,348</b>	<b>414,348</b>	<b>413,834</b>	<b>505,906</b>	<b>403,691</b>
Planning and development		–	59	–	2,700	252,572	252,572	252,572	188,662	272,963	180,353
Road transport		46,382	84,591	66,580	161,276	161,776	161,776	161,776	225,172	232,943	223,338
Environmental protection											
<b>Trading services</b>		<b>45,413</b>	<b>110,623</b>	<b>109,130</b>	<b>241,112</b>	<b>253,416</b>	<b>253,416</b>	<b>253,416</b>	<b>173,190</b>	<b>185,122</b>	<b>179,534</b>
Electricity		16,592	26,696	54,869	151,500	153,493	153,493	153,493	107,777	117,517	110,899
Water		12,860	63,324	35,317	34,425	41,835	41,835	41,835	39,743	40,141	38,936
Waste water management		15,491	396	16,892	47,097	47,097	47,097	47,097	14,129	15,577	16,979
Waste management		471	20,206	2,052	8,091	10,991	10,991	10,991	11,541	11,887	12,719
<b>Other</b>		<b>11,184</b>	<b>3,125</b>	<b>22,811</b>	<b>2,810</b>	<b>26,510</b>	<b>26,510</b>	<b>26,510</b>	<b>32,468</b>	<b>34,742</b>	<b>37,174</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>111,149</b>	<b>223,959</b>	<b>220,319</b>	<b>443,158</b>	<b>753,136</b>	<b>753,136</b>	<b>753,136</b>	<b>653,897</b>	<b>783,599</b>	<b>665,530</b>
<b>Funded by:</b>											
National Government		73,020	123,449	189,180	383,158	391,762	391,762	391,762	283,897	464,283	470,542
Provincial Government		11,429	25,621	31,139		25,459	25,459	25,459	–	–	
District Municipality		–	–	–	–				–	–	
Other transfers and grants		205	–	–	–	2,427	2,427	2,427	–	–	
<b>Transfers recognised - capital</b>	<b>4</b>	<b>84,654</b>	<b>149,070</b>	<b>220,319</b>	<b>383,158</b>	<b>419,648</b>	<b>419,648</b>	<b>419,648</b>	<b>283,897</b>	<b>464,283</b>	<b>470,542</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>6</b>	<b>26,495</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,193</b>	<b>4,193</b>	<b>4,193</b>	<b>250,000</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>		<b>–</b>	<b>74,889</b>	<b>–</b>	<b>60,000</b>	<b>99,294</b>	<b>99,294</b>	<b>99,294</b>	<b>120,000</b>	<b>319,316</b>	<b>194,988</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>111,149</b>	<b>223,959</b>	<b>220,319</b>	<b>443,159</b>	<b>523,135</b>	<b>523,135</b>	<b>523,135</b>	<b>653,897</b>	<b>783,599</b>	<b>665,530</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R653.9 million for the 2014/15 financial year and increases over the MTREF at levels of R783.6 million and then decreases to R665.5 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as ageing infrastructure. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and internally generated funding. For 2014/15 capital transfers totals R283.9 million ) and escalates to R464.3 million by 2015/16 .Internally generated funding totals R120.0 million in 2014/15 and escalates to R319.3 million in 2015/16.



Table 13 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash			622,793	719,174	64,672	3,421	3,421	3,421	270,000	283,500	297,670
Call investment deposits	1	–	5,256	5,901	539,022	863,459	863,459	863,459	270,000	283,500	297,670
Consumer debtors	1	372,712	547,554	749,700	690,704	682,710	682,710	682,710	768,000	806,400	846,720
Other debtors			12,328	98,422	7,354	124,512	124,512	124,512	156,279	159,405	163,390
Current portion of long-term receivables			66	46	45,175	–	–	–	42,691	42,101	47,039
Inventory	2		752,178	755,045	56,567	736,294	736,294	736,294	762,595	770,221	777,924
<b>Total current assets</b>		<b>372,712</b>	<b>1,940,175</b>	<b>2,328,287</b>	<b>1,403,494</b>	<b>2,410,396</b>	<b>2,410,396</b>	<b>2,410,396</b>	<b>2,269,566</b>	<b>2,345,127</b>	<b>2,430,413</b>
<b>Non current assets</b>											
Long-term receivables			–	–	8,385	8,587	8,587	8,587	8,771	8,859	8,947
Investments				–	69	46	46	46	46	46	46
Investment property		405,306	381,012	320,520	320,520	320,520	320,520	320,520	317,315	314,142	311,000
Investment in Associate											
Property, plant and equipment	3	6,397,718	6,417,874	6,386,028	6,568,313	6,824,179	6,824,179	6,824,179	5,707,287	5,857,271	5,839,631
Agricultural						–	–	–			
Biological				176,969	648	648	648	648	648	648	648
Intangible		7,283	3,459	1,899	3,459	3,459	3,459	3,459	3,959	3,959	3,959
Other non-current assets			8,181	8,771	–	–	–	–	8,859	8,948	9,037
<b>Total non current assets</b>		<b>6,810,307</b>	<b>6,810,525</b>	<b>6,894,187</b>	<b>6,901,394</b>	<b>7,157,439</b>	<b>7,157,439</b>	<b>7,157,439</b>	<b>6,046,885</b>	<b>6,193,872</b>	<b>6,173,268</b>
<b>TOTAL ASSETS</b>		<b>7,183,019</b>	<b>8,750,700</b>	<b>9,222,474</b>	<b>8,304,888</b>	<b>9,567,835</b>	<b>9,567,835</b>	<b>9,567,835</b>	<b>8,316,451</b>	<b>8,538,998</b>	<b>8,603,681</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	42,271	43,584	45,575	38,030	–	–	–	42,691	42,101	47,039
Consumer deposits			71,648	79,589	73,941	83,502	83,502	83,502	87,548	91,925	96,522
Trade and other payables	4	551,130	645,455	723,121	618,107	779,063	779,063	779,063	579,000	616,000	655,000
Provisions			312	4,397	–	3,714	3,714	3,714	3,714	3,714	3,714
<b>Total current liabilities</b>		<b>593,401</b>	<b>760,999</b>	<b>852,682</b>	<b>730,078</b>	<b>866,279</b>	<b>866,279</b>	<b>866,279</b>	<b>712,953</b>	<b>753,740</b>	<b>802,275</b>
<b>Non current liabilities</b>											
Borrowing		523,268	579,971	542,233	573,000	564,035	564,035	564,035	801,835	1,051,835	1,301,835
Provisions		232,141	308,123	535,734	–	535,734	535,734	535,734	744,482	1,035,066	1,345,586
<b>Total non current liabilities</b>		<b>755,409</b>	<b>888,094</b>	<b>1,077,967</b>	<b>573,000</b>	<b>1,099,769</b>	<b>1,099,769</b>	<b>1,099,769</b>	<b>1,546,317</b>	<b>2,086,901</b>	<b>2,647,421</b>
<b>TOTAL LIABILITIES</b>		<b>1,348,810</b>	<b>1,649,092</b>	<b>1,930,649</b>	<b>1,303,078</b>	<b>1,966,048</b>	<b>1,966,048</b>	<b>1,966,048</b>	<b>2,259,270</b>	<b>2,840,641</b>	<b>3,449,696</b>
<b>NET ASSETS</b>	5	<b>5,834,209</b>	<b>7,101,608</b>	<b>7,291,825</b>	<b>7,001,810</b>	<b>7,601,787</b>	<b>7,601,787</b>	<b>7,601,787</b>	<b>6,057,181</b>	<b>5,698,358</b>	<b>5,153,985</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)			6,992,886	7,242,830	7,032,039	7,406,620	7,406,620	7,406,620	7,606,249	8,465,036	6,897,411
Reserves	4	53,214	55,526	49,903	56,081	37,209	37,209	37,209	30,780	30,475	30,145
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>53,214</b>	<b>7,048,412</b>	<b>7,292,733</b>	<b>7,088,120</b>	<b>7,443,829</b>	<b>7,443,829</b>	<b>7,443,829</b>	<b>7,637,029</b>	<b>8,495,511</b>	<b>6,927,556</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. SA3 provides 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 14 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		2,312,753	2,736,576	3,033,638	2,466,204	2,840,654	2,840,654	2,840,654	3,080,783	2,951,308	3,162,045
Government - operating	1	-	-	-	383,848	383,848	383,848	383,848	402,280	420,741	418,392
Government - capital	1	-	-	-	383,158	423,840	423,840	423,840	283,897	464,283	470,542
Interest		51,796	84,161	116,335	27,029	27,029	27,029	27,029	28,050	28,519	28,665
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(1,810,717)	(2,269,366)	(2,579,604)	(2,795,550)	(2,753,199)	(2,753,199)	(2,753,199)	(3,116,470)	(3,431,306)	(3,464,316)
Finance charges		(71,568)	(72,134)	(70,966)	(64,600)	(64,600)	(64,600)	(64,600)	(60,738)	(54,782)	(50,025)
Transfers and Grants	1	-	-	(108)	(5,027)	(5,027)	(5,027)	(5,027)	(5,408)	(5,678)	(5,962)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>482,264</b>	<b>479,237</b>	<b>499,295</b>	<b>395,062</b>	<b>852,545</b>	<b>852,545</b>	<b>852,545</b>	<b>612,394</b>	<b>373,084</b>	<b>559,342</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		11,072	1,471	17,824	-	-	-	-			
Decrease (Increase) in non-current debtors		(3,928)	(65)	(570)	-	-	-	-			
Decrease (increase) other non-current receivables		(112,006)	(358,873)	(401,875)	(422)	(422)	(422)	(422)			
Decrease (increase) in non-current investments			(5,256)	(645)	(3)	(3)	(3)	(3)			
<b>Payments</b>											
Capital assets		(199,406)	147,809	10,216	(285,394)	(381,457)	(381,457)	(381,457)	(283,897)	(464,283)	(470,542)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(304,268)</b>	<b>(214,914)</b>	<b>(375,050)</b>	<b>(285,819)</b>	<b>(381,882)</b>	<b>(381,882)</b>	<b>(381,882)</b>	<b>(283,897)</b>	<b>(464,283)</b>	<b>(470,542)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-					-		
Borrowing long term/refinancing		(56,885)	112,361						250,000	-	
Increase (decrease) in consumer deposits		34,839	1,014	7,942	3,722	3,722	3,722	3,722			
<b>Payments</b>											
Repayment of borrowing		(8,522)	(49,779)	(35,806)	(45,175)	(45,175)	(45,175)	(45,175)	(42,691)	(42,101)	(47,039)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(30,568)</b>	<b>63,596</b>	<b>(27,864)</b>	<b>(41,453)</b>	<b>(41,453)</b>	<b>(41,453)</b>	<b>(41,453)</b>	<b>207,309</b>	<b>(42,101)</b>	<b>(47,039)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>147,428</b>	<b>327,919</b>	<b>96,381</b>	<b>67,790</b>	<b>429,210</b>	<b>429,210</b>	<b>429,210</b>	<b>535,806</b>	<b>(133,299)</b>	<b>41,760</b>
Cash/cash equivalents at the year begin:	2	147,401	294,829	622,748	719,129	830,762	830,762	830,762	898,552	1,434,358	1,301,059
Cash/cash equivalents at the year end:	2	294,829	622,748	719,129	786,919	1,259,972	1,259,972	1,259,972	1,434,358	1,301,059	1,342,819

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increased significantly over the 2010/11 to 2012/13 period owing directly to a net decrease in cash for the 2012/13 financial year of R96.4 million.
4. The Adjusted 2013/14 budget provides for a increase in cash of R429 million for the 2013/14 financial year resulting in an overall projected positive cash position of R1.3 billion at year end.

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

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

**Table15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	294,829	622,748	719,129	786,919	1,259,972	1,259,972	1,259,972	1,434,358	1,301,059	1,342,819
Other current investments > 90 days		(294,829)	5,300	5,946	(183,225)	(393,092)	(393,092)	(393,092)	(894,358)	(734,059)	(747,479)
Non current assets - Investments	1	-	-	-	69	46	46	46	46	46	46
<b>Cash and investments available:</b>		<b>-</b>	<b>628,048</b>	<b>725,075</b>	<b>603,763</b>	<b>866,926</b>	<b>866,926</b>	<b>866,926</b>	<b>540,046</b>	<b>567,046</b>	<b>595,386</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		121,310	149,448	170,460	97,764	318,015	318,015	318,015	-	-	-
Unspent borrowing		518,942	577,963	541,325	573,000	564,035	564,035		-	-	-
Statutory requirements	2										
Other working capital requirements	3	(30,194)	(208,020)	(447,734)	(171,000)	(526,497)	(526,497)	(526,497)	(390,736)	(320,586)	(352,033)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>610,057</b>	<b>519,390</b>	<b>264,052</b>	<b>499,764</b>	<b>355,553</b>	<b>355,553</b>	<b>(208,482)</b>	<b>(390,736)</b>	<b>(320,586)</b>	<b>(352,033)</b>
<b>Surplus(shortfall)</b>		<b>(610,057)</b>	<b>108,659</b>	<b>461,023</b>	<b>103,999</b>	<b>511,373</b>	<b>511,373</b>	<b>1,075,408</b>	<b>930,782</b>	<b>887,632</b>	<b>947,419</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 2010/11-12/13 the deficit improved from R610.0 million to a surplus of R461.0 million.
6. 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 and aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to progressively move from a surplus of R66.6 million in 2013/14 to a surplus of R70.3 million by 2014/15.

Table 16 MBRR Table A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	<b>22,327</b>	<b>107,500</b>	<b>110,102</b>	<b>174,300</b>	<b>198,878</b>	<b>198,428</b>	<b>298,532</b>	<b>424,723</b>	<b>386,344</b>
Infrastructure - Road transport		10,753	43,937	45,000	4,780	980	980	108,100	232,550	259,250
Infrastructure - Electricity		5,482	3,986	4,083	131,000	128,000	128,000	58,000	66,695	61,695
Infrastructure - Water		886	24,819	25,419	6,250	6,236	6,236	20,400	25,544	8,133
Infrastructure - Sanitation		1,055	-	-	2,000	2,000	2,000	-	-	-
Infrastructure - Other		-	14,646	15,000	-	-	-	46,890	46,779	27,358
Infrastructure		18,176	87,387	89,502	144,030	137,216	137,216	233,390	371,569	356,436
Community		80	20,113	20,600	-	1,223	1,223	41,357	36,262	13,069
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,070	-	-	30,270	60,439	59,989	23,785	16,893	16,838
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	<b>88,822</b>	<b>116,459</b>	<b>119,912</b>	<b>268,858</b>	<b>324,255</b>	<b>324,255</b>	<b>355,365</b>	<b>358,876</b>	<b>279,186</b>
Infrastructure - Road transport		35,629	32,776	33,748	138,495	152,795	152,795	116,893	120,700	75,050
Infrastructure - Electricity		11,109	4,856	5,000	30,500	35,493	35,493	83,500	65,177	43,177
Infrastructure - Water		11,974	17,239	17,750	27,925	35,335	35,335	68,559	127,889	129,771
Infrastructure - Sanitation		14,436	25,446	26,200	44,797	44,797	44,797	31,938	-	-
Infrastructure - Other		471	1,994	2,053	8,091	8,091	8,091	960	500	-
Infrastructure		73,619	82,310	84,751	249,808	276,510	276,510	301,850	314,266	247,998
Community		420	10,003	10,300	4,500	7,614	7,614	52,465	44,185	30,687
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	14,782	24,145	24,861	14,550	40,131	40,131	1,050	425	500
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-

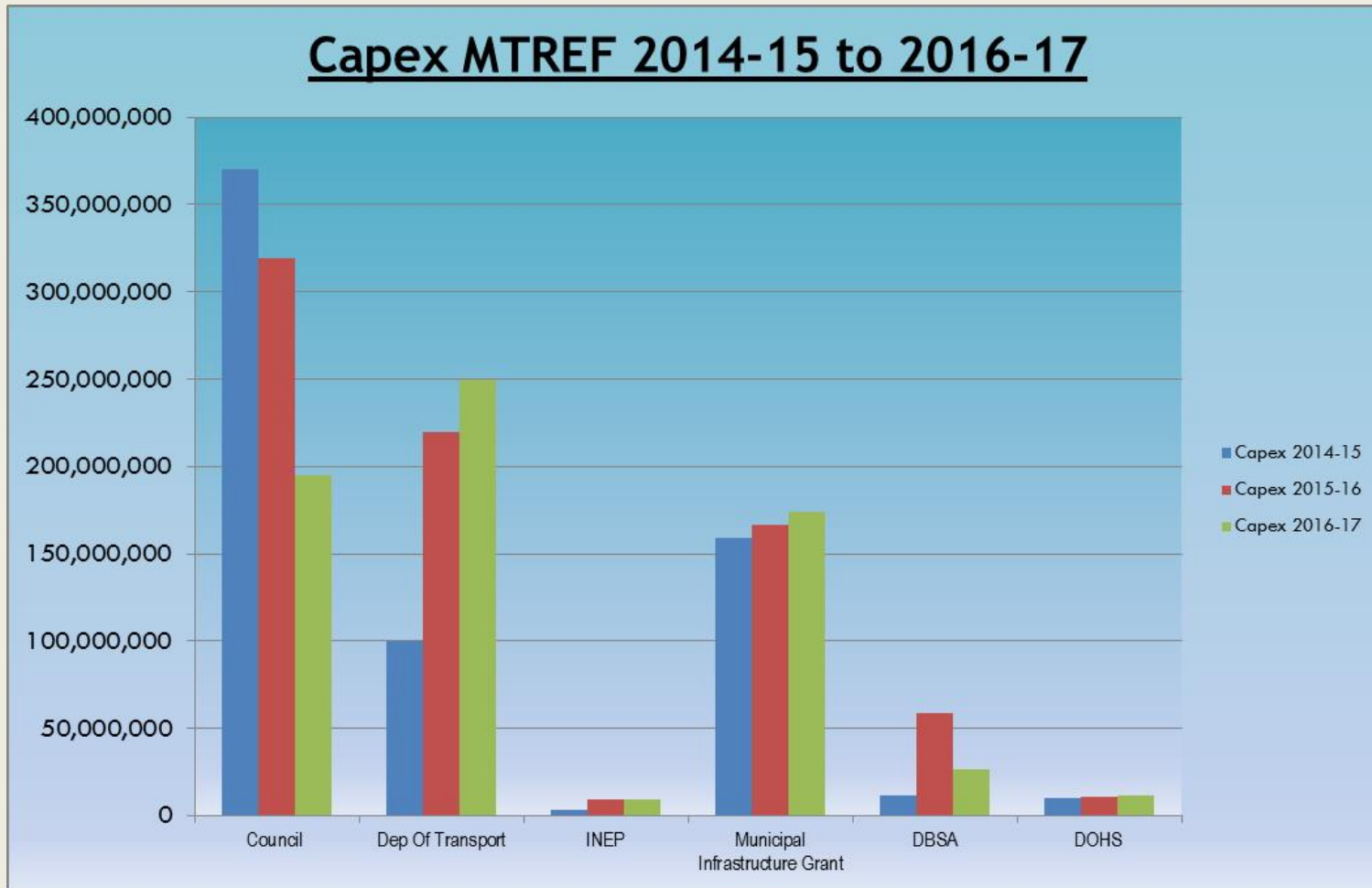
<b>Total Capital Expenditure</b>	4									
<i>Infrastructure - Road transport</i>		46,382	76,713	78,748	143,275	153,775	153,775	224,993	353,250	334,300
<i>Infrastructure - Electricity</i>		16,592	8,842	9,083	161,500	163,493	163,493	141,500	131,872	104,872
<i>Infrastructure - Water</i>		12,860	42,058	43,169	34,175	41,571	41,571	88,959	153,433	137,904
<i>Infrastructure - Sanitation</i>		15,491	25,446	26,200	46,797	46,797	46,797	31,938	-	-
<i>Infrastructure - Other</i>		471	16,639	17,053	8,091	8,091	8,091	47,850	47,279	27,358
Infrastructure		91,796	169,698	174,253	393,838	413,726	413,726	535,240	685,835	604,435
Community		500	30,117	30,900	4,500	8,837	8,837	93,822	80,447	43,757
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		18,853	24,145	24,861	44,820	100,570	100,120	24,835	17,318	17,338
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	<b>111,149</b>	<b>223,959</b>	<b>230,014</b>	<b>443,158</b>	<b>523,133</b>	<b>522,683</b>	<b>653,897</b>	<b>783,599</b>	<b>665,530</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Infrastructure - Road transport</i>		1,791,861	1,798,801	1,796,919	1,867,648	1,867,648	1,867,648	1,990,698	2,257,585	2,470,325
<i>Infrastructure - Electricity</i>		1,227,314	1,227,562	1,206,428	1,433,474	1,433,474	1,433,474	1,535,411	1,623,917	1,681,401
<i>Infrastructure - Water</i>		900,288	909,907	934,620	944,423	944,423	944,423	952,808	1,016,753	1,065,795
<i>Infrastructure - Sanitation</i>		545,536	571,449	599,074	619,164	619,164	619,164	650,936	676,199	722,788
<i>Infrastructure - Other</i>		516,457	501,919	505,268	507,204	507,204	507,204	506,999	506,795	506,570
Infrastructure		4,981,456	5,009,639	5,042,308	5,371,913	5,371,913	5,371,913	5,636,853	6,081,248	6,446,879
Community		498,059	449,884	449,884	475,835	415,343	415,343	496,209	485,398	454,724
Heritage assets		-	-	-	-	-	-	100	200	300
Investment properties		405,306	381,012	320,520	320,520	320,520	320,520	317,315	314,142	311,000
Other assets		918,203	822,666	822,666	781,057	781,057	781,057	787,407	775,063	707,100
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	176,969	648	648	648	648	648	648
Intangibles		7,283	3,459	1,899	3,459	3,459	3,459	3,959	3,959	3,959

TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	6,810,307	6,666,660	6,814,247	6,953,432	6,892,940	6,892,940	7,242,491	7,660,658	7,924,610
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		253,513	273,702	237,206	222,212	222,212	222,212	259,469	268,183	281,592
<b>Repairs and Maintenance by Asset Class</b>	3	65,648	39,510	89,185	94,956	77,744	77,744	204,612	194,350	162,950
<i>Infrastructure - Road transport</i>		1,596	3,392	5,361	7,094	2,990	2,990	44,711	44,269	46,632
<i>Infrastructure - Electricity</i>		31,949	13,726	24,992	48,014	39,281	39,281	51,432	48,071	48,775
<i>Infrastructure - Water</i>		345	1,216	746	1,554	954	954	15,344	15,714	16,499
<i>Infrastructure - Sanitation</i>		8,254	–	–	502	502	502	4,629	4,864	5,107
<i>Infrastructure - Other</i>		405	6,862	86	–	–	–	–	–	–
Infrastructure		42,549	25,196	31,185	57,165	43,727	43,727	116,115	112,917	117,013
Community		3,218	9,015	2,074	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	55,926	–	–	–	–	–	–
Other assets	6, 7	19,881	5,298	–	37,792	34,017	34,017	88,497	81,433	45,937
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>319,161</b>	<b>313,211</b>	<b>326,391</b>	<b>317,168</b>	<b>299,956</b>	<b>299,956</b>	<b>464,081</b>	<b>462,533</b>	<b>444,542</b>
<i>Renewal of Existing Assets as % of total capex</i>		79.9%	52.0%	52.1%	60.7%	62.0%	62.0%	54.3%	45.8%	41.9%
<i>Renewal of Existing Assets as % of deprecn"</i>		35.0%	42.5%	50.6%	121.0%	145.9%	145.9%	137.0%	133.8%	99.1%
<i>R&amp;M as a % of PPE</i>		1.0%	0.6%	1.4%	1.4%	1.1%	1.1%	3.6%	3.3%	2.8%
<i>Renewal and R&amp;M as a % of PPE</i>		2.0%	2.0%	3.0%	5.0%	6.0%	6.0%	8.0%	7.0%	6.0%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be at least 8 per cent of PPE.
3. The following graph provides an analysis by funding for capital expenditure over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.





**Explanatory notes to Table 17 MBRR A10-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 17 MBRR A10-Funding compliance measurement**

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	294,829	622,748	719,129	786,919	1,259,972	1,259,972	1,259,972	1,434,358	1,301,059	1,342,819
Cash + investments at the yr end less applications - R'000	18(1)b	2	(610,057)	108,659	461,023	103,999	511,373	511,373	1,075,408	930,782	887,632	947,419
Cash year end/monthly employee/supplier payments	18(1)b	3	1.8	3.4	3.3	3.5	5.7	5.7	5.7	5.8	4.9	4.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	179,433	139,961	93,589	449,744	490,424	490,424	490,424	354,217	540,108	522,727
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	9.1%	11.1%	1.6%	(7.5%)	(6.0%)	(6.0%)	1.0%	(0.5%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	112.3%	116.3%	109.6%	86.1%	100.6%	100.6%	100.6%	95.5%	86.8%	88.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.9%	2.6%	8.3%	4.9%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%
Capital payments % of capital expenditure	18(1)c;19	8	179.4%	(64.5%)	(4.3%)	64.4%	72.9%	72.9%	72.9%	43.4%	59.3%	70.7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(214.7%)	140.4%	0.0%	0.0%	0.0%	0.0%	0.0%	67.6%	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.	50.2%	51.5%	(12.4%)	8.6%	0.0%	0.0%	19.8%	4.2%	4.9%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	2.4%	0.0%	0.0%	2.1%	1.0%	1.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.0%	0.6%	1.4%	1.4%	1.1%	1.1%	3.0%	3.6%	3.3%	2.8%
Asset renewal % of capital budget	20(1)(vi)	14	79.9%	50.8%	51.0%	60.7%	62.0%	62.0%	0.0%	54.3%	45.8%	41.9%

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

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Electricity services – backlog has been reduced. The emphasis in the electricity sector is on addressing urgent network upgrades.

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

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

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

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

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

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2013. Key dates applicable to the process were:

**IDP/ Budget Process Plan in Preparation for the 2014/ 2015 Financial Year**

IDP-BUDGET-OPMS	Prepare 2013/2014 IDP / Budget /OPMS Process Plans	5 – 26 July 2013	MM/ IDP PMS BTO	Drafts Process Plan submitted to Strategic Management Committee (SMC)
IDP	Circulate the draft Process or framework plan internally for preliminary comments and inputs Including EXCO	10 – 25 July 2013	MM/ IDP	Circulated draft
IDP	Submit Draft Framework/Process Plans to COGTA	31 July 2013	MM/ IDP	Letter of acknowledgement from COGTA
IDP	Final Process Plan submitted to COGTA	01 September (absolute deadline)	MM/ IDP	Letter of acknowledgement
OPMS	Signed S57 Manager's Performance Agreements – S53 MFMA and S57 MSA	31 July 2013	PMS Unit	Signed performance agreements and place on website within 14 days
IDP	<ul style="list-style-type: none"> <li>➤ MEC Panel assesses submitted 2013/2014 IDPs</li> <li>➤ Draft Process Plan comments</li> </ul>	30 August 2013	MEC Panel	Results of the assessment and response
IDP	Collect data to review Status Quo of the Municipality	01 August 2013	MM/IDP DMM's	Verified data
IDP-INCORPORATING BUDGET AND OPMS	Assess the status of sector plans and policies	1 – 15 August 2013	MM/IDP DMM's	Updated table indicating status of reviewed strategies, sector plans and policies
OPMS	2012 / 2013 Annual Performance Report submitted to Auditor General- S46 MSA	30 August 2013	MM / PMS Manager	Letter of acknowledgement
IDP-INCORPORATING BUDGET AND OPMS	Adoption of final Draft Process Plan to Full Council Committees	28 August 2013	MM/ IDP	Council Resolution
OPMS	Internal Audit Reports on performance information must be submitted to the MM and Performance Audit Committee – S45 MSA and Reg 14 PPMR	Quarterly	MM / Internal Audit / PAC	Quarterly Internal Audit Reports on performance
IDP	Advertise Process Plans	02 – 23 September 2013	MM/ IDP	Copies of adverts
IDP	Status Quo Report to Exco /Council	25 September 2013	MM/ IDP	Council Resolution
IDP	Review municipal strategies	1 – 15 November 2013	MM/ IDP DMM's	Report on reviewed strategies submitted to SMC
IDP-OPMS-BUDGET	Develop the measurable objectives for the next financial year and include the required budget for achieving those objectives	06 November 2013	Internal Departments	Reports /inputs in required format
OPMS	Internal Audit Reports on performance information must be submitted to the MM	Quarterly	MM / Internal Audit / PAC	Quarterly Internal Audit Reports on performance

	and Performance Audit Committee – S45 MSA and Reg 14 PPMR			
IDP	Zonal IDP/ Budget Izimbizo	02-30 November 2013	MM/ IDP BTO ABM	IDP/ Budget Izimbizo conducted in all 5 ABM zones
IDP	Strategies Report to Exco/Full Council	27 November 2013	MM/ IDP	Reviewed strategies report submitted to Council for approval
IDP	Sector –Municipal Alignment sessions under the auspices of COGTA-uMgungundlovu District	27 November 2013	COGTA, Municipal Representatives-all managers, Sector Departments and State-Owned Enterprises (SOEs)	Alignment of MTSFs, MTEFs, programmes and budgets
IDP	IDP Best Practice Conference	05 December 2013	All municipalities COGTA and stakeholders	Attendance and minutes/presentations
BUDGET	2014 /2015 Interdepartmental Budget Inputs	1-30 November 2014	DMM'S Council Internal Departments	Completed templates from BTO
IDP BUDGET	Advertise proposed rates and tariffs	30 November 2013	BTO	Proposed rates and tariffs advertised in local media
IDP	Prioritization of IDP projects	3– 11 December 2013	MM/ IDP DMM's	Projects prioritization lists integrated into the IDP
OPMS BTO	Mid-year budget and performance assessment review – S72 MFMA	29 January 2014	MM / CFO / DMM'S / PMS Manager	Mid-year budget and performance report submitted to Council for approval
OPMS IDP BUDGET	Table 2012/ 13 Annual Report in Council	29 January 2014	MM	Annual Report tabled to the Council
IDP BUDGET	Conduct hearings on proposed rates and tariffs	20-24 January 2014	MM BTO	Hearings on proposed rates and tariffs held
OPMS	Schedule Performance Audit Committee meetings twice a year – Reg 14 PPMR	31 January and 31 July 2014	MM / Internal Audit / PAC	Minutes of Committee meetings
IDP-BUDGET-SDBIP	Alignment of IDP and Budget towards draft budget and SDBIP	18- 21 February 2014	MM/ IDP/ PMS/ BTO/ DMM's	Completed templates aligned to Budget/ IDP/ SDBIP format
IDP BUDGET	Draft IDP/ Budget To Full Council	26 February 2014	MM/ IDP BTO	Present Draft IDP, Budget to Full Council, Council Resolution
IDP	Submit draft Reviewed 2014/15 IDPs to COGTA	28 March 2014 (absolute deadline)	MM/ IDP	Proof of submission of draft reviewed IDP
SDBIP	Municipalities submit draft Reviewed 2014/15 SDBIP to Treasury	28 March 2014	MM PMS	Proof of submission of draft reviewed SDBIP
IDP BUDGET opms	Submit Oversight Report to Council for approval	26 February 2013	MPAC	Council Resolution
IDP BUDGET	Advertise the draft IDP/Budget	01-21 March 2014	MM/ IDP BTO	Issue a public notice on the draft IDP and Budget within 21 days
IDP	Submission of Draft IDPs to COGTA	28 March 2014	MM/ IDP	Proof of submitting the draft IDP on time to CoGTA
OPMS	Review PMS Policy and prepare draft PMS	31 March 2014	MM/ DMM's / IDP Manager / PMS	Reviewed PMS Policy and Organizational

IDP	scorecard for inclusion into draft IDP (Ensure draft scorecard indicators are aligned to IDP objectives)		Manager	Scorecards
IDP & BUDGET	Incorporate public comments on Draft IDP and Budget	March - April 2014	All Municipalities	Incorporated comments
IDP & BUDGET	Leadership Strategic Planning	07 – 09 April 2014	SMC EXCO/ MPAC Chairperson/ Chief Whip/ Speaker LLF	Leadership strategic Planning Conducted
BUDGET IDP	Table Final 2014/ 2015 Budget & IDP for approval	30 April 2014	MM/ IDP BTO	Council Resolution
OPMS	Submit SDBIP to Mayor for approval 28 days after the approval of the budget – S53 MFMA	28 May 2014	Mayor /MM (PMS Manager)	Approved, signed SDBIP by the Mayor
OPMS	Performance Reports twice a year – Reg 13 PPMR	24 January and 25 July 2014	Mayor / MM / PMS Manager / S57	Reports
IDP-BUDGET	Submit and publish adopted IDP/Budget to COGTA and Public	09 July 2014 (absolute deadline)	MM/ IDP BTO	Copies of adverts
OPMS	Complete Datasheet and submit to CoGTA – S47 MSA	29 August 2014	MM / CFO / S57 Managers / PMS Manager	Portfolio of evidence on submission
OPMS	2013 / 2014 Annual Performance Report – S46 MSA	29 August 2014	MM / PMS Manager	Report submitted to AG
OPMS	Prepare 2012 / 2013 Performance Working Paper File and submit to AG after necessary approvals	29 August 2014	MM / PMS Manager / Internal Audit	Report submitted to AG

### 2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom and Umgeni Water increases, household debt,)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;

- Improved and sustainable service delivery
- Long Term Financial Plan (LTFP)

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 59, 66, 67, 70 and 72 has been taken into consideration in the planning and prioritisation process.

### **2.1.3 Community Consultation**

Consultation process regarding tariff increases was held with different stakeholders in January 2014 to get their views. The Draft 2014/15 MTREF budget was compiled after that process

### **2.1.4 Community Consultation**

The draft 2013/14 MTREF will be tabled before Council on 31 March 2014 for community consultation and will be published on the municipality's website, hard copies will be made available at municipal offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be 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.

Izimbizos will be utilised to facilitate the community consultation process starting in April 2014. The dates of these meetings will be advertised in the local media. The following notice will be published in the local media:

## **2.2 Overview of alignment of annual budget with IDP**

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

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, 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 City strategically complies with the key national and provincial priorities.

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. Table 6 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.

### **IDP Strategic Objectives**

The Msunduzi Municipality shall deliver on six strategic city-wide outcomes to achieve this vision as follows:

- A well-serviced city;
- An accessible, connected city;
- A clean, green city;
- A friendly, safe city; and
- An economically prosperous city.
- A financially viable and well-governed city.

In order to realise the Vision, the Municipality has prioritised thirteen objectives, clustered under each of these six broadly defined outcomes.



## Table Summary of Strategic Priority Areas

<b>STRATEGIC PRIORITY 1: WELL SERVICED CITY</b>		
<b>GOAL</b>	<b>VALUE STATEMENT</b>	<b>TARGET</b>
By 2030, Msunduzi is a city serviced with quality water and sanitation reticulation, uninterrupted, adequate energy supply, and regular waste removal - for ALL neighbourhoods, communities, and centres of business.	1.1 City-wide infrastructure and service delivery provides a reliable, high quality supply of water, sanitation, energy, and waste services - to all.	1.1.1 100% of all households have a municipal water connection to the yard level 1.1.2 70% of all households have water-borne sanitation. 1.1.3 30% of all households have the basic minimum of Ventilated Improved Pit-latrines VIPs. 1.1.4 To Reduce Non-Revenue Water and Real Water Losses to 20% and 15% respectively. 1.1.5 To reduce the amount of water service interruptions from 1684 per annum (2011/2012) by 80% to 336 bursts per annum and respond to 100% of service interruptions within 8 hours. 1.1.6 To reduce sanitation service interruptions from 2499(2011-2012) per annum by 80% to 500 per annum and respond to 100% of sanitation blockages within 8 hours.
	1.2 City-wide energy infrastructure and service delivery provides a reliable, high quality supply of energy. Energy supply meets the anticipated increased demand for electricity specifically, including peak periods.	1.2.1 Disruption to energy supply is minimised to 6 hours in 100% of incidents. 1.2.2 Electricity supply keeps pace with expected growth of 4% per annum. 1.2.3 100% of households have basic electricity supply.
	1.3 Energy prices are affordable for residents.	1.3.1 100% of municipal households are fitted with solar water heating geysers.
	1.4 Use of renewable sources of energy is widespread.	1.4.1 100% of street lights and 100% of traffic signals in the CBD are powered by renewable energy.
	1.5 Energy production, capacity, storage, management, and distribution rapidly adapts to changing patterns of demand.	1.5.1 Demand management provides a 10% reduction in peak demand.
	1.6 City-wide infrastructure and service delivery provides reduced electricity losses.	1.6.1 Reduces electricity losses to below 5% of bulk supply purchases.
	1.7 Municipal-wide waste collection and disposal services to domestic households are available to all Msunduzi residents.	1.7.1 100% of households are rendered a waste collection and disposal service once a week.
	1.8 Appropriate waste collection and disposal	1.8.1 100% of businesses are rendered a waste collection and

	services are provided to support business and industry. Commercial activity derives production inputs from recovered waste material.	disposal service at least twice a week.
	1.9 Implementation of Advanced Waste Management Systems that reflect community values around waste minimisation.	1.9.1 50% recovery rate of recyclable materials through source separation at households and public sector offices, and treatment of organic waste.
	1.10 Implementation of annual infrastructure upgrade of the waste disposal site.	1.10.1 Construct waste containment berms, access roads, rehabilitation of perimeter roads, fencing of perimeter of site, construct wet-weather facility, install stone drainage layers on site, clay-cap side slopes of berms.
	1.11 Recovery, re-use and recycling of waste is maximised. The volume of waste disposed to landfill is minimised. Life spans of landfill sites are extended.	1.11.1 25% of household and business waste is sorted on-site.

**STRATEGIC PRIORITY 2: AN ACCESSIBLE AND CONNECTED CITY**

GOAL	VALUE STATEMENT	TARGET
By 2030, Msunduzi is a city with sufficient and well-maintained road, rail, and other physical infrastructure serving all residents, whether they use public or private transport modes. It has layers of diverse transport networks interconnecting at centres and internal urban hubs. Human settlement initiatives reduce housing backlogs and eliminate spatial separation by racial categories. Telecommunications and information technology is universally accessible and reliable. Social infrastructure, focussed on educational, health and recreational facilities meets all communities'	2.1 A diversity of private (cars, bikes, walking) and public (trains, buses, taxis) transport options, using a range of adequate physical infrastructure (roads, rail, and bikeways/walkways) is readily available to all residents.	2.1.1 Road and rail infrastructure backlogs are reduced such that 90% of communities have access to road and rail services. 2.1.2 100% compliant with Roads infrastructure management plan. 2.1.3 90% of Msunduzi residents can get to work within 45 minutes. 2.1.4 Reliable Public transport services are available 24 hours per day, with accessibility every 15 minutes to key activity nodes. 2.1.5 90% of travel in morning peak periods comprise walking, cycling or energy efficient public transport.
	2.2 Housing backlogs are significantly reduced, with human settlement patterns reflecting inclusive demographics.	2.2.1 100% eradication of informal settlements. 2.2.2 Rural Residential housing infrastructure backlogs are reduced such that less than 10% of households remain without access to formal housing. 2.2.3 Zero tolerance for exclusions based on racial, ethnic, religious or other demographic characteristics, is reflected in 100% of new settlement patterns. 2.2.4 20% of each new mixed-use development consists of rental stock. 2.2.5 30% densification of urban space. 2.2.6 Council Rental Stock maintained on a regular and consistent basis to eliminate unsafe structures and to prevent deterioration of Council's assets. 2.2.7 Old Rental Stock to be reduced by transferring certain units to qualifying tenants. 2.2.8 Allocations of new houses in subsidised housing projects to be 100% compliant with DOHS policies by installation of Housing

needs.		Needs Register and capture of names.
	2.3 People connect virtually through high-speed information and communication technology. Reliable telecommunications networks provide access to learning and information opportunities in homes, schools, and workplaces. Business and industry embrace high-speed broadband networks to become more productive and innovative. Energy efficiency is promoted by telecommuting.	2.3.1 90% of households have access to telecommunications and high-speed broadband more cheaply and cost effectively. 2.3.2 100% of indigent households have free access to telecommunications and high-speed broadband. 2.3.3 100% of businesses, government departments, and schools have easy access to business-grade and bi-directional high-speed broadband. 2.3.4 Telecommuting reduces conventional energy usage by 20%.
	2.4 Social infrastructure supports healthy lifestyles, learning opportunities, and community unity and social cohesion. Health infrastructure is readily available and meets community needs. Major recreational infrastructure (e.g. sports stadia, cultural facilities, etc.) contribute to the city's economy by allowing for world-class events and tourism. Social infrastructure is delivered with regard to minimising impacts on the environment.	2.4.1 90% of communities have adequate social infrastructure within a 30 minute walk or ride. 2.4.2 100% of business centres are supported with appropriate community recreational and meeting facilities including health and educational facilities. 2.4.3 100% of social infrastructure delivery complies with national standards regarding minimal environmental impact.

**STRATEGIC PRIORITY 3: A CLEAN, GREEN CITY**

<b>GOAL</b>	<b>VALUE STATEMENT</b>	<b>TARGET</b>
By 2030, Msunduzi is a city protecting our natural environment, our native plants and animal habitats, limiting pollution, greening the city, and using our natural resources, such as water, wisely. The clean, green city harnesses our renewable energy supply, public open space creation project, and urban renewal and greening programme to these ends.  Msunduzi conserves its natural assets while still meeting the demand for more housing, more roads and more services to accommodate our	3.1 Msunduzi has widespread use for renewable energy supplies, including but not limited to: solar, wind, and hydro power. The city continually increases investment in delivering more sustainable energy technologies. Businesses use energy efficiently prioritising low carbon emission sources. Alternative energy sources are mainstreamed in new human settlement development for all communities and energy efficiency required in building plans.	3.1.1 30% of Msunduzi's electricity demand is met by renewable sources. 3.1.2 20% of liquid energy is derived from bio-fuel. 3.1.3 50% of new commercial or industrial development incorporates some form of renewable energy technology usage in its design and construction. 3.1.4 80% of new human settlement development incorporates some form of renewable energy technology usage in its design and construction. 3.1.5 100% of building plans approved have due consideration for energy efficiency.
	3.2 Communities benefit from a linked public open space network, providing for a range of sporting, cultural, and recreational uses.	3.2.1 100% of residents are within a 15 minute walking distance to facilities within the city's public, open, and green space network
	3.3 Urban renewal and greening is recognised by communities and the business fraternity as contributing to environmental and ecological sustainability, as well as supporting future	3.3.1 100% residential, commercial, and industrial precincts incorporate green spaces. 3.3.2 100% of roads in former black townships and major arterial roads in rural areas are tarred.

increasing population.	residential, commercial, and industrial development.	3.3.3 100% compliance with trading bylaws within the CBD. 3.3.4 100% compliance with environmental bylaws within the city environs.
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<b>STRATEGIC PRIORITY 4: A FRIENDLY, SAFE CITY</b>		
<b>GOAL</b>	<b>VALUE STATEMENT</b>	<b>TARGET</b>
By 2030, Msunduzi is a city with strong, welcoming, caring, and diverse communities, living in a variety of friendly, safe neighbourhoods.	4.1 The separate development of the past will be forgotten, as the city proactively promotes and practically engineers social cohesion across all its objectives, geographic spread, racial groupings, class identities, religious formations, and political affiliations.	4.1.1 Civic engagement increases so that 100% of residents, regardless of racial, class, religious, or political categories, can enjoy an active role in decisions that affect their city. 4.1.2 To ensure the effective management of land uses within the Msunduzi Municipality.
	4.2 People will enjoy working together and helping each other in local neighbourhoods and in the broader community. Msunduzi's friendly outdoor life is enlivened by an interesting range of local and regional celebrations.	
	4.3 Civil society organisations and community participation are critical elements of Msunduzi's safety and security strategies. Community policing forums are active in community safety centres established across the city.	4.3.1 80% of community police forums are accessible and accommodated in safety centres within a 30 minute walk or ride for all residents. 4.3.2 The entire Msunduzi Municipal area is monitored through CCTV camera system. 4.3.3 100% of the city-wide area is monitored by law enforcement officials (traffic wardens, traffic officers, security officers, city police, peace officers, and inspectors).

<b>STRATEGIC PRIORITY 5: AN ECONOMICALLY PROSPEROUS CITY</b>		
<b>GOAL</b>	<b>VALUE STATEMENT</b>	<b>TARGET</b>
By 2030, Msunduzi is a city with a flourishing business environment, with people exercising their entrepreneurship across the full spectrum of commercial, public, scientific, educational, and charitable enterprises.	5.1 The city absorbs young people into a job creation social compact between the council, private businesses, and the non-profit sector - with the support of institutions of learning.	5.1.1 Unemployment in the city is reduced to 15%.
	5.2 By 2030, Msunduzi will have a strong, diversified, and resilient economy, using its competitive advantages to deliver prosperity, high employment, and quality jobs for all the city's residents.	5.2.1 The Municipality has competitive business incentive packages to attract new businesses and drive expansion. 5.2.2 The Municipality attracts annual investment in excess of R 1 billion per annum, reducing unemployment by 5% per annum. 5.2.3 Municipality has 100% of skills required for the local economy. 5.2.4 Reduce the percentage of economically inactive youth to 5%.

<b>STRATEGIC PRIORITY 6: A FINANCIALLY VIABLE AND WELL-GOVERNED CITY</b>		
<b>GOAL</b>	<b>VALUE STATEMENT</b>	<b>TARGET</b>
By 2030, the Msunduzi Municipality is a financially sound and well governed institution, delivering on its legislative mandates and offering residents of the Municipality value for their rates payments.	6.1 By 2030, Msunduzi will be financially sound through managing its finances efficiently, through effective and realistic budgeting to ensure synergy between the capital and operating budget, as well as through revenue enhancement.	6.1.1 Efficient Budget and Treasury. 6.1.2 Optimal Expenditure Management. 6.1.3 Improved Revenue Management. 6.1.4 Effective Supply Chain Management. 6.1.5 Optimal Financial Service. 6.1.6 Efficient collection of revenue through Municipal Property Rates.
	6.2 By 2030, Msunduzi will have a civil society that actively participates in, and contributes to, sound decision making, ensuring greater accountability of Councillors and Officials.	6.2.1 100% effective administration complying with its legal mandates. 6.2.2 Effective fleet management to ensure resource availability for service delivery. 6.2.3 To maximize the disaster resilience of Msunduzi through coordination of all pre-disaster risk reduction – as well as post disaster response activities within a framework of sustainable development.

**Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Financial Viability and Management	An efficiently managed, financially viable and sustainable city			835 014	765 774	792 096	1 143 178	1 143 178	1 143 178	911 271	843 596	870 116	
Basic Service and Infrastructure Development	A city where everybody has access to habitable human settlement-decent houses, clean water and proper sanitation			2 024 427	2 079 702	2 151 187	2 099 532	2 099 532	2 099 532	2 688 691	2 944 508	3 079 391	
Local Economic Development	A vibrant economic centre, attracting investment, supporting business development and creating jobs			8 233	7 549	7 808	9 382	9 382	9 382	10 573	11 579	12 109	
Good Governance and Public Participation	A well-governed city underpinned by meaningful public participation			249	237	245	284	284	284	326	357	373	
Institutional Development and Transformation	A well-governed city underpinned by meaningful public participation			330	339	351	376	376	376	448	491	513	
Environmental Planning and Social Services	An environmentally sustainable and healthy city			33 988	34 903	36 103	38 733	38 733	38 733	46 157	50 549	52 865	
<b>Allocations to other priorities</b>			2										
<b>Total Revenue (excluding capital transfers and contributions)</b>				1	<b>2 902 241</b>	<b>2 888 505</b>	<b>2 987 790</b>	<b>3 291 485</b>	<b>3 291 485</b>	<b>3 291 485</b>	<b>3 657 466</b>	<b>3 851 079</b>	<b>4 015 368</b>

**Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Financial Viability and Management	An efficiently managed, financially viable and sustainable city			807 735	703 614	790 732	936 989	936 989	936 989	1 036 740	1 104 589	1 140 427	
Basic Service and Infrastructure Development	A city where everybody has access to habitable human settlement-decent houses, clean water and proper sanitation			1 958 290	1 910 887	2 147 483	2 239 884	2 239 884	2 239 884	2 492 085	2 606 705	2 656 813	
Local Economic Development	A vibrant economic centre, attracting investment, supporting business development and creating jobs			7 964	6 936	7 795	9 238	9 238	9 238	11 521	12 731	38 196	
Good Governance and Public Participation	A well-governed city underpinned by meaningful public participation			241	218	245	279	279	279	1 621	2 187	27 552	
Institutional Development and Transformation	A well-governed city underpinned by meaningful public participation			319	311	350	370	370	370	1 721	2 295	27 661	
Environmental Planning and Social Services	An environmentally sustainable and healthy city			32 878	32 070	36 041	38 139	38 139	38 139	43 458	46 744	72 533	
<b>Allocations to other priorities</b>													
<b>Total Expenditure</b>				<b>1</b>	<b>2 807 426</b>	<b>2 654 037</b>	<b>2 982 646</b>	<b>3 224 899</b>	<b>3 224 899</b>	<b>3 224 899</b>	<b>3 587 146</b>	<b>3 775 253</b>	<b>3 963 183</b>

**Table 20 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>R thousand</b>													
To promote social integration	Promote the city heritage & enhance sustainable tourism	G			5 377								
To provide sustainable & developmental finance through sound financial management	Use technology advancement to improve service delivery				120 970								
To ensure proper regulations, control and enforcement	To promote & enhance e-governance				4 453					5 580	6 687	5 680	
To develop social housing	To promote integrated development				17 036								
To provide adequate staffing levels	To promote & enhance e-governance				14 281								
To promote the involvement of communities	To promote integrated development				6 489								
Environmentally sustainable development	To promote integrated development				22 875								
To promote access to basic services	To promote integrated development				1 902					19 600	23 488	19 950	
Basic Service Delivery and Infrastructure Development	A city where everybody has access to habitable human settlements-decent houses, clean water and proper sanitation				1 673	230 014	390 431	390 431	390 431	90 201	108 092	91 812	
Financial Viability and Management	An efficiently managed, financially viable and sustainable City				5 954					22 969	27 525	23 379	
Basic Service Delivery and Infrastructure Development	A safe city, with low crime levels, and quality living areas	H			1 794					4 512	5 407	4 593	
Environmental Planning and Social Services	An environmental sustainable and healthy city	I			7 443		27 680	27 680	27 680				
Local Economic Development	A vibrant economic centre, attracting investment, supporting business development and creating jobs	J			11 322		22 725	22 725	22 725	10 350	12 403	10 535	
Basic Service Delivery and Infrastructure Development	A well planned, spatially integrated city	K			2 392		22 725	22 725	22 725				
Access to electricity	provides an adequate energy supply	L		85 957						141 500	169 567	144 028	
To provide access to Roads, Storm-water	well maintained roads, rail and other physical infrastructure serving all residents	M								229 572	275 107	233 673	
To provide access to water	serviced with quality of water									74 980	89 853	76 271	
Access to sanitation	serviced with sanitation reticulation									23 834	28 561	24 259	
		O			12 070					30 800	36 909	31 350	
		P			11 906								
		O			1 216								
		P											
<b>Allocations to other priorities</b>			3										
<b>Total Capital Expenditure</b>			1		<b>111 149</b>	<b>223 959</b>	<b>230 014</b>	<b>463 561</b>	<b>463 561</b>	<b>463 561</b>	<b>653 898</b>	<b>783 599</b>	<b>665 530</b>



### 2.3 Measurable performance objectives and indicators

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

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

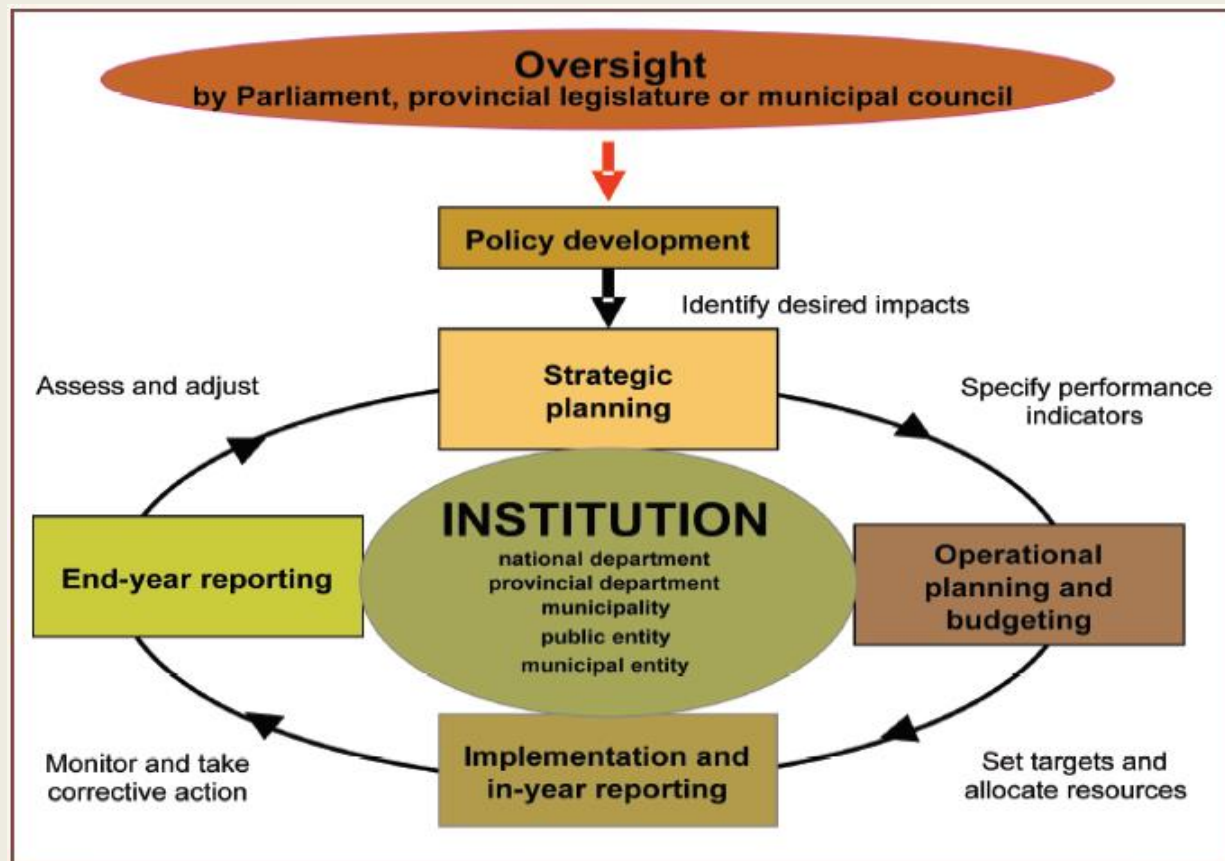
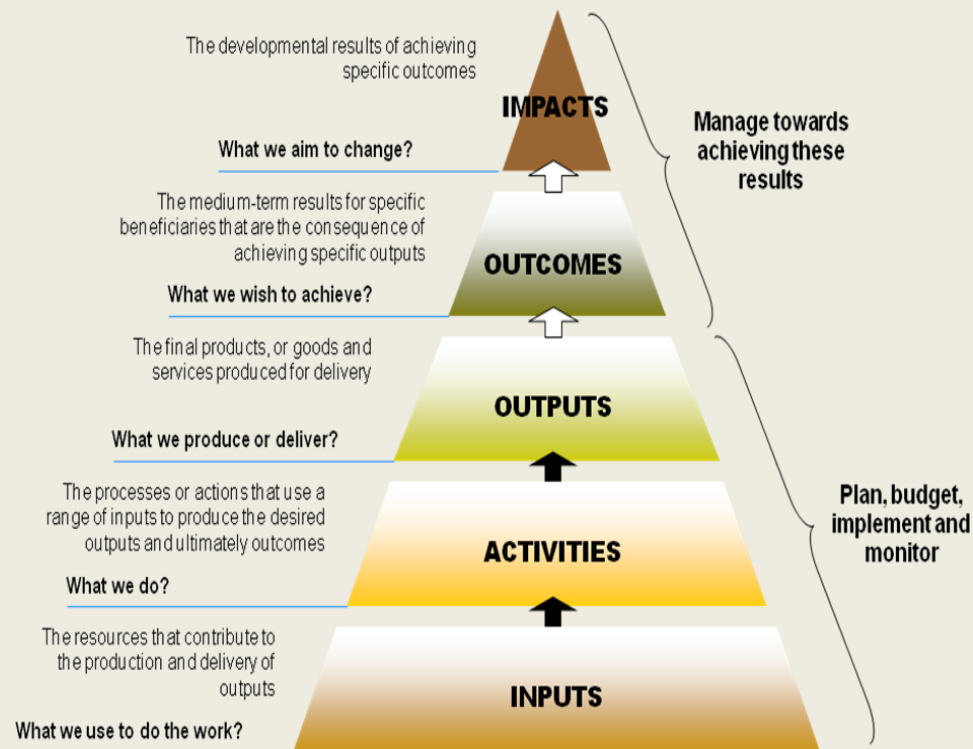


Figure 2 Planning, budgeting and reporting cycle

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

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

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



**Figure 3 Definition of performance information concepts**

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

**Table 21 MBRR Table SA8 - Performance indicators and benchmarks**

KZN225 Msunduzi - Supporting Table SA8 Performance indicators and benchmarks												
Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14					2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	3.4%	4.5%	3.3%	3.4%	3.4%	3.4%	3.4%	3.4%	2.9%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.4%	4.5%	3.9%	5.1%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.9%	5.1%	-214.7%	140.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	67.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-214.7%	140.4%	983.3%	1044.5%	1086.6%	1021.7%	1515.9%	1515.9%	1515.9%	2605.1%	
Gearing	Long Term Borrowing/ Funds & Reserves	983.3%	1044.5%	0.6	2.5	2.7	1.9	2.8	2.8	2.8	3.2	
Current Ratio	Current assets/current liabilities	0.6	2.5	0.6	2.5	2.7	1.9	2.8	2.8	2.8	3.2	
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	2.5	-	0.8	0.9	0.8	1.0	1.0	1.0	0.8	
Liquidity Ratio	Monetary Assets/Current Liabilities	-	0.8		106.6%	101.1%	95.1%	86.1%	100.6%	100.6%	100.6%	
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		106.6%	112.3%	116.3%	109.6%	86.1%	100.6%	100.6%	100.6%	95.5%	
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other)		112.3%	116.3%	15.1%	19.5%	25.2%	22.8%	25.1%	25.1%	25.1%	26.7%	
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.1%	19.5%									
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))			131.7%	71.2%	67.0%	55.5%	23.4%	23.4%	23.4%	34.9%	
Creditors to Cash and Investments		131.7%	71.2%		237,740	202,470	182,223	182,223	182,223	182,223	164,000	
Electricity Distribution Losses (2)	Total Volume Losses (kW)		237,740		119,064	122,346	119,899	119,899	119,899	117,501	113,976	
	Total Cost of Losses (Rand '000)		119,064		13.58%	11.58%	11.00%	11.00%	11.00%	11.00%	10.45%	
	% Volume (units purchased and generated less units sold)/units purchased and generated		13.58%				14	15	16	16	15	
Water Distribution Losses (2)	Total Volume Losses (kℓ)						66,417,513	70,959,999	72,866,767	72,866,767	75,490,861	
	Total Cost of Losses (Rand '000)						22.20%	2330.00%	23.60%	23.60%	22.70%	
	% Volume (units purchased and generated less units sold)/units purchased and generated			26.3%	23.2%	20.4%	23.7%	23.5%	23.5%	23.5%	23.4%	
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.3%	23.2%	25.7%	22.1%	22.2%	24.8%	25.1%	25.1%		24.7%	
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.7%	22.1%	2.7%	1.4%	2.6%	2.9%	2.5%	2.5%		5.6%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.7%	1.4%	13.2%	12.0%	9.2%	8.7%	8.8%	8.8%	8.8%	8.8%	
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.2%	12.0%	15.5	15.6	38.8	40.3	40.3	40.3	40.5	46.1	
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	15.5	15.6	19.2%	25.1%	32.4%	26.4%	29.1%	29.1%	29.1%	32.5%	
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	19.2%	25.1%	1.8	3.4	3.3	3.5	5.7	5.7	5.7	5.8	
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.8	3.4	3.3	3.5	5.7	5.7	5.7	5.8	4.9	4.8	

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Msunduzi Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15MTREF:

*Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from R578 million in 2011/12 to R541 million in 2012/13. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

#### 2.3.1.2 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, and credit control and debt collection.

#### 2.3.1.3 Creditors Management

The Municipality could not manage to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has not managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a negative impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to damage the Municipality in the form of more competitive pricing of tenders, as suppliers will not compete for the Municipality's business.

### 2.3.2 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following budget-related policies have been approved by Council, are in line with National Guidelines and other legislation.

Budget Policy

Supply Chain Management Policy

Rates Policy

Tariff Policy

Credit Control & Debt Collection Policy

Asset Management Policy

Cash and Investment Management Policy

General Insurance Policy

Virement Policy

Funding and Reserves Policy

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

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

**BUDGET POLICY**

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

**SUPPLY CHAIN MANAGEMENT POLICY**

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

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

- a. A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996
- b. As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations
- c. Best practices in supply chain management
- d. Uniformity in supply chain management systems between organs of state in all spheres
- e. Broad Based Black Economic Empowerment

**RATES POLICY**

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

**TARIFF POLICY**

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

**CREDIT CONTROL & DEBT COLLECTION POLICY**

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

**VIREMENT POLICY**

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

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

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

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

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

## **2.4 Overview of budget assumptions**

### **2.4.1 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City has intention for borrowing an amount of R250 million in the 2014/15 financial year.

### **2.4.2 Collection rate for revenue services**

The base assumption is that tariff and rating increases will be within inflation rate except on electricity and water. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

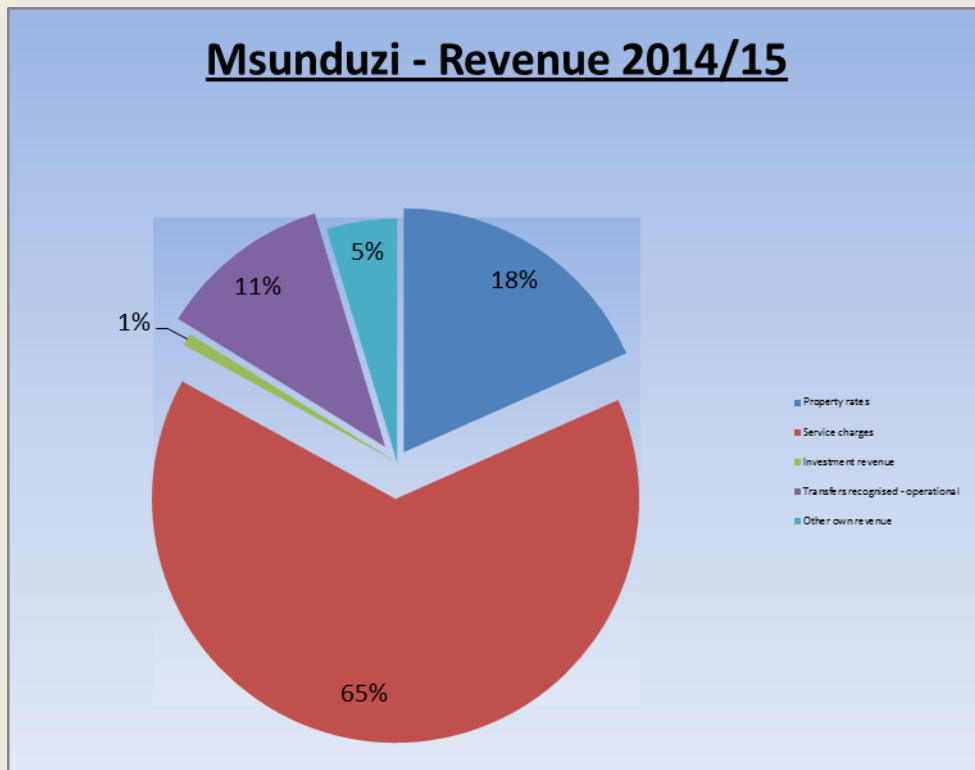
The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

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

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, 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.

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



### 2.4.5 External factors

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



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

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

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

#### **2.4.5.1 General inflation outlook and its impact on the municipal activities**

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

- National Government macro-economic targets;
  - The general inflationary outlook and the impact on Municipality's residents and businesses;
  - The impact of municipal cost drivers;
  - The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration Employee related costs comprises less than 30% per cent of total operating expenditure in the 2014/15 MTREF.

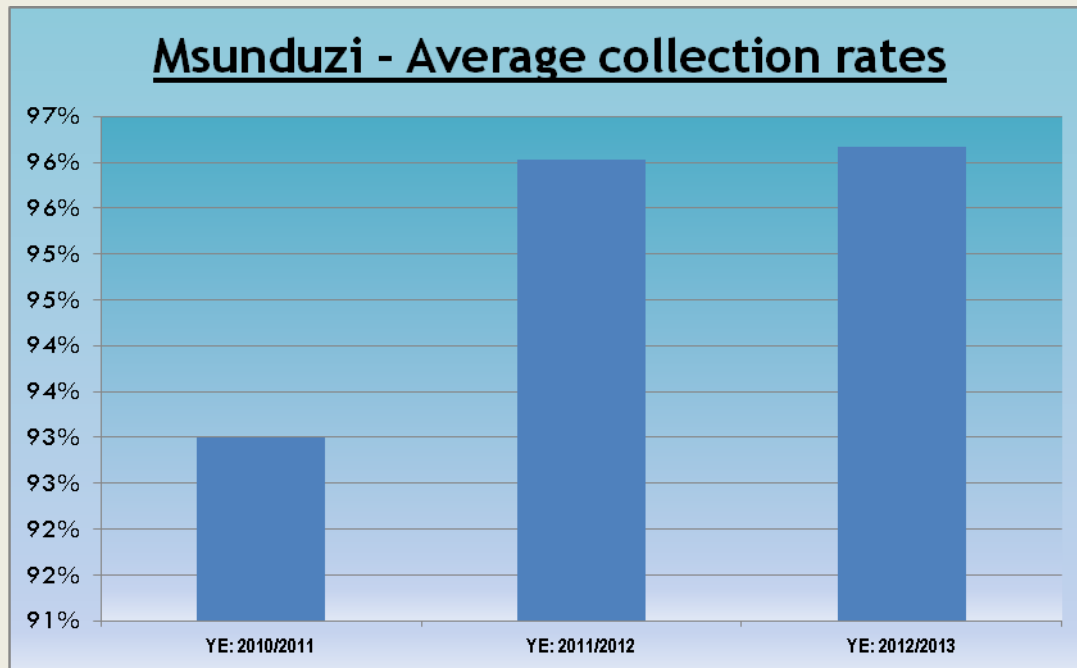
#### **2.4.5.2 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2014/15MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2014/15 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

#### **2.4.5.3 Collection rate for revenue services**

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

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.



#### **2.4.5.4 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 Municipality, household formation growth rate and the poor household change rate.

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

## 2.4.5.5 Overview of budget funding

### 2.4.5.6 Medium-term outlook: operating revenue

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

#### Figure 4 Breakdown of operating revenue over the 2014/15 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 City derives most of its operational revenue from the provision of goods and services such as property rates, water, electricity, sanitation and solid waste removal. Operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc) supplement revenue.

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

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

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

**Table 22 Breakdown of the operating revenue over the medium-term**

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>R thousand</b>						
<b>Revenue By Source</b>						
Property rates	641 317	18%	673 383	17%	707 052	18%
Property rates - penalties & collection charges	39 231	1%	40 800	1%	42 500	1%
Service charges - electricity revenue	1 628 543	45%	1 733 368	45%	1 828 704	46%
Service charges - water revenue	409 856	11%	420 819	11%	443 965	11%
Service charges - sanitation revenue	139 553	4%	146 950	4%	155 032	4%
Service charges - refuse revenue	81 937	2%	86 280	2%	91 025	2%
Service charges - other	–	0%	–	0%		0%
Rental of facilities and equipment	35 024	1%	38 329	1%	40 292	1%
Interest earned - external investments	28 050	1%	28 519	1%	28 665	1%
Interest earned - outstanding debtors	1 292	0%	1 318	0%	1 390	0%
Dividends received	–	0%	–	0%		0%
Fines	6 826	0%	7 014	0%	11 218	0%
Licences and permits	50	0%	53	0%	56	0%
Agency services	3 220	0%	3 324	0%	3 490	0%
Transfers recognised - operational	402 280	11%	420 741	11%	418 392	10%
Other revenue	240 286	7%	250 180	6%	243 587	6%
Gains on disposal of PPE	–	0%		0%		0%
<b>Total Operating Revenue</b>	<b>3 657 466</b>	<b>100%</b>	<b>3 851 079</b>	<b>100%</b>	<b>4 015 368</b>	<b>100%</b>
<b>Total Operating Expenditure</b>	<b>3 587 146</b>		<b>3 775 254</b>		<b>3 963 183</b>	
<b>Surplus (Deficit)</b>	<b>70 320</b>		<b>75 825</b>		<b>52 185</b>	

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

**Table 23 MBRR SA15 Detailed Investment Information**

**KZN225 Msunduzi - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government Listed Corporate Bonds Deposits - Bank Deposits - Public Investment Commissioners Deposits - Corporation for Public Deposits Bankers Acceptance Certificates Negotiable Certificates of Deposit - Banks Guaranteed Endowment Policies (sinking) Repurchase Agreements - Banks Municipal Bonds		282 404	561 104	511 957	539 091	539 091	539 091	555 595	583 375	612 544
<b>Municipality sub-total</b>	1	282 404	561 104	511 957	539 091	539 091	539 091	555 595	583 375	612 544
<b>Entities</b>										
Securities - National Government Listed Corporate Bonds Deposits - Bank Deposits - Public Investment Commissioners Deposits - Corporation for Public Deposits Bankers Acceptance Certificates Negotiable Certificates of Deposit - Banks Guaranteed Endowment Policies (sinking) Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		282 404	561 104	511 957	539 091	539 091	539 091	555 595	583 375	612 544

**Table 24 MBRR SA16 Investment Particulars by Maturity****KZN225 Msunduzi - Supporting Table SA16 Investment particulars by maturity**

Investments by Maturity	Ref	Interest Rate 3.	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Closing Balance
Name of institution & investment ID	1						
<b>Parent municipality</b>							
ABSA		4,55	Call	1 489	74		1 563
Rand Merchant Bank		4,7	Call	2 129	106		2 235
Rand Merchant Bank		4,7	Call	1 233	62		1 295
Rand Merchant Bank		4,7	Call	239 216	11 961		251 177
Rand Merchant Bank		4,7	Call	3 855	193		4 048
Rand Merchant Bank		4,7	Call	11 216	561		11 777
First National Bank		4,7	Call	150 000	7 500		157 500
Investec Bank		4,7	Call	120 000	6 000		126 000
		4,7					-
		4,7					-
		4,7					-
		4,7					-
		5,25					-
		5,25					-
							-
<b>Municipality sub-total</b>				<b>529 138</b>		<b>-</b>	<b>555 595</b>
<b>Entities</b>							
							-
							-
							-
							-
							-
<b>Entities sub-total</b>				<b>-</b>		<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>1</b>			<b>529 138</b>		<b>-</b>	<b>555 595</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 R70.3 million, R75.8 million and R52.2million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds although this is not at all sufficient.

**Table 25 Sources of capital revenue over the MTREF**

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15		Budget Year +1 2015/16		Budget Year +2 2016/17	
<b>R thousand</b>						
<b>Funded by:</b>						
National Government	283 897	43%	464 283	59%	470 542	71%
Provincial Government	–	0%	–	0%	–	0%
Borrowings	250 000	38%	–	0%	–	0%
Public contributions & donations	120 000	18%	319 316	41%	194 988	29%
<b>Total Capital Funding</b>	<b>653 897</b>	<b>100%</b>	<b>783 599</b>	<b>100%</b>	<b>665 530</b>	<b>100%</b>

Capital grants and receipts equates to 43.4 per cent of the total funding source which represents R283.9 million for the 2014/15 financial year and steadily increase to R464.3 million by 2015/16.

As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

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

**Table 26 MBRR SA 17 Detailed Borrowings**

Borrowing - Categorised by type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		518 942	577 963	541 325	573 000	564 035	564 035	760 690	695 690	625 690
Long-Term Loans (non-annuity)										
<b>Municipality sub-total</b>	1	<b>518 942</b>	<b>577 963</b>	<b>541 325</b>	<b>573 000</b>	<b>564 035</b>	<b>564 035</b>	<b>760 690</b>	<b>695 690</b>	<b>625 690</b>
<b>Entities</b>										
<b>Entities sub-total</b>	1	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Borrowing</b>	1	<b>518 942</b>	<b>577 963</b>	<b>541 325</b>	<b>573 000</b>	<b>564 035</b>	<b>564 035</b>	<b>760 690</b>	<b>695 690</b>	<b>625 690</b>
<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		518 942	577 963	541 325	573 000	564 035	564 035			
<b>Municipality sub-total</b>	1	<b>518 942</b>	<b>577 963</b>	<b>541 325</b>	<b>573 000</b>	<b>564 035</b>	<b>564 035</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Entities</b>										
<b>Entities sub-total</b>	1	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Unspent Borrowing</b>	1	<b>518 942</b>	<b>577 963</b>	<b>541 325</b>	<b>573 000</b>	<b>564 035</b>	<b>564 035</b>	<b>–</b>	<b>–</b>	<b>–</b>

Internally generated funds consist of a surpluses generated on the operating statement of financial performances. In determining the credibility of this funding source it becomes necessary to review the cash flow budget and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R120.0 in 2014/15, R319.3 in 2014/15 and R195 million in 2015/16.



Table 27 MBRR SA 18 Capital Transfers and Grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>267 375</b>	<b>310 326</b>	<b>342 704</b>	<b>362 139</b>	<b>362 139</b>	<b>362 139</b>	<b>380 424</b>	<b>397 878</b>	<b>418 392</b>
Local Government Equitable Share	267 211	304 835	338 903	354 313	354 313	354 313	373 541	392 761	413 174
Finance Management	165	1 979	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement		978	800	890	890	890	934	967	1 018
EPWP Incentive			1 501	1 874	1 874	1 874	2 782		
Energy Efficiency and Demand Management		2 534		-	-	-	-	-	
Water Services Operating Subsidy									
Other transfers/grants [insert description]				3 512	3 512	3 512			
Neighbourhood Development Partnership Technical ass							1 567	2 500	2 500
<b>Provincial Government:</b>	<b>33 467</b>	<b>4 074</b>	<b>22 500</b>	<b>21 709</b>	<b>21 709</b>	<b>21 709</b>	<b>21 856</b>	<b>22 863</b>	<b>-</b>
Health subsidy		-							
Provincial Government:	20 979	1 207							
Health subsidy		-							
Expanded Public Works Grant		2 868							
Operating Grant - Property Rates									
Health	12 488		2 537						
Human Settlements			9 000						
Public Works									
Arts and Culture			10 963	21 709	21 709	21 709	21 856	22 863	
<b>Total Operating Transfers and Grants</b>	<b>300 842</b>	<b>314 400</b>	<b>365 204</b>	<b>383 848</b>	<b>383 848</b>	<b>383 848</b>	<b>402 280</b>	<b>420 741</b>	<b>418 392</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>73 225</b>	<b>138 340</b>	<b>208 599</b>	<b>386 670</b>	<b>389 761</b>	<b>389 761</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
Municipal Infrastructure Grant (MIG)	48 348	138 340	153 399	154 824	151 312	151 312	159 158	166 213	173 983
Public Transport and Systems	11 663		45 000	100 846	100 846	100 846	100 000	220 000	250 000
Neighbourhood Development Partnership			700				10 350	10 737	11 288
Rural Households Infrastructure			4 500						
Dept of Mineral/Electricity	3 757			8 000	8 000	8 000			
Intergrated National Electrification Porgramme			5 000	123 000	123 000	123 000	3 000	9 000	9 000
					353	353			
Municipal Water Infrastructure Grant	9 457				6 250	6 250	11 389	58 333	26 271
<b>Provincial Government:</b>	<b>11 429</b>	<b>11 836</b>	<b>19 315</b>	<b>-</b>	<b>25 460</b>	<b>25 460</b>	<b>-</b>	<b>-</b>	<b>-</b>
Airport Development Project	11 429	11 836	19 315		16 200	16 200	-	-	-
Sport and Recreation			2 100						
Corridor Development					8 660	8 660			
KZNPA					600	600			
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>2 427</b>	<b>2 427</b>	<b>-</b>	<b>-</b>	<b>-</b>
Carnegie			135		296	296			
Cemetry Trust					2 131	2 131			
<b>Total Capital Transfers and Grants</b>	<b>84 654</b>	<b>150 176</b>	<b>228 049</b>	<b>386 670</b>	<b>417 648</b>	<b>417 648</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>385 496</b>	<b>464 576</b>	<b>593 253</b>	<b>770 518</b>	<b>801 496</b>	<b>801 496</b>	<b>686 177</b>	<b>885 024</b>	<b>888 934</b>

#### 2.4.5.8 Cash Flow Management

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

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

**Table 28 MBRR A7 Budget Cash-flow Statement**  
**KZN225 Msunduzi - Table A7 Consolidated Budgeted Cash Flows**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		2 312 753	2 736 576	3 033 638	2 466 204	2 840 654	2 840 654	2 840 654	3 080 783	2 951 308	3 162 045
Government - operating	1	-	-	-	383 848	383 848	383 848	383 848	402 280	420 741	418 392
Government - capital	1	-	-	-	383 158	423 840	423 840	423 840	283 897	464 283	470 542
Interest		51 796	84 161	116 335	27 029	27 029	27 029	27 029	28 050	28 519	28 665
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(1 810 717)	(2 269 366)	(2 579 604)	(2 795 550)	(2 753 199)	(2 753 199)	(2 753 199)	(3 116 470)	(3 431 306)	(3 464 316)
Finance charges		(71 568)	(72 134)	(70 966)	(64 600)	(64 600)	(64 600)	(64 600)	(60 738)	(54 782)	(50 025)
Transfers and Grants	1	-	-	(108)	(5 027)	(5 027)	(5 027)	(5 027)	(5 408)	(5 678)	(5 962)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>482 264</b>	<b>479 237</b>	<b>499 295</b>	<b>395 062</b>	<b>852 545</b>	<b>852 545</b>	<b>852 545</b>	<b>612 394</b>	<b>373 084</b>	<b>559 342</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		11 072	1 471	17 824	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		(3 928)	(65)	(570)	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		(112 006)	(358 873)	(401 875)	(422)	(422)	(422)	(422)	-	-	-
Decrease (increase) in non-current investments		-	(5 256)	(645)	(3)	(3)	(3)	(3)	-	-	-
<b>Payments</b>											
Capital assets		(199 406)	147 809	10 216	(285 394)	(381 457)	(381 457)	(381 457)	(283 897)	(464 283)	(470 542)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(304 268)</b>	<b>(214 914)</b>	<b>(375 050)</b>	<b>(285 819)</b>	<b>(381 882)</b>	<b>(381 882)</b>	<b>(381 882)</b>	<b>(283 897)</b>	<b>(464 283)</b>	<b>(470 542)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		(56 885)	112 361	-	-	-	-	-	250 000	-	-
Increase (decrease) in consumer deposits		34 839	1 014	7 942	3 722	3 722	3 722	3 722	-	-	-
<b>Payments</b>											
Repayment of borrowing		(8 522)	(49 779)	(35 806)	(45 175)	(45 175)	(45 175)	(45 175)	(42 691)	(42 101)	(47 039)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(30 568)</b>	<b>63 596</b>	<b>(27 864)</b>	<b>(41 453)</b>	<b>(41 453)</b>	<b>(41 453)</b>	<b>(41 453)</b>	<b>207 309</b>	<b>(42 101)</b>	<b>(47 039)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>147 428</b>	<b>327 919</b>	<b>96 381</b>	<b>67 790</b>	<b>429 210</b>	<b>429 210</b>	<b>429 210</b>	<b>535 806</b>	<b>(133 299)</b>	<b>41 760</b>
Cash/cash equivalents at the year begin:	2	147 401	294 829	622 748	719 129	830 762	830 762	830 762	898 552	1 434 358	1 301 059
Cash/cash equivalents at the year end:	2	294 829	622 748	719 129	786 919	1 259 972	1 259 972	1 259 972	1 434 358	1 301 059	1 342 819

The above table shows that cash and cash equivalents of the Municipality were R294.8 million for the 2010/11 financial year this moves up to R719.1 million in the 2012/13 financial year. The Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality. For the 2014/15MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to improve to R1.4 billion and decreasing to R1.3 billion 2015/16.

## 2.5 Expenditure on transfers and grant programmes

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>267 375</b>	<b>310 326</b>	<b>342 704</b>	<b>362 139</b>	<b>362 139</b>	<b>362 139</b>	<b>380 424</b>	<b>397 878</b>	<b>418 392</b>
Local Government Equitable Share		267 211	304 835	338 903	354 313	354 313	354 313	373 541	392 761	413 174
Finance Management		165	1 979	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement			978	800	890	890	890	934	967	1 018
EPWP Incentive				1 501	1 874	1 874	1 874	2 782		
Energy Efficiency and Demand Management			2 534		-	-	-	-	-	-
Water Services Operating Subsidy										
Neighbourhood Development Partnership Technical ass								1 567	2 500	2 500
Other transfers/grants [insert description]					3 512	3 512	3 512			
<b>Provincial Government:</b>		<b>33 467</b>	<b>4 074</b>	<b>22 500</b>	<b>25 551</b>	<b>25 551</b>	<b>25 551</b>	<b>21 856</b>	<b>22 863</b>	<b>-</b>
Health subsidy		12 488		2 537						
Provincial Government		20 979	1 207					-		
Operating Grant - Property Rates										
Public Works			2 868	10 963						
Arts and Culture					21 709	21 709	21 709	21 856	22 863	
Human Settlements				9 000	3 842	3 842	3 842			
<b>Total operating expenditure of Transfers and Grants</b>		<b>300 842</b>	<b>314 400</b>	<b>365 204</b>	<b>387 690</b>	<b>387 690</b>	<b>387 690</b>	<b>402 280</b>	<b>420 741</b>	<b>418 392</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>73 225</b>	<b>138 340</b>	<b>208 599</b>	<b>386 670</b>	<b>389 761</b>	<b>389 761</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
Municipal Infrastructure Grant (MIG)		48 348	138 340	153 399	154 824	151 312	151 312	159 158	166 213	173 983
Public Transport and Systems		11 663		45 000	100 846	100 846	100 846	100 000	220 000	250 000
Neighbourhood Development Partnership				700				10 350	10 737	11 288
Rural Households Infrastructure				4 500						
Other capital transfers/grants		9 457								
Dept of Mineral/Electricity		3 757			8 000	8 000	8 000			
Intergrated National Electrification Programme				5 000	123 000	123 000	123 000	3 000	9 000	9 000
MSIG						353	353			
MWIG						6 250	6 250			
Municipal Water Infrastructure Grant		9 457				6 250	6 250	11 389	58 333	26 271
<b>Provincial Government:</b>		<b>11 429</b>	<b>11 836</b>	<b>19 315</b>	<b>-</b>	<b>25 460</b>	<b>25 460</b>	<b>-</b>	<b>-</b>	<b>-</b>
Airport Development Project		11 429	11 836	19 315		16 200	16 200			
Sport and Recreation				2 100		8 660	8 660			
Corridor Development						600	600			
KZNPA										
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>2 427</b>	<b>2 427</b>	<b>-</b>	<b>-</b>	<b>-</b>
Carnegie				135		296	296			
Cemetery Trust						2 131	2 131			
<b>Total capital expenditure of Transfers and Grants</b>		<b>84 654</b>	<b>150 176</b>	<b>228 049</b>	<b>386 670</b>	<b>417 648</b>	<b>417 648</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>385 496</b>	<b>464 576</b>	<b>593 253</b>	<b>774 360</b>	<b>805 338</b>	<b>805 338</b>	<b>686 177</b>	<b>885 024</b>	<b>888 934</b>

Table 30 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts				342 704	362 139	362 139	362 139	380 424	397 878	418 392
<b>Conditions met - transferred to revenue</b>		-	-	<b>342 704</b>	<b>362 139</b>	<b>362 139</b>	<b>362 139</b>	<b>380 424</b>	<b>397 878</b>	<b>418 392</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts				22 500	21 709	21 709	21 709	21 856	22 863	
<b>Conditions met - transferred to revenue</b>		-	-	<b>22 500</b>	<b>21 709</b>	<b>21 709</b>	<b>21 709</b>	<b>21 856</b>	<b>22 863</b>	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	<b>365 204</b>	<b>383 848</b>	<b>383 848</b>	<b>383 848</b>	<b>402 280</b>	<b>420 741</b>	<b>418 392</b>
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts				208 599	383 158	383 158	383 158	283 897	464 283	470 542
<b>Conditions met - transferred to revenue</b>		-	-	<b>208 599</b>	<b>383 158</b>	<b>383 158</b>	<b>383 158</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts				21 415						
<b>Conditions met - transferred to revenue</b>		-	-	<b>21 415</b>	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	<b>230 014</b>	<b>383 158</b>	<b>383 158</b>	<b>383 158</b>	<b>283 897</b>	<b>464 283</b>	<b>470 542</b>
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	<b>595 218</b>	<b>767 006</b>	<b>767 006</b>	<b>767 006</b>	<b>686 177</b>	<b>885 024</b>	<b>888 934</b>

## 2.6 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome A	Audited Outcome B	Audited Outcome C	Original Budget D	Adjusted Budget E	Full Year Forecast F	Budget Year 2014/15 G	Budget Year +1 2015/16 H	Budget Year +2 2016/17 I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		12 621	12 207	24 677	26 433	26 433	26 433	27 558	29 763	32 144
Pension and UIF Contributions		2 538	1 645	2 597	2 782	2 782	2 782	3 004	3 245	3 504
Medical Aid Contributions		411	333	325	349	349	349	376	407	439
Motor Vehicle Allowance		4 570	3 055	5 338	5 718	5 718	5 718	6 310	6 752	7 213
Cellphone Allowance		428	788	947	1 015	1 015	1 015	1 890	2 041	2 204
Housing Allowances			124	115	123	123	123	133	143	155
Other benefits and allowances										
<b>Sub Total - Councillors</b>		<b>20 569</b>	<b>18 152</b>	<b>34 000</b>	<b>36 419</b>	<b>36 419</b>	<b>36 419</b>	<b>39 272</b>	<b>42 350</b>	<b>45 659</b>
% increase	4		(11,7%)	87,3%	7,1%	-	-	7,8%	7,8%	7,8%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		4 651	495	832	18 813	18 813	18 813	6 816	7 190	7 586
Pension and UIF Contributions		402	92	151	2 145	2 145	2 145	684	721	761
Medical Aid Contributions		49	17		836	836	836	20	21	23
Overtime		511			-	-	-	-	-	-
Performance Bonus			42		-	-	-	120	127	134
Motor Vehicle Allowance	3		151	180	4 304	4 304	4 304	567	598	631
Cellphone Allowance	3	-		18	287	287	287	91	96	101
Housing Allowances	3				84	84	84	64	67	71
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		<b>5 613</b>	<b>798</b>	<b>1 181</b>	<b>26 470</b>	<b>26 470</b>	<b>26 470</b>	<b>8 361</b>	<b>8 821</b>	<b>9 306</b>
% increase	4		(85,8%)	48,0%	2 140,7%	-	-	(68,4%)	5,5%	5,5%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		427 608	418 916	519 526	520 122	520 122	520 122	602 808	649 232	698 131
Pension and UIF Contributions		80 872	85 741	91 114	141 579	141 579	141 579	155 222	167 640	181 051
Medical Aid Contributions		25 100	28 998	32 720	32 321	32 321	32 321	-	-	-
Overtime		8 404	25 061	19 375	20 925	20 925	20 925	30 222	30 446	32 877
Performance Bonus		6 948								
Motor Vehicle Allowance	3	33 538	10 859	14 009	7 529	7 529	7 529	37 095	40 055	43 251
Cellphone Allowance	3		800							
Housing Allowances	3	23 444	4 189	3 972	3 629	3 629	3 629	3 286	3 549	3 833
Other benefits and allowances	3		27 398	14 747	8 785	8 785	8 785	8 574	9 682	10 457
Payments in lieu of leave										
Long service awards			14 936	16 770	18 360	18 360	18 360	18 680	20 174	21 788
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		<b>605 915</b>	<b>616 899</b>	<b>712 234</b>	<b>753 251</b>	<b>753 251</b>	<b>753 251</b>	<b>855 887</b>	<b>920 778</b>	<b>991 388</b>
% increase	4		1,8%	15,5%	5,8%	-	-	13,6%	7,6%	7,7%
<b>Total Parent Municipality</b>		<b>632 097</b>	<b>635 849</b>	<b>747 415</b>	<b>816 140</b>	<b>816 140</b>	<b>816 140</b>	<b>903 520</b>	<b>971 950</b>	<b>1 046 354</b>
			0,6%	17,5%	9,2%	-	-	10,7%	7,6%	7,7%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>632 097</b>	<b>635 849</b>	<b>747 415</b>	<b>816 140</b>	<b>816 140</b>	<b>816 140</b>	<b>903 520</b>	<b>971 950</b>	<b>1 046 354</b>
% increase	4		0,6%	17,5%	9,2%	-	-	10,7%	7,6%	7,7%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>611 528</b>	<b>617 697</b>	<b>713 415</b>	<b>779 721</b>	<b>779 721</b>	<b>779 721</b>	<b>864 248</b>	<b>929 599</b>	<b>1 000 694</b>

**Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Rand per annum</b>				<b>1.</b>				<b>2.</b>
<b>Councillors</b>	3							
Speaker	4		854 523	113 138	15 485			983 146
Chief Whip			801 114	123 599	15 485			940 198
Executive Mayor			1 068 153	118 286	5 485			1 191 924
Deputy Executive Mayor			854 523	113 138	5 485			973 146
Executive Committee			801 114	751 201	117 651			1 669 966
Total for all other councillors			23 178 886	10 307 156	27 818			33 513 860
<b>Total Councillors</b>	<b>8</b>	<b>-</b>	<b>27 558 313</b>	<b>11 526 519</b>	<b>187 409</b>			<b>39 272 241</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 534 437					1 534 437
Chief Finance Officer			838 671	81 770	151 627	60 000		1 132 068
			790 205	107 863	174 000	60 000		1 132 068
			929 939	187 729	14 400			1 132 068
			893 340	87 101	151 627			1 132 068
			805 931	145 068	181 070			1 132 068
<i>List of each official with packages &gt;= senior manager</i>								-
Head IRPTN			1 023 038	94 631	14 400			1 132 068
								-
								-
<b>Total Senior Managers of the Municipality</b>	<b>8,10</b>	<b>-</b>	<b>6 815 561</b>	<b>704 162</b>	<b>687 125</b>	<b>120 000</b>		<b>8 326 848</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
<b>Total for municipal entities</b>	<b>8,10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>10</b>	<b>-</b>	<b>34 373 874</b>	<b>12 230 681</b>	<b>874 534</b>	<b>120 000</b>		<b>47 599 089</b>

Table 33 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
Number	1,2	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)		73	73		73	73			73		
Board Members of municipal entities	4										
<b>Municipal employees</b>											
Municipal Manager and Senior Managers	3	5	30		5	5		5	4	1	
Other Managers	7	80			80	80			87		
Professionals		2 777	2 584	–	2 777	2 777	–	–	2 480	1 321	
<i>Finance</i>		152	199		152	152			215		
<i>Spatial/town planning</i>		14	13		14	14			16		
<i>Information Technology</i>		9	6		9	9			15		
<i>Roads</i>		126	67		126	126			108		
<i>Electricity</i>		234	226		234	234			224		
<i>Water</i>		23	169		23	23			137		
<i>Sanitation</i>		75	68		75	75			143		
<i>Refuse</i>		376	369		376	376			346		
<i>Other</i>		1 768	1 467		1 768	1 768			1 276	1 321	
Technicians		–	–	–	–	–	–	–	–	–	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>2 935</b>	<b>2 687</b>	<b>–</b>	<b>2 935</b>	<b>2 935</b>	<b>–</b>	<b>5</b>	<b>2 644</b>	<b>1 322</b>	
<b>% increase</b>					–	9,2%	–	(99,8%)	(9,9%)	–	
<b>Total municipal employees headcount</b>	6, 10										
Finance personnel headcount	8, 10										
Human Resources personnel headcount	8, 10										



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

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>																
Property rates		53 443	53 443	53 443	53 443	53 443	53 443	53 443	53 443	53 443	53 443	53 443	53 443	641 317	673 383	707 052
Property rates - penalties & collection charges		3 923	4 315	4 040	3 040	3 040	3 040	3 040	3 040	3 040	3 040	3 040	2 632	39 231	40 800	42 500
Service charges - electricity revenue		135 712	135 712	135 712	135 712	135 712	135 712	125 712	125 712	125 712	140 712	145 712	150 712	1 628 543	1 733 368	1 828 704
Service charges - water revenue		34 155	34 155	34 155	34 155	34 155	34 155	34 155	34 155	34 155	34 155	34 155	34 155	409 856	420 819	443 965
Service charges - sanitation revenue		11 629	11 629	11 629	11 629	11 629	11 629	11 629	11 629	11 629	11 629	11 629	11 630	139 553	146 950	155 032
Service charges - refuse revenue		6 828	6 828	6 828	6 828	6 828	6 828	6 828	6 828	6 828	6 828	6 828	6 828	81 937	86 280	91 025
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2 509	2 760	2 760	2 760	2 760	2 760	2 829	2 909	2 909	3 209	3 209	3 648	35 024	38 329	40 292
Interest earned - external investments		2 005	2 103	2 105	2 205	2 205	2 205	2 505	2 505	2 505	2 505	2 505	2 697	28 050	28 519	28 665
Interest earned - outstanding debtors		89	92	106	106	106	110	110	110	110	111	114	130	1 292	1 318	1 390
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		596	575	568	568	568	568	558	558	558	558	558	593	6 826	7 014	11 218
Licences and permits		5	6	6	6	6	4	3	3	3	4	4	5	50	53	56
Agency services		302	302	302	302	324	231	231	231	231	231	231	302	3 220	3 324	3 490
Transfers recognised - operational		33 523	33 523	33 523	33 523	33 523	33 523	33 523	33 523	33 523	33 523	33 523	33 523	402 280	420 741	418 392
Other revenue		20 024	12 224	13 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	34 824	240 286	250 180	243 587
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>304 744</b>	<b>297 668</b>	<b>298 201</b>	<b>304 301</b>	<b>304 323</b>	<b>304 232</b>	<b>294 590</b>	<b>294 670</b>	<b>294 670</b>	<b>309 972</b>	<b>314 975</b>	<b>335 122</b>	<b>3 657 466</b>	<b>3 851 079</b>	<b>4 015 368</b>
<b>Expenditure By Type</b>																
Employee related costs		67 000	67 000	67 000	98 000	67 000	67 000	70 000	70 000	70 000	70 000	70 000	72 887	855 887	920 778	991 388
Remuneration of councillors		3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	39 272	42 350	45 659
Debt impairment		15 088	20 588	15 088	9 088	13 088	11 088	11 088	9 088	8 088	8 088	8 588	16 089	145 060	153 040	161 289
Depreciation & asset impairment		21 622	21 622	21 622	21 622	21 622	21 622	21 622	21 622	21 622	21 622	21 622	21 623	259 469	268 183	281 592
Finance charges		-	-	5 399	-	-	26 900	-	-	5 399	-	-	23 039	60 738	54 782	50 025
Bulk purchases		138 501	138 602	138 302	135 303	138 703	137 403	138 703	138 703	138 703	138 703	135 703	94 793	1 612 120	1 743 011	1 884 532
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	57 968	74 039	77 396	71 363
Transfers and grants		370	370	370	541	541	541	541	514	487	379	379	754	5 408	5 678	5 962
Other expenditure		44 596	44 596	44 596	34 596	44 596	34 596	44 596	44 596	44 596	54 596	64 596	34 596	535 151	510 035	471 374
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>290 451</b>	<b>297 659</b>	<b>297 258</b>	<b>304 030</b>	<b>290 430</b>	<b>304 030</b>	<b>291 430</b>	<b>289 403</b>	<b>293 775</b>	<b>298 268</b>	<b>305 389</b>	<b>325 023</b>	<b>3 587 146</b>	<b>3 775 254</b>	<b>3 963 183</b>
<b>Surplus/(Deficit)</b>		<b>14 293</b>	<b>9</b>	<b>943</b>	<b>271</b>	<b>13 893</b>	<b>201</b>	<b>3 160</b>	<b>5 267</b>	<b>894</b>	<b>11 704</b>	<b>9 585</b>	<b>10 099</b>	<b>70 320</b>	<b>75 825</b>	<b>52 185</b>
Transfers recognised - capital		-	15 360	-	12 000	19 800	3 726	-	26 755	52 346	-	75 392	78 518	283 897	464 283	470 542
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>14 293</b>	<b>15 369</b>	<b>943</b>	<b>12 271</b>	<b>33 693</b>	<b>3 927</b>	<b>3 160</b>	<b>32 022</b>	<b>53 240</b>	<b>11 704</b>	<b>84 977</b>	<b>88 618</b>	<b>354 217</b>	<b>540 108</b>	<b>522 727</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>14 293</b>	<b>15 369</b>	<b>943</b>	<b>12 271</b>	<b>33 693</b>	<b>3 927</b>	<b>3 160</b>	<b>32 022</b>	<b>53 240</b>	<b>11 704</b>	<b>84 977</b>	<b>88 618</b>	<b>354 217</b>	<b>540 108</b>	<b>522 727</b>

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - Corporate Services		1 146	1 201	1 691	1 935	1 669	1 446	1 446	1 334	1 468	1 957	1 193	1 574	18 059	18 441	18 143
Vote 2 - Financial Management Area		95 491	95 491	95 491	95 491	95 491	95 491	95 491	95 491	95 491	95 491	95 491	27 318	1 077 719	1 145 893	1 285 369
Vote 3 - Infrastructure Development, Service Delivery and		200 246	201 246	201 246	209 246	209 246	209 246	211 246	211 246	211 246	211 246	211 246	236 246	2 522 951	2 647 236	2 666 338
Vote 4 - Sustainable Community Service Delivery Provis		2 938	3 044	3 531	3 425	3 906	3 938	2 938	2 581	2 581	2 581	2 534	4 741	38 737	39 509	45 518
<b>Total Revenue by Vote</b>		<b>299 820</b>	<b>300 982</b>	<b>301 959</b>	<b>310 097</b>	<b>310 312</b>	<b>310 120</b>	<b>311 120</b>	<b>310 652</b>	<b>310 786</b>	<b>311 275</b>	<b>310 463</b>	<b>269 879</b>	<b>3 657 466</b>	<b>3 851 079</b>	<b>4 015 368</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Corporate Services		22 482	22 482	22 482	22 482	22 482	22 482	22 482	22 482	22 482	22 482	22 482	16 482	263 785	330 411	324 259
Vote 2 - Financial Management Area		25 018	36 018	36 018	47 421	47 421	47 421	47 421	41 605	42 605	42 614	36 610	31 552	481 725	494 944	449 382
Vote 3 - Infrastructure Development, Service Delivery and		198 000	198 000	198 000	198 000	198 000	198 000	197 000	197 000	197 000	197 000	197 000	187 368	2 360 368	2 465 627	2 654 354
Vote 4 - Sustainable Community Service Delivery Provis		41 106	41 106	41 106	41 106	41 106	41 106	40 106	40 106	40 106	40 106	40 106	34 106	481 268	484 271	535 189
0													-	-	-	-
<b>Total Expenditure by Vote</b>		<b>286 605</b>	<b>297 605</b>	<b>297 605</b>	<b>309 009</b>	<b>309 009</b>	<b>309 009</b>	<b>307 009</b>	<b>301 193</b>	<b>302 193</b>	<b>302 202</b>	<b>296 198</b>	<b>269 508</b>	<b>3 587 146</b>	<b>3 775 253</b>	<b>3 963 183</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>13 215</b>	<b>3 377</b>	<b>4 353</b>	<b>1 088</b>	<b>1 303</b>	<b>1 111</b>	<b>4 111</b>	<b>9 459</b>	<b>8 593</b>	<b>9 073</b>	<b>14 265</b>	<b>371</b>	<b>70 320</b>	<b>75 826</b>	<b>52 185</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>13 215</b>	<b>3 377</b>	<b>4 353</b>	<b>1 088</b>	<b>1 303</b>	<b>1 111</b>	<b>4 111</b>	<b>9 459</b>	<b>8 593</b>	<b>9 073</b>	<b>14 265</b>	<b>371</b>	<b>70 320</b>	<b>75 826</b>	<b>52 185</b>

Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>																
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		99 459	99 459	99 459	99 459	99 459	99 459	99 459	99 459	99 459	99 459	99 459	99 460	1 193 510	1 261 968	1 318 589
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		99 137	99 137	99 137	99 137	99 137	99 137	99 137	99 137	99 137	99 137	99 137	99 137	1 189 647	1 257 894	1 314 311
Corporate services		322	322	322	322	322	322	322	322	322	322	322	322	3 862	4 074	4 278
<i>Community and public safety</i>		3 527	3 527	3 527	3 527	3 527	3 527	3 527	3 527	3 527	3 527	3 527	3 527	42 321	41 264	23 210
Community and social services		2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	27 210	25 546	2 818
Sport and recreation		61	61	61	61	61	61	61	61	61	61	61	61	729	760	798
Public safety		736	736	736	736	736	736	736	736	736	736	736	736	8 827	9 092	13 397
Housing		457	457	457	457	457	457	457	457	457	457	457	457	5 485	5 792	6 116
Health		6	6	6	6	6	6	6	6	6	6	6	6	70	73	81
<i>Economic and environmental services</i>		25 745	25 745	25 745	25 745	25 745	25 745	25 745	25 745	25 745	25 745	25 745	25 744	308 940	440 962	481 432
Planning and development		3 776	3 776	3 776	3 776	3 776	3 776	3 776	3 776	3 776	3 776	3 776	3 776	45 314	50 053	52 518
Road transport		21 969	21 969	21 969	21 969	21 969	21 969	21 969	21 969	21 969	21 969	21 969	21 969	263 627	390 909	428 913
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		201 587	201 587	201 587	201 587	201 587	201 587	201 587	201 587	201 587	201 587	201 587	201 589	2 419 047	2 620 117	2 713 826
Electricity		140 175	140 175	140 175	140 175	140 175	140 175	140 175	140 175	140 175	140 175	140 175	140 175	1 682 095	1 839 444	1 901 890
Water		41 710	41 710	41 710	41 710	41 710	41 710	41 710	41 710	41 710	41 710	41 710	41 710	500 521	533 983	554 418
Waste water management		12 423	12 423	12 423	12 423	12 423	12 423	12 423	12 423	12 423	12 423	12 423	12 423	149 071	155 516	162 313
Waste management		7 280	7 280	7 280	7 280	7 280	7 280	7 280	7 280	7 280	7 280	7 280	7 280	87 359	91 174	95 205
<i>Other</i>		2 097	2 097	2 097	2 097	2 097	2 097	2 097	2 097	2 097	2 097	2 097	2 097	25 165	25 987	27 537
<b>Total Revenue - Standard</b>		<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 415</b>	<b>332 416</b>	<b>3 988 983</b>	<b>4 390 299</b>	<b>4 564 594</b>
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		74 260	74 260	74 260	74 260	74 260	74 260	74 260	74 260	74 260	74 260	74 260	74 260	891 120	850 593	901 297
Executive and council		32 025	32 025	32 025	32 025	32 025	32 025	32 025	32 025	32 025	32 025	32 025	32 025	384 298	441 445	465 415
Budget and treasury office		24 988	24 988	24 988	24 988	24 988	24 988	24 988	24 988	24 988	24 988	24 988	24 988	299 857	199 997	214 960
Corporate services		17 247	17 247	17 247	17 247	17 247	17 247	17 247	17 247	17 247	17 247	17 247	17 247	206 965	209 150	220 923
<i>Community and public safety</i>		35 145	35 145	35 145	35 145	35 145	35 145	35 145	35 145	35 145	35 145	35 145	35 144	421 741	421 561	426 757
Community and social services		8 267	8 267	8 267	8 267	8 267	8 267	8 267	8 267	8 267	8 267	8 267	8 267	99 202	96 099	78 748
Sport and recreation		6 780	6 780	6 780	6 780	6 780	6 780	6 780	6 780	6 780	6 780	6 780	6 780	81 358	80 968	85 978
Public safety		16 360	16 360	16 360	16 360	16 360	16 360	16 360	16 360	16 360	16 360	16 360	16 360	196 317	199 191	213 720
Housing		2 096	2 096	2 096	2 096	2 096	2 096	2 096	2 096	2 096	2 096	2 096	2 095	25 149	26 047	27 658
Health		1 643	1 643	1 643	1 643	1 643	1 643	1 643	1 643	1 643	1 643	1 643	1 643	19 716	19 256	20 653
<i>Economic and environmental services</i>		47 955	47 955	47 955	47 955	47 955	47 955	47 955	47 955	47 955	47 955	47 955	47 955	575 459	798 788	783 269
Planning and development		10 691	10 691	10 691	10 691	10 691	10 691	10 691	10 691	10 691	10 691	10 691	10 691	128 290	127 201	94 751
Road transport		37 264	37 264	37 264	37 264	37 264	37 264	37 264	37 264	37 264	37 264	37 264	37 264	447 169	671 586	688 519
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		166 602	166 602	166 602	166 602	166 602	166 602	166 602	166 602	166 602	166 602	166 602	166 602	1 999 221	2 218 159	2 374 334
Electricity		114 508	114 508	114 508	114 508	114 508	114 508	114 508	114 508	114 508	114 508	114 508	114 508	1 374 093	1 508 952	1 613 629
Water		33 899	33 899	33 899	33 899	33 899	33 899	33 899	33 899	33 899	33 899	33 899	33 899	406 791	471 900	508 264
Waste water management		8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	8 468	101 621	121 422	129 864
Waste management		9 726	9 726	9 726	9 726	9 726	9 726	9 726	9 726	9 726	9 726	9 726	9 726	116 716	115 884	122 577
<i>Other</i>		2 594	2 594	2 594	2 594	2 594	2 594	2 594	2 594	2 594	2 594	2 594	2 594	31 122	25 373	26 751
<b>Total Expenditure - Standard</b>		<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>326 555</b>	<b>3 918 663</b>	<b>4 314 473</b>	<b>4 512 408</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 862</b>	<b>70 320</b>	<b>75 826</b>	<b>52 185</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 860</b>	<b>5 862</b>	<b>70 320</b>	<b>75 826</b>	<b>52 185</b>

**Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Corporate Services		100	125	225	275	325	250	125	225	325	275	175	23 029	25 454	65 822	72 488
Vote 2 - Financial Management Area		2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	2 035	24 417	-	-
Vote 3 - Infrastructure Development, Service Delivery		10 123	25 154	35 278	45 340	25 401	10 309	25 154	45 278	55 401	25 340	35 216	29 998	367 992	150 555	166 765
Vote 4 - Sustainable Community Service Delivery Proj		6 192	6 192	6 192	6 192	6 192	6 192	6 192	6 192	6 192	6 192	6 192	6 192	74 305	372 211	298 328
<b>Capital multi-year expenditure sub-total</b>	2	<b>18 450</b>	<b>33 506</b>	<b>43 730</b>	<b>53 841</b>	<b>33 953</b>	<b>18 785</b>	<b>33 506</b>	<b>53 730</b>	<b>63 953</b>	<b>33 841</b>	<b>43 618</b>	<b>61 254</b>	<b>492 168</b>	<b>588 588</b>	<b>537 581</b>
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Corporate Services		318	318	318	318	318	318	318	318	318	318	318	318	3 818	21 941	24 163
Vote 2 - Financial Management Area		873	873	873	873	873	873	873	873	873	873	873	873	10 479	-	-
Vote 3 - Infrastructure Development, Service Delivery		10 222	10 222	10 222	10 222	10 222	10 222	10 222	10 222	10 222	10 222	10 222	10 222	122 664	49 889	4 276
Vote 4 - Sustainable Community Service Delivery Proj		2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	2 064	24 768	123 181	99 510
<b>Capital single-year expenditure sub-total</b>	2	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 477</b>	<b>13 478</b>	<b>161 729</b>	<b>195 011</b>	<b>127 949</b>
<b>Total Capital Expenditure</b>	2	<b>31 928</b>	<b>46 984</b>	<b>57 207</b>	<b>67 319</b>	<b>47 431</b>	<b>32 263</b>	<b>46 984</b>	<b>67 207</b>	<b>77 431</b>	<b>47 319</b>	<b>57 095</b>	<b>74 732</b>	<b>653 897</b>	<b>783 599</b>	<b>665 529</b>

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>	1															
<b>Governance and administration</b>		1 992	1 992	1 992	1 992	1 992	1 992	1 992	1 992	1 992	1 992	1 992	1 992	23 899	46 413	32 450
Executive and council		163	163	163	163	163	163	163	163	163	163	163	163	1 961	46 413	32 450
Budget and treasury office		1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	21 938	-	-
Corporate services														-	-	-
<b>Community and public safety</b>		876	876	876	876	876	876	876	876	876	876	876	875	10 506	11 417	12 682
Community and social services		344	344	344	344	344	344	344	344	344	344	344	344	4 128	4 499	4 994
Sport and recreation		488	488	488	488	488	488	488	488	488	488	488	488	5 858	6 268	6 707
Public safety		43	43	43	43	43	43	43	43	43	43	43	43	520	649	981
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		34 486	34 486	34 486	34 486	34 486	34 486	34 486	34 486	34 486	34 486	34 486	34 486	413 834	505 906	403 691
Planning and development		15 722	15 722	15 722	15 722	15 722	15 722	15 722	15 722	15 722	15 722	15 722	15 722	188 662	272 963	180 353
Road transport		18 764	18 764	18 764	18 764	18 764	18 764	18 764	18 764	18 764	18 764	18 764	18 764	225 172	232 943	223 338
Environmental protection														-	-	-
<b>Trading services</b>		14 433	14 433	14 433	14 433	14 433	14 433	14 433	14 433	14 433	14 433	14 433	14 432	173 190	185 122	179 534
Electricity		8 981	8 981	8 981	8 981	8 981	8 981	8 981	8 981	8 981	8 981	8 981	8 981	107 777	117 517	110 899
Water		3 312	3 312	3 312	3 312	3 312	3 312	3 312	3 312	3 312	3 312	3 312	3 312	39 743	40 141	38 936
Waste water management		1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	14 129	15 577	16 979
Waste management		962	962	962	962	962	962	962	962	962	962	961	961	11 541	11 887	12 719
<b>Other</b>		2 706	2 706	2 706	2 706	2 706	2 706	2 706	2 706	2 706	2 706	2 706	2 706	32 468	34 742	37 174
<b>Total Capital Expenditure - Standard</b>	2	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	653 897	783 599	665 530
<b>Funded by:</b>																
National Government		23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	283 897	464 283	470 542
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
<b>Transfers recognised - capital</b>		23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	23 658	283 897	464 283	470 542
<b>Public contributions &amp; donations</b>														-	-	-
<b>Borrowing</b>		20 833	20 833	20 833	20 833	20 833	20 833	20 833	20 833	20 833	20 833	20 833	20 833	250 000	-	-
<b>Internally generated funds</b>		10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	120 000	319 316	194 988
<b>Total Capital Funding</b>		54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	54 491	653 897	783 599	665 530

**Table 39 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Receipts By Source</b>													1		
Property rates	50 771	50 771	50 771	50 771	50 771	50 771	50 771	50 771	50 771	50 771	50 771	50 771	609 251	669 557	703 035
Property rates - penalties & collection charges	1 962	3 315	3 315	3 315	3 923	2 746	3 923	3 727	3 531	2 746	2 746	3 981	39 231	40 800	42 500
Service charges - electricity revenue	165 471	164 971	161 971	110 000	110 000	110 000	110 000	110 000	110 000	110 000	120 275	164 428	1 547 116	1 733 368	1 828 704
Service charges - water revenue	32 447	32 447	32 447	32 447	32 447	32 447	32 447	32 447	32 447	32 447	32 447	32 447	389 363	420 819	443 965
Service charges - sanitation revenue	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	132 575	220 235	232 348
Service charges - refuse revenue	6 487	6 487	6 487	6 487	6 487	6 487	6 487	6 487	6 487	6 487	6 487	6 487	77 840	12 995	13 709
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	35 024	25 787	27 076
Interest earned - external investments	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	28 050	28 519	28 665
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	1 318	1 390
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	569	569	569	569	569	569	569	569	569	569	569	569	6 826	9 014	6 418
Licences and permits	4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Agency services	268	268	268	268	268	268	268	268	268	268	268	268	3 220	3 324	3 490
Transfer receipts - operational	19 904	43 788	43 788	43 788	39 807	19 904	39 807	37 817	35 826	27 865	23 789	26 199	402 280	418 780	412 965
Other revenue	20 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	20 024	240 286	119 248	125 457
<b>Cash Receipts by Source</b>	<b>314 210</b>	<b>338 948</b>	<b>335 948</b>	<b>283 977</b>	<b>280 604</b>	<b>259 523</b>	<b>280 604</b>	<b>278 417</b>	<b>276 231</b>	<b>267 485</b>	<b>273 684</b>	<b>321 481</b>	<b>3 511 112</b>	<b>3 703 818</b>	<b>3 869 778</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital		1 445	14 195	20 827	28 390	42 585	22 585	24 993	24 993	16 662	25 846	61 378	283 897	464 283	470 542
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>314 210</b>	<b>340 393</b>	<b>350 143</b>	<b>304 804</b>	<b>308 994</b>	<b>302 108</b>	<b>303 189</b>	<b>303 410</b>	<b>301 223</b>	<b>284 147</b>	<b>299 529</b>	<b>382 860</b>	<b>3 795 009</b>	<b>4 168 101</b>	<b>4 340 320</b>
<b>Cash Payments by Type</b>															
Employee related costs	67 000	67 000	67 000	98 000	69 000	69 000	69 000	69 000	69 000	70 000	70 000	71 887	855 887	920 778	991 388
Remuneration of councillors	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	39 272	42 350	45 659
Finance charges	-	-	5 399	-	-	26 900	-	-	5 399	-	-	21 563	59 262	54 480	49 708
Bulk purchases - Electricity	130 347	130 174	85 100	85 100	85 100	85 100	85 100	85 100	85 100	85 100	132 245	140 952	1 214 518	1 312 408	1 418 188
Bulk purchases - Water & Sewer	33 134	33 134	33 134	33 134	33 134	33 134	33 134	33 134	33 134	33 134	33 134	33 134	397 602	430 603	466 343
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	17 678	18 556	19 483
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	270	595	595	595	541	270	541	514	487	379		622	5 408	5 678	5 962
Other expenditure	29 802	65 564	65 564	65 564	59 603	29 802	59 603	56 623	53 643	41 722	24 766	39 257	591 513	706 611	523 254
<b>Cash Payments by Type</b>	<b>263 825</b>	<b>301 345</b>	<b>261 671</b>	<b>287 272</b>	<b>252 257</b>	<b>249 086</b>	<b>252 257</b>	<b>249 250</b>	<b>251 642</b>	<b>235 214</b>	<b>265 024</b>	<b>312 295</b>	<b>3 181 140</b>	<b>3 491 464</b>	<b>3 519 986</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets		14 270	22 832	28 539	31 393	11 416	17 124	34 247	34 247	22 832	25 846	42 649	285 394	205 660	250 723
Repayment of borrowing	3 765	3 765	3 765	3 765	3 765	3 765	3 765	3 765	3 765	3 765	3 765	3 765	45 175	42 691	42 101
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>267 590</b>	<b>319 380</b>	<b>288 267</b>	<b>319 576</b>	<b>287 415</b>	<b>264 266</b>	<b>273 146</b>	<b>287 262</b>	<b>289 654</b>	<b>261 810</b>	<b>294 634</b>	<b>358 709</b>	<b>3 511 709</b>	<b>3 739 815</b>	<b>3 812 810</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>46 620</b>	<b>21 013</b>	<b>61 875</b>	<b>(14 772)</b>	<b>21 578</b>	<b>37 842</b>	<b>30 043</b>	<b>16 148</b>	<b>11 569</b>	<b>22 336</b>	<b>4 895</b>	<b>24 151</b>	<b>283 300</b>	<b>428 285</b>	<b>527 510</b>
Cash/cash equivalents at the month/year begin:		46 620	67 633	129 509	114 737	136 315	174 157	204 200	220 348	231 917	254 254	259 149	<b>283 300</b>	566 599	994 885
Cash/cash equivalents at the month/year end:	46 620	67 633	129 509	114 737	136 315	174 157	204 200	220 348	231 917	254 254	259 149	283 300	566 599	994 885	1 522 395

**Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class**

R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>18 176</b>	<b>87 387</b>	<b>89 502</b>	<b>144 030</b>	<b>137 216</b>	<b>137 216</b>	<b>233 390</b>	<b>371 569</b>	<b>356 436</b>
Infrastructure - Road transport		10 753	43 937	45 000	4 780	980	980	108 100	232 550	259 250
Roads, Pavements & Bridges		10 753	43 937	45 000	4 780	980	980	108 100	232 550	259 250
Storm water										
Infrastructure - Electricity		5 482	3 986	4 083	131 000	128 000	128 000	58 000	66 695	61 695
Generation					131 000	128 000	128 000	58 000	66 695	61 695
Transmission & Reticulation		4 255								
Street Lighting		1 227	3 986	4 083						
Infrastructure - Water		886	24 819	25 419	6 250	6 236	6 236	20 400	25 544	8 133
Dams & Reservoirs		886								
Water purification										
Reticulation			24 819	25 419	6 250	6 236	6 236	20 400	25 544	8 133
Infrastructure - Sanitation		1 055			2 000	2 000	2 000			
Reticulation		1 055			2 000	2 000	2 000			
Sewerage purification										
Infrastructure - Other			14 646	15 000				46 890	46 779	27 358
Waste Management			14 646	15 000				13 690	14 429	11 208
Transportation	2									
Gas										
Other	3							33 200	32 350	16 150
<b>Community</b>		<b>80</b>	<b>20 113</b>	<b>20 600</b>	<b>-</b>	<b>1 223</b>	<b>1 223</b>	<b>41 357</b>	<b>36 262</b>	<b>13 069</b>
Parks & gardens								20 185	19 537	3 537
Sportsfields & stadia								545		
Swimming pools								4 050	500	
Community halls			2 880	2 950						
Libraries						896	896			
Recreational facilities										
Fire, safety & emergency								687	5 300	3 700
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries		80						650	100	100
Cemeteries			13 181	13 500		327	327	11 350	8 560	5 525
Social rental housing	8									
Other			4 052	4 150				3 890	2 265	207
<b>Other assets</b>		<b>4 070</b>	<b>-</b>	<b>-</b>	<b>30 270</b>	<b>60 439</b>	<b>59 989</b>	<b>23 785</b>	<b>16 893</b>	<b>16 838</b>
General vehicles					13 710	32 810	32 810	2 600	1 580	1 600
Specialised vehicles										
Plant & equipment					550	2 650	2 650	240		
Computers - hardware/equipment		11			11 000	12 027	12 027			
Furniture and other office equipment		235				221	221	10 020	4 440	3 695
Abattoirs								575	500	255
Markets										
Civic Land and Buildings		3 825			2 000	9 590	9 590			
Other Buildings					200	200	200			
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					2 810	2 941	2 491	10 350	10 373	11 288
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>22 327</b>	<b>107 500</b>	<b>110 102</b>	<b>174 300</b>	<b>198 878</b>	<b>198 428</b>	<b>298 532</b>	<b>424 723</b>	<b>386 344</b>
<b>Specialised vehicles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse										
Fire										
Conservancy										
Ambulances										

Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>73 619</b>	<b>82 310</b>	<b>84 751</b>	<b>249 808</b>	<b>276 510</b>	<b>276 510</b>	<b>301 850</b>	<b>314 266</b>	<b>247 998</b>
Infrastructure - Road transport		35 629	32 776	33 748	138 495	152 795	152 795	116 893	120 700	75 050
Roads, Pavements & Bridges		35 629	32 776	33 748	138 495	152 795	152 795	116 893	120 700	75 050
Storm water										
Infrastructure - Electricity		11 109	4 856	5 000	30 500	35 493	35 493	83 500	65 177	43 177
Generation			4 856	5 000	30 500	35 493	35 493	83 500	65 177	43 177
Transmission & Reticulation		11 109								
Street Lighting										
Infrastructure - Water		11 974	17 239	17 750	27 925	35 335	35 335	68 559	127 889	129 771
Dams & Reservoirs					10 500	10 500	10 500	34 980	63 399	129 771
Water purification										
Reticulation		11 974	17 239	17 750	17 425	24 835	24 835	33 579	64 490	
Infrastructure - Sanitation		14 436	25 446	26 200	44 797	44 797	44 797	31 938	-	-
Reticulation		14 436	25 446	26 200	44 797	44 797	44 797	31 938		
Sewerage purification										
Infrastructure - Other		471	1 994	2 053	8 091	8 091	8 091	960	500	-
Waste Management		471	1 994	2 053	8 091	8 091	8 091			
Other	3							960	500	-
<b>Community</b>		<b>420</b>	<b>10 003</b>	<b>10 300</b>	<b>4 500</b>	<b>7 614</b>	<b>7 614</b>	<b>52 465</b>	<b>44 185</b>	<b>30 687</b>
Parks & gardens			680	700				1 500	1 581	1 666
Sportsfields & stadia		65	6 896	7 100	1 700	1 700	1 700	14 200	14 500	4 000
Swimming pools								3 525	-	-
Community halls			2 428	2 500		3 300	3 300	7 721	7 921	3 421
Libraries		205								
Museums & Art Galleries								2 300	2 000	1 250
Cemeteries		150			2 800	2 614	2 614	12 500	4 000	2 800
Social rental housing	8									
Other								10 719	14 183	17 550
<b>Other assets</b>		<b>14 782</b>	<b>24 145</b>	<b>24 861</b>	<b>14 550</b>	<b>40 131</b>	<b>40 131</b>	<b>1 050</b>	<b>425</b>	<b>500</b>
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment		317			2 500	2 500	2 500			
Civic Land and Buildings		3 282	1 016	1 046	8 050	31 350	31 350			
Other Buildings			18 759	19 315	4 000	6 281	6 281	1 050	425	500
Other		11 184	4 370	4 500						
<b>Total Capital Expenditure on renewal of existing</b>	<b>1</b>	<b>88 822</b>	<b>116 459</b>	<b>119 912</b>	<b>268 858</b>	<b>324 255</b>	<b>324 255</b>	<b>355 365</b>	<b>358 876</b>	<b>279 186</b>
<b>Specialised vehicles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Renewal of Existing Assets as % of total capex</b>		<b>79,9%</b>	<b>52,0%</b>	<b>52,1%</b>	<b>60,7%</b>	<b>62,0%</b>	<b>62,0%</b>	<b>54,3%</b>	<b>45,8%</b>	<b>41,9%</b>
<b>Renewal of Existing Assets as % of deprecn"</b>		<b>35,0%</b>	<b>42,5%</b>	<b>50,6%</b>	<b>121,0%</b>	<b>145,9%</b>	<b>145,9%</b>	<b>137,0%</b>	<b>133,8%</b>	<b>99,1%</b>



Table 42 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref 1	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>42 549</b>	<b>25 196</b>	<b>31 185</b>	<b>57 165</b>	<b>43 727</b>	<b>43 727</b>	<b>116 115</b>	<b>112 917</b>	<b>117 013</b>
Infrastructure - Road transport		1 596	3 392	5 361	7 094	2 990	2 990	44 711	44 269	46 632
Roads, Pavements & Bridges		1 596	3 392	5 361	7 094	2 990	2 990	44 711	44 269	46 632
Storm water										
Infrastructure - Electricity		31 949	13 726	24 992	48 014	39 281	39 281	51 432	48 071	48 775
Generation										
Transmission & Reticulation		28 794	13 726	24 927	47 899	39 166	39 166	44 712	41 071	41 425
Street Lighting		3 156		66	115	115	115	6 720	7 000	7 350
Infrastructure - Water		345	1 216	746	1 554	954	954	15 344	15 714	16 499
Dams & Reservoirs										
Water purification										
Reticulation		345	1 216	746	1 554	954	954	15 344	15 714	16 499
Infrastructure - Sanitation		8 254	-	-	502	502	502	4 629	4 864	5 107
Reticulation		8 254			502	502	502	4 629	4 864	5 107
Sewerage purification										
Infrastructure - Other		405	6 862	86	-	-	-	-	-	-
Waste Management		377	3 627	86						
Other	3	28	3 235							
<b>Community</b>		<b>3 218</b>	<b>9 015</b>	<b>2 074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parks & gardens										
Sportsfields & stadia		1 313	2 661	616						
Swimming pools										
Community halls										
Libraries		693	713	532						
Recreational facilities										
Fire, safety & emergency		509	907	397						
Security and policing				37						
Buses	7									
Clinics		203	323	290						
Museums & Art Galleries		6	150	1						
Cemeteries		470	670	201						
Social rental housing	8									
Other		24	3 592							
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>55 926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development										
Other				55 926						
<b>Other assets</b>		<b>19 881</b>	<b>5 298</b>	<b>-</b>	<b>37 792</b>	<b>34 017</b>	<b>34 017</b>	<b>88 497</b>	<b>81 433</b>	<b>45 937</b>
General vehicles		9 512	320		11 618	10 630	10 630	15 028	15 214	15 974
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment			147		22 091	18 741	18 741	22 750	21 118	22 279
Computers - hardware/equipment										
Furniture and other office equipment		7 606								
Civic Land and Buildings					3 474	3 362	3 362	49 380	43 702	6 215
Other Buildings			168							
Other		2 763	4 663		608	1 285	1 285	1 339	1 399	1 468
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>65 648</b>	<b>39 510</b>	<b>89 185</b>	<b>94 956</b>	<b>77 744</b>	<b>77 744</b>	<b>204 612</b>	<b>194 350</b>	<b>162 950</b>
<b>Specialised vehicles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>R&amp;M as a % of PPE</b>		<b>1,0%</b>	<b>0,6%</b>	<b>1,4%</b>	<b>1,4%</b>	<b>1,1%</b>	<b>1,1%</b>	<b>3,6%</b>	<b>3,3%</b>	<b>2,8%</b>
<b>R&amp;M as % Operating Expenditure</b>		<b>2,8%</b>	<b>1,4%</b>	<b>2,7%</b>	<b>2,9%</b>	<b>2,4%</b>	<b>2,4%</b>	<b>5,7%</b>	<b>5,1%</b>	<b>4,1%</b>

**Table 43 MBRR SA35 - Future financial implications of the capital budget**

Vote Description R thousand	Ref	2014/15 Medium Term Revenue &		
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure</b>	1			
Vote 1 - Corporate Services		29 272	87 763	96 650
Vote 2 - Financial Management Area		34 896	–	–
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management		490 656	200 444	171 041
Vote 4 - Sustainable Community Service Delivery Provision Management		99 073	495 392	397 839
<i>List entity summary if applicable</i>				
<b>Total Capital Expenditure</b>		<b>653 897</b>	<b>783 599</b>	<b>665 530</b>
<b>Future operational costs by vote</b>	2			
Vote 1 - Corporate Services				
Vote 2 - Financial Management Area				
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management				
Vote 4 - Sustainable Community Service Delivery Provision Management				
<b>Total future revenue</b>		–	–	–
<b>Net Financial Implications</b>		<b>653 897</b>	<b>783 599</b>	<b>665 530</b>

### 2.8 Municipal manager's quality certificate

I Mxolisi A. Nkosi....., municipal manager of Msunduzi Local 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 Mxolisi Alexius Nkosi

Municipal manager of Municipality (KZN225)

Signature 

Date 02/04/2014

