

Metsimaholo Local Municipality



2012/2013 Medium Term Revenue and Expenditure Framework (MTREF)

Draft Budget Document

May 2012

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

STATE OF THE MUNICIPAL ADDRESS DELIVERED BY THE EXECUTIVE MAYOR OF METSIMAHOLO LOCAL MUNICIPALITY, CLLR.BRUTUS MAHLAKU AT THE COUNCIL CHAMBER (CIVIC CENTRE) AT SASOLBURG ON THE 06TH JUNE 2012 .

The Honorable Speaker, Cllr. Sello Matena

The Council Whip, Cllr.Thandi Soetsang

Members of the Mayoral Committee

Councilors

Our Acting Municipal Manager, Mr. Robinson Thekiso and his Senior Management Team

Our special and distinguished guests

Members of the Public

Members of the Media

Ladies and Gentlemen

Honorable Speaker, Allow me to take this wonderful opportunity to greet you all on this momentous occasion of the presentation and tabling of the state of the municipal address (Budget Speech) of the council of Metsimaholo Local Municipality, under the political leadership of the African National Congress.

This State of the Municipal Address takes place during a significant year in the history of our country, the centenary of the ruling party, the African National Congress.

Let me take this opportunity to salute and honour by singling out the former presidents of the ANC who led our struggle for liberation and of creating a better life across generations. We salute John Langalibalele Dube, Sefako Makgatho, Zac Mahabane, Josiah Gumede, Pixley ka Isaka Seme, AB Xuma, JS Moroka, Chief Albert Luthuli, Oliver Tambo, Nelson Mandela and Thabo Mbeki. To our current president, Jacob Zuma, I want to say, Long live, President Zuma, Long live.

Mr. Speaker, The year 2012 is also special because it marks the 16th anniversary of the Constitution of the Republic, which gives full expression to our democratic ideals.

Our Constitution is South Africa's fundamental vision statement, which guides our policies and actions. We reaffirm our commitment to advance the ideals of our country's Constitution at all times.

Mr. Speaker let me quote what president Jacob Zuma has said in the STATEMENT OF THE NATIONAL EXECUTIVE COMMITTEE OF THE AFRICAN NATIONAL CONGRESS ON THE OCCASION OF THE 100th ANNIVERSARY OF THE ANC in Bloemfontein on the 8th January this year,

"During this year, 2012, our nation must renew our determination to build a South Africa founded on the principles of the Freedom Charter and our democratic Constitution. We must bring new energy and new ideas into the kind of society we want to build over the next few decades. In this regard, we take note of the fact that the National Planning Commission has published both a diagnostic report and a Draft National Development Plan for discussion. As the ANC prepares for its Policy Conference in June and its 53rd National Conference in December 2012, we call for a genuine national dialogue and debate about the future of our country. We call on all South Africans to join the national dialogue that should be based on our common commitment to build a caring society that is truly non-racial, non-sexist, democratic, prosperous and united in its diversity.

As we move forward, we want to take a medium-to-long term approach to the challenges we face on the road to a South Africa of our dreams. We want to freshly and boldly identify the few key challenges around which the nation shall be rallied and mobilised.

These are the triple related challenges of unemployment, poverty and inequality. Principally, it is the Africans, women and youth who continue to carry a disproportionate burden of the challenges. Over the next decade, both the ANC and all organs of state shall pay a single-minded and undivided attention in order to overcome these triple related challenges.”

Honourable Speaker, let me also welcome statements made by our Premier Honourable Ace Magashule during the State of the Province Address in Bloemfontein on the 16th February 2012, when he said and I quote:

“We believe that government should achieve this by ensuring that municipalities have sound financial and administration systems, by building a strong revenue base that not only encourages, but also hold the users of municipal services accountable for the payment. In conjunction with the political leadership within municipal councils and their management teams, we will work towards the delivery of quality and sustainable municipal services and improve participatory democracy where communities to facilitate community involvement in governance and development in their areas.”

Mr. Speaker, these are challenging and encouraging words from both President Zuma and Premier Ace Magashule are very clear that we must intensify service delivery, local economic development and transformation for the creation of jobs on a massive scale for our people in Metsimaholo.

Mr. Speaker, honorable councilors, our guests and members of the public, since the inception of this council, led by the African National Congress critical signposts have been passed and landmarks reached in our effort as a municipality to create a better life for all our people. Some of them include:

- An old disabled woman was given a RDP house which was not build accordingly to the approved standard, we demolished that house and asked for assistance from our local contractors to rebuild that house for her, she is now in her brand new house.

- On the 26th January 2012 a company named MAKPLAN construction approached the municipality and asked to be given a site. We then identified an old blind woman in Amelia in number 21783 as a beneficiary for the house that will build on that site, she is also staying in her brand new house.
- A campaign was done in different wards to issue title deeds to beneficiaries and about 357 title deeds were issued to the beneficiaries. The process is ongoing and residents who are beneficiaries can come and collect their title deeds from the municipal offices.
- The township establishment in Mooiplaats (Themba Khubeka) – 2537 erven have been approved. These erven are already allocated and occupied by residents and permanent numbers are already given to them.
- Planning and survey of Mooidraai is completed for 3000 erven.
- Dr. Motau has been appointed as the Medical Health Officer for the municipality and will be assisting us to examine and attend to all health related issues of our employees.
- We have appointed a supplier to supply the municipality with personal protective clothing for our employees for the next three years, which was one of the burning issues during our labour strikes we experienced in the past months.
- Our municipality has been identified by the Department of COGTA (National and Provincial) to be one of the recipients of the Community Work Programme which is aimed at providing access to a level of regular work, that is, two days per week at 100 days a year, currently at a stipend of R65,00 per day. Supervisors will work for four days a week at a stipend of R95,00 a day, The programme will run

till 2014. We will be employing 100 people this month and will add on a monthly basis a certain number up until we reach the 1000 number of employees by March 2013, which is our target as a municipality. The EPWP programme that started in the previous financial year is indeed a great success. The programme is ongoing and the target is that we must employ 600 EPWP workers this financial year. In February 2011 we started by employing 376 EPWP workers for a contract of one year. In April 2012 we employed 161 EPWP workers for a contract of one year.

- A By-Law Unit has been established to assist with implementation of the By-laws of the municipality and the vacant posts in this unit will soon be filled.
- We have procured 3LDV and 2 Compactor trucks for waste management in order to accelerate service delivery.
- We have established 5 parks in partnership with SASOL firm and RAND WATER Foundation and we are aiming to establish additional 4 parks in the 2012/2013 financial year.
- We have renovated 5 chalets to the value of R600 000 at Abrahamsrust in partnership with Fezile Dabi District municipality.
- We have awarded 104 bursaries to tertiary students; three (3) at WITS University; 28 at the Vaal University of Technology (VUT); two (2) at the University of South Africa (UNISA); one (1) at the University of Pretoria (UP); four (4) at the University of Johannesburg (UJ); two (2) at the University of the Free State (UFS); 18 at Flavius Mareka FET College; and 46 at the North West University (NWU).
- We have identified five of our youth in Metsimaholo who will be granted bursaries to study medicine in Cuba from October this year.

- We have identified about 130 critical vacant posts in our municipality in order to accelerate service delivery and these posts have been advertised internally and will be filled in two phases. The first phase for vacancies to be filled has already started.
- 25 high mast lights project has been completed in Metsimaholo
- 334 houses in Metsimaholo Extension Six have been electrified by end of March this year.
- Re-electrified 246 stands that suffered from cable theft.
- Fencing of Deneysville Waste Water Treatment Works and pump stations.
- In order for the residents of Themba Khubeka in Deneysville to have access to clean and drinking water, we have extent approximately eight communal taps in that area.
- We have also completed 371 water house connections through the Fezile Dabi District Municipality Funding.

Geagte Speaker, As Metsimaholo munisipaliteit, streef ons daarna om ons mense se belange eerste te stel en ons wil hulle die versekering gee dat ons baie hard werk om die beste munisipaliteit, nie net in die Vrystaat wil wees nie, maar in die land. Ons wil ook verder ons gemeenskap daarvan verseker dat hulle 'n radikale verandering gaan sien in ons dienslewering. Ons verseker hulle dat hulle goeie en effektiewe dienslewering sal geniet en dat my deur as die politieke hoof van die munisipaliteit altyd vir hulle sal oop staan.

Mr. Speaker, as Metsimaholo Local Municipality, we see the budget as an instrument through which we manage public funds in a way that ensures that we improve the

quality of life of our people. We further see the budget as an instrument of development and we do this through planning, allocation, control and proper accounting for every cent entrusted to this municipality.

Mr. Speaker, councillors and everyone sitting in this chamber, let us now focus on the budget framework, which will cover the medium term period from the 2012/13 to the 2014/15 financial years.

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

The compilation of this budget were characterised by a number of challenges which exerted immense pressures on the budgeting process. Some of these external and internal challenges include, but were not limited, to the following:

1. The continued difficulties on the national and local economic fronts placing tremendous strain on the household budgets of ratepayers and their ability to pay for municipal services.
2. Restrictions on increases in rates and taxes and other Municipal services to fund/balance the Budget.
3. Wage increases for municipal staff negotiated in the bargaining chamber, which remain above the consumer inflation rate as well as the need to fill critical vacancies.
4. The increased cost of bulk water and electricity purchases as a result of tariff increases from Rand Water and ESKOM, placing constant upward pressure on the service tariffs that the municipality have to charge our residents.
5. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and unfavourable cash position of the municipality.

Mr. Speaker our Revenue Budget, which provides the required resources to enable us to deliver on our mandate of developmental local government and to do more for our communities, amounts to R756,8 million in 2012/13 and increases over the medium term to R856,3 million in 2014/15. The growth in the revenue budget for the 2012/13 financial year compared to the current financial year amounts to R83,4 million or 12,4 percent.

Government grants, comprising mainly of the equitable share, other operating grants and capital grants will amount to R166,9 million in 2012/13 increasing to R187,8 million in 2014/15. This is an important contribution from the national fiscus to assist with the provision of basic services to our people and particularly the poorest of the poor in our communities. These grants represent between 21,4 and 22.1 percent of our total budgeted revenue over the next three years, which means that the municipality is currently not over-relying on government grants to sustain its operations and programmes.

Amongst other programmes, the equitable share allocation from the national fiscus will ensure that we continue our support for our indigent households especially under these challenging and trying economic conditions, as part of our basic social services package.

Mr. Speaker, in order to receive these free basic services we urge all qualifying households to register in terms of the municipality's indigent policy. The monthly household income threshold to qualify as indigent will increase from R2 500 to R2 750 per month and owners of properties with a valuation of up to R84 000 will automatically qualify unless their monthly household income exceeds the approved threshold.

Indigent households will continue to receive 50 kilowatts of electricity, 10 kiloliters of water free per month, free sanitation and refuse removal as well as a R50 subsidy on rates and other services.

Electricity and water remain our major sources of own revenue at an average of 26,6 and 20,7 percent per annum respectively over the medium term, whilst Property Rates will contribute on average 12,1 percent to own sources of revenue over the next three years.

Turning to the proposed tariff increases on the main consumer services. It should be noted Mr. Speaker that Metsimaholo has succeeded in most of the services to maintain tariff increases within the growth limits set by National Treasury in line with the inflation target band of the Reserve Bank of between 3 and 6 percent. However, the average increases include an allowance for growth in consumption levels and corrections in certain tariffs.

NERSA has announced the revised bulk electricity pricing structure and a 16 percent increase in the ESKOM bulk electricity tariff to municipalities will be effective from 1 July 2012. An average tariff increase of between 11 and 25 percent is proposed for electricity subject to approval by NERSA which will also be utilised to fund the ring-fencing of the service.

All consumers, approximately 25 500 households, will again be given 50 kilowatt hours of electricity per month free of charge. The municipality has entered into discussions with NERSA regarding the suitability of their proposed stepped tariffs for 2012/13 compared to those already implemented by the municipality and secondly we will also apply to NERSA for the possible implementation of a “peak and off-peak” tariff as we are subjected to this type of tariff by ESKOM during the winter months.

In order to economise the refuse removal service it must be considered that the same tariff be charged where there is a service once a week hence an increase of between 6 and 9,76 percent is proposed for refuse removal to ensure uniformity in the tariffs.

An average tariff increase of 6 percent is proposed for property rates, sanitation and solid waste and between 6 and 29 percent for water services. In respect of water, the consumption tariff for Oranjeville will increase by 28.32 percent in order to have a uniform tariff, which will be phased in over two years. The tariff for businesses and government properties will increase by 20.8 percent to bring it in line with households whilst the tariff for light industries will increase by 29.3 percent to bring it on par with heavy industries. The above tariff increases are based on input cost assumptions which include an 11.3 percent in the cost of bulk water to be purchased from Rand Water.

Mr. Speaker, we have to ensure that our programmes to enhance and strengthen our revenue base are implemented so that we can ensure that our billing, debt collection and credit control processes are effectively improved so that we can collect all the revenue that we are budgeting for. Our collective failure to do this will continue have a negative impact on our cash flow position, with very serious adverse implications for service delivery in the near future.

We have to inform Council that some progress has already been made with the implementation of our revenue enhancement strategy in respect of data cleansing, the establishment of the budget and loss control committee, the review of our debt collection programme and the migration to the e-Venus system. However, Mr. Speaker, we need to step up our efforts and do much more.

The Operating Budget further provides for expenditure of R777,5 million in 2012/13, increasing by 17,4 percent to R913,0 million in 2014/15. The growth in operating expenditure for 2012/13 compared to the current financial year's adjusted budget amounts to R78,9 million or 11,3 percent. The following are the main expenditure types on the operating budget:

- Employee related costs for 2012/13 amounts to R182,9 million or 23,5 percent of the total operating expenditure increasing to R218,9 million or 23,9 percent in 2014/15. This expenditure item shows a significant decline as a percentage of total operating expenditure and is well below the benchmark set by National Treasury of 30 per cent.
- Bulk purchases of electricity and water amount to R253,1 million or 32,6 per cent of total operating expenditure in 2012/13 increasing significantly in 2014/15 to R342,9 million or 37,6 per cent. The huge jump in bulk purchases relates mainly to an increase in electricity purchases and purchasing costs from ESKOM.
- Aligned to the priority given to preserving and maintaining the municipality's asset base and current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in this expenditure (excluding labour cost) from R33,4 million in the current financial year to R53,4 million representing a 60 percent increase.

The total Capital Budget increases from R101,9 million in 2011/12 to R137,9 million in 2012/13. We see a slight decrease in our capital budget in 2013/14 to R123,9 million and then increasing marginally again to R124,5 million in 2014/15.

Mr. Speaker, the municipality that we will be receiving allocations amounting to R182,1 million over the next three years from the national fiscus, in terms of the Division of Revenue Act (DORA) as our Municipal Infrastructure Grant (MIG), Department of Energy (DoE) and COGTA for capital grants to speed up the rolling out of basic municipal infrastructure to households.

The DoE allocation of R35 million over the next three years will mainly be utilised for the installation of bulk supply services to Amelia, Gortin and Mooidraai.

Our MIG funding over the next three years amounting to R142,1 million will mainly be spent on the following key projects:

- The construction of inter-locking paved roads and storm water channels across the municipality for R1,3 million,
- Sewer network and toilets for 3 257 stands in Amelia worth R22,9 million over the next two years,
- The construction of sewer for 368 erven and upgrading of plants in Metsimaholo Extension 6 amounting to R18,4 million over the next three financial years,
- Sanitation in Gortin, phase 4 totalling R20,9 million over the next three years,
- The augmentation of bulk supply and the upgrading of purification works to service 6 500 stands in wards 3, 4 and 20 for a total amount of R17,6 million over the next two financial years,
- The construction of bulk water supply for 2 537 stands in Refengkgotso budgeted for at R22,6 million in the two outer years, and
- An amount of R24,9 million has been set aside in the two outer years for the construction of the fire station in Deneysville.

Our next draw down amount on the loan from DBSA amounting to R32 million in the 2012/13 financial year will be utilised to implement the automated meter reading system for water and electricity at a cost of R11 million, the construction of new roads, storm water and sewer in priority areas amounting to R10,5 million and to install services to the Vaalpark stands for R5,5 million. The last draw down on the loan of R7 million will be used in 2013/14 for the electrification of Minnaar Street in Vaalpark.

Social Services will receive a total allocation of R62,9 million of the total capital budget over the next three years, mainly for the finalising of the Environmental Impact

Assessments (EIAs) on the existing and new landfill sites and the establishment of the new recycling plants; fire rescue equipment and vehicles and the establishment and upgrading of community facilities such as parks and playgrounds, Abrahamsrust, the Day-Visitors areas, the theatre and swimming pools. We also anticipate the completion of the Multi-Purpose Centre in Harry Gwala funded by Anglo Coal in the near future.

Mr Speaker the following Social Labour Plan Projects are already taking place in our Municipality,

- (1) Brick Manufacturing project funded by Sasol Mining based in Chemcity ,
- (2) Community Multipurpose Sports Centre funded by Anglo American New Vaal Colliery mine in Ward 21 and
- (3) Pre- School funded by Copper Sun Sands mine in Ward 13.

It is very important that I must indicate and appreciate the good working relationship our Municipality is having with Free State Provincial Governance under the leadership of Premier Ace Magashule. The MEC of Health Me Fezi Ngubentombi in her 2012/13 Budget Speech indicated that an allocation to build a Community Health Centre (CLINIC) has been made to Metsimaholo Local Municipality and that the clinic will be established in Ward 01, Walter Sisulu.

The Department of Cogta and Human Settlement under the leadership of MEC Ollly Mlamleli has also promised completion of all unfinished houses Zamdela, Refengkgotso and Metsimaholo. There will also be the completion of all incomplete RDP houses and PHP houses.

Mr Speaker, in this Budget of 2012/13 there is an amount of R3 million which is allocated for the Executive Mayor's Projects. The following is all the Projects that will be mainly controlled from my office.

- (1) Information signs project

- (2) CBD improvement
- (3) Numbering of graves in Refengkgotso and Metsimaholo
- (4) Fencing of Zamdela Cemetery
- (5) Mayoral Sports Tournament
- (6) Piloting of cooperatives to start Food Gardens, Chicken Farming and Cemetery Cleaning
- (7) Recreational Equipment in Community Parks.

Mr. Speaker, The Youth Summit will be taking place on the 18 and 19 June 2012 The Objective of the Youth Summit will be to create a platform for young people to discuss and come out with clear implementable solutions with regard to common youth interests.

In conclusion, Mr.Speaker, the 2012/2013 budget, we are presenting today, is indeed a true reflection of our commitment to ensure that we improve the lives of our people in Metsimaholo and push back the frontiers of poverty within a sound and sustainable fiscal framework. It has been a long and tortuous journey, even so we do not dare fail to achieve the set targets. We are on course to make sure that as our local economy continuous to grow, more of our people in our area from the second economy will benefit from the spin-offs of the first economy.

Honorable Speaker, it is not possible to present such a comprehensive set of deliverables planned without the support and hard work carried out by all departments. I want to express my sincere appreciation to:

- Members of the Mayoral Committee, in particular the Portfolio Head of Finance and IDP, MMC Lebohang Semonyo and his team for the sterling work they did, in driving

the IDP and budget processes. We have attempted to include all political parties in the preparation of this budget to achieve consensus,

- Mr Speaker I will be making a big mistake if I cannot pass my special thanks to the Free State Provincial Legislature in particular the Premier Ntate Ace Magashule for the good and excellent leadership in leading and governing this beautiful province, the Free State. The excellent Hlasela programs that are benefitting our communities in all corners of Free State is a clear indication of the outstanding leadership traits of Premier Magashule. A special thanks to MEC of Health Me. Fezi Ngubentombi and MEC of Cogta and Human Settlement, Me.Olly Mlamleli.

- I want to thank the Members of the Portfolio Committees, Councilors, Ward Committees for their valuable contributions and commitment,

- A special thanks to members of organized business and industry, like SASOL, ANGLO COAL, RAND WATER and all other stakeholders for their valuable contributions to change the lives of our people.

- The Acting Municipal Manager, Mr.Robinson Thekiso, the Chief Financial Officer, Motshidisi Mokoena and her staff, directors as well as all other officials who have managed the budget preparation process through sheer hard work and professional dedication.

- Not forgetting the support we received from the Speaker, Cllr Sello Matena and the Council Whip, Cllr. Thandi Soetsang, through their regular oversight over the processes of the municipality.

- I would like to thank all councilors for working together as a team, you are a great team.

- I also want to thank our religious leaders, the Olive Tree foundation (Three Leg Movement) for their commitment to ensure that we come up with programs to bring our white and black communities together including the Business Community, Chamber of Commerce and all stakeholders who is positively contributing to changing the lives of our people.

A special thanks to my wife and my family for their constant support.

Honorable Speaker, I now formally table the 2012/2013 Budget as outlined in the Council's Agenda for Council's consideration and approval, in terms of Section 24 (1) of the Municipal Finance Management Act.

I Thank You. Baie dankie. Ke a leboha.

1.2 Council Resolutions

1. The Council approves the draft annual budget of the municipality for the financial year 2012/13 and indicative of the budgets for the two projected outer years 2013/2014 and 2014/2015 as set out, subject to the following resolutions:

1. The Council, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 80
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 82;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 85; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 88.
 - 1.2. The financial position, cash flow budget, reserve/accumulated surplus, asset management and basic service delivery targets are noted as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 90;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 92
 - 1.2.3. Reserves and accumulated surplus reconciliation as contained in Table 25 on page 93;
 - 1.2.4. Asset management as contained in Table 26 on page 95; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 98.
2. The Council, in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considered the tariffs with effect (billing) from 1 July 2012:
 - 2.1. the tariffs for property rates – as set out on page 12-15
 - 2.2. the tariffs for electricity – as set out on page 18-21
 - 2.3. the tariffs for the supply of water – as set out on page 15-18
 - 2.4. the tariffs for sanitation services – as set out on page 22-24
 - 2.5. the tariffs for solid waste services (cleansing) – as set out on page 24-26
3. The Council, in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considered with effect from 1 July 2012 the tariffs for other services, as set out on page 28 to 68 respectively.
4. The capital projects/items to be financed from own funds (accumulated surplus) be implemented/purchased subject to the improvement of the cash flow position of the Municipality
5. The deficit of R20.706 million be financed from the Accumulated surplus and that operating/capital expenditure only be incurred if additional revenue is collected from debtors.

- 6 Owners of household stands with a valuation up to R84 000 automatically qualify as indigent, if the household income do not exceed R2 750
- 7 The water step tariff be investigated and implemented from 1 July 2013
- 8 The new valuation roll will be implemented from 1 July 2013

1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

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

National Treasury's MFMA Circular No. 51, 54, 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- Ageing and poorly maintained water, roads and electricity infrastructure;
 - The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
 - The increased cost of bulk water and electricity (due to tariff increases from Rand 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;
 - The need to fill critical vacancies;
 - Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process; and
 - Availability of affordable capital/borrowing.
 - The need to reprioritise projects and expenditure within the existing limited resources envelope given the cash flow realities
- The increase cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which places constant upward pressure on service tariffs to residents,
- Wage increases for municipal staff exceeding consumer inflation,
 - the need to fill critical vacancies in key areas of service delivery
 - Restrictions on increases in rates and taxes and other Municipal services to fund/balance the Budget
 - Unconditional approvals for tax exemptions (Chem city , Naledi etc)
 - Budgeting for losses , Water and electricity, non payment rate
 - Previous approvals for the private developments along the Vaal River and dam, also Sasol firm. Procure directly from Rand water and Eskom.
 - Budgets submitted not balanced (Revenue vs. expenditure) ,
 - Inputs(amounts) submitted by Directorates not realistic nor justifiable (not zero based)
 - A lack of proper maintenance master plans

- Unfunded Mandates (Libraries, EMS)

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

- The 2011/12 Adjustments Budget priorities and targets,
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

- 10% losses (electricity, water and non payment)

Operating Budget (OPEX)

- Zero based budgets , plus inflation in line with Treasury guidelines
- All increases more than the inflation to be properly motivated.
- Professional fees to be unpacked
- Proper motivations for items where under spending was incurred in the prior year
- The filling of vacancies should support challenges identified and key priorities as adopted at the strategy plan.

Capital Budget (CAPEX)

- Commitment letters for external funding
- Outside funding not paid directly to the Municipality not to be reflected in the Budget
- Procurement of heavy duty vehicles to be finalised in consultation with DTIS.
- Projects requiring external approvals not to be included without such.
- Shifting of funds to be restricted up to the Adjustment Budget
- Income tariffs not to be lowered, especially Sundry Income.
- Own funding to be in line with actual expenditure in the prior year.
- Projects funded internally to be supported by quotations where feasible
- Projects should support challenges identified and key priorities as adopted at the strategy plan.

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

Table 1 Consolidated Overview of the 2012/13 MTREF

	Adjustment Budget	Medium Term Revenue and Expenditure Framework		
	2011/2012	2012/2013	2013/2014	2014/2015
	R'000	R'000	R'000	R'000
Operating revenue	673 348	756 792	803 957	856 256
Operating expenditure	698 523	777 498	832 757	913 031
Capital expenditure	101 977	137 902	123 936	124 487

Total operating revenue has grown by 12.4 per cent or R83.4 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 6.23 and 6.51 per cent respectively, equating to a total revenue growth of R182.9 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R777.5 million and translates into a budgeted deficit of R20.7 million. Provincial Treasury raised a concern regarding the deficit. The municipality was advised to reprioritise. Compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 11.3 per cent in the 2012/13 budget and by 7.1 and 9.6 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years steadily increases to R28.8 million and then increase further to R56.7 million.

The capital budget of R138 million for 2012/13 is 35.2 per cent more when compared to the 2011/12 Adjustment Budget. The capital programme decreases to R124 million in the 2013/14 financial year and then evens out in 2014/15 to R124 million. A substantial portion of the capital budget will be funded from approved loan from Development Bank of South Africa that was approved by Council. The balance will be funded from internally generated funds. Government Grants made 43.3 per cent of the capital expenditure. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Metsimaholo Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 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;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Tariffs to be aligned to inflation target, except where input cost for services are beyond the municipal control
- Water and electricity loss 10%
- Non payment rate 10%
- **Collection Rate**

2005/06	87.7%
2006/07	84.4%
2007/08	83.5%
2008/09	75.2%
2009/10	84.4%
2010/2011	90.4%
2011/2012	88% till March 2012

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

FS204 Metsimaholo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	61 816	70 977	77 041	79 008	84 208	84 208	–	90 245	96 654	102 330
Property rates - penalties & collection charges		–	–	–	–	–	–		–	–	–
Service charges - electricity revenue	2	69 702	98 520	133 940	173 593	173 593	170 163	–	205 117	217 260	227 400
Service charges - water revenue	2	79 195	122 289	122 833	146 016	146 017	144 177	–	151 716	163 757	173 568
Service charges - sanitation revenue	2	12 254	13 623	17 970	17 046	17 045	15 956	–	32 518	34 940	37 388
Service charges - refuse revenue	2	13 923	16 163	23 629	26 882	26 882	24 500	–	37 112	40 081	42 486
Service charges - other		11 027	410	6 376	9 655	9 655	6 437		8 440	8 000	8 176
Rental of facilities and equipment		2 590	4 136	4 136	9 764	4 740	6 509		4 503	9 101	9 207
Interest earned - external investments		2 893	2 213	4 445	2 200	2 100	1 467		2 300	2 400	2 400
Interest earned - outstanding debtors		18 780	16 102	14 211	10 875	14 175	7 250		16 002	17 175	18 475
Dividends received		–	–	–	–	–	–		–	–	–
Fines		1 052	3 445	4 374	12 708	4 708	8 472		12 007	13 007	14 007
Licences and permits		57	52	73	150	150	100		163	171	181
Agency services		–	–	–	–	–	–		–	–	–
Transfers recognised - operational		53 543	66 192	83 228	95 398	93 627	63 599		107 206	109 508	117 692
Other revenue	2	36 906	9 401	2 729	36 606	36 591	24 404	–	20 695	24 132	25 360
Gains on disposal of PPE		–	695	2 530	17 000	10 000	11 333		9 000	5 000	7 500
Total Revenue (excluding capital transfers and contributions)		363 738	424 218	497 515	636 901	623 491	568 575	–	697 024	741 185	786 169

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement.

Table 3 Percentage growth in revenue by main revenue source

			Medium Term Revenue and Expenditure Framework					
	2011/2012		2012/2013		2013/2014		2014/2015	
	R'000	%	R'000	%	R'000	%	R'000	%
Property rates	84 208	12.5	90 245	11.9	96 654	12.0	102 330	12.0
Electricity	173 593	25.8	205 117	27.1	217 260	27.0	227 400	26.6
Sanitation	17 046	2.5	32 518	4.3	34 940	4.4	37 388	4.4
Water	146 016	21.7	151 716	20.1	163 757	20.4	173 568	20.3
Refuse removal	26 882	4.0	37 112	4.9	40 081	5.0	42 486	5.0
Other service charges	8 538	1.3	8 440	1.1	8 000	1.0	8 176	1.0
Govt grants - operating	93 627	13.9	107 206	14.2	109 508	13.6	117 692	13.7
Govt grants – capital transfer	49 858	7.4	59 768	7.9	62 772	7.8	70 087	8.1
Fines/Penalties	4 708	0.7	12 007	1.6	13 007	1.6	14 007	1.6
Interest Debtors	14 175	2.1	16 002	2.1	17 175	2.1	18 475	2.1
Interest	2 100	0.3	2 300	0.3	2 400	0.3	2 400	0.3
Licences and permits	150	0.02	163	0.02	171	0.02	181	0.02
Rental of facilities	4 740	0.7	4 503	0.6	9 101	1.1	9 207	1.1
Other	24 037	3.6	5 695	0.8	6 737	0.8	7 773	0.9
Departmental charges	13 670	2.0	15 000	1.9	17 394	2.2	17 586	2.0
Profit on sale of Land	10 000	1.48	9 000	1.18	5 000	0.68	7 500	0.88
	673 348	100	756 792	100	803 957	100	856 256	100

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise two thirds of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges

totalled R447.7 million or 66.5 per cent. This increases to R516.7 million, R552.7 million and R583.1 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges stay unchanged slightly from 68.3 per cent in 2012/13 to 68.3 per cent in 2014/15.

Property rates totalling 11.9 per cent or R90.2 million rand and increases to R96.7 million by 2013/14.

Operating grants and transfers totals R107.2 million in the 2012/13 financial year and steadily increases to R117.7 million by 2014/15. Note that the year-on-year growth for the 2012/13 financial year 14.5 per cent and then flattens out to 2.2 and 6.9 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

	2011/2012	2012/2013	2013/2014	2014/2015	
	R'000	R'000	R'000	R'000	
Equitable Share	88 125	97 653	104 647	112 501	Allocated for Free Services
Financial Management Grant	1 450	1 500	1 500	1 750	Appointment of Interns and training
Water services Operating Grant	784	3 497			Salaries and materials at the purification works Deneysville
Municipal System Improvement Grant	790	800	870	950	Ward committee and Asset register expenditure
Municipal Infrastructure Grant	1 942	2 361	2 491	2 491	Salaries and operating expenditure at Project Management Unit
Extended Public Works Programme	536	1 395			Salaries for temporary staff

Departmental charges have no influence on tariffs as it is allocation of cost between the departments.

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

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

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

1.4.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R20 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- Maximum of R50 subsidy will be granted to registered indigents in terms of the Indigent Policy and free basic service as per Council resolution;

- For pensioners, physically and mentally disabled persons, ***a maximum/total rebate of 30 per cent will be granted to owners of rate-able property if the total gross income of R5 000 per month of the applicant and/or his/her spouse, if any, does not to exceed the*** amount. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.
- The new valuation roll will be implemented from 1 July 2013. The valuation date is determined as 1 July 2012 in terms of section 31(1) of the Property Rates Act (Act 6 of 2001).

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 6 per cent increase from 1 July 2012 is contained at table 5:

Table 5 Comparison of proposed rates to levy for the 2012/13 financial year

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.

<i>Sasolburg/ Zamdela</i>	2011/2012	Proposed 2012/2013
Heavy Industries	0.030623	0.03246
Light Industries	0.030623	0.03246
Businesses	0.01224	0.01297
State property	0.01224	0.012970
Churches	0	0
Domestic and other – Sasolburg	0.00612	0.00649
- Zamdela	0.00612	0.00649
Deneysville/Refengkgotso/ Phomolong		
Residential	0.00612	0.00649
Businesses	0.01224	0.01297
Churches	0	0
State Property	0.01224	0.01297
Refengkgotso	0.00612	0.00649
Oranjeville/Metsimaholo		
Residential	0.00612	0.00649
Businesses	0.01224	0.01297
Churches	0	0
Metsimaholo : Residential	0.00612	0.00649

<i>Metsimaholo: Businesses</i>		
State Property	0.01224	0.01297
	0.01224	0.01297
<u>Farmland:</u>		
Residential	0.00306	0.00324
Businesses	0.00612	0.00649
Industries	0.01530	0.01622
Private owned towns, Body Corporate, Sectional Titles	0.00306	0.00324
Mining	0.01530	0.01622
Agricultural	0.00153	0.00162
Unregistered Erven	Municipal services charges equal to category of property	Municipal services charges equal to category of property

The amount allocated to approve indigents for Assessment Rates is to a **maximum of R50.00** per month. **For budget purposes the assumption was made that there will be 12 000 approved indigents be registered.** Additional income at 6% tariff increase of assessment rates represents R6 037 180 per annum.

Rebate threshold for pensioners be R5 000

1.4.2 Sale of Water and Impact of Tariff Increases

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

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

- Water tariffs are designed to encourage efficient and sustainable consumption.

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

Better maintenance of infrastructure, new reservoir construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Rand Water has increased its bulk tariffs 11.3 cent from 1 July 2012, which increase contributes to approximately 48 per cent of the Municipality's water input cost.

Rand Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Rand Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise R705 million for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase between 6 and 29.1 per cent from 1 July 2012 for water is proposed. The consumption tariff for Oranjeville increase by 28.32 per cent in order to have a uniform tariff. It will be phased in over two years. The tariff for business and state property increase by 20.8 per cent to be in line with households and light industries by 29.3 per cent to be in line with heavy industries. This is based on input cost assumptions of 11.3 per cent increase in the cost of bulk water (Rand Water), the cost of other inputs increasing by 15 per cent and a surplus generated on the water service. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents. . A further amount is allocated from equitable share to finance additional 4kl of water to approved indigents. An approved indigent will receive 10kl of water free. Total amount of R29.7 million is allocated from Equitable Share. Proposed increase represents R4 677 990 per annum.

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

Table 6 Proposed Water Tariffs

<i>Basic Charges</i>	<i>2011/2012</i>	<i>2012/2013</i>
	R	R
Sasolburg/Zamdela		
Churches	20.72	23.50
Businesses	82.06	93.06
Light Industries	106.32	120.57
Heavy Industries	8% on 2010/11 tariff	6% on 2011/2012 Tariff
Deneysville		
Businesses	82.06	93.06
Oranjeville		
Co-operatives	839.32	951.79
Businesses	82.06	93.06

Water consumption tariff (VAT exclusive)

	2011/2012	2012/2013
<i>Sasolburg/Zamdela/Deneysville/ Refengkgotso/Phomolong</i>		
Domestic	R11.05/kl	R12.53/kl
Schools	R11.05/kl	R12.53/kl
State property (excl. residential properties)	R10.37/kl	R12.53/kl
Businesses	R10.37/kl	R12.53/kl
Light Industries	R10.37/kl	R13.39/kl
Heavy Industries	R11.81/kl	R13.39/kl
<i>Oranjeville/Metsimaholo</i>		
	R8,00/kl	R10.27/kl
<i>Oranjeville Businesses</i>		
	R8,20/kl	R10.52/kl

Guest houses are operated as businesses and are levied as businesses.

The tariff structure of the 2011/12 financial year has not been changed.

A step tariff be implemented from 1 July 2013.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 16 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11.03 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Residents will again be granted 50 kWh per month free of charge. Free basic electricity of 50kWh will be given to all residents (25 500 households). An amount of R10.1 million is allocated in order to make it possible. Eskom must be informed accordingly.

The proposed tariff is reflected in the tables below:

Approval must be obtained from NERSA for the increase between 7% and 25% in fees/tariff to finance the ring fencing of the service.

Table 7 Proposed Electricity Tariffs

Basic Service charges for Electricity (VAT exclusive)

	2011/2012	2012/2013
Sasolburg/Zamdela/Deneysville/ Oranjeville		
Schools, Churches, Halls, etc.	R117.70	R130.69
Businesses, Offices, Hotels, clubs, etc.	R117.70	R130.69
Businesses Zamdela:		
Single phase	R117.70	R130.69
Three phase	R117.70	R130.69
Four meters	R227.70	R253.45
Businesses: Deneysville/Refengkgotso Phomolong	R117.70	R130.69
Businesses : Oranjeville/Metsimaholo	R117.70	R130.69
Bulk Supply	R227.00	R253.45

The current tariffs can be implemented after approval from NERSA is as follows:

Tariff (VAT exclusive)	kWh	2011/2012	2012/2013
Domestic Off peak(September to May)	0-50	R0.7965/kWh	R0.6640/kWh
	51-350	R0.8323/kWh	R0.8200kWh
	351-600	R0.9780/kWh	R1.0881kWh
	>600	R1.1492/kWh	R1.2879kWh
Domestic Peak(June, July, August)	0-50	R0.7965/kWh	R0.6640/kWh
	51-350	R0.8323/kWh	R0.8790kWh
	351-600	R0.9780/kWh	R1.1697kWh
	>600	R1.1492/kWh	R1.3845kWh
Businesses		R0.9588/kWh	R1.1985/kWh
Bulk		R0.4477/kWh	R0.5596/kWh
KVA		R102.13	R113.40
kW		R110.69	R122.90

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

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

Monthly Consumption kWh	Current Amount Payable R	Proposed amount payable R	Increase R	% Change	Peak/ Off Peak
100	41.62	41.00	(0.62)	(1.48)	Off Peak
		44.52	2.90	6.97	Peak
500	396.39	409.22	12.83	3.24	Off Peak
		442.55	46.16	11.64	Peak
1000	953.87	1 033.19	79.32	8.32	Off Peak
		1 113.32	159.45	16.72	Peak

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. This was implemented and the effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs for 2012/2013 compared to those already being implemented by the Municipality.

The Municipality will furthermore also apply to NERSA for the approval of the implementation of a "Peak" and "Off-peak" tariff as the Municipality is subjected to this type of tariff by Eskom during the period between June, July and Aug.

The Main Substation for the supply of electricity for the Sasolburg area must be addressed as a matter of urgency and is expected to be upgraded in the near future due to load growth. This investigation must be done not later than 2012 in order to make provision for the necessary funding.

It is also a recommendation of NERSA that a certain percentage of the revenue collected by the selling of electricity be utilized for the maintenance of the electrical network to ensure that it be maintained to the correct standard.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. Due to industrial effluent Sasol Chemical Industries operate the purification plant.

A tariff increase of 6% is proposed, except for suction tank service (15%).

The basic charges of sewer for residents (households) will be subsidised by Council. An amount of R1.7 million is allocated from Equitable Share for this purpose. A further amount of R5.3 million is allocated from Equitable Share for additional sewer to all approved indigents.

Table 9 Proposed Sanitation Tariffs

Tariffs (VAT exclusive)

	2011/2012	Proposed 2012/2013
Domestic - Basic	Free. (R8.01)	Free. (R8.49)
Sasolburg		
Basic charges		
Heavy Industries	Actual cost by	Actual cost by
Businesses	SCI plus 35%	SCI plus 35%
Additional		
(a) Sasolburg sewer	R64.91	R68.80
(b) Zamdela sewer	R64.91	R68.80
(c) Business sewer	R68.28	R72.38
(d) Flats	R 4,84	R5.13
	R64.91	R68.80
(e) 2 nd Dwelling Sasolburg	R64.91+R64.91	R68.80+R68.80
(f) 2 nd Dwelling Vaalpark	R64.91+R64.91	R68.80+R68.80
(g) Industries sewer	R68.28	R72.38
(h) Day schools	R22.23	R23.56

(i)	Creches	R22.23	R23.56
(j)	Flats sewer	R64.91	R68.80
(k)	Add units flats	R38.20	R40.49
	Oranjeville/Metsimaholo		
	Suction tank per service	R 271.93	R312.72
	Basic Charges		
	Oranjeville Business	R64.91	R68.80
	Metsimaholo Businesses	R64.91	R68.80
	<i>Additional sewer</i>		
	Water borne sewer Oranjeville	R41.26	R43.74
	Water borne sewer Metsimaholo	R19.61	R20.79
	Deneysville		
	Suction tank per service	R271.93	R312.72
	Basic sewer		
	Refengkgotso/Phomolong:		
	Businesses	R64.91	R68.80
	Water borne sewer Refengkgotso/Phomolong	R41.26	R43.74
	Bucket services system	R19.61	R20.79
	Rural areas: Suction Tank Services		

Areas that is not included in the disestablished towns (No Rates Payable)		
Normal working hours	R1 190.00/Service	R1 285.00/Service
After hours	R2 380.00/Service	R2 570.00/Service
Areas with discounted rates:		
Normal working hours	R1 190.00/Service	R1 285.00/Service
After hours	R2 380.00/Service	R2 570.00/Service

Guest houses are levied at business tariffs.

The total revenue expected to be generated from rendering this service amounts to R32.6 million for the 2012/13 financial year.

1.4.5 Waste Removal and Impact of Tariff Increases

An increase between 6 and 9.76 per cent in the waste removal tariff is proposed from 1 July 2012. The tariff for the various categories is now uniform. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed tariffs payable from 1 July 2012:

In order to economise the service the same tariff is charged where there is a service once a week. Tariffs are VAT exclusive.

All residents in all areas receive a service once a week. Therefore the tariff must be uniform. Provision is made for additional 2 000 stands that will receive the service that result in additional income of R1 651 310

Table10 Proposed Waste removal Tariffs

Sasolburg	<i>R</i> 2011/2012	<i>R</i> 2012/2013
Dwellings/Single flats	77.66	R82.32
Joint flats (one service point)	77.66	R82.32
Businesses per point	144.72	153.40
Schools per point		153.40
Churches	77.66	82.32
Dumping ground:		
Industries and Contractors	75.00	79.50
Garden Services	0	60.00
All tariffs for dumping is per cubic meter or part of cubic meter		
Unsound Foodstuff (business)	120.00 per LDV load	350.88 per LDV load
Zamdela		
<i>Formal areas:</i>		
Dwellings	75.00	82.32
Flats (Tswelopele)	75.00	82.32
Businesses and Schools per point	144.72	153.40
Churches	75.00	82.32
Private Hostels	75.00	82.32

<i>Informal areas:</i>		
Dwellings	75.00	82.32
Informal settlement	75.00	82.32
Deneysville/Refengkgotso/Phomolong		
<i>Domestic:</i>		
Deneysville	77.66	82.32
Refengkgotso	75.00	82.32
<i>Businesses and Schools per point</i>	144.72	153.40
<i>Churches</i>	77.66	82.32
Oranjeville/Metsimaholo		
<i>Domestic:</i>		
Oranjeville	77.66	82.32
Metsimaholo	75.00	82.32
<i>Businesses and Schools per point</i>	144.72	153.40
<i>Churches</i>	77.66	82.32
All areas		
Approved indigents	FREE	FREE

Guest houses operate as businesses and are levied as businesses.

An amount of R11.8 million is allocated from equitable share for the refuse service to approved indigents. The tariff increase represents R4.3 million additional income for the year.

1.4.6 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6.3 and 10.4 per cent, with the increase for indigent households closer to 3.6 per cent.

Table 11 MBRR Table SA14 – Household bills

FS204 Metsimaholo - Supporting Table SA14
Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			Budget Year +2 2014/15
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		265.00	286.20	316.98	324.62	324.62	324.62		378.58	408.28	437.49
Electricity: Basic levy					–		–				
Electricity: Consumption		463.87	579.88	756.68	953.87	953.87	953.87		1 033.19	1 291.49	1 614.36
Water: Basic levy					–		–				
Water: Consumption		212.16	229.20	247.68	265.20	265.20	265.20		300.72	324.78	354.01
Sanitation		52.00	56.16	60.66	64.91	64.91	64.91		68.80	74.30	80.24
Refuse removal		64.00	69.12	72.58	77.66	77.66	77.66		82.32	88.91	96.91
Other					–		–				
sub-total		1 057.03	1 220.56	1 454.58	1 686.26	1 686.26	1 686.26	10.5%	1 863.61	2 187.76	2 583.01
VAT on Services		110.88	130.81	159.26	190.63	190.63	190.63		207.90	249.13	300.37
Total large household bill:		1 167.91	1 351.37	1 613.84	1 876.89	1 876.89	1 876.89	10.4%	2 071.51	2 436.89	2 883.38
% increase/-decrease			15.7%	19.4%	16.3%	–	–		10.4%	17.6%	18.3%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		193.75	209.25	221.65	255.00	255.00	255.00		270.42	292.05	312.49
Electricity: Basic levy											
Electricity: Consumption		218.76	273.46	358.13	394.44	394.44	394.44		409.22	511.53	639.41
Water: Basic levy											
Water: Consumption		167.96	181.45	196.08	209.95	209.95	209.65		234.65	253.42	276.23
Sanitation		52.00	56.16	60.66	64.91	64.91	64.91		68.80	74.30	80.24
Refuse removal		50.00	60.00	72.58	77.66	77.66	77.66		82.32	88.91	96.91
Other											
sub-total		682.47	780.32	909.10	1 001.96	1 001.96	1 001.66	6.3%	1 065.41	1 220.21	1 405.28
VAT on Services		68.42	79.95	96.24	104.57	104.57	104.57		111.30	129.94	152.99
Total small household		750.89	860.27	1 005.34	1 106.53	1 106.53	1 106.23	6.3%	1 176.71	1 350.15	1 558.27

bill:											
% increase/-decrease			14.6%	16.9%	10.1%	-	(0.0%)		6.4%	14.7%	15.4%
				0.16	-0.40	-1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy											
Electricity: Consumption		192.00	198.96	238.95	249.69	249.69	249.69	246.00	255.50	319.38	
Water: Basic levy											
Water: Consumption		88.40	95.50	103.20	154.70	154.70	154.70	172.90	186.73	203.54	
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	-	-	-	-	-	-	-	-	-
Other											
sub-total		280.40	294.46	342.15	404.39	404.39	404.39	3.6%	418.90	442.23	522.92
VAT on Services		39.26	41.22	47.90	56.61	56.61	56.61		58.65	61.91	73.21
Total small household bill:		319.66	335.68	390.05	461.00	461.00	461.00	3.6%	477.55	504.14	596.13
% increase/-decrease			5.0%	16.2%	18.2%	-	-		3.6%	5.6%	18.2%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 50 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

1.4.7 Sundry Tariffs**Table12 Proposed Sundry Tariffs**

That the following miscellaneous tariffs (**VAT exclusive**) be implemented from 1 July 2012.

Financial Services

	2011/2012	2012/2013
New Consumers who moved into municipal area		
Connection fee per meter:		
- Water	R120.00	R130.00
- Electricity	R120.00	R130.00
Delivery of warning notices	R140.00	R160.00

Non-payment fees for defaulters		
- Normal reconnection fee	R275.00	R300.00
- After hours reconnection fee	R180.00	R200.00
- (additional)		
- Reduce water supply	R275.00	R300.00
- Cut electric cable	R275.00	R300.00
- Remove electric cable	R575.00	R600.00
- Replace electric cable	R575.00	R600.00
- Final Notice Fee	R60.00	R70.00
- Dishonoured Cheques R/D	R60.00	R70.00
- Dishonoured Credit cards(payment return by bank)	R0	R105.26
-		
Illegal Connection(Bypass/tampering of meters		
Household (Water or Electricity)	R17 000	R18 000.00
Business	R17 000/meter	R25 000/meter
Illegal connection after disconnection(switch on of meter)	R3 500.00	R4 000.00
Loss of units calculated for up to 1 year average plus tampering penalty	Number of units x tariff applicable	Number of units x tariff applicable
Clearances and Valuation		
<i>Clearance certificates</i>		
Normal collection	R170.00	R180.00
Registered mail	R170.00	R180.00
Valuation Roll per Town (Residential Area) or part thereof	R250.00	R275.00

Valuation electronic format	R160.00	R180.00
Valuation Objection Fee	R250.00	R300.00
Valuation Certificate	R100.00	R110.00
Address list per 500 pages or part thereof	R450.00	R500.00
Search Fees	R50.00	R55.00
Other Fees		
Testing of water meters	R275.00	R300.00
Replacement of padlock	R175.00	R200.00
Duplicate Accounts	R7.00	R8.00
Duplicate tenant's Accounts send to owners	R15.00	R20.00
Duplicate IRP 5	R12.00	R15.00
Fee for block/unblock of Prepaid electricity meters	R70.00	R80.00
Replacement of prepaid card	R50.00	R50.00
Refuse bags	Cost + 10%	Cost + 10%
Selling of wood (= LDV load)	R100.00	R100.00
Cutting of trees (per tree)	R900.00	R900.00
Threshold for indigent	R2 500.00	R2 750.00
Parking for Officials		
Single Parking in basement of Civic Centre	R22.00	R40.00
Double Parking in basement of Civic Centre	R11.00	R30.00
Shelter Parking in outside parking area	R0	R30.00

<u>Deposits</u>	2011/2012	2012/2013
Flats/Town houses		
Owners/Tenants (without pre-paid meters)	R3 000.00	R3 500.00
Owners/Tenants (with pre-paid meter)	R1 500.00	R1 750.00
Where body corporate pay other services	0	0
Houses		
(with pre-paid meters) Owners	R2 000.00	R2 500.00
(with pre-paid meters) Tenants	R2 000.00	R2 500.00
Owners (without pre-paid meters)	R4 000.00	R5 000.00
Tenants (without pre-paid meters)	R4 000.00	R5 000.00
Businesses		
<i>Civic Centre</i>		
(with pre-paid meters) Owners	R2 000.00	R 3 000.00
(without pre-paid meters) Tenants based on twice monthly consumption based on the type of business	R3 000.00 min	R4 000.00 min

<i>Light Industries</i>	Twice monthly consumption	Twice monthly consumption
based on twice monthly consumption based on the type of business		
<i>Heavy Industries</i>	Twice monthly consumption	Twice monthly consumption
based on twice monthly consumption		
based on the type of business		
Government	Same as businesses	Same as businesses

Water, Electricity and Sewer connection tariffs increases

Connections to be done	2011/2012	2012/2013
Water		
15mm - 3m max	R 1 517.55	R1 669.30
20mm - 3m max	R 1 783.34	R1 962.29
80/20 COMBO meter	R 21 236.85	R23 360.53
50/20 COMBO meter	R 16 552.64	R18 207.90
40 mm	R 10 236.85	R11 263.16
All other to be calculated independently (longer than 3m and larger meters)		
Water and Sewer road crossings	R7 960.53	R8 756.15
Relocating Water meters(labour only)	R842.11	R926.32

Stolen Water meter	Cost of meter	Cost of Meter
Electricity		
New single phase connection	R 4 277.60	R4 483.35
Upgrading from 60 – 80 ampere	R 4 783.08	R4 783.08
New three phase connection up to design load	R 2 600.00	R4 500
New three phase connection larger than design load	Estimated cost plus network strengthening cost of R791.50/kVA	Estimated cost plus network strengthening cost of R831.07\kVA
Single phase prepaid meter	R898.68	R977.08
Three phase prepaid meter	R2 087.69	R2 087.69
Moving of kWh meter from house to stand boundary	R898.00	R2 598.00
Moving of connection	R1 003.35	R1 693.12
New ready board and keypad	R 1 895.71	R1 895.71
Replacement of cable	R1 003.35	R1 482.58
Repair of cable (damaged by owner)	R 1 003.35	R1 005.51
Temporary connection if service is available:		
Single Phase	R730.23	R980.54
Three phase (town houses)	R1 339.53	R2 267.54
Testing of kWh meter	R357.89	R465.08
Testing of prepaid meter	R226.60	R309.54
Damaged keypad prepaid meter	R660.00	R660.00

Damaged single phase prepaid meter	R660.00	R951.23
Damaged three phase prepaid meter	R0.00	R2 170.08
Cost of prepaid meter and relay for town houses	R1 845.05	R1 845.05
Cost for second electrical installation test(1 st free)	R250.00	R280.00
Replacement of broken or stolen ripple relay	R0.00	Cost of relay and labour
Ripple relay	R898.00	R898.00

Capital Contributions (once off payment)

Water	2011/2012	2012/2013
Per kiloliter (supply- no units specified)	R 4 000.00	R4 400.00
Residential per added building or unit		
High income	R8 000.00	R8 800.00
Middle income	R6 000.00	R6 600.00
Low income	R2 400.00	R2 640.00
Guest houses and hotels: per room(existing developments consider in calculation)	0.03 kl per room per day x kiloliter rate	0.03 kl per room per day x kiloliter rate
Sewer		
Per kiloliter day usage- effluent	R4 500.00	R4 950.00
Residential per added building or unit		
High income	R5 400.00	R5 940.00

Middle income	R4 500.00	R4 950.00
Low income	R2 250.00	R2 475.00
Guest houses and hotels: treatment of sewer effluent deposit at treatment plant)	R 6 300.00/kl (daily kl demand)	R 6 300.00/kl (daily kl demand)

Printing price list - Technical Services

	2011/2012	2012/2013
PAPER		
A0	R 36.85	R38.60
A1	R 19.30	R20.18
A2	R 11.41	R12.29
A3	R 3.95	R4.39
A4	R 2.20	R2.64
<u>Durester</u>		
A0	R 131.58	R138.16
A1	R 65.79	R72.37
A2	R 36.85	R38.60
A3	R 19.30	R20.18
A4	R 11.41	R12.29
<u>Film</u>		
A0	R 95.62	R100.44
A1	R 64.92	R67.99
A2	R 33.34	R35.09
A3	R 17.55	R18.43
A4	R 8.77	9.22
A4 Fax send/received(Private)	R10.00	10.53

Social Services

a	D P de Villiers Stadium	2011/2012	2012/2013
	Rental of halls		
	Stadium Hall		
	Resident : meetings	R216.60 per hour	R227.00 per hour
	Non-Resident : meetings	R433.20 per hour	R455.00 per hour
	Functions	R574.56	R600.00
	Churches and schools	half price	half price
	Club complex Hall		
	Resident : meetings	R 41.82/ hour	R 75.00/ hour
	Non-Resident : meetings	R143.64/hour	R150.00/hour
	Functions	R287.28	R300.00
	Churches and schools	half price	half price
	Athletics		
	Schools sport meeting		
	Morning session 07:00 - 13:00	R945.63	R990.00
	Afternoon session 13:00 - 19:00	R945.63	R990.00
	Lights to switch on first 2 hours	R430.92	R450.00
	Then per half hour	R113.71	R118.00
	Non Residents (Free State)		
	Morning session 07:00 - 13:00	R1 185.03	R1 245.00

Afternoon session 13:00 - 19:00	R1 185.03	R1 245.00
Lights to switch on first 2 hours	R430.92	R450.00
Then per half hour	R 113.71	R 118.00
Schools in Gauteng		
Morning session 07:00 - 13:00	R1 580.04	R1 660.00
Afternoon session 13:00 - 19:00	R1 580.04	R1 660.00
Lights to switch on first 2 hours	R430.92	R450.00
Then per half hour	R113.71	R118.00
Provincial Meetings		
Morning session 07:00 - 13:00	R2 034.90	R2 135.00
Afternoon session 13:00 - 19:00	R2 034.90	R2 135.00
Lights to switch on first 2 hours	R430.92	R450.00
Then per half hour	R113 .71	R118.00
National Meetings		
Morning session 07:00 - 13:00	R3 160.08	R3 320.00
Afternoon session 13:00 - 19:00	R3 160.08	R3 320.00
Lights to switch on first 2 hours	R430.92	R450.00
Then per half hour	R113.71	R118.00
Rental of Electronic Timing Equipment		
Electronic Timing Equipment per session	R861.84	R900.00

	Training sessions		
	<u>Pre-determined practice periods</u>		
	Training at the stadium will only be allowed after payment of R275,00 per annum as well as purchase of proxy card at R40,00 per athlete training. Cards will only be sold to contributing schools/clubs/instances. Purchase card at R40.00 for student and other person.		
	School Rugby, School league all rugby fields as available.		
	Resident per session/season	R287.28	R300.00
	Non-resident per session/season	R430.92	R450.00
	Provincial Games	R1 436.40	R1 500.00
		Per day	per day
	Lights to switch on first 2 hours	R430.92	R450.00
	Then per half hour	R113.71	R120.00
	National and International Games		
	Soccer meetings (outside stadium)		
	Resident per session/season	R287.28	R300.00
	Non-resident per session/season	R430.92	R450.00

	Soccer meetings (inside stadium)		
	Morning session 07:00 - 13:00	R790.02	R830.00
	Afternoon session 13:00 - 19:00	R790.02	R830.00
	Lights to switch on first 2 hours	R430.92	R450.00
	Then per half hour	R113.71	R120.00
	Cross Country		
	A Field	R861.84 p day	R900.00
	Outside Field	R287.28 p day	R300.00
	Stadium Hall	R718.20 p day	R753.00
	Dog show		
	Resident per session	R287.28	R300.00
	Non-resident per session	R430.92	R450.00
	Deposit		R20 000
b	Sasolburg show ground		
c	Sports facilities		
	Penny Heyns :		
	Adults: Season tickets	R168.77	R168.00
	: Day tickets	R16.75	R16.00
	Children : Season tickets	R81.39	R81.00
	: Day tickets	R8.13	R8.00

School Galas			
Morning session 07:00 - 13:00		R377,00	R377.00
Afternoon session 13:00 - 19:00		R377,00	R377.00
Lights to switch on first 2 hours		R377,00	R377.00
Then per half hour		R100.54	R100.00
Clubs/ Social clubs			
Occasion	R1 005.48 without touch pad		R1 000.00 without touch pad
Training sessions			
Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R377.05 per annum as well as purchase of seasonal tickets per swimmers training		Training at the swimming pool will only be allowed after payment of R377.00 per annum as well as purchase of seasonal tickets per swimmers training
<u>Zamdela Swimming Pool</u>			
: Adults : Season tickets		R87.97	R87.00
: Day tickets		R 8.78	R8.00
: Children : Season tickets		R 50.27	R50.00
: Day tickets		R 6.28	R6.00

School Galas			
Morning session 07:00 - 13:00	R377.05	R377.00	
Afternoon session 13:00 - 19:00	R377.05	R377.00	
Lights to switch on first 2 hours	R377.05	R377.00	
Then per half hour	R100.54	R100.00	
Clubs/ Social clubs			
Occasion	R1 005.48 without touch pad	R1 000.00 without touch pad	
Training sessions			
Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R377.05 per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R377.00per annum as well as purchase of seasonal tickets per swimmers training	
Cemeteries			
Zamdela : Adult : Resident	R323.19	R340.00	
:Non Resident	R1 316.70	R1 380.00	
Children : Resident	R251.37	R263.00	

	: Non resident	R1 005.48	R1 055.00
Deneysville/			
Refengkgotso / Metsimaholo :			
	: Adults : Resident	R323.19	R340.00
	: Non Resident	R1 316.70	R1 380.00
	: Children :Resident	R251.37	R263.00
	:Non Resident	R1 005.48	R1 055.00
Sasolburg:			
	: Adults : Resident	R945.63	R990.00
	: Non Resident	R3 734.64	R3 920.00
	: Children :Resident	R653.56	R685.00
	:Non Resident	R2 278.85	R2 392.00
Oranjeville:			
	: Adults : Resident	R323.19	R340.00
	: Non Resident	R1 316.70	R1 380.00
	: Children :Resident	R251.37	R263.00
	:Non Resident	R1 005.48	R1055.00
<u>Indigents</u>			
Approved as per Metsimaholo Local Municipality policy		Free	Free
<u>Urns in Walls of Remembrance</u>			
Residents		R 630,00	R660.00

e	Non Residents	R2 600,00	R2 730.00
	Placing of urn in existing grave:		
	Residents	R160,00	R170.00
	Non Residents	R170,00	R180.00
	<u>Stack Burials:</u>		
	Two coffins in one grave		
	Residents	Double price of one	One and a Half price (1.5)
	Halls		
	Zamdela/Refengkgotso/		
	Metsimaholo		
	Church Service and meetings		
	Morning session 07:00 - 13:00	R430.92	R450.00
	Afternoon session 13:00 - 19:00	R430.92	R450.00
	Extra hour	R143.64	R150.00
	Kitchen use	R143.64	R150.00
	Music/Jazz and others		
	Morning session 07:00 - 13:00	R790.02	R830.00
	Afternoon session 13:00 - 19:00	R790.02	R830.00
	Extra hour	R215.46	R225.00
	Kitchen use	R215.46	R225.00

	Funeral service and memorial service		
	Morning session 07:00 - 13:00	R359.10	R375.00
	Afternoon session 13:00 - 19:00	R359.02	R375.00
	Extra hour	R143.64	R225.00
	Kitchen use	R143.64	R225.00
	Political meetings		
	Morning session 07:00 - 13:00	R143.64	R225.00
	Afternoon session 13:00 - 19:00	R143.64	R225.00
	Extra hour	R71.82	R74.00
	Kitchen use	R71.82	R74.00
	Season 2 meetings per month	R430.92	R450.00
	Government structures		
	Morning session 07:00 - 13:00	R239.40	R250.00
	Afternoon session 13:00 - 19:00	R239.40	R250.00
	Extra hour	R59.85	R61.00
	Kitchen use	R59.85	R61.00
	Welfare	R430.92	R450.00
	Deposit		
	Music/Jazz and others	R1 436.40	R1 500.00
	All other	R287.28	R300.00

(f)	Etienne Rousseau Theatre			
		2011/2012	2012/2013	Period Covered
	Promotion of the Arts			
	(use of theatre for music, dance or drama)			
	Hire of theatre by artist/ group for show	R1 000.00	R1 060.00	Per day (until 1 hour after show ends)
	For matinee	R300.00	R320.00	Same day
	Hire of theatre by local educational institution or church or charity for presentation of the show.	R700.00	R740.00	Per day (until 1 hour after show ends)
	For additional matinee	R175.00	R185.00	
	Hire of theatre by educational institution or charity for an event such as prize giving or pageant	R800.00	R850.00	Per day (until 1 hour after show ends)
	Hire of foyer art exhibitions	R330.00	R350.00	Per day
	Hire stag only e.g. dance or drama workshops	R330.00	R350.00	Per day
	Hire foyer for function related to show / event presented in Auditorium	R275.00	R290.00	Per day
	Hire of theatre non arts related activities/ business			
	Hire of theatre for meetings	R1000.00	R1060.00	Per morning (8:00 – 13:00) afternoon (13:00 – 18:00)

				or evening (17:00 – 22:00)
	Hire of foyer only for meeting or function	R800.00	R850.00	Per morning (8:00 – 13:00) afternoon (13:00 – 18:00) or evening (17:00 – 22:00)
	Other tariffs			
	Commission on all ticket sales	10%	10%	Category 2.3
		12.5%	12.5%	Category 1
	Commission on the sale of articles exhibited	10%	10%	Category 2.3
		12.5%	12.5%	Category 1
	Rehearsals	R40.00	R43.00	Per hour between 8:30 and 16:00
		R600.00	R635.00	Per hour between 16:00 and 22:30 and Saturdays
	Preparation / dismantling of stage, sets, sound, lighting	R45.00	R48.00	Per hour
	Hire of piano, special curtains, special effects, theatre equipment	As per schedule	As per schedule	
	Other services:	Actual cost	Actual cost	
	Piano tuning			
	Special effects			

	Newspaper advertisements			
	Dresses / Hair stylists			
	Sundays	Double cost	Double cost	
	Cleaning of theatre and grounds	Discretionary	Discretionary	

(g)	Abrahamsrust recreation resort	2011/2012	2012/2013
	Season tickets (only residents)	R526.68 per annum/motor vehicle/ motor cycle powerboat R263.34/ second motor vehicle/ motorcycle	R300.00 per annum/motor vehicle/ motor cycle powerboat R150.00/ second motor vehicle/ motorcycle
	Pensioners (age 60 years)	R80.00 for 1 ticket per family	R80.00 for 1 ticket per family
	Metsimaholo workers and Councillors with proof	R191.52 for 1 ticket per family	R 120.00 for 1 ticket per family
	Non-residents registered power boat/ caravan owners:	R909.72/ annum per vehicle/ powerboat	R500.00/ annum per vehicle/ powerboat
	Entrance fees (Day visitors)		
	Season ticket holders	Free (vehicle & 6 passengers, 1 visit per day)	Free (vehicle & 6 passengers, 1 visit per day)
	Entrance fee per person	R62.84 per person per day	R50 per person per day
	Entrance fee per car	R71.82 per car per day	R60 per car per day
	Entrance fee per boat	R179.55 per boat per day	R150 per boat per day
	Entrance fee 2-6 years	R25.73 per child under 6 years per day	R10 per child 2-6 years per day

	Entrance fee for group bookings of more than 50 people		Reduce of tariffs approved by Social Director (Prior arrangements)
	Local schools and churches		R20.00 per person
	Caravan and tent sites(Power)		
	Season ticket holders/ rallies (10-29 caravans)	R152.82/ caravan/ night	R120.00 per day with power(4 persons)
	Pensioners/ Rallies (30 and more caravans)	R125.85/ caravan/ night	R100.00 per day(4 persons)
	Non-season ticket holders	R301.64/ caravan/ night	R140.00 per day(4 persons)
	Caravan and tent sites <u>without</u> power sockets/ not exceed 4 people		R150.00 per day without power
	Season ticket holders/ rallies (10-29 caravans)	R138.25/ caravan/ night	R120.00/ caravan/ night
	Pensioners/ Rallies (30 and more caravans)	R84.00/ caravan/ night	R80.00/ caravan/ night
	Non-season ticket holders	R230.00/ caravan/ night	R160.00/ caravan/ night
	Chalets		
	Small type 2-bed	R598.50	R350.00
	Large type 4-bed	R754.11	R500.00
	Luxury chalets Chalet A	R957.60	R650.00
	Chalet B (With lapa)	R1077.30	R700.00
	Monthly Rental Chalets four bed		R 4 000.00 p.m
	Park home 6 bed	R598.50	R500.00
	Monthly Rental Park home 6 bed		R3 000.00 p.m
	Refundable key deposit	R262.50	R300.00

	Lapa		
	With shelter per function	R598.50 plus entrance fee	R500.00 plus entrance fee
	Without shelter per function	R502.74 plus entrance fee	R300.00 plus entrance fee
	Hall	R595.50	R400.00
	Rental of resort for event	R100 000	R50 000 per event
	Deposit for event	R20 000	R20 000 per event refundable
	DAY VISIT ORANJEVILLE AND DENEYSVILLE		
	Season tickets (only residents)	R80.00 per annum/motor vehicle/ motor cycle powerboat R80.00/ second motor vehicle/ motorcycle	R90.00 per annum/motor vehicle/ motor cycle powerboat R80.00/ second motor vehicle/ motorcycle
	Pensioners (age 60 years)	R40.00 for 1 ticket per family	R50.00 for 1 ticket per family
	Metsimaholo workers and Councilors with proof	R90.00 for 1 ticket per family	R60.00 for 1 ticket per family
	Non-residents registered power boat/ caravan owners:	R720.00/ annum per vehicle/ powerboat	R250.00/ annum per motor vehicle/motorcycle/ powerboat R200.00/second vehicle/motorcycle/ Powerboat
	Entrance fees (Day visit) Season ticket holders	Free (vehicle & 6 passengers, 1 visit per day)	Free (vehicle & 6 passengers, 1 visit per day)

	Entrance fees (Day visitors)		
	Entrance fee per person		R10 per person per day
	Entrance fee per car		R10 per car per day
	Entrance fee per boat		R25 per boat per day
	Entrance fee 2-6 years kids		Free
	Entrance fee for group bookings of more than 50 people		Reduce of tariffs approved by Social Director (Prior arrangements)
	Local schools and churches		R5.00 per person
	Caravan and tent sites(Power)		
	Season ticket holders/ rallies (10-29 caravans)	R25/ caravan/ night	R20.00 per day with power(4 persons)
	Pensioners/ Rallies (30 and more caravans)	R25.00/ caravan/ night	R20.00 per day(4 persons)
	Non-season ticket holders	R25.00/ caravan/ night	R30.00 per day(4 persons)
	Caravan and tent sites <u>without</u> power sockets/ not exceed 4 people		R150.00 per day without power
	Season ticket holders/ rallies (10-29 caravans)	R25.00/ caravan/ night	R10.00/ caravan/ night
	Pensioners/ Rallies (30 and more caravans)	R25.00/ caravan/ night	R10.00/ caravan/ night
	Non-season ticket holders	R25.00/ caravan/ night	R15.00/ caravan/ night
	Rental of resort for event		R50 000 per event
	Deposit for event	R20 000	R20 000 per event

(h)	Moses Kotane Stadium		
	Athletics		
	In-house school sport		
	Morning	R314.21	R330.00
	Afternoon	R314.21	R330.00
	Lights to switch on first 2 hours	R251.37	R263.00
	Then per half hour	R100.54	R105.00
	Practice session	R105.00/ school/ season	R110.00/ school/ season
	Non Residents (Free State)		
	Morning		R660.00
	Afternoon		R660.00
	Lights to switch on first 2 hours		R263.00
	Then per half hour		R105.00
	Schools in Gauteng		
	Morning		R753.00
	Afternoon		R753.00
	Lights to switch on first 2 hours		R263.00
	Then per half hour		R105.00
	Provincial Meetings		
	Morning session 07:00 - 13:00		R2 135.00
	Afternoon session 13:00 - 19:00		R2 135.00

	Lights to switch on first 2 hours		R450.00
	Then per half hour		R105.00
	National Meetings		
	Morning session 07:00 - 13:00		R3 320.00
	Afternoon session 13:00 - 19:00		R3 320.00
	Lights to switch on first 2 hours		R450.00
	Then per half hour		R105.00
	Rental of Electronic Timing Equipment		
	Electronic Timing Equipment per session	R861.84	R900.00
	Soccer		
	Soccer meetings (inside stadium)		
	Morning session 07:00 - 13:00		R263.00
	Afternoon session 13:00 - 19:00		R263.00
	Lights to switch on first 2 hours		R263.00
	Then per half hour		R105.00
	Entrance income	15% of entrance fee	15% of entrance fee minimum or

		minimum or R1 575.00	R1 700.00
	Refundable damage fee	R 1000.00	R1 000.00
	Schools	R251.37/ school/ season	R260.00/ school/ season
	Other soccer games	15% of entrance fee minimum	15% of entrance fee minimum or R1 575.00
	Morning	R314.21	R330.00
	Afternoon	R314.21	R330.00
	Evening	R314.21	R330.00
	Lights to switch on first 2 hours	R251.37	R260.00
	Then per half hour	R100.54	R110.00
	Practice inside stadium	R157.50/ per hour	R165.00/per hour
	Coaching development and soccer clinics	R84.00 per occasion	R90.00 per occasion
	Practice outside fields	R157.50/ season twice weekly	R165.00/ season twice weekly
	Schools	R126.00/ season twice weekly	R130.00/ season twice weekly
	Social games	R157.50 per occasion	R165.00 per occasion
	Other facilities		
	Netball/Basketball and Tennis		
	Morning session	R84.00	R90.00
	Afternoon session	R84.00	R90.00
	Stadium Hall		
	Sports clubs and cultural groups (by pre-arrangement)	R100.54	R150.00
	Residents: Meetings	R100.54 per hour	R110.00

	Non-residents: Meetings	R200.00 per hour	R600.00
	Functions	R430.92	R450.00
	Churches and schools	Half price	Half price
	Non sporting events inside stadium		
	Rental of stadium for events(pre-approve by MM)		R50 000
	Deposit for the events		R20 000

(i)	Fire and Rescue	2011/2012	2012/2013
I	Extinguishing of fires (excluding grass-bush and rubbish fires)		
(a)	Call out fee		
	Industrial fire (High risk)	R1 100.00	R1 170.00
	Industrial fire (Low risk)	R550.00	R580.00
	Residential	R300.00	R320.00
	Institutions	R300.00	R320.00
	Public assembly	R300.00	R320.00
	Commercial	R300.00	R320.00
	Storage	R300.00	R320.00
	Shack or Informal housing (Flat rate) all costs included	R60.00	R63.00
	Heavy motor vehicle fire	R300.00	R320.00
	Motor vehicle, Motor bike, trailer with content	R120.00	R127.00
	Lamp or Electrical Poles (Council property excluded)	R120.00	R127.00
	Transformers (Council property excluded)	R300.00	R320.00

(b)	Personnel (tariff per hour)		
	Per Senior Officer	R150.00	R160.00
	Per Officer	R130.00	R138.00
	Per Senior Fireman	R120.00	R127.00
	Per Fireman	R100.00	R106.00
	(Times to be calculated from the time that the personnel left the Station until the fire has been reported as extinguished).		
(c)	Vehicles		
	Per vehicle or per fire pump per hour or part thereof calculated from the time that the vehicle has left the Station until the fire has been reported extinguished.	R400.00	R425.00
(d)	Material used		
	Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
II	<u>Grass, bush and rubbish fires</u>		
(a)	Rubbish Fires	R300.00	R320.00
	Bales of feed or Hay stack (up to 50 cubic meters)	R600.00	R636.00
	Bales of feed or Hay stack (more than 50 cubic meters)	R1 200.00	R1 272.00
(b)	Personnel(tariff per hour)		
	Per Senior Officer	R150.00	R160.00
	Per officer	R130.00	R138.00

	Per Senior Fireman	R120.00	R127.00
	Per Fireman (Times to be calculated from the time that the personnel left the Station until the fire has been reported as extinguished)	R100.00	R106.00
(c)	Vehicles		
	Per vehicle or per fire pump per hour or part thereof calculated from the time that the vehicle has left the Station until the fire has been reported extinguished.	R400.00	R425.00
(d)	Material used		
	Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
III	<u>Special services (Dangerous goods etc).</u>		
(a)	Call out Fee	R1200.00	R1272.00
(b)	Personnel(tariff per hour)		
	Per Senior Officer	R200.00	R210.00
	Per officer	R250.00	R265.00
	Per Senior Fireman	R220.00	R230.00
	Per Fireman	R180.00	R190.00
(c)	Vehicles		
	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station	R800.00	R850.00

	until the service is reported to be completed.		
	Per kilometer (Travelled to and from the time of pump per hour)	R8.00	R9.00
	Per portable pump (Real working time of pump per hour)	R130.00	R140.00
	Per Fire Hose (per hour of part thereof)	R25.00	R27.00
	Per ladder used per call	R130.00	R138.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
	For the protection or rescue of life, no fees to be charged		
IV	<i>Protection services (Standby Services)</i>		
	Where the presence of the Fire Department is compulsory with Fire pump and crew, the company responsible for the situation will be liable for the account.		
(a)	Call out Fee	R1 200.00	R1 270.00
(b)	Personnel(tariff per hour)		
	Per Senior Officer	R300.00	R320.00
	Per officer	R280.00	R300.00
	Per Senior Fireman	R250.00	R265.00
	Per Fireman	R200.00	R210.00
(c)	Vehicles		

	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R800.00	R850.00
	Per kilometer (Travelled to and from the incident per utility vehicle)	R8.00	R9.00
	Per portable pump (Real working time of pump per hour)	R130.00	R138.00
	Per Fire Hose (per hour of part thereof)	R25.00	R27.00
	Per ladder used per call	R130.00	R138.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
V	<u>Filling of swimming pools and water tanks</u>		
	Hydrants must be within 90m from swimming or tank basic levy	R250.00	R265.00
	Per Fire Hose per hour period or part thereof	R25.00	R27.00
	Per Officer	R130.00	R138.00
	Per Senior Fireman	R120.00	R127.00
	Per Fireman	R100.00	R106.00
	Per kilometer (calculated to and from the address per utility vehicle)	R8.00	R9.00
	If a fire truck is required per hour or part thereof	R400.00	R425.00
	The cost of the water as per ruling levy on residences on Sundays and Public	(Double the normal tariffs)	(Double the normal tariffs)

	holidays.		

VI	<u>Other Services</u>		
(a)	Attendance of Fireman in terms of section 14 of the standard by-laws relating to Fire Brigade Services:		
	Per entertainment, recreation meeting or other event provided that in the case of any variety entertainment or stage show conducted on schools premises or in a public hall in aid of school funds, no charges shall be charged for the attendance of a Fireman.	R300.00	R320.00
	Per Officer (tariff per hour)	R280.00	R300.00
	Per Senior Fireman (tariff per hour)	R250.00	R265.00
	Per Fireman (tariff per hour)	R200.00	R210.00
(b)	Pumping of water from property:		
	Light pump with a capacity of up to 1125 l/min per hour or part thereof	R800.00	R850.00
	Medium pump with a capacity of up to 2250 l/min per hour or part thereof	R800.00	R850.00
	Heavy pump with a capacity of up to 4500 l/min per hour or part thereof	R800.00	R850.00
	Per Officer (tariff per hour)	R250.00	R265.00
	Per Senior Fireman (tariff per hour)	R230.00	R245.00
	Per Fireman (tariff per hour)	R130.00	R138.00

(c)	Using Compressor per hour or part thereof	R60.00	R65.00
	Per Officer (tariff per hour)	R250.00	R265.00
	Per Senior Fireman (tariff per hour)	R210.00	R220.00
	Per Fireman (tariff per hour)	R200.00	R210.00
(d)	Emergency Rescue unit per hour or part thereof		
	Per Officer (tariff per hour)	R231.00	R231.00
	Per Senior Fireman (tariff per hour)	R230.00	R245.00
	Per Fireman (tariff per hour)	R200.00	R210.00
(e)	Any other duty not mentioned under item VI per hour or part thereto		
	Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).	R800.00	R850.00
	Per kilometer (Travelled to and from the incident per utility vehicle)	R8.00	R9.00
	Per Officer (tariff per hour)	R250.00	R265.00
	Per Senior Fireman (tariff per hour)	R230.00	R240.00
	Per Fireman (tariff per hour)	R200.00	R210.00

(f)	Firebreaks per hour or part thereof		
	Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).	R550.00	R580.00
	Per Officer(tariff per hour)	R400.00	R425.00
	Per Senior Fireman(tariff per hour)	R250.00	R265.00
	Per Fireman(tariff per hour)	R230.00	R240.00
(g)	Special Service		
	Refilling of cylinders(SCBA)	R35.00 per cylinder	R38.00 per cylinder
	Issuing of Dangerous Goods Certificate	R250.00 per unit (yearly)	R300.00 per unit (yearly)
	Issuing of Fire Certificate in business	R250.00 per business (yearly)	R300.00 per business (yearly)
	Basic Fire Fighter Training	R300.00 per person	R320.00 per person
	Renting of Lecture Room	R350.00 per Morning session	R370.00 per Morning session
	Renting of Lecture Room	R350.00 per Afternoon session	R370.00 per Afternoon session
	Extra hour	R100.00	R110.00
	Kitchen use	R100.00	R110.00

	Traffic Services	2011/2012	2012/2013
	<u>Abnormal loads escorts and excavations</u>		
	Per Officer (Per hour or part thereof)	R120.00	R127.00
	Per Officer Overtime (Per hour or part thereof)	R250.00	R265.00
(a)	Sport Meetings		
	Per Officer (Per hour or part thereof)	R180.00	R190.00
	Per Officer Overtime (Per hour or part thereof)	R250.00	R265.00
(b)	Impounded Vehicles		
	Hitching of vehicles	R500.00	R530.00
	Towing of the vehicle	R350.00	R370.00
	Tracing of the owner	R800.00	R850.00
	Storage Fees(per day including first and last day)	R80.00	R85.00
(c)	Erection of posters DEPOSIT	R250.00	R250.00
	COST PER POSTER	R10.00	R10.00
(d)	Street Trading OUTSKIRTS	R100.00 pm	R100.00 pm
	CBD	R150.00 pm	R100.00 pm

DIVISION	R 2011/12	R 2012/13
Economic Development		
NO tariffs recommended		
Leases - General:		
- Rental arrangements as agreed per contract	Contractual	Contractual
Containers at Zamdela Taxi Rank	R120.00 p.m.	R130.00 p.m.
Housing and Property Management Services		
Leases - General:		
- Rental arrangements as agreed per contract	Contractual	Contractual
<u>Thembaletu Hostel (141 x 101.02 m² units)</u>		
Block A - 24 x units (shower & bath)	R1'100.00 p.m.	R1'100.00 p.m.
Block B - 18 x units (shower & bath)	R1'100.00 p.m.	R1'100.00 p.m.
Block C - 24 x units (shower)	R990.00 p.m.	R990.00 p.m.
Block D - 18 x units (shower)	R990.00 p.m.	R990.00 p.m.

Block E - 30 x units (shower)	R990.00 p.m.	R990.00 p.m.
Block F - 9 x units (shower)	R990.00 p.m.	R990.00 p.m.
Block F - 18 x units (shower)	R990.00 p.m.	R990.00 p.m.
Single Units - 18 x beds (6 x flats with 3 x bedrooms)	R440.00 p.m.	R440.00 p.m.
<i>(Other)</i>		
Tuck shop / Churches (62 m ²)	R80.00 p/day	R80.00 p/day
Tuck shop / Milk depot (13 m ²)	R75.00 p.m.	R80.00 p.m.
Tuck shop / F Shai (22 m ²)	R165.00 p.m.	R75.00 p.m.
Tuck shop / M Kok (22 m ²)	R165.00 p.m.	R165.00 p.m.
Tuck shop / L Tau (22 m ²)	R165.00 p.m.	R165.00 p.m.
Tuck shop / Dry Cleaners (37 m ²)	R165.00 p.m.	R165.00 p.m.
Tuck shop / Hair Saloon (41 m ²)	R165.00 p.m.	R165.00 p.m.
Tuck shop / Upholsterer (46 m ²)	R165.00 p.m.	R165.00 p.m.
Tuck shop / Dressmaking (80 m ²)	R160.00 p.m.	R160.00 p.m.
Tuck shop / Crèche (197 m ²)	R70.00 p.m.	R70.00 p.m.
Tuck shop / Video Shop (207 m ²)	R185.00 p.m.	R185.00 p.m.

Former kitchen/Hall per activity		R300.00 p.m
Recycling Business		R1 000.00 p.m
Themba lethu Community Hall		R250.00 p/day
<u>HOSTELS</u>		
Hostel 1 = 377 units		
Hostel 2 = 330 units		
Hostel 3 = 389 units		
Hostel 4 = 112 units		
Phomolong = 40 units		
- Fixed Hostel Rent / Tariff	<i>R140.00 p.m(rent)plus R150.00 p.m water consumption</i>	R110.00 pm <i>R80.00 p.m(flat rate) plus R30.00 p.m water consumption</i>
After corrective action on hostels		<i>R135.00p.m (Rental) plus water consumption</i>
- Fixed Hostel Rent / Tariff for purposes of a maximum of 4 single persons sharing a rental unit, that each single should contribute individually and that the rental amount of R155.00 pm. plus water consumption R165 be divided by the number of persons sharing / occupying the unit)	<i>R140.00 p.m plus R150.00 p.m Water consumption</i>	R110.00pm <i>R80.00 p.m(flat rate) plus R30.00 p.m</i>

After corrective action on hostels	<i>Divided by number of people sharing</i>	<i>Water consumption Divided by number of people sharing R135.00p.m (Rental) plus water consumption</i>
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ALIENATION OF LAND (Open Spaces)

Temporary allocation of land not exceeding 21 days (such Circuses / Churches for spiritual revivals / church outreaches)	R30.00 / day	R35.00 / day
Initiation Schools not exceeding 50days		R800.00(fixed)Water provision to be agreed with Civil Engineering
Temporary leases for parking purposes on open portions of land	R5.00per day per parking bay of 40 m ²	R10.00/per day per parking bay of 40 m ²
Cattle owners Leases - grazing	R220.00 pm per cattle owner	R250.00 p.m per cattle owner

Urban Planning

Rezoning	R320.00 / application	R320.00 / application
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Subdivision	R320.00 / application	R320.00 / application
Consolidation	R320.00 / application	R320.00 / application
Consent uses	R2`100.00 / application	R2`100.00 / application
Zoning Certificates	R110.00 / application	R110.00 / application
Building Plan: Approval Fee	R260.00 / application	R273.00 / application
	R16.00 / 10m for the first 1`000 m ²	R17.00 / 10m for the first 1`000 m ²
	R14.00 / 10m for the following 1`000 m ² – namely 1`001 to 2`000 m ²	R15.00 / 10m for the following 1`000 m ² – namely 1`001 to 2`000 m ²
	R12.00 / 10m for the following 1`000 m ² – namely 2`001 m ² to 4 000 m ²	R13.00 / 10m for the following 1`000 m ² – namely 2`001 m ² to 4 000 m ²

Internal alterations on building plans	R260.00	R273.00
Swimming pools	R260.00	R273.00
Shade nets	R260.00	R273.00

Boundary walls	R260.00	R273.00
Permits	R260.00	R273.00
Signage	R260.00	R273.00
Inspection fee (farms / plots)	R420.00 / plan	R441.00 / plan
Building clause certificates	R260.00	R260.00
Billboards	R32.00 / m ²	R32.00 / m ²
Encroachments fees	<i>To be determined</i>	<i>To be determined</i>
Penalties	<i>To be determined</i>	<i>To be determined</i>
PAVEMENT DEPOSIT	<i>R50</i>	<i>R500</i>
Erection of posters DEPOSIT	R250.00	R250.00
COST PER POSTER	R10.00	R10.00
Street Trading OUTSKIRTS	R100.00 pm	R100.00 pm
CBD	R150.00 pm	R100.00 pm

1.5 Operating Expenditure Framework

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Zero based budgets , plus inflation in line with Treasury guidelines
- All increases more that the inflation to be properly motivated.
- Professional fees to be unpacked
- Proper motivations for items where under spending was incurred in the prior year
- The filling of vacancies should support challenges identified and key priorities as adopted at the strategy plan.

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

Table 13 Summary of operating expenditure by standard classification item

Operating expenditure by main type	2011/12	2012/13	2013/14	2014/15
	Adjusted Budget	MTREF	MTREF	MTREF
	R'000	R'000	R'000	R'000
Employee related costs	178 573	182 964	202 202	218 998
Remuneration of councillors	12 402	12 863	14 020	15 119
Bad debts	42 000	45 000	47 000	47 000
Repairs and maintenance	33 369	53 399	57 658	61 577
Bulk purchases-electricity	126 211	154 594	184 345	227 426
Bulk purchases-water	86 631	98 518	106 673	115 480
Contracted services	13 003	16 092	18 088	20 481
Finance charges	15 476	21 076	7 966	7 134
General expenses	96 051	111 697	119 852	122 245
Transfers and grants	24 002	31 295	35 011	38 083
Depreciation	70 805	50 000	39 942	39 488
	698 523	777 498	832 757	913 031

Employee Related Cost: The budgeted allocation for employee related costs for the 2012/13 financial year totals R182.9 million, which equals 23.5 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 8 per cent for the 2012/13 financial year. An annual increase of 9 and 8 per cent has been included in the two outer years of the MTREF. The increase covers also the increments and partially job evaluation. Based on the proposed amended structure critical vacancies need to be determined. As a baseline, provision is made for vacancies of R11.3 million in 2012/2013, R3.7 million in 2013/2014 and R1 million in 2014/2015. The vacancies based on the approved structure is R62 million.

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

Bad Debts: The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt collection and Credit Control Policy of the Municipality. For the 2012/13 financial year this amount equates to R45 million and escalates to R47 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Depreciation: Provision for depreciation and asset impairment has been informed by the Accounting Standards. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard before off set depreciation against accumulated surplus fund is done, is R75 million. The offset depreciation is R25.5 million per year. The budget appropriation after offset totals R50 million for the 2012/13 financial and equates to 6.4 per cent of the total operating expenditure. It should be 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. The assets were R494 million (2009/10) before the compilation of the new asset register and the depreciation was R25.7 million for the year 2009/10. The depreciation for 2009/10 was recalculated after compilation of new asset register and came to R57.6 million or increase of 124%. The assets on the new asset register are R1.8 billion (2010/11) and the depreciation was R67.3 million for the year 2010/11. The increase on depreciation from 2009/2010 to 2010/2011 is 162%.

Finance charges: Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.5 per cent (R21million) of operating expenditure excluding annual redemption for 2012/13 and decreases to R7.1 million by 2014/15.

Bulk purchases Electricity and Water: Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Repair and maintenance: Repair and maintenance (Schedule A4 as other materials) comprises of amongst others the purchase, materials for maintenance, cleaning materials and chemicals, as well as contractors. In line with the Municipality's repairs and maintenance plan

this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2012/13 the appropriation against this group of expenditure has grown by 60 per cent (R20 million) and continues to grow at 7.9 and 6.8 per cent for the two outer years of which budget allocation is in excess of R61million by 2014/15.

Contracted services: In the 2012/13 financial year, Contracted services totals R16 million and has escalated by 23.7 per cent, clearly demonstrating the application of cost in efficiencies. For the two outer years growth has been limited to 12.4 and 13.2 per cent. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings measures will be implemented. Further details relating to contracted services can be seen in Table 50 MBRR SA1 (see page 168).

General expenses: Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 11.9 per cent for 2012/13 and curbed at 7.3 and 2.0 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to other expenditure can be seen in Table 50 MBRR SA1 (see page 168).

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

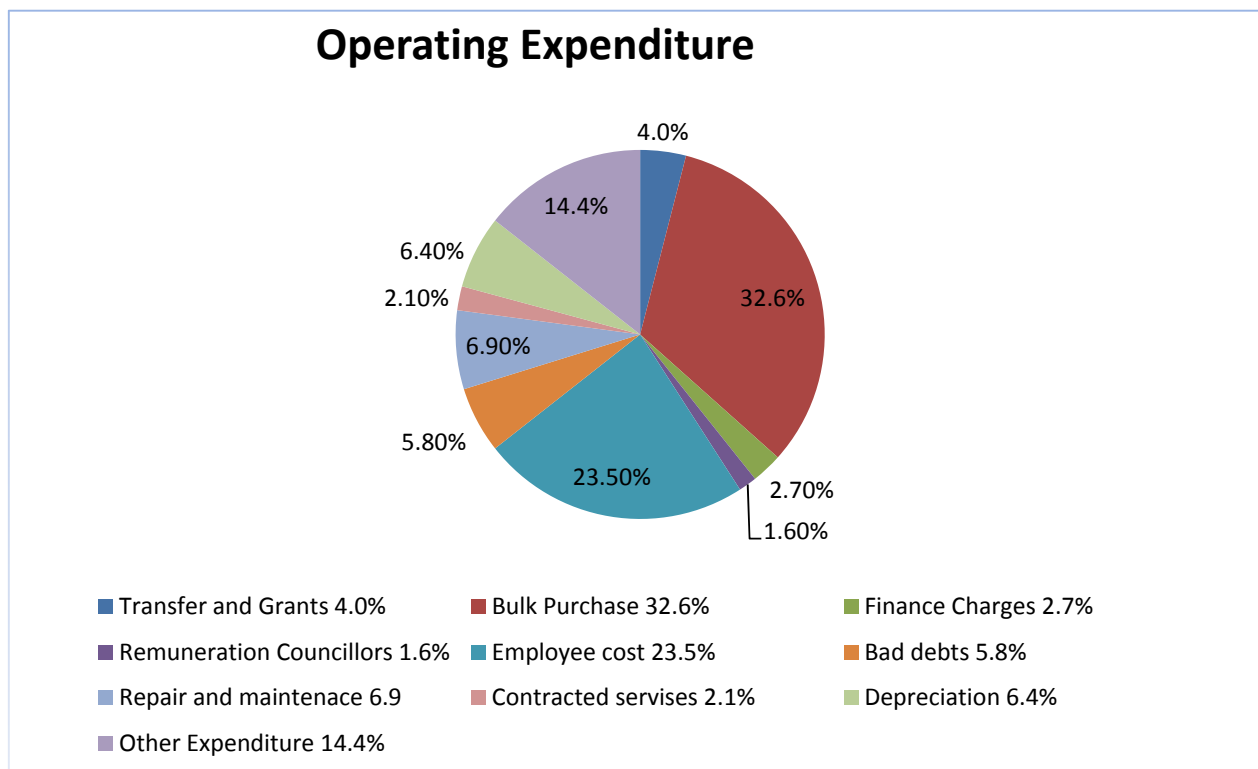


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance. 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. Remuneration is still included in Employee cost but in the table the employees cost of Technical Services is added to reflect the repair and maintenance cost. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

	2008/09	2009/10	2010/11	Current 2011/12			2012/2012MTREF		
	Audit Outcome	Audit Outcome	Audit Outcome	Original budget	Adjust Budget	Full year forecast	Budget 2012/13	Budget 2013/14	Budget 2013/14
R thousand									
Employee related cost	25 231	29 055	33 482	39 815	41 487	35 804	38 533	42 073	45 269
Materials and contracted services	15 584	17 350	26 492	33 782	33 369	29 246	53 399	57 658	61 577
Total repairs and maintenance expenditure	40 815	46 405	59 974	73 597	74 856	65 050	91 932	99 731	106 846

During the compilation of the 2012/13 MTREF operational budget repairs and maintenance was identified as a strategic imperative owing to the ageing Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 22.8 per cent in the 2012/13 financial year, from R 74.9million to R91.9million. During the 2011/12 Adjustment Budget this allocation was adjusted slightly downwards to R 33.4 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2012/13 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2012/13 equates to R91.9 million a growth of 22.8 per cent in relation to the Adjustment Budget and continues to grow at 8.5 and 7.1 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance (excluding remuneration of staff) comprises of 6.9, 6.9 and 6.8 per cent for the respective financial years of the MTREF.

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

Table 15 Repairs and maintenance per asset class

	2008/09	2009/10	2010/11	Current 2011/12			2012/2012MTREF		
R thousand	Audit Outcome	Audit Outcome	Audit Outcome	Original budget	Adjust Budget	Full year forecast	Budget 2012/13	Budget 2013/14	Budget 2013/14
Repair and maintenance per asset class									
Infrastructure Roads	13 086	11 900	20 859	16 648	18 937	16 392	27 519	29 748	32 096
Infrastructure Electricity	6 300	8 484	8 830	13 184	12 973	12 494	21 155	22 965	24 501
Infrastructure Water	10 214	9 961	6 978	14 008	12 797	12 597	17 792	19 331	20 848
Infrastructure Sanitation	3 899	6 436	6 707	11 308	9 597	9 405	12 970	14 101	15 299
Infrastructure Other	622	0	629	770	770	449	812	877	948
Community	237	64	0	704	704	411	443	470	496
Other assets	6 456	9 561	15 971	16 975	19 076	13 302	11 241	12 239	12 658
Total Operating expenditure	40 814	46 406	59 974	73 597	74 854	65 050	91 932	99 731	106 846

For the 2012/13 financial year, 87.3 per cent or R80.2 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 23 per cent (R21.1million), road infrastructure at 30 per cent (R27.5 million), and water at 19.4 per cent (R17.8 million) and sanitation at 14.1 per cent (R12.9 million). Community assets have been allocated R443 000 of total repairs and maintenance equating to 0.5 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 90 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 98.

The threshold to qualify as indigent increase from R2 500 to R2 750.

Owners of stands with a valuation up to R84 000 will automatically qualified as indigent. However it if is found that this household's monthly income exceed R2 750(2012/13 and R2 500

in 2011/12), they will be de-register as indigent. If a household's monthly income is less than R2 750(2012/13 and R2 500 in 2011/12), and the valuation of property exceed R50 000, they can apply for subsidy and be registered as indigent. All other cases to be considered for Council approval.

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

1.6 Capital expenditure

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

Table 16 2012/13 Medium-term capital budget per vote

Capital expenditure by vote	2011/12		2012/13		2013/14		2014/15	
	Adjusted Budget	%	MTREF	%	MTREF	%		%
	R'000		R'000		R'000		R'000	
Exec. & Council (MM, Executive Mayor, Council)	1 401	1.4	12 656	9.2	2 112	1.7	360	0.29
Corporate Services	4 628	4.4	2 110	1.5	2 493	2.0	0	0
Social Services	7 702	7.6	7 138	5.2	24 731	20.0	31 065	25.0
Refuse Removal	2 235	2.2	1 904	1.4	6 729	5.5	13 435	10.8
Public Safety	1 776	1.7	450	0.3	16 637	13.4	16 518	13.3
Sport and Recreation	2 537	2.6	2 288	1.7	507	0.4	567	0.5
Community Services	1 154	1.1	2 496	1.8	858	0.7	545	0.4
Technical Services	87 720	86.09	114 702	83.2	93 996	75.8	88 054	70.7
Streets and Storm water	13 700	13.4	24 370	17.7	19 000	15.3	15 000	12.1
Sewerage	14 673	14.4	40 265	29.2	28 356	22.9	22 775	18.2
Water supply	23 735	23.3	27 600	20.1	13 070	10.5	12 959	10.4
Electricity supply	24 432	24.09	20 225	14.6	30 570	24.7	37 320	30.0
Mechanical Workshop/Buildings	8 000	7.8	1 242	0.9	1 000	0.8	0	0
Administration	3 180	3.1	1 000	0.7	2 000	1.6	0	0
Financial Services	523	0.5	546	0.4	104	0.1	8	0.01
Economic Dev. and Planning	3	0.01	750	0.5	500	0.4	5 000	4.00
Housing & Urban Planning	3		750		500		5 000	
Economic Development								
	101 977	100	137 902	100	123 936	100	124 487	100

The biggest single portion of capital expenditure is allocated to Technical Services which amounts to **R114.7** million in 2012/2013 decreasing to R88 **million** in 2014/2015

It is projected that capital expenditure will decrease over the next three years. This mainly due to delays in confirmation of funding from external sources (province and district) inadequate planning by departments of their capital projects over the medium term. This issue is continuously being addressed as part of the municipality's budget reform programme. However, the two outer years will be populated with projects during the 2012/2013 budget and IDP process. Roads receives R24.3 million in 2012/13 which equates to 17.7 per cent, electricity at 14.6 per cent, R20.2 million and sewer 29.2 per cent, R40.3 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 95. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 160,162 and 163). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Capital Program support economic development

- Brick and Paving Manufacturing Plant (Sasol Mining))
- Infrastructure Investment Plan 133 Stands Vaal park (financed by loan)

Conditional Grants

- Gortin sewer R6.5m(2012/13), R12.3m(2013/14) R20.3m(2014/15)
- Metsimaholo sewer R5m(2012/13), R12.2m (2013/14) R1.1m(2014/15)
- Amelia sewer network R2 m(2012/13), R1.9m(2013/14)
- Construction of roads & storm water R1.3m (Gortin Roads)
- Augmentation of bulk water and purification works R15.8m(2012/13), R1.8m(2013/14)
- Refengkgotso water network, 2537 stands. R10m(2013/14), R12.6m (2014/15)
- Amelia/Gortin& Mooidraai bulk electricity supply R10 (2012/2013); R5m (2013/2014); R20m (2014/2015)

Own funding

- R1.7m for new and existing dumping site permits and a weigh bridge in Sasolburg
- Planning and surveying of stands R750 000
- Water demand and conservation plan R1m
- Storm water channel Chris Hani and Refengkgotso R500 000
- Roads R10m (2012/2013); R15m(2013/2014); R15m(2014/2015)
- Renovation of building R500 000(2012/2013); R500 000(2013/2014)

Loan

- Water and Electrical metering R11m
- Roads and storm water R10.5m

Furthermore Annexure A on pages __ to __ contains a detail breakdown of the capital budget per project over the medium-term.

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

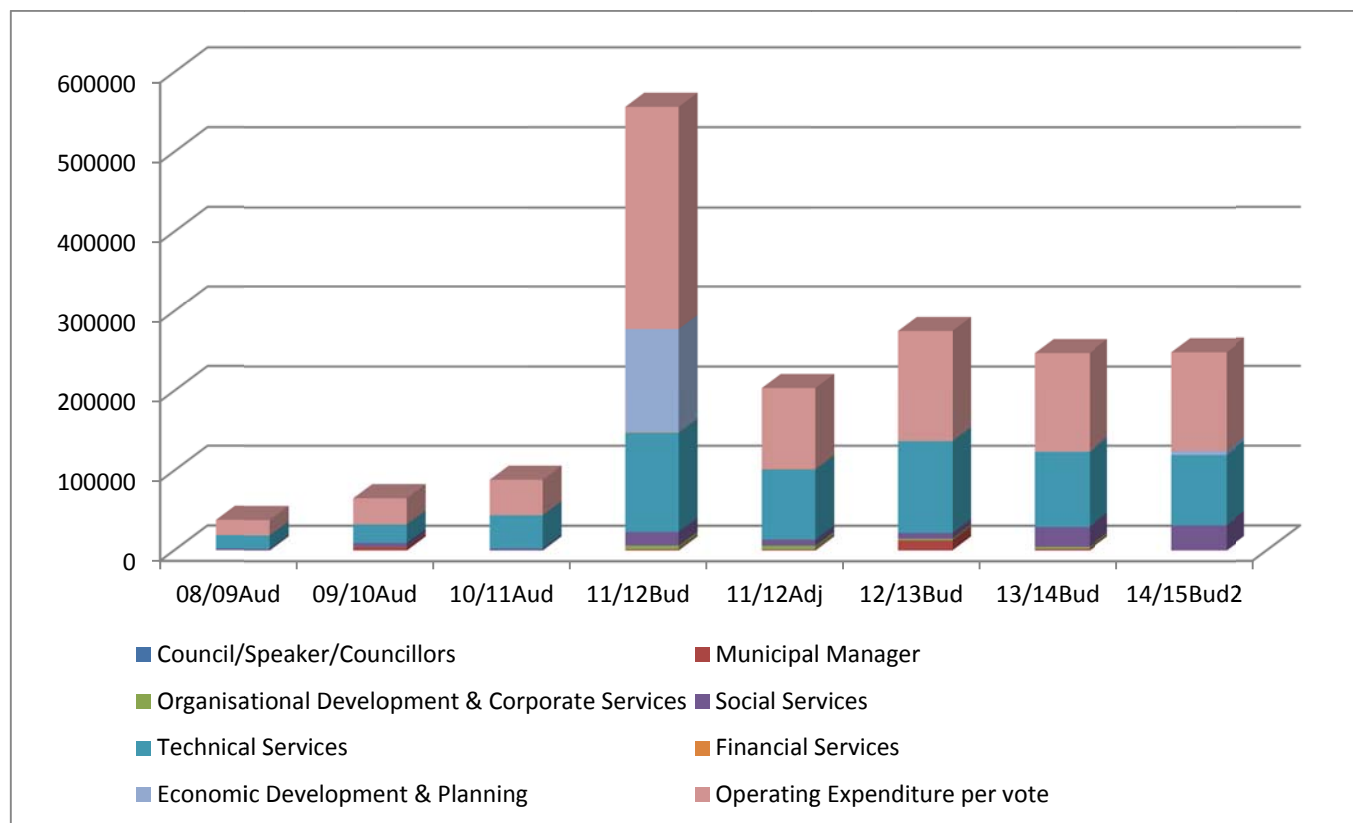


Figure 2 Capital Infrastructure Programme

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

FS204 Metsimaholo - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	61 816	70 977	77 041	79 008	84 208	84 208	–	90 245	96 654	102 330
Service charges	186 101	251 005	304 748	373 192	373 192	361 233	–	434 903	464 038	489 017
Investment revenue	2 893	2 213	4 445	2 200	2 100	1 467	–	2 300	2 400	2 400
Transfers recognised - operational	53 543	66 192	83 228	95 398	93 627	63 599	–	107 206	109 508	117 692
Other own revenue	59 385	33 831	28 053	87 103	70 364	58 069	–	62 370	68 585	74 730
Total Revenue (excluding capital transfers and contributions)	363 738	424 218	497 515	636 901	623 491	568 575	–	697 024	741 185	786 169
Employee costs	105 056	121 595	142 166	177 843	178 573	173 224	–	182 964	202 202	218 998
Remuneration of councillors	8 424	9 283	9 737	12 402	12 402	7 235	–	12 863	14 020	15 119
Depreciation & asset impairment	26 377	25 677	67 359	45 037	70 805	70 805	–	50 000	39 942	39 488
Finance charges	556	4 753	4 645	18 703	11 703	10 910	–	21 076	7 966	7 134
Materials and bulk purchases	125 986	150 607	187 436	239 623	246 210	221 246	–	306 511	348 676	404 483
Transfers and grants	4 224	9 869	15 409	24 002	24 002	14 001	–	31 295	35 011	38 083
Other expenditure	175 948	128 020	86 538	153 883	154 827	95 183	–	172 789	184 939	189 725
Total Expenditure	446 571	449 804	513 291	671 493	698 522	592 603	–	777 498	832 757	913 031
Surplus/(Deficit)	(82 833)	(25 586)	(15 776)	(34 592)	(75 031)	(24 028)	–	(80 474)	(91 572)	(126 862)
Transfers recognised - capital	16 881	26 328	41 082	38 901	49 858	49 858	–	59 768	62 772	70 087
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(65 952)	742	25 306	4 309	(25 173)	25 830	–	(20 706)	(28 800)	(56 775)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(65 952)	742	25 306	4 309	(25 173)	25 830	–	(20 706)	(28 800)	(56 775)
Capital expenditure & funds sources										
Capital expenditure	20 519	32 688	44 214	278 227	101 977	162 299	–	137 902	123 936	124 487
Transfers recognised - capital	16 951	26 010	41 082	178 667	52 834	104 222	–	59 768	52 213	70 087
Public contributions & donations	–	–	912	15 500	–	9 042	–	–	–	–
Borrowing	1 442	–	–	47 000	19 000	27 417	–	43 000	7 000	–
Internally generated funds	2 126	6 678	2 220	37 060	30 143	21 618	–	35 134	64 723	54 400
Total sources of capital funds	20 519	32 688	44 214	278 227	101 977	162 299	–	137 902	123 936	124 487
Financial position										
Total current assets	102 631	96 031	223 903	70 698	208 399	206 049	–	198 179	193 140	168 875
Total non current assets	309 197	316 663	846 417	640 813	888 478	806 738	–	895 928	944 676	1 007 315

Total current liabilities	108 993	113 960	133 338	77 200	88 345	96 000	–	117 983	128 477	143 369
Total non current liabilities	12 256	22 633	59 820	85 400	79 490	76 314	–	101 935	107 334	104 710
Community wealth/Equity	290 579	276 101	877 162	548 911	929 042	840 473	–	874 189	902 005	928 111
Cash flows										
Net cash from (used) operating	(13 586)	61 951	87 192	171 194	58 538	53 440	–	68 459	66 007	51 976
Net cash from (used) investing	(10 200)	(29 638)	(44 285)	(250 727)	(85 626)	(62 363)	–	(97 909)	(63 921)	(70 747)
Net cash from (used) financing	(2 705)	3 910	(16 385)	30 138	14 976	3 976		21 312	2 402	(5 240)
Cash/cash equivalents at the year end	(27 550)	8 673	35 195	(14 200)	23 083	30 248		22 110	26 598	2 587
Cash backing/surplus reconciliation										
Cash and investments available	20 568	31 934	35 195	25 000	37 600	37 748		22 110	26 598	2 587
Application of cash and investments	(28 585)	(3 517)	(39 692)	(3 035)	(16 506)	(10 017)		364	10 101	17 004
Balance - surplus (shortfall)	49 153	35 451	74 886	28 035	54 106	47 765	–	21 746	16 497	(14 417)
Asset management										
Asset register summary (WDV)	205 596	308 767	43 764	266 060	145 288	145 288		212 866	156 758	167 211
Depreciation & asset impairment	26 377	25 677	67 359	45 037	70 805	70 805		50 000	39 942	39 488
Renewal of Existing Assets	–	–	–	12 316	12 316	7 184		1 723	523	–
Repairs and Maintenance	40 814	46 406	59 975	73 597	74 854	65 050		91 932	99 731	106 846
Free services										
Cost of Free Basic Services provided	31 239	35 540	38 959	41 498	41 498	6 675		45 080	54 273	54 806
Revenue cost of free services provided	35 463	40 516	38 960	52 674	52 674	53		55 160	65 626	72 963
Households below minimum service level										
Water:	2	2	2	2	2	2		2	2	2
Sanitation/sewerage:	2	2	2	2	2	2		2	2	2
Energy:	–	–	–	–	–	–		–	–	–
Refuse:	8	10	20	30	30	30		20	10	6

Explanatory notes to MBRR Table A1 - Budget Summary

- 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).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

- iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. If the municipality's cash flow is positive, and is improving it indicates that the necessary cash resources are available to fund the Capital Budget. Capital from own funding (accumulated surplus) will only be used based on the availability of cash.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

FS204 Metsimaholo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
<i>Governance and administration</i>		100 702	141 924	178 369	207 145	209 580	138 097	149 427	154 204	162 549
Executive and council		98	10 798	15 972	40 793	39 022	27 195	282	287	292
Budget and treasury office		100 604	131 126	162 398	166 352	170 558	110 901	143 542	147 680	155 521
Corporate services		-	-	-	-	-	-	5 602	6 236	6 736
<i>Community and public safety</i>		10 017	10 340	13 621	43 868	23 364	29 245	28 770	49 371	49 544
Community and social services		5 011	1 146	427	3 141	2 603	2 094	2 197	1 528	1 588
Sport and recreation		1 896	1 047	1 970	2 647	1 765	1 765	1 650	12 338	1 916
Public safety		1 297	3 675	4 669	13 080	4 995	8 720	12 508	22 505	30 540
Housing		1 813	4 472	6 555	25 000	14 001	16 667	12 415	13 000	15 500
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		185	4 606	22 618	12 936	12 997	8 624	1 850	560	580
Planning and development		185	900	1 186	916	977	611	530	560	580
Road transport		-	3 706	21 432	12 020	12 020	8 013	1 320	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		269 360	328 959	369 232	464 355	479 911	309 570	561 745	582 426	625 996
Electricity		106 620	121 399	156 803	200 044	213 501	133 363	228 680	241 099	270 199
Water		115 011	158 319	152 826	199 458	201 958	132 972	208 352	216 033	229 313
Waste water management		29 609	27 440	28 992	28 448	28 598	18 965	73 022	70 231	67 969
Waste management		18 120	21 801	30 611	36 405	35 854	24 270	51 692	55 064	58 515
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	380 264	485 829	583 840	728 304	725 852	485 536	741 792	786 561	838 669
Expenditure - Standard	-									
<i>Governance and administration</i>		161 416	141 419	155 477	208 214	204 100	121 458	146 380	139 728	142 439
Executive and council		35 684	43 062	55 172	91 344	79 462	53 284	70 533	66 887	70 714
Budget and treasury office		125 732	98 357	100 305	116 870	124 638	68 174	32 391	34 495	34 650
Corporate services		-	-	-	-	-	-	43 456	38 347	37 075
<i>Community and public safety</i>		59 538	46 241	53 176	68 223	66 881	39 797	70 419	75 770	82 923
Community and social services		13 224	7 635	7 328	10 299	10 162	6 008	13 033	14 043	14 813
Sport and recreation		28 293	17 407	19 383	23 934	25 463	13 962	22 248	23 777	25 076
Public safety		15 833	18 549	23 266	30 498	27 742	17 791	31 883	34 512	39 343
Housing		2 188	2 650	3 199	3 492	3 514	2 037	3 255	3 437	3 691
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		22 770	24 623	50 760	33 874	51 364	19 760	31 745	33 212	32 584
Planning and development		3 030	4 849	4 308	6 638	6 070	3 872	5 291	6 299	6 233
Road transport		19 740	19 774	46 452	27 236	45 294	15 888	26 453	26 913	26 351
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		201 098	272 767	299 122	417 993	428 680	243 829	460 556	508 993	575 921
Electricity		81 917	117 459	139 280	180 730	190 442	105 426	212 736	243 430	291 345
Water		79 369	103 483	104 093	161 360	163 388	94 127	167 634	178 268	191 164
Waste water management		23 628	31 500	30 242	41 400	40 101	24 150	40 403	43 560	46 359
Waste management		16 184	20 325	25 506	34 503	34 749	20 127	39 783	43 735	47 053

<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	444 822	485 050	558 534	728 304	751 025	424 844	709 100	757 703	833 867
Surplus/(Deficit) for the year		(64 558)	779	25 306	-	(25 173)	60 692	32 692	28 858	4 802

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

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

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

FS204 Metsimaholo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS		73	3	250	500	500	333	-	-	-
Vote 2 - MUNICIPAL MANAGER		509	733	1 156	24 262	22 491	16 175	2 361	2 491	2 491
Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES		449	922	410	423	805	282	513	522	527
Vote 4 - SOCIAL SERVICES		26 314	28 538	53 753	55 274	45 218	36 849	68 428	91 831	93 146
Vote 5 - INFRASTRUCTURAL SERVICES		251 256	316 806	362 831	439 980	456 087	293 320	526 003	544 372	584 491
Vote 6 - FINANCIAL SERVICES		103 404	108 329	118 087	129 883	133 707	86 589	143 542	147 680	155 521
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		2 067	4 188	11 723	25 480	14 540	16 987	15 945	17 060	20 080
Total Revenue by Vote	2	384 072	459 519	548 209	675 802	673 348	450 535	756 792	803 956	856 257
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS		15 325	17 280	21 579	23 641	24 020	13 791	35 592	39 444	41 736
Vote 2 - MUNICIPAL MANAGER		10 858	14 656	32 939	62 120	53 300	36 237	47 187	34 621	36 076
Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES		29 191	11 487	21 416	22 077	21 554	12 878	20 778	21 102	20 212
Vote 4 - SOCIAL SERVICES		70 571	61 967	86 996	94 128	93 571	54 908	104 273	113 325	123 863
Vote 5 - INFRASTRUCTURAL SERVICES		215 342	280 025	372 638	422 328	451 403	246 358	518 973	569 965	636 890
Vote 6 - FINANCIAL SERVICES		97 476	64 142	28 288	34 640	33 855	20 207	32 437	34 546	35 269
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		7 809	9 183	16 210	16 868	20 819	9 840	18 258	19 754	18 985
Total Expenditure by Vote	2	446 572	458 740	580 065	675 802	698 522	394 218	777 497	832 757	913 031
Surplus/(Deficit) for the year	2	(62 500)	779	(31 856)	-	(25 174)	56 317	(20 705)	(28 801)	(56 774)

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

The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 20 Surplus/(Deficit) calculations for the trading services

Description	2008/09	2009/10	2010/11	2011/2012	2011/12	2011/12	2012/13	2013/14	2014/15
R Thousand	Audit outcome	Audit outcome	Audit outcome	Original Budget	Adjusted Budget	Full Year Forecast	MTREF	MTREF	MTREF
Electricity									
Total Revenue	221 113	285 639	309 629	200 044	213 501	179 238	239 270	253 790	282 895
Total Expenditure	152 716	220 941	243 374	180 730	190 442	182 576	229 990	263 513	311 605
Surplus/(Deficit) for the year	68 397	64 698	66 255	19 314	23 059	3 338	9 280	(9 723)	(28 710)
Percentage Surplus	44.8%	29.3	27.2%	10.7%	10.8%	1.8%	3.9%	(3.8%)	(10.2%)
Water									
Total Revenue	114 783	161 346	152 826	199 458	201 958	182 838	212 289	220 247	233 384
Total Expenditure	72 868	103 483	104 093	161 360	163 389	155 982	178 014	189 427	202 725
Surplus/(Deficit) for the year	41 915	57 863	48 733	38 098	38 569	26 856	34 275	30 820	30 659
Percentage Surplus	57.5%	55.9%	46.8%	23.6%	23.6%	17.2%	16.2%	13.9%	13.1%

- The electricity trading surplus is deteriorating over the 2012/13 MTREF from 3.9 per cent or R9.3 million in 2012/13 to a deficit of 10.2 per cent by 2014/15. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers. Problems are also experienced with NERSA regarding the approval of tariffs.

3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 16.2 per cent, 13.9 per cent and 13.1 per cent for each of the respective financial years.

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

FS204 Metsimaholo - Table A4 Budgeted Financial Performance
(revenue and expenditure)

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	61 816	70 977	77 041	79 008	84 208	84 208	–	90 245	96 654	102 330
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	69 702	98 520	133 940	173 593	173 593	170 163	–	205 117	217 260	227 400
Service charges - water revenue	2	79 195	122 289	122 833	146 016	146 017	144 177	–	151 716	163 757	173 568
Service charges - sanitation revenue	2	12 254	13 623	17 970	17 046	17 045	15 956	–	32 518	34 940	37 388
Service charges - refuse revenue	2	13 923	16 163	23 629	26 882	26 882	24 500	–	37 112	40 081	42 486
Service charges - other		11 027	410	6 376	9 655	9 655	6 437	–	8 440	8 000	8 176
Rental of facilities and equipment		2 590	4 136	4 136	9 764	4 740	6 509	–	4 503	9 101	9 207
Interest earned - external investments		2 893	2 213	4 445	2 200	2 100	1 467	–	2 300	2 400	2 400
Interest earned - outstanding debtors		18 780	16 102	14 211	10 875	14 175	7 250	–	16 002	17 175	18 475
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		1 052	3 445	4 374	12 708	4 708	8 472	–	12 007	13 007	14 007
Licences and permits		57	52	73	150	150	100	–	163	171	181
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		53 543	66 192	83 228	95 398	93 627	63 599	–	107 206	109 508	117 692
Other revenue	2	36 906	9 401	2 729	36 606	36 591	24 404	–	20 695	24 132	25 360
Gains on disposal of PPE		–	695	2 530	17 000	10 000	11 333	–	9 000	5 000	7 500
Total Revenue (excluding capital transfers and contributions)		363 738	424 218	497 515	636 901	623 491	568 575	–	697 024	741 185	786 169
Expenditure By Type											
Employee related costs	2	105 056	121 595	142 166	177 843	178 573	173 224	–	182 964	202 202	218 998
Remuneration of councillors		8 424	9 283	9 737	12 402	12 402	7 235	–	12 863	14 020	15 119
Debt impairment	3	87 051	73 033	10 231	42 000	42 000	24 500	–	45 000	47 000	47 000
Depreciation & asset impairment	2	26 377	25 677	67 359	45 037	70 805	70 805	–	50 000	39 942	39 488
Finance charges		556	4 753	4 645	18 703	11 703	10 910	–	21 076	7 966	7 134
Bulk purchases	2	110 402	133 257	160 944	205 841	212 841	192 000	–	253 112	291 018	342 906
Other materials	8	15 584	17 350	26 492	33 782	33 369	29 246	–	53 399	57 658	61 577
Contracted services		6 606	9 801	12 309	13 003	13 003	13 003	–	16 092	18 088	20 481
Transfers and grants		4 224	9 869	15 409	24 002	24 002	14 001	–	31 295	35 011	38 083
Other expenditure	4, 5	82 291	44 979	58 955	98 880	99 824	57 680	–	111 698	119 851	122 244
Loss on disposal of PPE		–	207	5 043	–	–	–	–	–	–	–
Total Expenditure		446 571	449 804	513 291	671 493	698 522	592 603	–	777 498	832 757	913 031
Surplus/(Deficit)		(82 833)	(25 586)	(15 776)	(34 592)	(75 031)	(24 028)	–	(80 474)	(91 572)	(126 862)
Transfers recognised - capital		16 881	26 328	41 082	38 901	49 858	49 858	–	59 768	62 772	70 087
Contributions recognised	6	–	–	–	–	–	–	–	–	–	–

- capital											
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(65 952)	742	25 306	4 309	(25 173)	25 830	-	(20 706)	(28 800)	(56 775)
Taxation											
Surplus/(Deficit) after taxation		(65 952)	742	25 306	4 309	(25 173)	25 830	-	(20 706)	(28 800)	(56 775)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(65 952)	742	25 306	4 309	(25 173)	25 830	-	(20 706)	(28 800)	(56 775)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(65 952)	742	25 306	4 309	(25 173)	25 830	-	(20 706)	(28 800)	(56 775)

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

1. Total revenue is R697 024 million in 2012/13 and escalates to R786 169 million by 2014/15. This represents a year-on-year increase of 6.3 per cent for the 2013/14 financial year and 6.0 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R90.2 million in the 2012/13 financial year and increases to R102.3 million by 2014/15 which represents 11.9 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent, 9 per cent and 8 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R426 million for the 2012/13 financial year and increasing to R480.8 million by 2014/15. For the 2012/13 financial year services charges amount to 61.2 per cent of the total revenue base and stay unchanged per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 13.5 per cent and 13.6 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.

5. The following graph illustrates the major expenditure items per type.

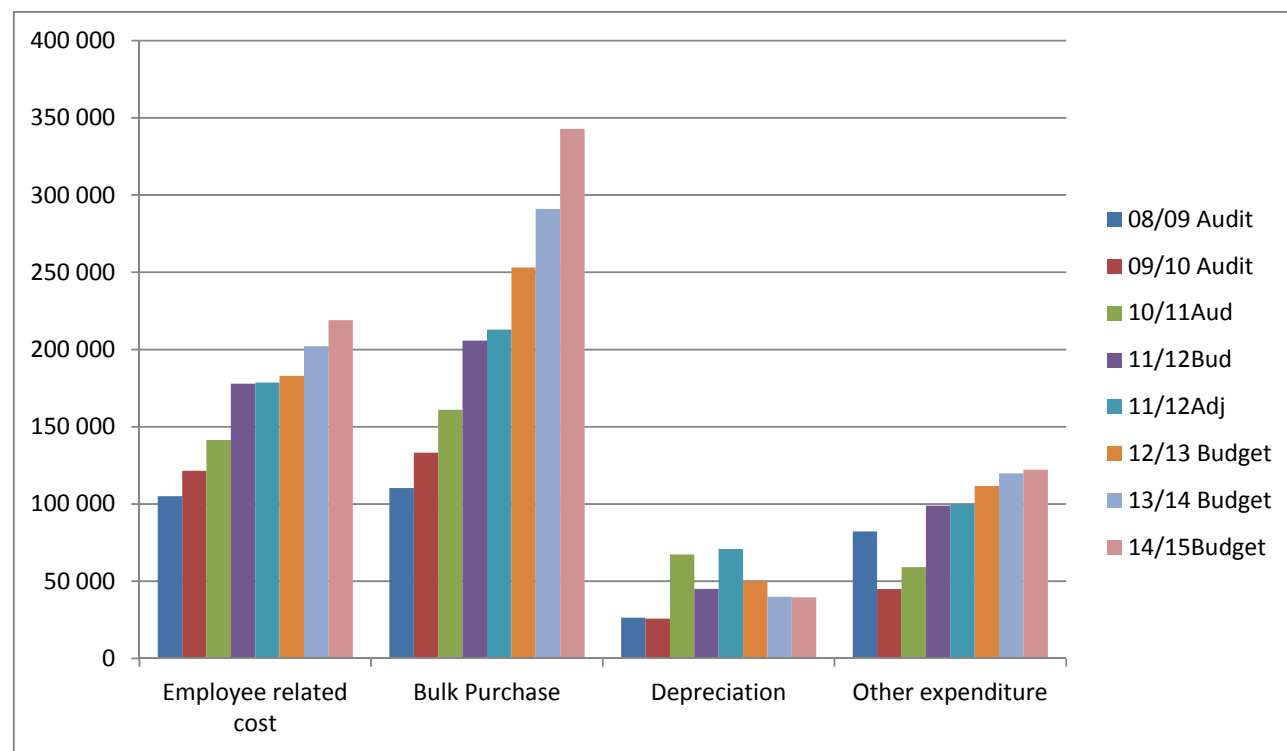


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2008/09 to 2014/15 period escalating from R110.4 million to R342.9 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand 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 lessen the impact of wage and bulk tariff increases in future years.

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

FS204 Metsimaholo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
<u>Multi-year expenditure to be appropriated</u>											
Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS	2	-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - SOCIAL SERVICES		-	-	-	-	-	-	-	-	8 988	15 988
Vote 5 - INFRASTRUCTURAL SERVICES		-	-	-	-	-	-	-	72 148	64 145	70 519
Vote 6 - FINANCIAL SERVICES		-	-	-	-	-	-	-	100	100	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	72 248	73 233	86 507
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS		328	-	-	-	-	-	-	106	112	118
Vote 2 - MUNICIPAL MANAGER		59	4 333	(1 726)	1 541	1 401	899	-	12 550	2 000	242
Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES		183	236	410	4 628	4 628	2 700	-	2 110	2 493	-
Vote 4 - SOCIAL SERVICES		1 548	4 817	2 632	17 151	7 702	10 005	-	7 138	15 744	15 077
Vote 5 - INFRASTRUCTURAL SERVICES		16 792	23 191	41 709	123 876	87 720	72 261	-	42 555	29 851	17 535
Vote 6 - FINANCIAL SERVICES		39	98	754	528	523	308	-	446	4	8
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		1 570	13	435	130 503	3	76 127	-	750	500	5 000
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		20 519	32 688	44 214	278 227	101 977	162 299	-	65 654	50 704	37 980
Total Capital Expenditure - Vote		20 519	32 688	44 214	278 227	101 977	162 299	-	137 902	123 936	124 487
<u>Capital Expenditure - Standard</u>											
<u>Governance and administration</u>		609	4 667	(563)	6 697	6 552	3 907	-	19 352	5 110	360
Executive and council		-	-	(1 726)	1 541	1 401	899	-	106	112	118
Budget and treasury office		39	98	754	528	523	308	-	16 678	2 505	242
Corporate services		570	4 569	410	4 628	4 628	2 700	-	2 568	2 493	-
<u>Community and public safety</u>		1 676	4 830	2 886	142 718	7 702	83 252	-	13 367	17 977	17 629
Community and social services		15	4 763	2 248	1 845	1 845	1 076	-	13 197	833	1 112
Sport and recreation		91	54	140	1 530	1 530	893	-	-	507	-
Public safety		-	-	244	10 343	4 327	6 033	-	170	16 637	16 517
Housing		1 570	13	254	129 000	-	75 250	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<u>Economic and environmental services</u>		-	-	21 013	29 453	27 953	17 181	-	15 320	19 500	20 009
Planning and development		-	-	181	1 503	3	877	-	1 500	500	5 009
Road transport		-	-	20 832	27 950	27 950	16 304	-	13 820	19 000	15 000

Environmental protection		–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		18 234	23 191	20 805	87 679	48 090	51 146	–	86 413	78 725	85 489
Electricity		2 366	6 683	8 982	20 609	16 432	12 022		18 200	30 570	37 320
Water		1 818	7 556	5 028	48 964	16 986	28 562		27 495	13 070	12 959
Waste water management		12 608	8 952	6 794	14 673	14 672	8 559		38 942	28 356	21 775
Waste management		1 442	–	–	3 433	–	2 003		1 775	6 729	13 435
<i>Other</i>		–	–	73	11 680	11 680	6 813		3 451	2 624	1 000
Total Capital Expenditure - Standard	3	20 519	32 688	44 214	278 227	101 977	162 299	–	137 902	123 936	124 487
Funded by:											
National Government		16 951	25 997	41 082	41 901	52 834	24 442		59 768	52 213	70 087
Provincial Government		–	13	–	131 124	–	76 489		–	–	–
District Municipality		–	–	–	5 642	–	3 291		–	–	–
Other transfers and grants		–	–	–	–	–	–		–	–	–
Transfers recognised - capital	4	16 951	26 010	41 082	178 667	52 834	104 222	–	59 768	52 213	70 087
Public contributions & donations	5	–	–	912	15 500	–	9 042		–	–	–
Borrowing	6	1 442	–	–	47 000	19 000	27 417		43 000	7 000	–
Internally generated funds		2 126	6 678	2 220	37 060	30 143	21 618		35 134	64 723	54 400
Total Capital Funding	7	20 519	32 688	44 214	278 227	101 977	162 299	–	137 902	123 936	124 487

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R72 million has been allocated of the total R137.9 million capital budget, which totals 52.4 per cent. This allocation increase to R73.2 million in 2013/14 and then increase to R86.5 million in 2014/15
3. Single-year capital expenditure has been appropriated at R65.6 million for the 2012/13 financial year and flattens out over the MTREF at levels of R50.7 million and R37.9 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programs are funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year surpluses. For 2012/13, capital transfers (grants) totals R59.8 million (43.3 per cent) and escalates to R70.1 million by 2014/15 (56.3 per cent). Borrowing has been provided at R50 million over the MTREF with internally generated funding totaling R35.1 million, R64.7 million and R54.4 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 - Budgeted Financial Position

FS204 Metsimaholo - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		6 325	5	8 132	2 000	9 000	19 748		15 110	18 098	–
Call investment deposits	1	8 043	29 499	27 062	15 000	20 000	10 500	–	7 000	8 500	9 000
Consumer debtors	1	75 935	54 209	97 207	30 098	85 000	100 207	–	92 388	89 542	87 875
Other debtors		10 034	10 127	15 940	22 000	19 000	14 667		14 000	12 500	11 000
Current portion of long-term receivables		50	130	14 634	–	14 000	–		3 681	2 500	2 000
Inventory	2	2 244	2 061	60 927	1 600	61 399	60 927		66 000	62 000	59 000
Total current assets		102 631	96 031	223 903	70 698	208 399	206 049	–	198 179	193 140	168 875
Non current assets											
Long-term receivables		289	10	–		–	–				
Investments		6 200	7 738	–	8 000	8 600	7 500		–	–	–
Investment property				43 724		43 724	43 724		43 724	43 724	43 724
Investment in Associate				–		–	–				
Property, plant and equipment	3	302 674	308 904	791 459	632 813	826 115	753 475	–	845 204	894 752	957 691
Agricultural				–							
Biological				–							
Intangible		34	11	39	–	39	39		–	–	–
Other non-current assets				11 194		10 000	2 000		7 000	6 200	5 900
Total non current assets		309 197	316 663	846 417	640 813	888 478	806 738	–	895 928	944 676	1 007 315
TOTAL ASSETS		411 828	412 694	1 070 320	711 511	1 096 877	1 012 787	–	1 094 107	1 137 816	1 176 190
LIABILITIES											
Current liabilities											
Bank overdraft	1		5 308	–			–		–	–	6 413
Borrowing	4	6 727	7 732	15 626	16 000	18 345	–	–	2 937	3 266	3 820
Consumer deposits		7 395	8 341	9 558	9 200				10 000	11 200	12 500
Trade and other payables	4	94 871	92 579	107 388	52 000	70 000	96 000	–	105 046	114 011	120 636
Provisions				766							
Total current liabilities		108 993	113 960	133 338	77 200	88 345	96 000	–	117 983	128 477	143 369
Non current liabilities											
Borrowing		12 256	4 535	9 209	64 000	25 490	22 667	–	42 923	43 011	35 241
Provisions		–	18 098	50 610	21 400	54 000	53 647	–	59 012	64 323	69 469
Total non current liabilities		12 256	22 633	59 820	85 400	79 490	76 314	–	101 935	107 334	104 710
TOTAL LIABILITIES		121 249	136 593	193 157	162 600	167 835	172 314	–	219 918	235 811	248 079
NET ASSETS	5	290 579	276 101	877 162	548 911	929 042	840 473	–	874 189	902 005	928 111
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	290 579	276 101	877 162	548 911	929 042	840 473		874 189	902 005	928 111
Reserves		–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	290 579	276 101	877 162	548 911	929 042	840 473	–	874 189	902 005	928 111

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 52 is supported by an extensive table of notes (SA3 which can be found on page 174) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non- current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 MBRR Table A7 - Budgeted Cash Flow StatementFS204 Metsimaholo - Table A7 Budgeted
Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		413 343	486 858	492 548	471 545	430 668	415 668		509 428	565 353	603 670
Government - operating	1	–	–	–	95 398	93 627	93 627		107 206	109 508	117 692
Government - capital	1	–	–	–	174 668	52 834	52 834		59 768	52 213	70 087
Interest		21 673	19 806	19 755	11 678	14 858	14 858		16 702	17 858	19 028
Dividends		–	–	–	–	–	–				
Payments											
Suppliers and employees		(408 139)	(439 960)	(420 681)	(533 231)	(493 971)	(490 971)		(572 053)	(635 672)	(713 004)
Finance charges		(5 000)	(4 753)	(4 430)	(24 860)	(15 476)	(16 573)		(21 076)	(7 966)	(7 134)
Transfers and Grants	1	(35 463)	–		(24 004)	(24 002)	(16 003)		(31 515)	(35 286)	(38 363)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(13 586)	61 951	87 192	171 194	58 538	53 440	–	68 459	66 007	51 976
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		559	895	(44 214)	17 000	1 000	1 000		9 000	5 000	7 500
Decrease (Increase) in non-current debtors		(19 113)	(32 668)	(2 433)	–	–	–		–	–	–
Decrease (increase) other non-current receivables		6 298	2 876	2 362	10 000	–	–		–	–	–
Decrease (increase) in non-current investments		2 056	(741)	–	500	500	500		7 500	–	–
Payments											
Capital assets		–	–		(278 227)	(87 126)	(63 863)		(114 409)	(68 921)	(78 247)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(10 200)	(29 638)	(44 285)	(250 727)	(85 626)	(62 363)	–	(97 909)	(63 921)	(70 747)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		5 246	9 680	–	–	–	–				
Borrowing long term/refinancing		(4 050)	(1 335)	–	47 000	19 000	8 000		32 000	7 000	
Increase (decrease) in consumer deposits		251	946	1 218	–	–	–		1 000	1 200	1 300
Payments											
Repayment of borrowing		(4 152)	(5 381)	(17 603)	(16 862)	(4 024)	(4 024)		(11 688)	(5 798)	(6 540)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 705)	3 910	(16 385)	30 138	14 976	3 976	–	21 312	2 402	(5 240)
NET INCREASE/ (DECREASE) IN CASH HELD		(26 491)	36 223	26 522	(49 395)	(12 112)	(4 947)	–	(8 138)	4 488	(24 011)
Cash/cash equivalents at the year begin:	2	(1 059)	(27 550)	8 673	35 195	35 195	35 195	35 195	30 248	22 110	26 598
Cash/cash equivalents at the year end:	2	(27 550)	8 673	35 195	(14 200)	23 083	30 248	35 195	22 110	26 598	2 587

Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

FS204 Metsimaholo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	(27 550)	8 673	35 195	(14 200)	23 083	30 248		22 110	26 598	2 587
Other current investments > 90 days		41 918	15 523	(0)	31 200	5 917	-		(0)	(0)	0
Non current assets - Investments	1	6 200	7 738	-	8 000	8 600	7 500		-	-	-
Cash and investments available:		20 568	31 934	35 195	25 000	37 600	37 748	-	22 110	26 598	2 587
Application of cash and investments											
Unspent conditional transfers		5 712	15 567	11 760	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(51 269)	(19 084)	(51 452)	(3 035)	(16 506)	(10 017)	-	364	10 101	17 004
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	16 972									
Total Application of cash and investments:		(28 585)	(3 517)	(39 692)	(3 035)	(16 506)	(10 017)	-	364	10 101	17 004
Surplus(shortfall)		49 153	35 451	74 886	28 035	54 106	47 765	-	21 746	16 497	(14 417)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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).

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 2008/09 to 2011/12 period. There was a change in cash flow and from 2010/11 the current portion of investments was included.
4. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. In addition the Municipality will undertake an extensive debt collection drive.
6. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
7. Cash and cash equivalents totals R22.1 million as at the end of the 2012/13 financial year and decrease to cash and cash equivalents of R2.6 million by 2014/15.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 to 2011/12 the surplus increase from R49 million to R54 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively deteriorate from a surplus of R21.7 million in 2012/13 to a deficit of R14.4 million by 2014/15.
9. Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2010/11 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2011/12 financial year the unspent grant from Department of Energy of R7.1 million was deducted from the transfer of Equitable Share grant transfer in 2011/2012 and R3.5 million will be deducted in 2012/2013.

Table 26 MBRR Table A9 - Asset Management

FS204 Metsimaholo - Table A9 Asset Management

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	24 520	32 687	44 214	267 710	101 977	156 164	136 179	123 413	124 487
<i>Infrastructure - Road transport</i>		6 803	–	20 813	13 420	13 700	7 828	13 820	19 000	15 000
<i>Infrastructure - Electricity</i>		1 708	6 673	9 508	18 280	24 432	10 663	18 200	28 037	35 150
<i>Infrastructure - Water</i>		1 818	7 556	2 742	48 696	23 735	28 406	27 495	12 170	12 559
<i>Infrastructure - Sanitation</i>		12 609	8 951	5 751	13 310	14 673	7 764	38 942	27 846	22 775
<i>Infrastructure - Other</i>		–	–	–	1 650	452	963	14 075	8 050	13 900
Infrastructure		22 938	23 180	38 814	95 356	76 992	55 624	112 533	95 103	99 384
Community		526	4 661	4 073	132 412	3 413	77 240	818	200	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	1 056	4 846	1 327	39 942	21 572	23 300	22 828	28 111	25 103
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	2	–	–	–	12 316	12 316	7 184	1 723	523	–
<i>Infrastructure - Road transport</i>		–	–	–	11 000	11 000	6 417	–	–	–
<i>Infrastructure - Electricity</i>		–	–	–	–	–	–	–	–	–
<i>Infrastructure - Water</i>		–	–	–	–	–	–	–	–	–
<i>Infrastructure - Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Infrastructure - Other</i>		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	11 000	11 000	6 417	–	–	–
Community		–	–	–	–	–	–	400	13	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	1 316	1 316	768	1 323	510	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>	4									
<i>Infrastructure - Road transport</i>		6 803	–	20 813	24 420	24 700	14 245	13 820	19 000	15 000
<i>Infrastructure - Electricity</i>		1 708	6 673	9 508	18 280	24 432	10 663	18 200	28 037	35 150
<i>Infrastructure - Water</i>		1 818	7 556	2 742	48 696	23 735	28 406	27 495	12 170	12 559
<i>Infrastructure - Sanitation</i>		12 609	8 951	5 751	13 310	14 673	7 764	38 942	27 846	22 775
<i>Infrastructure - Other</i>		–	–	–	1 650	452	963	14 075	8 050	13 900
Infrastructure		22 938	23 180	38 814	106 356	87 992	62 041	112 533	95 103	99 384
Community		526	4 661	4 073	132 412	3 413	77 240	1 218	213	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		1 056	4 846	1 327	41 258	22 888	24 067	24 151	28 621	25 103
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE	2	24 520	32 687	44 214	280 026	114 293	163 349	137 902	123 936	124 487

- Asset class										
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>		50 954	6 938		13 420	13 700	13 700	29 320	17 000	15 000
<i>Infrastructure - Electricity</i>		46 169	43 717		18 280	24 432	24 432	27 900	28 037	35 150
<i>Infrastructure - Water</i>		40 241	43 681		48 696	23 735	23 735	21 297	11 850	12 559
<i>Infrastructure - Sanitation</i>		59 960	109 198		13 310	14 673	14 673	36 782	27 895	21 775
<i>Infrastructure - Other</i>			26 680		-	-	-			
Infrastructure		197 324	230 214	-	93 706	76 540	76 540	115 299	84 782	84 484
Community		7 957	13 404		132 412	3 413	3 413	6 800	9 231	500
Heritage assets		281	110							
Investment properties		-	-	43 724	-	43 724	43 724	43 724	43 724	43 724
Other assets			65 028		39 942	21 572	21 572	47 043	19 021	38 503
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		34	11	39	-	39	39	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	205 596	308 767	43 764	266 060	145 288	145 288	212 866	156 758	167 211
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		26 377	25 677	67 359	45 037	70 805	70 805	50 000	39 942	39 488
<u>Repairs and Maintenance by Asset Class</u>	3	40 814	46 406	59 975	73 597	74 854	65 050	91 932	99 731	106 846
<i>Infrastructure - Road transport</i>		13 086	11 900	20 859	16 648	18 937	16 392	27 519	29 748	32 096
<i>Infrastructure - Electricity</i>		6 300	8 484	8 830	13 184	12 973	12 494	21 155	22 965	24 501
<i>Infrastructure - Water</i>		10 214	9 961	6 978	14 008	12 797	12 597	17 792	19 331	20 848
<i>Infrastructure - Sanitation</i>		3 899	6 436	6 707	11 308	9 597	9 405	12 970	14 101	15 299
<i>Infrastructure - Other</i>		622	-	629	770	770	449	812	877	948
Infrastructure		34 121	36 781	44 003	55 918	55 074	51 337	80 248	87 022	93 692
Community		237	64	-	704	704	411	443	470	496
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	6 456	9 561	15 971	16 975	19 076	13 302	11 241	12 239	12 658
TOTAL EXPENDITURE OTHER ITEMS		67 191	72 083	127 334	118 634	145 659	135 855	141 932	139 674	146 334
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	4.4%	10.8%	4.4%	1.2%	0.4%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	27.3%	17.4%	10.1%	3.4%	1.3%	0.0%
<i>R&M as a % of PPE</i>		13.5%	15.0%	7.6%	11.6%	9.1%	8.6%	10.9%	11.1%	11.2%
<i>Renewal and R&M as a % of PPE</i>		20.0%	15.0%	137.0%	32.0%	60.0%	50.0%	44.0%	64.0%	64.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The requirements on repair and maintenance are met when the employee related cost is added to materials, 2012/13 10.9 per cent, 2013/14 11.1 per cent and 2014/15 11.2 per cent.

3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

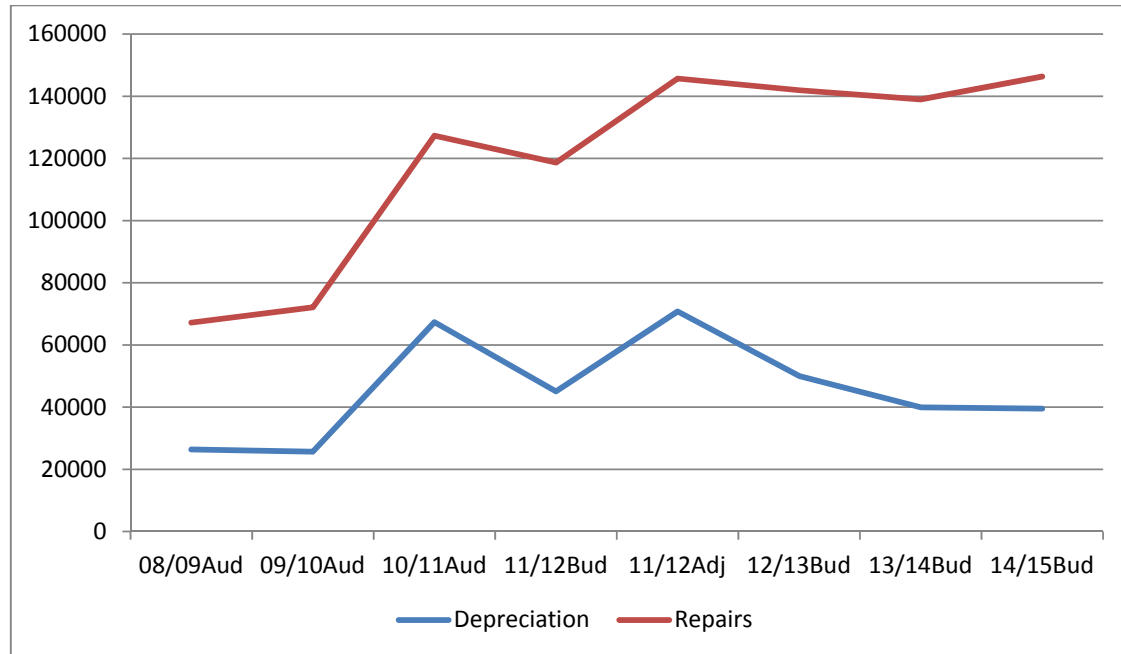


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

FS204 Metsimaholo - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		22 000	22 000	22 000	25 000	25 000	25 000	25 000	25 000	25 000
Piped water inside yard (but not in dwelling)		1 000	1 000	1 000	2 000	2 000	2 000	2 000	2 000	2 000
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		23 000	23 000	23 000	27 000	27 000	27 000	27 000	27 000	27 000
Using public tap (< min.service level)	3	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
Total number of households	5	25 000	25 000	25 000	29 000	29 000	29 000	29 000	29 000	29 000
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		14 000	14 000	14 000	19 000	19 000	19 000	19 000	19 000	19 000
Flush toilet (with septic tank)		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Chemical toilet					6 000	6 000	6 000	6 000	6 000	6 000
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		15 000	15 000	15 000	26 000	26 000	26 000	26 000	26 000	26 000
Bucket toilet		2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
Total number of households	5	17 000	17 000	17 000	28 000	28 000	28 000	28 000	28 000	28 000
<u>Energy:</u>										
Electricity (at least min.service level)		17 000	17 000	17 000	4 000	4 000	4 000	6 000	5 000	5 000
Electricity - prepaid (min.service level)		15 000	15 000	15 000	27 000	27 000	27 000	28 000	30 000	31 000
<i>Minimum Service Level and Above sub-total</i>		32 000	32 000	32 000	31 000	31 000	31 000	34 000	35 000	36 000
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	32 000	32 000	32 000	31 000	31 000	31 000	34 000	35 000	36 000
<u>Refuse:</u>										
Removed at least once a week		35 000	38 000	40 000	40 000	40 000	40 000	45 000	50 000	55 000

<i>Minimum Service Level and Above sub-total</i> Removed less frequently than once a week Using communal refuse dump Using own refuse dump Other rubbish disposal No rubbish disposal <i>Below Minimum Service Level sub-total</i> Total number of households	5	35 000	38 000	40 000	40 000	40 000	40 000	45 000	50 000	55 000
		4 000	5 000	10 000	15 000	15 000	15 000	10 000	5 000	3 000
		4 000	5 000	10 000	15 000	15 000	15 000	10 000	5 000	3 000
		8 000	10 000	20 000	30 000	30 000	30 000	20 000	10 000	6 000
		43 000	48 000	60 000	70 000	70 000	70 000	65 000	60 000	61 000
Households receiving Free Basic Service Water (6 kilolitres per household per month) Sanitation (free minimum level service) Electricity/other energy (50kwh per household per month) Refuse (removed at least once a week)	7									
		26 000	26 000	26 000	29 000	29 000	29 000	29 000	29 000	29 000
		16 000	16 000	16 000	20 000	20 000	20 000	20 000	20 000	20 000
		32 000	32 000	32 000	31 000	31 000	31 000	34 000	35 000	36 000
		6 000	6 000	6 000	12 000	12 000	12 000	12 000	12 000	12 000
Cost of Free Basic Services provided (R'000) Water (6 kilolitres per household per month) Sanitation (free sanitation service) Electricity/other energy (50kwh per household per month) Refuse (removed once a week) Total cost of FBS provided (minimum social package)	8	–								
		17 076	17 560	17 153	19 170	19 170	19 170	18 043	19 487	14 841
		3 671	3 976	4 415	4 218	4 218	4 218	5 293	6 034	6 456
		7 930	9 594	11 758	11 470	11 470	11 470	10 160	15 239	19 049
		2 562	4 410	5 634	6 640	6 640	6 640	11 584	13 514	14 460
Highest level of free service provided Property rates (R value threshold) Water (kilolitres per household per month) Sanitation (kilolitres per household per month) Sanitation (Rand per household per month) Electricity (kwh per household per month) Refuse (average litres per week)		35 000	35 000	35 000	35 000	35 000	35 000	35 000	35 000	35 000
		10	10	10	10	10	10	10	10	10
		–								
		52	56	60	64	64	64	68	73	78
		50	50	50	50	50	50	50	50	50
Revenue cost of free services provided (R'000) Property rates (R15 000 threshold rebate) Property rates (other exemptions, reductions and rebates) Water Sanitation Electricity/other energy Refuse Municipal Housing - rental rebates Housing - top structure subsidies Other Total revenue cost of free services provided (total social package)	9				9 529	9 529	9 529	9 214	10 504	11 239
		4 224	4 976	–	–	–	–	–	–	–
		17 076	17 560	17 153	19 170	19 170	19 170	22 498	24 427	26 137
		3 671	3 976	4 415	5 865	5 865	5 865	1 704	1 943	2 079
		7 930	9 594	11 758	11 470	11 470	11 470	10 160	15 239	19 049
	6	2 562	4 410	5 634	6 640	6 640	6 640	11 584	13 514	14 460
		35 463	40 516	38 960	52 674	52 674	53	55 160	65 626	72 963

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – in process to contrasted a water reservoir.
 - b. Sanitation services – backlog will be reduced by 3 600 households in 2012/13
 - c. Electricity services – the municipality is in process to build a new substation and the backlog will be reduced after the completion of the substation.
3. Refuse services – additional refuse removal trucks will assist in delivering more efficient and extended services
4. The budget provides for 12 000 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
5. It is anticipated that Free Basic Services to indigent will cost the municipality R44.2 million in 2012/13, increasing to R58.8 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
6. In addition to the Free Basic Services, the Municipality also 'gives' households R21.5 million in free services in 2012/13, and it increases to R26.5 million in 2014/15. The forgone income on Rates for valuation less than R35 000 that all households receives is R9.2 million.

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.

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 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 September 2011. Attached as Annexure B on page___ the time table for IDP and Budget process. Key dates applicable to the process were:

- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January and February 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2012** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **3 February 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;
- **21 to 22 February 2012** - Budget bilateral meetings with all the departments.
- **8 to 13 March 2012** - Recommendations are communicated to the respective departments.
- **22 March 2012** - Recommendations are communicated to informal Council meeting, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;
- **29 March 2012** - Tabling in Council of the draft 2011/12 IDP and 2011/12 MTREF for public consultation;
- **April 2012** – Public consultation;
- **9 May 2012** - Closing date for written comments;
- **9 to 15 May 2012**– finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework;
- **16 May 2012** - Informal Council meeting, and
- **30 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is a new 5-year IDP which will cover the period 2012/13 to 2016/17 and will be adopted by Council in May 2012. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the drafting and compilation of the 2012/13 IDP and MTREF.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into strategic priorities objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the compilation of the new 5-year plan included the following key IDP processes and deliverables:

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

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

With the compilation of the 2012/13 MTREF, each directorate/department had to review the business planning process, including the setting of priorities and targets in line with the 2011 Local Government Election Manifesto (LGEM), Medium Term Strategic Framework (MTSF) priorities and the revised National Key Performance Indicators (NKPIs). Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

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

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

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

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 51 and 58 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 29 March 2012 for community consultation will be published on the municipality's website, and hard copies will be made available at 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.

The following table provides a clear illustration of the types of consultations, stakeholders involved, dates on which the various consultations took place and the respective venues.



P O Box 60
SASOLBURG
1947

DRAFT BUDGET and IDP PUBLIC MEETINGS

Notice is hereby given in terms of Section 16 read with Section 17 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) and Section 22 and 23 of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003) that the Metsimaholo Local Municipality invites members of the public and stakeholders to participate in the Public meetings as indicated below for the 2011/2012 Draft Budget and IDP.

Ward	Name	Date	Venue	Time
Ward1 Phase 3,4 & 5	Clr. M A Tamane	2 April 2012	Kopanelang Thuto	17:00
Ward 1 Green Church	Clr. M A Tamane	3 April 2012	Open Space	17:00
Ward 6 Ward 13	Clr. M N Sejaki Clr. L M Phepheng- Lelahla	4 April 2012	Credo Primary School	17:00
Ward 11	Clr T.K. Mabasa	10 April 2012	Zamdela Hall	17:00
Ward 8	Clr. L.S. Semonyo	11 April 2012	Zamdela Arts & Culture Centre	17:00
Ward 9	Clr S.S. Mofokeng	12 April 2012	Lerato Hall	17:00
Ward 3,& 4	Clr. M.S. Poho Clr. N.D. Motloun	16 April 2012	Refengkgotso Hall	17:00
Ward 5	Clr. S. Moreki	17 April 2012	Metsimaholo Hall	17:00

Ward 5 Farmers	Clr. Moreki	18 April 2012	Oranjeville Primary	18:00
Deneysville Ward 5 & 20	Clr. S Moreki	19 April 2012	Deneysville Primary School	17:00
Businesses/ Industries	All Councillors	20 April 2012 and 15 May 2012	Etienne Rousseau Theatre	07:00
Ward 14 Ward 18 Farmers	Clr. J D Viljoen Clr. D M Oswald	23 April 2012	Vaalpark Primary School	18:00
Ward 14 Ward 15 Ward 16 Ward 17 Farmers	Clr. J.D. Viljoen Clr. J J Grobbelaar Clr. H J Moolman Clr. M C van der Walt	24 April 2012	Etienne Rousseau Theatre	18:00
Ward 19	Clr. A K Mare	25 April 2012	Open Space	17:00
Ward 2	Clr. M.D. Nthebe	26 April 2012	Lehutso Primary School	17:00
Ward 7	Clr. T.E. Mosia	30 April 2012	Open Space	17:00
Ward 13 Phase 1 & 2	Clr. J.M. Lelahla- Phepheng	2 May 2012	Sakubotjha School	17:00

Ward 21	Clr. R.L. Chebase	3 May 2012 Meeting did not take place	Open Space	17:00
Ward 10	Clr. L.S. Lempe	7 May 2012	Iketsetseng School	17:00
Ward 12	Clr. B.S. Khunou	8 May 2012	Boiketlong Hall	17:00
Ward 20	Clr. N.L. Mdola	9 May 2012	Refengkgotso Hall	17:00

The documents were available for perusal and public comment from 2 April 2012 to 9 May 2012.

The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Increase of 9.76% of refuse removal tariff in Zamdela and Metsimaholo not acceptable
- Increase of property rates 3%; electricity 15%, water 40%, sanitation 3% refuse removal 5% and free water increase to 10kl.(Refengkgotso)
- Oppose increments for Councillors
- Refengkgotso: Opposed to uniform tariffs
- Water tariff not uniformed for Metsimaholo and must be phased in
- Water increase not acceptable (Oranjeville and Deneysville))
- Water borne sewer installed in Oranjeville and Deneysville
- Increase in tariff of septic tanks not acceptable
- Increase of electricity tariff for businesses not acceptable
- Implementation of permits for fishing
- High borrowing of Municipalities
- Concern on vacancies
- Increase of Capital Budget not realistic
- Concern regarding upgrade of swimming pool that was demolished and vandalised
- Weigh bridge waste of money
- Using of consultants not acceptable
- Services not affordable
- High level of borrowing
- Budget unrealistic
- Electricity tariff too high

- Concern on amounts of items on Capital Budget such as bush cutters, electricity supply to day visit areas
- Minimum part of budget on maintenance and repairs
- Increase of Employee related cost
- General expense unacceptable
- Deficit on budget is a concern
- Lease agreement with Government Garage
- Rates tariff cannot be uniform for all areas
- Steep water tariff increase
- Increase of 30% in Suction tank services to high

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 realised through a credible integrated developmental planning process.

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- National Development Plan (Vision 2030);
- The New Growth Path (2010);
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans, legislation and policy;
- National Key Performance Indicators (NKPis);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

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

The following strategic priorities, key performance areas and programmes were confirmed by the municipality and form the basis for the development of the new 5-Year IDP of the municipality.

Table 28 IDP Strategic Priorities

	Strategic Priority	Key Performance Area	Programmes
1	Build our local economy to create more employment, decent work and sustainable livelihoods	Local Economic Development	Local Economic Development Sustainable livelihoods
2	Broaden access to and improve the quality of municipal services	Basic service delivery and infrastructure development	Water Sanitation Electricity Roads and storm water Waste management Community facilities
3	Build united, non-racial, integrated and safer communities	Community development and social cohesion Basic service delivery and infrastructure development	Clean communities Safe communities Healthy communities Arts and culture Disaster management Human settlements Spatial development Public transport
4	Promote active community participation	Good governance and community participation	Local democratic governance
5	Ensure more effective, accountable and clean local government that works together with national and provincial government	Good governance and community participation Financial management and viability Municipal transformation and institutional development	Corporate governance Intergovernmental Relations Customer care Revenue and cash flow management SCM and Expenditure management Budgeting and reporting Clean Audit Asset management Facilities management Human capital Institutional excellence

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

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

- Strengthening the analysis and strategic planning processes of the Municipality;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

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

Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

FS204 Metsimaholo - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

and budget (revenue)												
Strategic Objective	Goal	Go al Co de	Re f	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcom e	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Good governance and community participation	Corporate and democratic governance			74	4	5	500	500	333	–	–	–
Good governance and community participation	Institutional and capacity development			523	753	1 943	24 272	22 502	1 000	2 372	2 501	2 502
Financial viability and financial management	Financial liquidity and viability			100 020	108 329	131 883	129 883	133 707	86 589	143 542	147 680	155 521
Transformation and institutional development	Institutional and capacity development			449	922	706	423	805	81	513	522	527
Community development and social cohesion	Refuse removal			18 121	22 670	30 611	36 406	35 856	24 271	52 073	55 461	59 102
Community development and social cohesion	Safety and security			1 297	3 675	4 669	13 080	4 995	8 720	12 508	22 505	30 540
Community development and social cohesion	Sports, recreation and community facilities			6 692	1 728	2 083	4 775	3 370	3 183	3 429	13 415	3 045
Community development and social cohesion	Cemeteries			108	207	194	883	863	589	270	295	295
Community development and social cohesion	Education			96	257	120	131	135	87	148	156	164
Basic service delivery and infrastructure investment	Electricity provision			106 620	124 293	156 803	200 044	213 501	133 363	239 270	253 790	282 895
Basic service delivery and infrastructure investment	Roads and storm water			–	3 706	21 432	12 020	12 020	8 013	1 320	–	–
Basic service delivery and infrastructure investment	Sanitation provision			29 609	27 440	28 992	28 448	28 598	18 965	73 114	70 325	68 202

Basic service delivery and infrastructure investment	Water provision			115 012	161 348	152 826	199 457	201 958	132 971	212 289	220 247	233 384
Basic service delivery and infrastructure investment	Housing			2 111	4 008	6 555	25 000	14 001	16 667	12 415	13 000	15 500
Basic service delivery and infrastructure investment	Land availability			–	180	–	480	540	500	530	560	580
Local economic development and poverty alleviation	Local economic development			–	–	–	–	–	–	3 000	3 500	4 000
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	380 732	459 520	538 821	675 802	673 348	435 332	756 792	803 957	856 256

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

FS204 Metsimaholo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	G o a l C o d e	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Good governance and community participation	Corporate and democratic governance			15 325	17 280	20 358	23 642	24 020	13 791	35 592	39 444	41 737
Good governance and community participation	Institution and capacity development			23 789	24 285	74 463	77 910	77 052	45 448	54 829	39 315	39 844
Financial viability and financial management	Financial liquidity and viability			106 552	58 598	24 607	34 640	33 853	20 207	32 825	24 748	34 873
Transformation and institution development	Institution and capacity development			29 191	11 487	11 841	22 076	21 554	12 878	20 778	21 102	20 212
Community development and social cohesion	Refuse removal			16 184	20 326	25 506	34 504	24 744	20 127	42 790	46 782	50 320
Community development and social cohesion	Safety and security			13 330	16 562	19 119	24 804	22 235	14 469	27 289	29 618	34 575

Community development and social cohesion	Sport, recreation and community facilities			35 850	19 223	21 094	26 801	28 372	15 634	26 816	28 529	29 949
Community development and social cohesion	Cemeteries			650	691	713	1 738	1 700	1 014	1 659	1 778	1 901
Community development and social cohesion	Education			3 452	3 931	4 362	4 792	4 901	2 795	4 916	5 575	6 006
Basic service delivery and infra	Electricity provision			81 917	117 459	141 929	180 730	193 182	105 426	223 037	267 588	308 083
Basic service delivery and infra	Roads and storm water			19 740	19 774	46 415	27 236	45 294	15 888	61 377	65 733	66 874
Basic service delivery and infra	Sanitation provision			23 628	31 500	30 242	41 400	40 102	24 150	47 009	50 957	54 458
Basic service delivery and infra	Water provision			79 369	103 483	104 130	161 360	163 389	94 127	181 150	192 725	206 169
Basic service delivery and infra	Housing			4 615	5 224	15 638	8 382	13 017	4 890	11 908	12 297	11 541
Basic service delivery and infra	Land availability			1 624	2 807	2 572	4 384	3 700	2 557	3 954	4 244	4 327
Local economic development and poverty alleviation	Local economic development			463	568	697	1 403	1 406	818	1 569	2 323	2 163
Allocations to other priorities												
Total Expenditure			1	455 679	453 198	543 686	675 802	698 522	394 218	777 499	832 757	913 031

Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

FS204 Metsimaholo - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective R thousand	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Good governance and community participation	Corporate and democratic governance	A		–	–	–	20	20	12	106	112	118
Good governance and community participation	Institution and capacity development	B		106	4 828	426	1 521	1 401	887	2 110	2 493	–
Financial viability and financial management	Financial liquidity and viability	C		39	98	8	528	523	308	13 096	2 104	250
Transformation and institution development	Institution and capacity development	D		570	4 569	–	4 628	4 628	2 700	2 242	3 000	–
Community development ans social cohesion	Refuse removal	E		1 442	–	178	9 633	2 235	5 619	1 904	6 729	13 435
Community development ans social cohesion	Safety and security	F		–	–	34	10 343	1 776	16 637	450	16 637	16 518
Community development ans social cohesion	Sport, recreation and community facilities	G		–	–	42	8 665	2 537	5 055	2 288	507	567
Community development ans social cohesion	Cemeteries, library, oarks	H		–	–	1 972	65	1 154	38	2 496	858	545
Community development ans social cohesion	Education	I		–	–	3	124	–	72	–	–	–
Basic service delivery and infra	Electricity provision	J		2 366	6 683	9 533	20 609	32 432	12 022	20 225	30 570	37 320
Basic service delivery and infra	Roads and stormwater	K		–	–	20 816	27 950	16 860	16 304	24 370	19 000	15 000
Basic service delivery and infra	Sanitation provision	L		12 608	8 941	6 794	14 673	14 673	8 559	40 265	28 356	22 775

Basic service delivery and infra	Water provision	M		1 818	7 556	2 758	48 964	23 735	28 562	27 600	13 070	12 959
Basic service delivery and infra	Housing	N		1 570	13	–	129 000	–	75 250	–	–	–
Basic service delivery and infra	Land availability	O					1 500	–	875	750	500	5 000
Local economic development and poverty alleviation	Local economic development	P					3	3	2	–	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	20 519	32 688	42 564	278 226	101 977	172 902	137 902	123 936	124 487

2.3 Measurable performance objectives and indicators

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

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

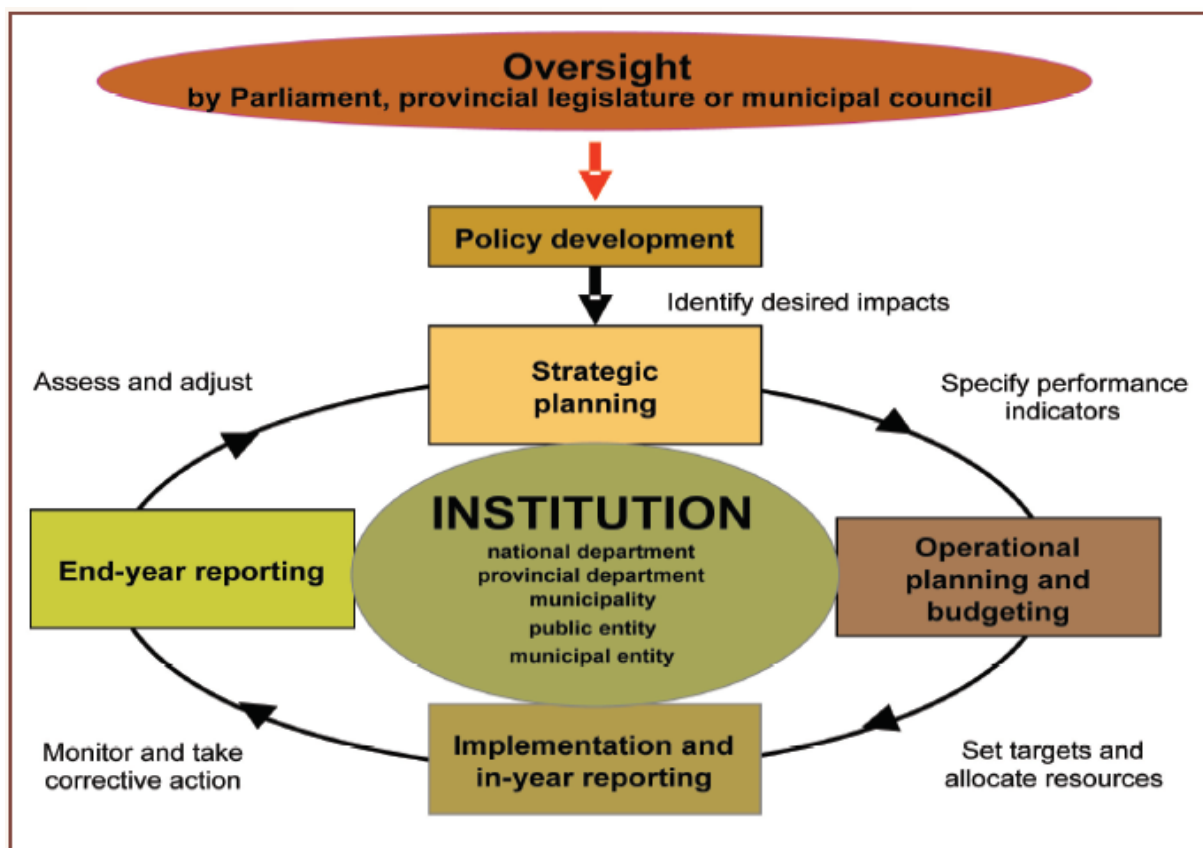


Figure 5 Planning, budgeting and reporting cycle

The performance of the 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 (framework) 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:

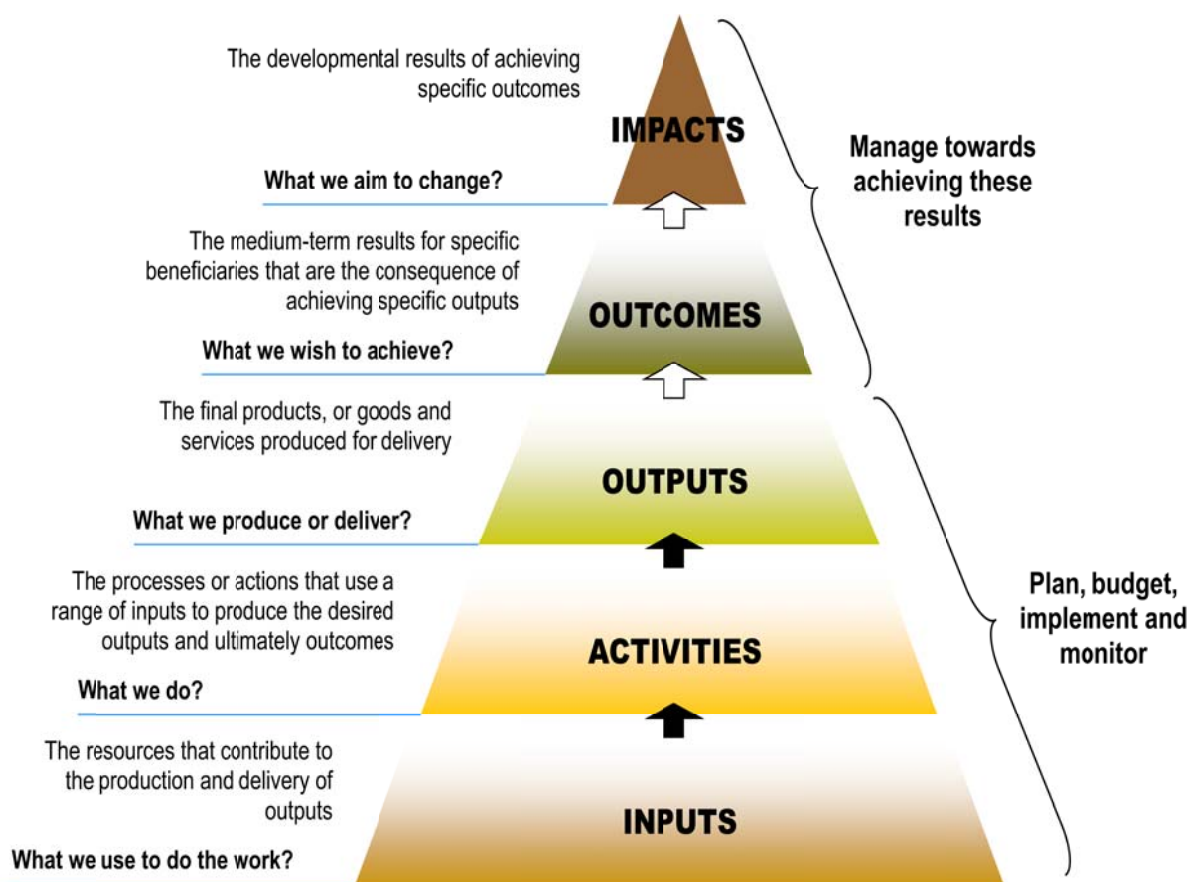


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve over the next five financial years

Table 32 MBRR Table SA7 - Measurable performance objectives

FS204 Metsimaholo - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Basic Service delivery and infrastructure	Bulk water supply Baseline			60.0%	80.0%	80.0%	80.0%	100.0%		
Technical services										
Water provision										
Access to potable water										
Reservoir	Bulk water supply Baseline			50.0%	75.0%	75.0%	75.0%	100.0%		
Water	formal			95.0%	97.0%	97.0%	97.0%	94.0%		
Water households connections in yard										

<i>Water households communal standpipe</i>	informal			60.0%	100.0%	100.0%	100.0%	100.0%		
Water										
<i>Blue drop accreditation system</i>	compliance			48.7%	90.0%	90.0%	90.0%	90.0%		
Water leaks	Number			93.0%	95.0%	95.0%	95.0%	96.0%		
Technical Services										
Sanitation										
<i>Sewer network address backlog</i>	4400				22.7%	22.7%	22.7%	100.0%		
Water borne system(decent)	Number of new			72.0%	75.0%	75.0%	75.0%	86.0%		
Sanitation										
<i>Maintenance</i>	maintenance plan			100.0%	100.0%	100.0%	100.0%	100.0%		
blockages	% blockages attend in 24			80.0%	90.0%	90.0%	90.0%	91.0%		
Roads										
<i>Roads and stormwater</i>	% roads maintenance plan			100.0%	100.0%	100.0%	100.0%	100.0%		
Basic Service delivery and infrastructure										
Technical Services										
Roads										
<i>Sufficient roads</i>	Number of km roads and			18.8%	57.1%	57.1%	57.1%	100.0%		
Stormwater										
<i>Sufficient stormwater network</i>	kms of stormwater erected			0.0%	44.8%	44.8%	44.8%	100.0%		
Roads and stormwater										
<i>Improving accessibility of roads</i>	developed masterplan			0.0%	50.0%	50.0%	50.0%	100.0%		
Technical Services										
Electricity										
<i>Access to electricity to all communities</i>	No. of new connections			100.0%	90.0%	90.0%	90.0%	90.0%		
Electricity										
<i>Access to electricity to all communities</i>	develop masterplan			0.0%	50.0%	50.0%	50.0%	100.0%		
Electricity										
<i>Reduce distribution losses</i>	kwh units			10.0%	8.0%	8.0%	8.0%	8.0%		
Basic Service delivery and infrastructure										
LED										
Housing										
<i>Household allocations</i>	Nr. Beneficiaries			100.0%	100.0%	100.0%	100.0%	100.0%		
Subsidy applications processed	2 months			100.0%	100.0%	100.0%	100.0%	100.0%		
Urban planning										
<i>Land availability</i>	Land secured per SDF			0.0%	0.0%	0.0%	0.0%	100.0%		
Effective land utilisation	% rezoning, subdivision			30.0%	30.0%	30.0%	30.0%	70.0%		
LED and poverty										

alleviation										
employment opportunities	EPWP initiatives			0.0%	10.0%	10.0%	10.0%	70.0%		
employment opportunities	Other initiatives			0.0%	50.0%	50.0%	50.0%	100.0%		
Social Services										
Refuse removal										
Refuse removal	households			80.2%	90.0%	90.0%	90.0%	92.0%		
Waste management plan	compliance			0.0%	25.0%	25.0%	25.0%	50.0%		
Refuse removal										
new landfill site	legislation			10.0%	20.0%	20.0%	20.0%	30.0%		
Sufficient and well manage landfill sites	legislation			50.0%	50.0%	50.0%	50.0%	550.0%		
Refuse removal										
Promote clean and healthy environment	Number awareness			0.0%	0.0%	0.0%	0.0%	80.0%		

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 33 MBRR Table SA8 - Performance indicators and benchmarks

FS204 Metsimaholo - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	2.3%	4.3%	5.3%	2.3%	2.5%	0.0%	4.2%	1.7%	1.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.5%	2.8%	5.4%	6.6%	3.0%	3.0%	0.0%	5.6%	2.2%	2.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	33.5%	125.0%	0.0%	55.9%	38.7%	16.3%	0.0%	41.0%	9.8%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.9	0.8	1.7	0.9	2.4	2.1	-	1.7	1.5	1.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	0.8	1.7	0.9	2.4	2.1	-	1.7	1.5	1.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.3	0.3	0.2	0.3	0.3	-	0.2	0.2	0.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		130.3%	128.7%	120.9%	92.2%	83.2%	84.5%	0.0%	88.1%	90.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			134.5%	137.1%	120.9%	90.3%	83.2%	84.5%	0.0%	88.1%	90.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.7%	15.2%	25.7%	8.2%	18.9%	20.2%	0.0%	15.8%	14.1%	12.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	75.0%	85.0%	95.0%	97.0%	97.0%	97.0%		99.0%	99.0%	99.0%
Creditors to Cash and Investments		-235.0%	797.1%	242.6%	-309.9%	303.3%	287.6%	0.0%	425.4%	385.4%	4161.4 %

Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	4.8%	18.6%	8.0%	10.0%	10.0%	12.5%		10.0%	10.0%	8.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	22.3%	13.3%	18.0%	10.0%	10.0%	10.4%		10.0%	9.0%	9.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.9%	28.7%	28.6%	27.9%	28.6%	30.5%	0.0%	26.2%	27.3%	27.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.1%	30.9%	30.4%	29.7%	30.6%	32.8%		28.1%	29.2%	29.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	11.2%	10.9%	12.1%	11.6%	12.0%	11.4%		13.2%	13.5%	13.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.4%	7.2%	14.5%	10.0%	13.2%	14.4%	0.0%	10.2%	6.5%	5.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	12.3	9.6	14.5	28.7	28.7	28.7	-	24.9	24.7	26.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.3%	19.8%	33.1%	11.3%	25.5%	25.4%	0.0%	20.8%	18.3%	16.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.9)	0.3	1.2	(0.3)	0.5	0.8	-	0.5	0.5	0.0

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, Metsimaholo 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 Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 1.7 in the 2012/13 financial year and 1.5 and 1.2 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.3 and decrease to 0.2 in the 2012/13 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

- The Municipality has managed to ensure that 90 per cent of creditors are settled within the legislated 30 days of invoice. By applying daily cash flow management the municipality has managed to ensure creditors can be paid.

2.3.1.5 Other Indicators

- The electricity distribution losses have been managed downwards from 10 per cent in the 2012/13 financial year to 8 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been unchanged from 10.4 per cent in 2011/12 to 10 per cent in 2012/13. It is planned to further reduce distribution losses from 10 per cent in 2012/13 to 9 per cent by 2014/15.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, electricity and basic sewer, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 12 000 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 10 kℓ free water, 50 kWh of electricity, sanitation and free waste removal once a week, as well as a discount and additional up to maximum of R50.00 per month if valuation of property exceed R50 000, on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 98.

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

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the Municipality's bulk water needs are provided directly by Rand Water in the form of purified water. The remaining 29 per cent is generated from the Municipality's water treatment works in Deneysville and Oranjeville.

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

The Municipality were awarded 48.1% on the Blue Drop status in 2010/11, with the Municipality's drinking water quality being within the desired standards. The Metsimaholo Water Treatment Plant was awarded the best medium sized drinking water treatment works by the Department of Water Affairs.

Of the 8 waste water treatment works, two were awarded Green Drop status in 2010/11, indicating that these two plants consistently meet waste water treatment standards of exceptional quality. The remaining 6 plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2011/12 medium term capital budget. The municipality was the best performer within the Free State, having 61.8% compliance.

The following is briefly the main challenges facing the Municipality in this regard:

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

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

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

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control Policy as approved by Council in October 2004 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings.

2.4.2 Supply Chain Management Policy

The revised Supply Chain Management Policy was adopted by Council in February 2012.

2.4.3 Budget and Virement Policy

A Budget and Virement Policy that aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the

legislative framework of the MFMA and the Municipality's system of delegations. The Budget policy is in place and Virement Policy is in process to be developed..

2.4.4 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy are outdated and must be revised.

2.4.5 Tariff Policy

The Municipality's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has been approved.

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

- **Property Rates Policy**
The new valuation roll will be implemented from 1 July 2013. The valuation date is determined as 1 July 2012 in terms of section 31(1) of the Property Rates Act (Act 6 of 2001).
- Indigent Policy.
- Revenue Enhancement Strategy in process to be reviewed

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 470 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2012 will be 2.7 per cent rising to 3.6 per cent by 2013 and 4.2% in 2014.

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

2.5.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;

- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 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 financing arrangement with the Development Bank of South Africa.

2.5.4 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

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

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

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012.

2.5.7 Impact of national, provincial and local policies

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

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

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

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of between 80 and 100 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Table 34 Breakdown of the operating revenue over the medium-term

	Medium Term Revenue and Expenditure Framework					
	2012/2013		2013/2014		2014/2015	
	R'000	%	R'000	%	R'000	%
Property rates	90 245	11.9	96 654	12.0	102 330	12.0
Electricity	205 117	27.1	217 260	27.0	227 400	26.6
Water	151 716	20.1	163 757	20.4	173 568	20.3
Sanitation	32 518	4.3	34 940	4.4	37 388	4.4
Refuse removal	37 112	4.9	40 081	5.0	42 486	5.0
Interest	18 302	2.4	19 575	2.4	20 875	2.4
Transfers and Grants	166 974	22.1	172 280	21.4	187 779	21.8
Other own revenue	54 808	7.2	59 410	7.4	64 430	7.5
Total Operating revenue	756 792	100	803 957	100	856 256	100
Total Operating Expenditure	777 498		832 757		913 031	
Surplus/(Deficit)	(20 706)		(28 800)		(56 775)	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

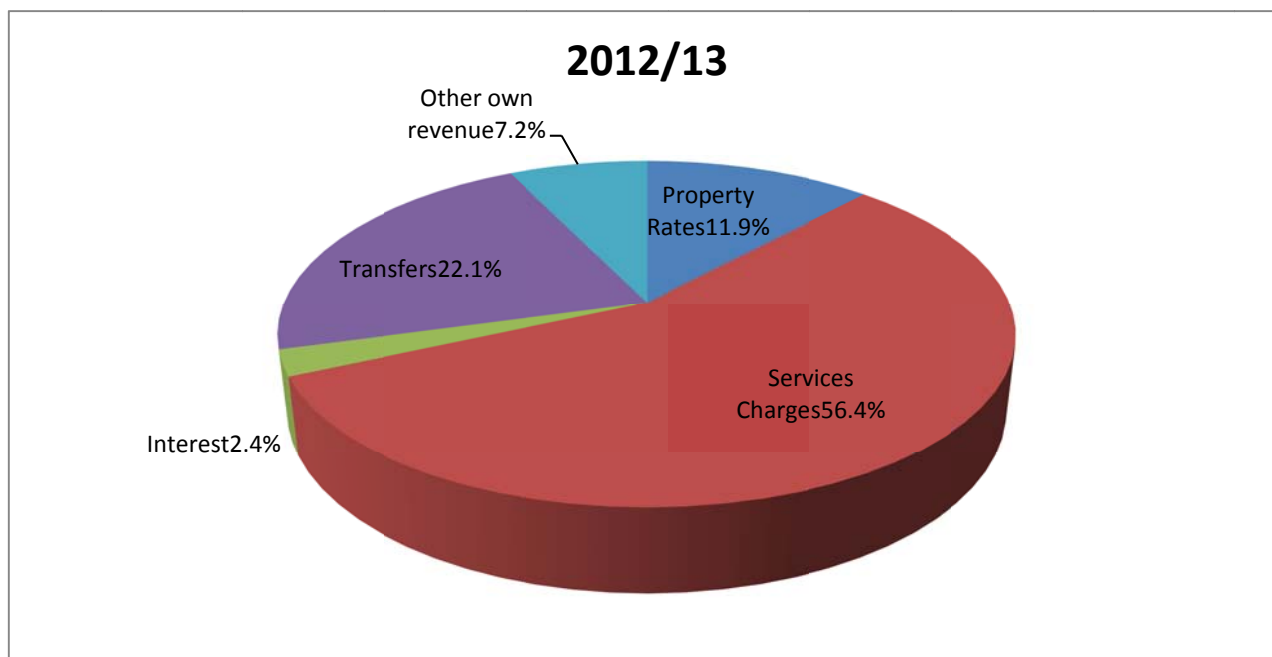


Figure 7 Breakdown of operating revenue over the 2012/13 MTREF

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

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

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 90 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

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

Proposed tariff increases over the medium-term

Revenue category	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2014/15 proposed tariff increase
	%	%	%
Property rates	6	8	7
Sanitation	6	8	7
Solid Waste	6	8	7
Water	6-29	8	7
Electricity	11-25	25	25

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2011/12 financial year. It is anticipated that the process will be concluded by the end of 2013. As the levying of property rates is considered a strategic revenue source the five year valuation of property starts in 4th quarter of the 2011/12 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R426 million for the 2012/13 financial year and increasing to R480.8 million by 2014/15. For the 2012/13 financial year services charges amount to 56.3 per cent of the total revenue base and decrease by less than 1 per cent per annum over the medium-term.

Operational grants and subsidies amount to R107.2 million, R109.5 million and R117.7 million for each of the respective financial years of the MTREF.

Interest revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R18.3 million, R17.5 million and R18.8 million for the respective three financial years of the 2012/13 MTREF. Interest is mainly made up from outstanding debtors

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

Table 35 MBRR SA15 – Detail Investment Information

FS204 Metsimaholo - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget		Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		8 043	29 499	38 015	8 000		10 500	7 000	8 500	9 000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality total	1	8 043	29 499	38 015	8 000	-	10 500	7 000	8 500	9 000

Table 36 MBRR SA16 – Investment particulars by maturity

FS204 Metsimaholo - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Monetary value	Interest to be realised
Name of institution & investment ID		Yrs/Months			Rand thousand	
Parent municipality						
Banks			Call/32 days		10 500	1 900
SANLAM		10 Years		01-Jan-13	7 244	269
Municipality total					17 744	2 169

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

Capital funding per Source	11/12 Adjustment Budget	%	12/13 Budget	%	13/14 Budget	%	14/15 Budget	%
	R'000		R'000		R'000			
budget Grants National Government Grants	52 834	51.8	59 768	43.3	52 213	42.1	70 087	56.3
Finance lease			11 000	8.0				
Own Funds	30 143	29.6	35 134	25.5	64 723	52.2	54 400	43.7
External Loans	19 000	18.6	32 000	23.2	7 000	5.7	0	
Total Capital Funding by Source	101 977	100	137 902	100	123 936	100	124 487	100

The above table is graphically represented as follows for the 2012/13 financial year.

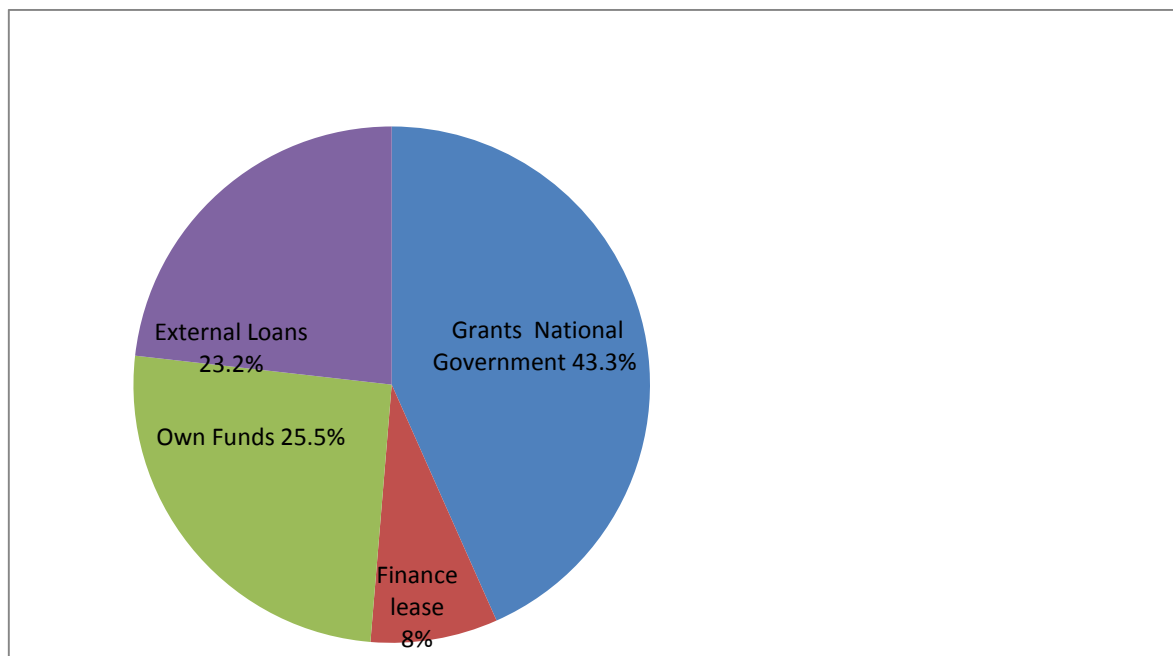


Figure 8 Sources of capital revenue for the 2012/13 financial year

Capital grants and receipts equates to 43.3 per cent of the total funding source which represents R59.8 million for the 2012/13 financial year and steadily increase to R70.1 million or 56.3 per cent by 2014/2015, Grants received from MIG, COGTA and DoE.

Loan from Development Bank of South Africa is taken up over 3 financial years.

Internally generated funds consist of R35 million in 2012/13, R64 million in 2013/14 and R54 million in 2014/15.

2.6.3 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.

Table 38 MBRR SA10 – Funding compliance measurement

FS204 Metsimaholo Supporting Table SA10

Funding measurement

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures	-	-									
Cash/cash equivalents at the year end - R'000	18(1)b	1	(27 550)	8 673	35 195	(14 200)	23 083	30 248	22 110	26 598	2 587
Cash + investments at the yr end less applications - R'000	18(1)b	2	49 153	35 451	74 886	28 035	54 106	47 765	21 746	16 497	(14 417)
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.9)	0.3	1.2	(0.3)	0.5	0.8	0.5	0.5	0.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(65 952)	742	25 306	4 309	(25 173)	25 830	(20 706)	(28 800)	(56 774)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	23.9%	12.6%	12.4%	(4.9%)	(8.6%)	8.8%	0.8%	(0.5%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	134.5%	137.1%	120.9%	90.3%	83.2%	84.5%	88.1%	90.6%	91.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	34.7%	22.4%	2.7%	9.1%	9.1%	5.4%	8.5%	8.2%	7.8%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	85.4%	39.3%	83.0%	55.6%	62.9%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(113.5%)	(20.0%)	0.0%	47.2%	38.7%	13.8%	41.0%	9.8%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	1	N.A.	(25.1%)	98.2%	(59.2%)	126.5%	(2.6%)	(6.7%)	(5.0%)	(3.5%)
Long term receivables % change - incr(decr)	18(1)a	2	N.A.	(96.5%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3	13.5%	15.0%	7.6%	11.6%	9.1%	8.6%	10.9%	11.1%	11.2%
Asset renewal % of capital budget	20(1)(vi)	4	0.0%	0.0%	0.0%	4.4%	12.1%	4.4%	0.0%	0.0%	0.0%
Supporting indicators	-	-									
% incr <i>total service charges (incl prop rates)</i>	18(1)a			29.9%	18.6%	18.4%	1.1%	(2.6%)	14.8%	6.8%	5.5%
% incr Property Tax	18(1)a			14.8%	8.5%	2.6%	6.6%	0.0%	7.2%	7.1%	5.9%
% incr Service charges - electricity revenue	18(1)a			41.3%	36.0%	29.6%	0.0%	(2.0%)	18.2%	5.9%	4.7%
% incr Service charges - water revenue	18(1)a			54.4%	0.4%	18.9%	0.0%	(1.3%)	3.9%	7.9%	6.0%
% incr Service charges - sanitation revenue	18(1)a			11.2%	31.9%	(5.1%)	(0.0%)	(6.4%)	90.8%	7.4%	7.0%
% incr Service charges - refuse revenue	18(1)a			16.1%	46.2%	13.8%	0.0%	(8.9%)	38.1%	8.0%	6.0%
% incr in Service charges - other	18(1)a			(96.3%)	1455.2%	51.4%	0.0%	(33.3%)	(12.6%)	(5.2%)	2.2%
Total billable revenue	18(1)a		250 507	326 118	385 925	461 964	462 140	451 950	529 651	569 792	600 554
Service charges			247 917	321 982	381 789	452 200	457 400	445 441	525 148	560 692	591 347
Property rates			61 816	70 977	77 041	79 008	84 208	84 208	90 245	96 654	102 330
Service charges - electricity revenue			69 702	98 520	133 940	173 593	173 593	170 163	205 117	217 260	227 400
Service charges - water revenue			79 195	122 289	122 833	146 016	146 017	144 177	151 716	163 757	173 568
Service charges - sanitation revenue			12 254	13 623	17 970	17 046	17 045	15 956	32 518	34 940	37 388
Service charges - refuse removal			13 923	16 163	23 629	26 882	26 882	24 500	37 112	40 081	42 486
Service charges - other			11 027	410	6 376	9 655	9 655	6 437	8 440	8 000	8 176

Rental of facilities and equipment			2 590	4 136	4 136	9 764	4 740	6 509		4 503	9 101	9 207
Capital expenditure excluding capital grant funding			3 568	6 678	3 132	99 560	49 143	58 077		78 134	71 723	54 400
Cash receipts from ratepayers	18(1)a		413 343	486 858	492 548	471 545	430 668	415 668		509 428	565 353	603 670
Ratepayer & Other revenue	18(1)a		307 302	355 118	407 312	522 303	517 764	492 176		578 518	624 277	658 577
Change in consumer debtors (current and non-current)			24 205	(21 832)	63 305	(75 683)	(9 781)	(12 907)		57 971	(5 527)	(3 667)
Operating and Capital Grant Revenue	18(1)a		70 424	92 520	124 310	134 299	143 485	113 457		166 974	172 280	187 779
Capital expenditure - total	20(1)(vi)		20 519	32 688	44 214	278 227	101 977	162 299		137 902	123 936	124 487
Capital expenditure - renewal	20(1)(vi)		-	-	-	12 316	12 316	7 184		-	-	-
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%		6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%		5.4%	5.6%	5.4%
DoRA operating grants total												
MFY												
DoRA operating												
DWA										3 497		
FMG										1 500	1 500	1 750
MIG										2 361	2 491	2 491
MSIG										800	870	950
										8 158	4 861	5 191
DoRA capital												
MIG										49 768	48 804	34 119
DOE										10 000	5 000	20 000
										59 768	53 804	54 119
Trend												
Change in consumer debtors (current and non-current)			24 205	(21 832)	63 305	(127 781)	57 971	(5 527)		-	-	-
Total Operating Revenue												
Total Operating Revenue			363 738	424 218	497 515	636 901	623 491	568 575		697 024	741 185	786 169
Total Operating Expenditure												
Total Operating Expenditure			446 571	449 804	513 291	671 493	698 522	592 603		777 498	832 757	913 031
Operating Performance												
Operating Performance			(82 833)	(25 586)	(15 776)	(34 592)	(75 031)	(24 028)		(80 474)	(91 572)	(126 862)
Cash and Cash Equivalents												
Cash and Cash Equivalents										22 110		
Revenue												
% Increase in Total Operating Revenue				16.6%	17.3%	28.0%	(2.1%)	(8.8%)		11.8%	6.3%	6.1%
% Increase in Property Rates Revenue				14.8%	8.5%	2.6%	6.6%	0.0%		7.2%	7.1%	5.9%
% Increase in Electricity Revenue				41.3%	36.0%	29.6%	0.0%	(2.0%)		18.2%	5.9%	4.7%
% Increase in Property Rates & Services Charges				29.9%	18.6%	18.4%	1.1%	(2.6%)		14.8%	6.8%	5.5%
Expenditure												
% Increase in Total Operating Expenditure				0.7%	14.1%	30.8%	4.0%	(15.2%)		11.3%	7.1%	9.6%
% Increase in Employee Costs				15.7%	16.9%	25.1%	0.4%	(3.0%)		2.5%	10.5%	8.3%
% Increase in Electricity Bulk Purchases				36.0%	23.7%	23.9%	5.9%	(4.9%)		22.5%	19.2%	23.4%

Average Cost Per Budgeted Employee Position (Remuneration)				200234.26 59	166363.89 15				172934.13 04		
Average Cost Per Councillor (Remuneration)				270472.22 22	295285.71 43				306270.71 43		
R&M % of PPE			13.5%	15.0%	7.6%	11.6%	9.1%	8.6%	10.9%	11.1%	11.2%
Asset Renewal and R&M as a % of PPE			20.0%	15.0%	137.0%	32.0%	60.0%	50.0%	43.0%	64.0%	64.0%
Debt Impairment % of Total Billable Revenue			34.7%	22.4%	2.7%	9.1%	9.1%	5.4%	8.5%	8.2%	7.8%
Capital Revenue											
Internally Funded & Other (R'000)			2 126	6 678	3 132	52 560	30 143	30 660	35 134	64 723	54 400
Borrowing (R'000)			1 442	-	-	47 000	19 000	27 417	43 000	7 000	-
Grant Funding and Other (R'000)			16 951	26 010	41 082	178 667	52 834	104 222	59 768	52 213	70 087
Internally Generated funds % of Non Grant Funding			59.6%	100.0%	100.0%	52.8%	61.3%	52.8%	45.0%	90.2%	100.0%
Borrowing % of Non Grant Funding			40.4%	0.0%	0.0%	47.2%	38.7%	47.2%	55.0%	9.8%	0.0%
Grant Funding % of Total Funding			82.6%	79.6%	92.9%	64.2%	51.8%	64.2%	43.3%	42.1%	56.3%
Capital Expenditure											
Total Capital Programme (R'000)			20 519	32 688	44 214	278 227	101 977	162 299	137 902	115 435	124 487
Asset Renewal			-	-	-	12 316	12 316	7 184	-	-	-
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	4.4%	12.1%	4.4%	0.0%	0.0%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other			134.5%	137.1%	120.9%	90.3%	83.2%	84.5%	88.1%	90.6%	91.7%
Cash Coverage Ratio			(0)	0	0	(0)	0	0	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating			1.1%	2.3%	4.3%	5.3%	2.3%	2.5%	4.2%	1.7%	1.5%
Borrowing Receipts % of Capital Expenditure			(113.5%)	(20.0%)	0.0%	47.2%	38.7%	13.8%	41.0%	9.8%	0.0%
Reserves											
Surplus/(Deficit)			49 153	35 451	74 886	28 035	54 106	47 765	21 746	16 497	(14 417)
Free Services											
Free Basic Services as a % of Equitable Share			65.0%	56.6%	49.3%	47.1%	47.1%	11.4%	46.2%	51.9%	48.9%
Free Services as a % of Operating Revenue (excl operational transfers)			11.4%	11.3%	9.4%	9.7%	9.9%	0.0%	9.4%	10.4%	10.9%
High Level Outcome of Funding Compliance											
Total Operating Revenue			363 738	424 218	497 515	636 901	623 491	568 575	697 024	741 185	786 169
Total Operating Expenditure			446 571	449 804	513 291	671 493	698 522	592 603	777 498	832 757	913 031
Surplus/(Deficit) Budgeted			(82 833)	(25 586)	(15 776)	(34 592)	(75 031)	(24 028)	(80 474)	(91 572)	(126 862)
Operating Statement											
Surplus/(Deficit) Considering Reserves and Cash Backing			(33 680)	9 865	59 110	(6 557)	(20 925)	23 737	(58 728)	(75 075)	(141 279)
MTREF Funded (1) / Unfunded (0)			0	1	1	0	0	1	0	0	0
MTREF Funded ✓ / Unfunded ✗			✗	✓	✓	✗	✗	✓	✗	✗	✗

2.7 Expenditure on grants and reconciliations of unspent funds

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

FS204 Metsimaholo - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		50 770	65 497	81 917	91 149	91 149	53 170	104 845	107 017	114 718
Local Government Equitable Share		48 062	62 785	79 048	88 125	88 125	51 406	97 653	104 647	112 018
Finance Management		672	750	999	1 450	1 450	846	1 500	1 500	1 750
Municipal Systems Improvement		746	735	750	790	790	461	800	870	950
Water Services Operating Subsidy		1 290	1 227	1 120	784	784	457	3 497	-	-
EPWP Incentive							1 395			
Provincial Government:		-	-	-	-	-	-	-	-	-
Library										
District Municipality:		-	-	97	-	-	-	-	-	-
IDP				97						
Other grant providers:		-	547	1 213	1 942	1 942	1 133	2 361	2 491	2 491
MIG(National Government)			547	1 213	1 942	1 942	1 133	2 361	2 491	2 491
Total operating expenditure of Transfers and Grants:		50 770	66 044	83 228	93 091	93 091	54 303	107 206	109 508	117 209
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		17 953	22 406	38 333	39 901	39 901	23 276	44 757	48 804	34 119
Municipal Infrastructure Grant (MIG)		17 953	22 406	38 333	36 901	36 901	21 526	44 757	48 804	34 119
Water Affairs					3 000	3 000	1 750			
Provincial Government:		-	-	-	131 124	-	76 489	5 011	-	-
COGTA					131 124	-	76 489	5 011		
District Municipality:		-	-	-	1 643	-	958	-	-	-
Fire services					1 643	-	958			
Other grant providers:		4 482	3 591	2 750	17 500	12 933	10 208	10 000	13 968	35 968
DoE(National Grant)		4 482	3 591	2 750	2 000	12 933	1 167	10 000	5 000	20 000
Anglo coal & private contributions					15 500		9 042		8 968	15 968
Total capital expenditure of Transfers and Grants		22 435	25 997	41 082	190 168	52 834	110 931	59 768	62 772	70 087
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		73 205	92 041	124 310	283 259	145 925	165 234	166 974	172 280	187 296

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

FS204 Metsimaholo - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		171								
Current year receipts		51	66 044	83	911 490	911 490	607 660	104 845	107 017	114 718
Conditions met - transferred to revenue		222	66 044	82	911 490	911 490	607 660	104 845	107 017	114 718
Conditions still to be met - transferred to liabilities				1						
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts			148							
Conditions met - transferred to revenue		-	148	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts				97						
Conditions met - transferred to revenue		-	-	97	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts					1 942	1 942	1 295	2 361	2 491	2 491
Conditions met - transferred to revenue		-	-	-	1 942	1 942	1 295	2 361	2 491	2 491
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		222	66 192	179	913 432	913 432	608 955	107 206	109 508	117 209
Total operating transfers and grants - CTBM	2	-	-	1	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		(450)	5 143	14 323						
Current year receipts		22 709	35 176	34 083	39 901	39 901	26 601	44 757	48 804	34 119
Conditions met - transferred to revenue		22 259	25 997	37 453	39 901	39 901	26 601	44 757	48 804	34 119
Conditions still to be met - transferred to liabilities			14 322	10 953						
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts					131 124		87 416	5 011		
Conditions met - transferred to revenue		-	-	-	131 124	-	87 416	5 011	-	-

Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year		67								
Current year receipts			97	1 643		1 095				
Conditions met - transferred to revenue		-	67	97	1 643	-	1 095	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		43	43							
Current year receipts				17 500		11 667	10 000	13 968	35 968	
Conditions met - transferred to revenue		43	43	-	17 500	-	11 667	10 000	13 968	35 968
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		22 302	26 107	37 550	190 168	39 901	126 779	59 768	62 772	70 087
Total capital transfers and grants - CTBM	2	-	14 322	10 953	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		22 524	92 299	37 729	1 103 600	953 333	735 733	166 974	172 280	187 296
TOTAL TRANSFERS AND GRANTS - CTBM		-	14 322	10 954	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 41 MBRR SA22 - Summary of councillor and staff benefits

FS204 Metsimaholo - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		5 604	6 569	7 118	8 079	8 079	8 078	9 343	9 877	10 882
Pension and UIF Contributions		327	246	146	161	161	160	10	76	11
Medical Aid Contributions		50	60	101	107	107	105	20	154	–
Motor Vehicle Allowance		2 022	1 965	1 897	3 580	3 580	3 575	2 801	3 161	3 414
Cellphone Allowance		422	457	475	475	475	470	617	673	727
Housing Allowances								72	78	85
Other benefits and allowances			13							
Sub Total - Councillors		8 425	9 310	9 737	12 402	12 402	12 388	12 863	14 020	15 119
% increase	4		10.5%	4.6%	27.4%	–	(0.1%)	3.8%	9.0%	7.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 679	2 961	3 395	4 377	4 377	4 217	4 227	4 565	4 885
Pension and UIF Contributions		157	84		–		–	–	–	–
Medical Aid Contributions										
Overtime										
Performance Bonus		58		766						
Motor Vehicle Allowance	3	1 164	934	852	1 157	1 157	1 102	1 112	1 201	1 285
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3		647							
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		4 058	4 626	5 012	5 534	5 534	5 319	5 340	5 766	6 170
% increase	4		14.0%	8.3%	10.4%	–	(3.9%)	0.4%	8.0%	7.0%
Other Municipal Staff										
Basic Salaries and Wages		64 959	74 595	88 288	120 631	118 584	116 484	109 177	121 588	131 531
Pension and UIF Contributions		10 327	11 789	13 823	15 993	16 055	16 025	18 766	20 990	22 006
Medical Aid Contributions		5 642	6 870	7 937	9 079	9 079	8 296	9 466	9 787	11 330
Overtime		8 724	11 292	12 530	10 446	13 793	12 578	18 838	20 499	21 969
Performance Bonus				–			–			
Motor Vehicle Allowance	3	2 821	3 353	4 121	3 233	3 558	3 487	6 649	7 375	7 975
Cellphone Allowance	3						–			
Housing Allowances	3	950	899	784	826	828	826	1 218	1 332	1 515
Other benefits and allowances	3	7 054	8 157	8 886	11 143	11 142	11 142	13 510	14 865	16 502
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		100 477	116 955	136 369	171 351	173 039	168 838	177 624	196 437	212 827
% increase	4		16.4%	16.6%	25.7%	1.0%	(2.4%)	5.2%	10.6%	8.3%

Total Parent Municipality		112 960	130 891	151 119	189 287	190 975	186 545	195 827	216 222	234 116
			15.9%	15.5%	25.3%	0.9%	(2.3%)	5.0%	10.4%	8.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		112 960	130 891	151 119	189 287	190 975	186 545	195 827	216 222	234 116
% increase	4		15.9%	15.5%	25.3%	0.9%	(2.3%)	5.0%	10.4%	8.3%
TOTAL MANAGERS AND STAFF	5	104 535	121 581	141 381	176 885	178 573	174 157	182 964	202 203	218 997

Table 42 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

FS204 Metsimaholo - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		347 490	28 780	132 360			508 630
Chief Whip			477 270					477 270
Executive Mayor			477 990		178 320			656 310
Deputy Executive Mayor								-
Executive Committee			2 437 800	137 150	968 020			3 542 970
Total for all other councillors			5 602 770	102 290	1 972 760			7 677 820
Total Councillors	8	-	9 343 320	268 220	3 251 460			12 863 000
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			880 530		227 610			1 108 140
Chief Finance Officer			706 450		227 610			934 060
<i>List of each official with packages >= senior manager</i>								
Director Social Services			644 640		143 190			787 830
Director Technical Services			644 640		143 190			787 830
Director Economic Development and Planning			644 640		143 190			787 830
Director Organisational Development and Corporate Services			706 450		227 610			934 060
								-
								-
Total Senior Managers of the Municipality	8	-	4 227 350	-	1 112 400	-		5 339 750
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	13 570 670	268 220	4 363 860	-		18 202 750

Table 43 MBRR SA24 – Summary of personnel numbers

FS204 Metsimaholo - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		36		36	42	42	42	42		42
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		4	6		3	6		6
Other Managers	7	44	29		44	29		44	35	
Professionals		28	22	–	18	18	–	10	10	–
<i>Finance</i>		8	6		8	8				
<i>Spatial/town planning</i>		2	2		2	2		2	2	
<i>Information Technology</i>										
<i>Roads</i>		4	4		4	4		4	4	
<i>Electricity</i>		2	2		2	2		2	2	
<i>Water</i>		2	1		2	2		2	2	
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		10	7							
Technicians		135	66	–	135	135	–	132	132	–
<i>Finance</i>										
<i>Spatial/town planning</i>		3	3		3	3		4	4	
<i>Information Technology</i>		4	4		4	4				
<i>Roads</i>		35	16		35	35		35	35	
<i>Electricity</i>		65	24		65	65		65	65	
<i>Water</i>		27	19		27	27		27	27	
<i>Sanitation</i>										
<i>Refuse</i>		1			1	1		1	1	
<i>Other</i>										
Clerks (Clerical and administrative)		156	148		156	156		156	156	
Service and sales workers		122	70		122	122		122	122	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		72	45		72	72		72	72	
Elementary Occupations		516	326		516	516		516	516	
TOTAL PERSONNEL NUMBERS		1 115	706	40	1 111	1 090	45	1 100	1 043	48
% increase					(0.4%)	54.4%	12.5%	(1.0%)	(4.3%)	6.7%
Total municipal employees headcount	6					787			787	
Finance personnel headcount	8					94			94	
Human Resources personnel headcount	8					9			9	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure

FS204 Metsimaholo - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source	-															
Property rates		9 520	7 339	7 339	7 339	7 339	7 339	7 339	7 339	7 339	7 339	7 339	7 335	90 245	96 654	102 330
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue		24 000	21 000	18 000	15 000	14 500	13 500	13 500	13 000	15 000	17 000	20 000	20 617	205 117	217 260	227 400
Service charges - water revenue		10 440	10 840	14 970	15 970	12 000	15 000	15 000	13 000	12 000	10 940	10 500	11 056	151 716	163 757	173 568
Service charges - sanitation revenue		2 717	2 717	2 717	2 717	2 717	2 717	2 717	2 717	2 717	2 717	2 717	2 631	32 518	34 940	37 388
Service charges - refuse revenue		3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 089	37 112	40 081	42 486
Service charges - other		750	650	700	720	730	720	650	675	725	700	750	670	8 440	8 000	8 176
Rental of facilities and equipment		370	370	375	375	375	400	400	370	375	400	370	323	4 503	9 101	9 207
Interest earned - external investments		192	192	192	192	192	192	192	192	192	192	192	188	2 300	2 400	2 400
Interest earned - outstanding debtors		1 100	1 100	1 100	1 100	1 150	1 200	1 350	1 400	1 500	1 600	1 700	1 702	16 002	17 175	18 475
Dividends received													-	-	-	-
Fines		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 007	12 007	13 007	14 007
Licences and permits		10	30		35	20	20	15	7	10	7	2	7	163	171	181
Agency services													-	-	-	-
Transfers recognised - operational		30 000	1 595	3 500	-		40 000		2 110	30 000	-		1	107 206	109 508	117 692
Other revenue		1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 724	1 731	20 695	24 132	25 360
Gains on disposal of PPE								2 000					7 000	9 000	5 000	7 500
Total Revenue (excluding capital transfers and contributions)		84 916	51 650	54 710	49 265	44 840	86 905	48 980	46 627	75 675	46 712	49 387	57 357	697 024	741 185	786 169
Expenditure By Type	-															
Employee related costs		14 653	14 563	15 400	14 500	14 120	15 500	14 800	15 200	15 400	16 000	16 000	16 828	182 964	202 202	218 998
Remuneration of councillors		1 057	1 057	1 057	1 057	1 057	1 157	1 057	1 057	1 057	1 057	1 057	1 136	12 863	14 020	15 119
Debt impairment		3 750	3 750	3 750	3 750	3 750	3 750	3 750	3 750	3 750	3 750	3 750	3 750	45 000	47 000	47 000

Depreciation & asset impairment		4 166	4 166	4 166	4 166	4 166	4 166	4 166	4 166	4 166	4 166	4 166	4 174	50 000	39 942	39 488
Finance charges				3 109			3 109			3 109			11 749	21 076	7 966	7 134
Bulk purchases		21 300	24 000	19 500	21 000	22 000	23 000	20 500	22 000	20 000	19 500	20 000	20 312	253 112	291 018	342 906
Other materials		4 000	4 000	4 000	4 200	4 200	4 400	4 500	4 500	4 500	4 700	4 900	5 499	53 399	57 658	61 577
Contracted services		1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 340	1 352	16 092	18 088	20 481
Transfers and grants		2 719	2 719	2 719	2 719	2 719	2 719	2 719	2 719	2 719	2 719	2 719	1 386	31 295	35 011	38 083
Other expenditure		10 000	9 000	8 000	8 000	7 000	9 000	11 000	10 000	10 000	9 000	11 000	9 698	111 698	119 851	122 244
Loss on disposal of PPE													-	-	-	-
Total Expenditure		62 985	64 595	63 041	60 732	60 352	68 141	63 832	64 732	66 041	62 232	64 932	75 883	777 498	832 757	913 031
Surplus/(Deficit)		21 931	(12 945)	(8 331)	(11 467)	(15 512)	18 764	(14 852)	(18 105)	9 634	(15 520)	(15 545)	(18 526)	(80 474)	(91 572)	(126 862)
Transfers recognised - capital		20 011				20 000				19 757			0	59 768	62 772	70 087
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		41 942	(12 945)	(8 331)	(11 467)	4 488	18 764	(14 852)	(18 105)	29 391	(15 520)	(15 545)	(18 526)	(20 706)	(28 800)	(56 775)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	41 942	(12 945)	(8 331)	(11 467)	4 488	18 764	(14 852)	(18 105)	29 391	(15 520)	(15 545)	(18 526)	(20 706)	(28 800)	(56 775)

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

FS204 Metsimaholo - Supporting Table SA28 Budgeted monthly capital expenditure
(municipal vote)

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS													-	-	-	-
Vote 2 - MUNICIPAL MANAGER													-	-	-	-
Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES													-	-	-	-
Vote 4 - SOCIAL SERVICES													-	-	8 988	15 988
Vote 5 - INFRASTRUCTURAL SERVICES	2	5 000	3 000	4 000	6 000	7 000	6 000	3 000	4 000	4 000	3 000	4 000	23 148	72 148	64 145	70 519
Vote 6 - FINANCIAL SERVICES													100	100	100	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT													-	-	-	-
Capital multi-year expenditure sub-total		5 000	3 000	4 000	6 000	7 000	6 000	3 000	4 000	4 000	3 000	4 000	23 248	72 248	73 233	86 507
Single-year expenditure to be appropriated	2															
Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS				50			40						16	106	112	118
Vote 2 - MUNICIPAL MANAGER		500	350		400						1 000		10 300	12 550	2 000	242
Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES					200								1 910	2 110	2 493	-
Vote 4 - SOCIAL SERVICES			1 000				1 960				2 000		2 178	7 138	15 744	15 077
Vote 5 - INFRASTRUCTURAL SERVICES	2	500	-						6 000	8 000	6 000	8 000	14 055	42 555	29 851	17 535
Vote 6 - FINANCIAL SERVICES			150										296	446	4	8
Vote 7 - LOCAL ECONOMIC DEVELOPMENT			250		500								-	750	500	5 000
Capital single-year expenditure sub-total		1 000	1 750	50	1 100	-	2 000	-	6 000	8 000	9 000	8 000	28 754	65 654	50 704	37 980
Total Capital Expenditure	2	6 000	4 750	4 050	7 100	7 000	8 000	3 000	10 000	12 000	12 000	12 000	52 002	137 902	123 936	124 487

Table 46 MBRR SA30 - Budgeted monthly cash flow

FS204 Metsimaholo - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source														1		
Property rates	8 568	6 596	6 605	6 605	6 605	6 605	6 605	6 605	6 605	6 605	6 605	6 605	9 614	84 223	94 888	100 167
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	22 000	20 000	17 000	15 000	13 050	12 150	11 700	11 700	18 500	15 400	15 300	22 083	193 883	210 554	219 660	
Service charges - water revenue	9 450	9 760	13 440	14 340	12 800	13 500	13 500	11 700	10 800	8 940	9 400	10 875	138 505	157 218	169 341	
Service charges - sanitation revenue	2 445	2 445	2 445	2 445	2 445	2 445	2 445	2 445	2 445	2 445	2 445	2 411	29 306	33 570	35 847	
Service charges - refuse revenue	2 784	2 784	2 784	2 784	2 784	2 783	2 783	2 783	2 784	2 784	2 784	2 780	33 401	33 275	40 532	
Service charges - other	735	637	686	706	715	705	637	662	711	686	735	634	8 249	7 840	7 935	
Rental of facilities and equipment	347	346	346	347	346	347	346	347	346	347	346	350	4 161	8 301	8 407	
Interest earned - external investments	192	192	192	192	192	192	192	192	192	192	192	188	2 300	2 400	2 400	
Interest earned - outstanding debtors	990	990	990	990	1 035	1 080	1 215	1 260	1 350	1 440	1 530	1 532	14 402	15 458	16 628	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 006	12 006	13 007	14 007	
Licences and permits	10	30	-	35	20	20	15	7	10	7	2	7	163	171	181	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	30 000	1 595	3 500	-	-	40 000	-	2 110	30 000	-	-	1	107 206	109 508	117 692	
Other revenue	460	460	46	460	460	460	460	460	460	460	460	885	5 531	6 529	7 593	
Cash Receipts by Source	78 981	46 835	49 034	44 904	41 452	81 287	40 898	41 271	75 203	40 306	40 799	52 366	633 336	692 719	740 390	
Other Cash Flows by Source																
Transfer receipts - capital	20 011	-	-	-	20 000	-	-	-	19 757	-	-	-	59 768	52 213	70 087	
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	3 000	-	-	-	-	3 000	-	-	3 000	9 000	5 000	7 500	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	11 000	-	-	9 500	-	-	8 500	-	-	3 000	32 000	7 000	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	1 000	1 000	1 200	1 300	

Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	7 500	-	-	-	-	-	7 500	-	-
Total Cash Receipts by Source	98 992	46 835	60 034	47 904	61 452	90 787	48 398	41 271	106 460	40 306	40 799	59 366	742 604	758 132	819 277
Cash Payments by Type															
Employee related costs	14 102	14 102	14 102	14 102	14 102	14 102	14 102	14 102	14 102	14 102	14 102	14 106	169 228	187 007	202 536
Remuneration of councillors	899	899	899	899	899	899	899	899	899	899	899	1 044	10 933	11 917	12 851
Finance charges	-	-	-	2 000	-	8 038	-	-	2 000	-	-	9 038	21 076	7 966	7 134
Bulk purchases - Electricity	20 000	18 000	18 000	12 000	12 000	7 000	7 000	7 000	10 000	11 000	13 000	19 594	154 594	184 345	227 426
Bulk purchases - Water & Sewer	7 000	7 000	9 000	8 400	8 400	9 500	10 000	9 500	8 500	8 400	7 000	5 818	98 518	106 673	115 480
Other materials	4 022	4 022	4 022	4 022	4 022	4 022	4 022	4 022	4 022	4 022	4 022	3 817	48 059	51 892	55 419
Contracted services	1 200	1 200	1 139	1 140	1 140	1 140	1 140	1 139	1 139	1 139	1 139	1 023	13 678	15 374	17 409
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	2 626	2 626	2 626	2 626	2 626	2 626	2 626	2 626	2 626	2 626	2 626	2 629	31 515	35 286	38 363
Other expenditure	5 500	3 000	7 000	7 000	7 100	7 200	6 000	6 000	6 000	7 500	7 000	7 744	77 044	78 465	81 883
Cash Payments by Type	55 349	50 849	56 788	52 189	50 289	54 527	45 789	45 288	49 288	49 688	49 788	64 813	624 645	678 925	758 501
Other Cash Flows/Payments by Type															
Capital assets	6 000	5 000	4 050	7 100	7 000	7 000	7 000	10 000	12 000	12 000	10 000	27 259	114 409	68 921	78 247
Repayment of borrowing	-	-	2 922	-	-	2 922	-	-	2 922	-	-	2 922	11 688	5 798	6 540
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	61 349	55 849	63 760	59 289	57 289	64 449	52 789	55 288	64 210	61 688	59 788	94 994	750 742	753 644	843 288
NET INCREASE/(DECREASE) IN CASH HELD	37 643	(9 014)	(3 726)	(11 385)	4 163	26 338	(4 391)	(14 017)	42 250	(21 382)	(18 989)	(35 628)	(8 138)	4 488	(24 011)
Cash/cash equivalents at the month/year begin:	30 248	67 891	58 877	55 151	43 766	47 929	74 267	69 876	55 859	98 109	76 727	57 738	30 248	22 110	26 598
Cash/cash equivalents at the month/year end:	67 891	58 877	55 151	43 766	47 929	74 267	69 876	55 859	98 109	76 727	57 738	22 110	22 110	26 598	2 587

2.10 Annual budgets and SDBIPs – internal departments

EID Cluster

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP2: Broaden access to and improve the quality of municipal services (2011 LGEM: Local Priority No. 2)	KPA2: Basic service delivery and infrastructure investment	Water	To ensure access to potable water by 2014	% of total HHs with access to potable water in formalised areas (yard metered connection)	95%	97%	94%
				% of HHs with access to potable water in informal areas (communal standpipe)	60% (16)	100% (26)	
				No. of HHs provided with new metered yard connections	0%	300	0
			To ensure sufficient bulk supply of purified water	% of purification works (WTW) in Refengkgotso augmented	60%	80%	100%
				% of 9ML reservoir completed	50%	75%	100%
				% of bulk line completed for Mooiplaats area	30%	0%	0%
				% of bulk line completed for Mooidraai area	0%	0%	0%
				% of bulk water infrastructure maintained as per approved maintenance plan and budget	100%	100%	100%
			To ensure the effective and efficient management of water resources	% reduction in water distribution losses	8%	6%	6%
				% of reported water leaks repaired within 48 hours	93%	95%	96%
				% compliance with the blue drop water quality accreditation system	48.7%	90%	90%
				% of WSDP developed and approved	40% (Phase 1)	90% (Ph 2)	100% (Ph 3&4)
				% of water demand management plan developed and approved (including annual reviews)	20%	60%	100%
		Sanitation	To provide decent sanitation to all households by 2014	% HHs with access to decent sanitation	72%	75%	86%
				No. of households provided with new metered stand connections		1 000	4 400
			To ensure sufficient bulk infrastructure	% WWTW capacity augmented in O/Ville and D/Ville	0%	0%	0%
				No. of kms of outfall sewer line replaced	1km	3km	3km
				% of bulk sewer infrastructure maintained as per approved maintenance plan and budget	100%	100%	100%
			To ensure the effective and efficient management of the sanitation system and network	% of reported sewer blockages attended to within 48 hours	80%	90%	91%
				% compliance with the green drop quality accreditation system	65.5%	85%	90%
SP2: Broaden access to and improve the quality of municipal	KPA2: Basic service delivery and infrastructure investment	Electricity	To ensure access to electricity by all communities	% of HHs with access to basic electricity in formal areas	100%	90%	90%
				No. of HHs provided with new metered stand connections in formal areas	100%	90%	90%
				No. of new streetlights installed	0%	0%	0%
				No. of new high mast lights installed	30	30	0
			To ensure	No. of sub-stations upgraded/erected	1	1	1

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
services (2011 LGEM: Local Priority No. 2)			sufficient bulk supply of electricity	No. of kms of bulk supply line constructed	7	0	0
				% of bulk sewer infrastructure maintained as per approved maintenance plan and budget	100%	100%	100%
			To ensure the effective and efficient management of the electricity network	% of electricity master plan developed and approved	0%	50%	100%
				% reduction in electricity distribution losses	10%	8%	8%
				Electricity outages minimise by 10% annually	50%	10%	10%
				Reduced response time to reported outages for households	24hrs	2hrs	2hrs
				Reduced response time to reported outages for other consumers	48hrs	24hrs	24hrs
				% of high masts lights maintained	90%	90%	90%
				% of street lights maintained	90%	90%	90%
		Roads and storm water	To ensure sufficient roads and storm water networks to all communities	Total kms of roads upgraded to surfaced roads (tar/paved)	3km	7km	1km
				Total kms of un-engineered roads (dirt roads) graded	25km	50km	63kms
				% of roads and storm water infrastructure maintained as per approved maintenance plan and budget	100%	100%	100%
				Total kms of new storm water channels erected	0km	6km	7.4kms
				Total kms of existing storm water channels upgraded	2km	6km	10km
				% of roads and storm water master plan developed and approved	0%	50%	100%
				% of pavement management system developed and approved (including annual reviews)	0%	0%	20%

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP3: Build united, non-racial, integrated and safer communities (2011 LGEM: Local Priority No. 3)	KPA2: Basic service delivery and infrastructure investment	Human settlements	To provide sustainable human settlements and improved quality of household life through accelerated delivery of housing opportunities and access to basic services	% of beneficiaries identified as per approved housing allocations	100%	100%	100%
				% of subsidy applications received processed within 2 months	100%	100%	100%
				% of housing sector plan developed and approved	80%	100%	100%
				% housing accreditation status obtained	0%	40%	70%
				No. of informal areas formalised	0	0	1
				No. of hectares of land released for low cost housing	0	0	25
		Spatial development	To stimulate development through effective and efficient spatial planning and building control	% of spatial development framework (SDF) developed and approved (including annual reviews)	0%	0%	100%
				% of integrated land use management scheme developed and approved (including annual reviews)	0%	0%	100%
				% of re-zonings, sub-divisions and consolidation applications evaluated and submitted to Province within 60 days of receipt	30%	30%	70%
				% of building plans approved within 30 days of receipt of fully completed applications	20%	20%	75%
				% of approved building plan inspections conducted as per industry standards	50%	50%	70%

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP1: Build our local economy to create more employment, decent work and sustainable livelihoods (2011 LGEM: Local Priority No. 1)	KPA1: Local Economic Development	Public transport	To ensure that an effective and efficient public transport system is developed and maintained	% of Integrated Transport Plan (ITP) developed and approved	0%	0%	0%
				No. of new taxi ranks completed	0	1	1
				No. of kms of pedestrian sidewalks and bicycle lanes erected	2km	0km	2km
		Local Economic Development	To ensure support (non-financial and financial) for small enterprises, co-operatives and the informal sector	% of SMME development plan compiled and approved	0%	50%	80%
				Number of self-sufficient and sustainable SMMEs supported			
				Number of cooperatives identified and registered	0	6	10
				% of marketing and tourism strategy and plan compiled and approved	0%	50%	100%
				% of approved marketing and tourism plan implemented	0%	0%	80%
				No. of social labour plan (SLP) projects completed			
				% of local jobs summit organised and convened	0%	0%	100%
		Job creation	To make a meaningful and visible contribution to employment creation	Number of employment opportunities created as part of LED (NKPI: 7)	0%	50%	100%
				Number of employment opportunities created through EPWP initiatives (NKPI: 7)	0%	10%	70%
				Number of employment opportunities created through other initiatives (NKPI: 7)	0%	50%	100%
		Sustainable livelihoods	To ensure that poor households have access to free basic municipal services (NKPI: 5)	% of indigent register compiled and updated annually	30%	40%	100%
				Number of households on indigent register	5329	5587	12 000
				% of registered indigents that have access to free basic water	100%	100%	100%
				% of registered indigents that have access to free basic electricity	100%	100%	100%
				% of registered indigents that have access to free basic sanitation	100%	100%	100%
				% of registered indigents that have access to free basic refuse removal	100%	100%	100%

Social Protection and Community Development Cluster

Strategic Priority	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP2: Broaden access to and improve quality of municipal services (2011 LGEM: Priority No.2; MTSF: Outcome 9 - Output 2)	KPA2: Basic service delivery and infrastructure investment	Waste management	To provide affordable, effective, efficient, economical and accessible waste management services to all communities.	Number of households, ± 50 000, having access to basic refuse removal services (<i>removal at least once a week</i>) NKPI: 1	40 120	45 000	46 000
				Number of business premises receiving refuse removal services	1500	1500	1600
				% of approved Integrated Waste Management Plan (IWMP) implemented	0%	25%	50%
				% of functional waste management information system implemented (NKPI: 1)	0%	0%	10%
				Number of waste management education and awareness programmes implemented	0	0	4
				% establishment of new landfill site	10%	20%	30%
				% effective management of landfill sites (existing & new) according to applicable legislation	50%	50%	55%
SP2: Broaden access to and improve quality of municipal services (2011 LGEM: Priority No.2; MTSF: Outcome 9 - Output 2)	KPA2: Basic service delivery and infrastructure investment	Community facilities	To promote access and utilisation of public and community amenities.	Number of new community halls or MPCs established	3	1	2
				Number of new swimming pools established	2	0	0
				Number of new family parks established	5	2	2
				Number of new sports grounds established	10	0	4
				Number of new stadiums & MPSC established	3	0	0
				Number of new cemeteries established	6	0	1
				Number of new libraries established	5	0	
				Number of existing community halls maintained and upgraded	3	4	1
				Number of existing swimming pools maintained and upgraded	3	4	4
				Number of existing family parks maintained and upgraded	5	7	4
				Number of existing sports grounds maintained and upgraded	10	10	4
				Number of stadiums maintained	2	2	2
				% of HPC maintained	100%	100%	100%
				Number of existing cemeteries maintained and upgraded	4	8	19
				% review of Abrahamsrust management & operational systems	10%	20%	100%
				% improvement in management & operational systems at Abrahamsrust	10%	20%	50%
				% of Abrahamsrust facility maintained and upgraded as per approved maintenance plan	45%	50%	55%
				No. of increase in visitors to Abrahamsrust	20 000	22 000	50 000
				% of Day Visit Facilities (OV/DV) maintained and upgraded	20%	35%	55%
				Number (increase)of visitors to Day Visit Facilities	25 000	30 000	40 000
				% review of management and operational systems at Day Visit Facilities	10%	20%	100%

Strategic Priority	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
				% improvement in management & operational systems at Day Visit Facilities	10%	20%	50%
SP3: Build united, non-racial, integrated and safer communities (2011 LGEM: Priority No.3)	KPA3: Community development and social cohesion	Clean communities	To develop and promote a clean and environmentally-friendly town & communities	Annual clean & green-ward competition organised (<i>all 21 wards participating</i>)	30%	100%	100%
				% participation in provincial clean town competition	0%	0%	100%
				Number of illegal dumps removed	80	100	60
				% of By-Law on illegal dumping enforced (<i>finest and penalties</i>)	10%	50%	75%
		Safe communities	To support and strengthen the fight against crime in all communities	% of Community Safety Forum (CSF) established and functional	0%	75%	100%
				Number of street committees(sectors policing) established and functional	0	0	21
				% of By-Law enforcement unit established and functional	50%	75%	80%
				Number of school road safety programmes implemented (<i>in consultation with SGBs</i>)	10	15	15
				% support for provincial and national crime prevention initiatives	100%	100%	100%
				% community access to fire-fighting services (wards?)	100%	100%	100%
				Response time to fire-fighting emergencies	Within 30 mins	Within 30 mins	Within 30 mins
				Number of fire-safety programmes conducted	10 per quarter	10per quarter	10per quarter
		Healthy communities	To improve access to PHC services and increase awareness and participation of communities in HIV/AIDS, TB, STIs, and other illnesses.	% of households with access to primary health care (PHC) services within a radius of 5km	50%	75%	100%
				Number of community awareness programmes conducted on HIV/AIDS, TB and STIs	3	6	6
			To increase access to community development services	Number of sport development programmes organised/offered	0	0	4
				Number of library development programmes organised/offered	782	800	850
				Number of new members to libraries	11 902	500	500
				Number of youth development programmes organised	2	4	4
				Number of programmes organised for women	4	4	4
				Number of programmes organised for children	4	4	8
				Number of programmes organised with the aged	2	2	2

Strategic Priority	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP3: Build united, non-racial, integrated and safer communities (2011 LGEM: Priority No.3)	KPA3: Community development and social cohesion	Arts and culture	To improve access and maximise utilization of arts and culture resources	Number of functional arts and culture forums established	2	1	3
				% of Annual arts and culture festival organised/hosted	100%(1)	0%	100%
				Number of arts and culture programmes organised	48	50	55
				% increase in events/programmes held at theatre	20%	20%	10%
				% increase in the number of local artists participating in theatre programmes	5%	10%	100%
				% increase in the number of local schools participating in theatre programmes	40%	50%	100%
		Disaster management	To increase awareness and participation of communities in disaster management.	Increased number of disaster awareness programmes conducted in partnership with District and local Industries	1 per quarter	1 per quarter	4
				% of disaster management plan developed and implemented	100%	100%	100%
				Number of volunteers trained on disaster management	0	60	120
		Sustainable communities	To ensure that poor households have access to basic municipal services	Number of households on the indigent register	5 329	5 587	12 000
				% of registered indigent households that have access to free basic services	90%	95%	100%

Governance and Administration Cluster

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13	
SP4: Promote active community participation (2011 LGEM: Local Priority No. 4)	KPA4: Good governance and community participation	Participatory governance	To improve the level of functionality of public participation systems in the municipality (NKPI: 10)	Number of Functional Ward Committees established	18	21	21	
				Number of CDW's deployed in all 21 wards	18	21	21	
				Number of ward committees trained on identified core skills areas	0	0	21	
				Number of monthly community meetings held per ward	2 meetings per ward	3 meetings per ward	4 per ward	
			To actively support community-initiated social activities (2011 LGEM Local Priority 4)	Number of skills programmes implemented for burial societies, stokvels, religious groups, etc.	0 per annum	Compile database of activities and needs analysis	2 per annum	
				To improve external and internal communication	Number of monthly updates of municipal website completed	6 updates	12 updates	12 updates
					Number of newsletters produced and published	0	3	6
			Number of interactions arranged with the print and electronic media		12	12	12	
			Number of quarterly interactions held with relevant municipal and community stakeholders (business, religious, etc.)		2	4	4	
			SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government (LGEM: Local Priority No. 5; MTSF: Outcome 9)	KPA4: Good governance and community participation	Corporate governance	To ensure that effective and efficient systems and processes of good governance are implemented and maintained (NKPI: 9)	% of credible 5-Year IDP compiled according to CoGTA guidelines	100%
% of annual review of approved 5-year IDP conducted in terms of MSA and MFMA (Annual Revised IDP must be adopted by Council by the end of May each year)	100%	0% (No annual review taking place)					100% (First Review)	
% of compliant annual SDBIP approved within 28 days after the approval of the budget	90%	90%					100%	
% of approved posts filled in internal audit unit (10 posts)	33.3%	33.3%					70%	
% of annual performance assessment of internal audit function by the audit committee	0%	0%					100%	
% of annual internal audit plan approved by audit committee before end of June each year	70%	100%					100%	
% execution of annual internal audit plan	100%	100%					100%	
% developed three rolling coverage plan	100%	100%					100%	
Number of audit committees held per annum	4	4					4	
% review of audit charters completed annually (reviewed charters must be approved by the Audit Committee)	100%	100%					100%	
% of approved funded posts filled in risk management unit (5 posts)	1	1					1	

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
				% review of risk management strategy & policy (approved by risk management committee)	50%	100%	100%
				% of risk register compiled and updated quarterly	100%	100%	100%
				Number of risk management committee meetings held	3	2	4
				% of approved fraud prevention and anti-corruption strategy annually reviewed	90%	100%	100%
				% of approved fraud prevention and anti-corruption strategy annually implemented	0%	0%	25%
				Fully functional Local Labour Forum (LLF) established (<i>no. of meetings held per annum</i>)	3	6	11
				% implementation of LLF resolutions taken (including monitoring of SALGBC collective agreements)	85%	85%	100%
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government (LGEM: Local Priority No. 5; MTSF: Outcome 9)	KPA4: Good governance and community participation	Corporate governance	To ensure that a functional and effective Organisational Performance Management System (PMS) is adopted and implemented (NKPI: 3)	% of organisational PMS policy aligned to IDP approved and implemented	90%	100%	100%
				% of functional municipal performance audit committee established (<i>part of terms of reference of audit committee</i>)	0%	100%	100%
				% of compliant performance agreements for MM and managers directly accountable compiled and signed on time (NKPI: 2)	75%	75%	100%
				% of Employee PM&D policy approved and annually reviewed	0%	100%	100%
				% of PMS cascaded to all levels of employees in the municipality	0%	0%	20%
				% of quarterly institutional performance reviews conducted and reports submitted to Council within 30 days after the end of each quarter	0%	50% (2)	100% (4)
				% of MSA and MFMA compliant Annual Report tabled in Council by 31 January each year	75%	75%	100%
				Oversight report submitted to Council within two months after tabling of Annual Report	End of May	End of May	End of March
		Inter-governmental relations (IGR)	To ensure effective participation by the municipality in all IGR forums and programmes (NKPI: 12)	% of IGR meetings and forums at District, Provincial and National levels attended (DCF, PCF, District, Provincial and National Forums)	100%	100%	100%
				% of relevant IGR programmes and resolutions implemented	30%	30%	100%
		Customer care	To ensure that an effective and efficient customer care function is established	% of customer care policy compiled and adopted	50%	100%	100%
				% of municipal employees (frontline staff) who received customer care training	0%	0%	100%
				% of municipal customer care system and centre established	0%	0%	50%

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government (LGEM: Local Priority No. 5; MTSF: Outcome 9)	KPA5: Financial management and viability	Revenue and cash flow management	To ensure the effective and efficient management of municipal revenue and cash flow according to national norms and standards	Ratio of net current consumer debtors to annual property rates and service charge income	25.9%	60%	75%
				Annual property rates and service charges more than 50% of total revenue	74.5%	75%	76%
				% of consumer debtors revenue collected (<i>actual total collections as a percentage of total levies/billings</i>)	80%	85%	90%
				% reduction of consumer debtors older than 90-days (<i>Balance as at 30 June 2010: R229m</i>)	0%	10%	10%
				% actual revenue generated as a percentage of the approved/adjusted budget	98.3%	98%	98%
				% of revenue management strategy compiled and implemented	90%	95%	96%
				% of cash management and investment policy framework compiled and approved	0%	90%	100%
		Expenditure management and SCM	To implement an effective and efficient system of expenditure and supply chain management	% actual capital expenditure (CAPEX) as a percentage of the approved/adjusted budget	38.5%	40%	60%
				% actual operating expenditure (OPEX) as a percentage of the approved/adjusted budget	93.1%	94%	94%
				% actual expenditure on repairs and maintenance as a percentage of the approved/adjusted budget	3.8%	10%	5%
				% of MSIG allocation spent	100%	100%	100%
				% of creditors paid within 30 days of receipt of invoice (<i>includes implementing and maintaining an effective system of internal control</i>)	100%	100%	100%
				% of aligned SCM policy adopted and implemented (<i>includes establishment of fully functional unit and appropriate systems & procedures</i>)	50%	100%	100%
				Tender turnaround time maintained for bids between R30 000 and R100 000	21 days	21 days	21 days
				Tender turnaround time maintained for bids between R100 000 and R200 00	14 days	14 days	14 days
				Tender turnaround time maintained for bids above R200 000	90 days	90 days	90 days
				% compliance maintained with approved SCM policy and procedures (<i>includes elimination of internal and external audit queries</i>)	0%	100%	100%

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government (LGEM: Local Priority No. 5; MTSF: Outcome 9)	KPA5: Financial management and viability	Budgeting and reporting	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation	% of compliant annual budget (MTREF) compiled and approved by end of May each year	95%	100%	100%
				% of budget-related policies developed, reviewed and approved as per National Treasury and MFMA requirements	100%	100%	100%
				% of monthly budget statements (s71 of MFMA) are compiled and submitted to the Mayor by no later than 10 working days after the end of each month	100%	100%	100%
				% of monthly National Treasury returns submitted on time	100%	100%	100%
				% of quarterly National Treasury returns submitted on time	100%	100%	100%
				% of monthly DoRA returns submitted on time (MIG, DoE, MSIG & DWA)	100%	100%	100%
				% of mid-year budget assessment and budget adjustments report submitted by 25 January each year (s72 of MFMA)	100%	100%	100%
		Clean Audit	To ensure that the municipality received a Clean Audit Report by 2014	% of Clean Audit action plan compiled, approved and implemented	50%	60%	80%
				% of Annual Financial Statement submitted to the Auditor-General by the end of August each year	100%	100%	100%
				Actual improvement in annual audit outcomes received from the Auditor-General	Disclaimer	Qualified	Un-qualified
				% of the Action Plan on issues raised by the Auditor-General is compiled, approved and implemented annually	50%	70%	90%
				% internal audit recommendations implemented within specified time frames	50%	50%	100%
				% of PRO-PAC resolutions implemented annually	20%	100%	100%
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government (LGEM: Local Priority No. 5; MTSF: Outcome 9)	KPA5: Financial management and viability	Asset management	To ensure the effective, efficient and economical management of municipal assets	% of Fixed Asset Register (FAR) compiled and updated annually in line with GRAP requirements	98%	100%	100%
				% of asset maintenance and replacement plans developed and updated annually	0%	100%	100%
		Facilities management	To ensure the effective, efficient and economical management of municipal facilities	% of municipal fleet managed effectively, efficiently and economically	0%	0%	100%
				% availability of fleet to meet service delivery requirements	80%	95%	100%
				% of municipal buildings and corporate facilities managed effectively, efficiently and economically (includes council offices, equipment, furniture, etc.) as per allocated maintenance budget	0%	20%	100%
				% of ICT policy compiled, approved and reviewed annually if required	90%	100%	100%
				% of ICT Steering committee established (Terms of reference and meeting schedule finalised)	0%	0%	100%
				Downtime of critical systems reduced to less than 5% of total uptime required	10%	5%	5%
				% of workstations functional and on-line	80%	90%	91%

Strategic Priority (SP)	Key Performance Area (KPA)	Programmes	Objectives	Key Performance Indicator (KPI)	Baseline (2010/11)	Previous Year Target (2011/12)	Annual Target 2012/13
				% of user complaints attended to within 24 hours of receipt	85%	90%	91%
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government (LGEM: Local Priority No. 5; MTSF: Outcome 9)	KPA6: Municipal transformation and institutional development	Human capital	To provide sufficient and skilled human capital to enable all departments to function optimally in order to enhance institutional capacity and effective service delivery	% of critical posts filled by suitably qualified individuals (<i>appointees meeting 80-100% of job requirements</i>) subject to approved budget (NKPI: 1)	60%	100%	100%
				Turnaround time maintained on recruitment: funded vacancies		66 working days	60 working days
				% of organisational structure compiled and reviewed annually if required	70%	90%	100%
				% of workplace skills plan (WSP) and annual training report (ATR) compiled and submitted annually to the LGSETA on time	100%	100%	100%
				% of councillors and categories of staff trained as per WSP targets on an annual basis	55%	80%	100%
				% of employment equity (EE) plan and report compiled and submitted annually to the Department of Labour on time	60%	100%	100%
				% implementation of EE plan as per approved targets and measures	60%	95%	100%
				% of human resource-related policies compiled and reviewed annually if required	50%	90%	90%
				% of disputes and grievances (stage 1 to 3) handled in terms of the collective agreement (<i>turnaround time within 90 days</i>)	60%	90%	100%
				% of service excellence awards finalised by end of November each year	70%	95%	100%
		Institutional excellence	To create a working environment that enables good staff morale, high performance and effective functioning of council structures	Number of organisation development interventions implemented annually	0	0	2
				% of annual council programme compiled and approved by end of June each year	100%	100%	100%
				% of agendas for council, mayoral committee and portfolio committees delivered on time (<i>Council - 7 days and Committees - 48 hours</i>)	80%	90%	100%
				Number of quarterly reports to Council on the tracking of council resolutions (<i>submitted at the end of each quarter - Sept, Dec, Mar & Apr</i>)	0%	0%	4

2.11 Contracts having future budgetary implications

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

The Municipality enter into agreements for the rendering of printing services, office cleansing services and security services.

2.12 Capital expenditure details

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

Annexure A on page___ reflect the detail Capital Budget

Table 47 MBRR SA 34a - Capital expenditure on new assets by asset class

FS204 Metsimaholo - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on new assets by Asset Class/Sub-class										
- Infrastructure		22 938	23 180	38 814	95 356	76 992	55 624	112 533	95 103	99 384
Infrastructure - Road transport		6 803	-	20 813	13 420	13 700	7 828	13 820	19 000	15 000
Roads, Pavements & Bridges		658	-	20 813	7 420	7 700	4 328	13 820	19 000	15 000
Storm water		6 145	-	-	6 000	6 000	3 500			
Infrastructure - Electricity		1 708	6 673	9 508	18 280	24 432	10 663	18 200	28 037	35 150
Generation		-	-	-	-	-	-			
Transmission & Reticulation		1 708	4 260	2 750	18 030	24 182	10 518	18 200	28 037	35 150
Street Lighting		-	2 413	6 758	250	250	146			
Infrastructure - Water		1 818	7 556	2 742	48 696	23 735	28 406	27 495	12 170	12 559
Dams & Reservoirs		-	-	-	-	-	-			
Water purification		-	-	2 742	-	-	-			
Reticulation		1 818	7 556	-	48 696	23 735	28 406	27 495	12 170	12 559
Infrastructure - Sanitation		12 609	8 951	5 751	13 310	14 673	7 764	38 942	27 846	22 775
Reticulation		12 609	8 951	5 751	13 310	14 673	7 764	38 942	27 846	22 775
Sewerage purification		-	-	-	-	-	-			
Infrastructure - Other		-	-	-	1 650	452	963	14 075	8 050	13 900
Waste Management		-	-	-	1 650	452	963	1 775	4 800	13 400
Transportation	2							800	250	500
Gas										
Other	3							11 500	3 000	

Community		526	4 661	4 073	132 412	3 413	77 240	818	200	-
Parks & gardens		526	-	-	1 530	1 530	893			
Sportsfields & stadia		-	-	-	55	55	32			
Swimming pools		-	-	-	56	56	33			
Community halls		-	1 100	-	316	317	184			
Libraries				-	124	124	72			
Recreational facilities				-	619	619	361			
Fire, safety & emergency				-	-	-	-			
Security and policing				2 101	712	712	415	818	200	
Buses	7						-			
Clinics							-			
Museums & Art Galleries							-			
Cemeteries		-	3 561	1 972			-			
Social rental housing	8				129 000	-	75 250			
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		1 056	4 846	1 327	39 942	21 572	23 300	22 828	28 111	25 103
General vehicles		70	33	174	60	560	35	750	500	
Specialised vehicles		-	-	-	12 300	-	7 175	-	-	-
Plant & equipment		-	4 160	1 142	9 970	9 180	5 816	8 054	16 503	4 009
Computers - hardware/equipment		244	150	-	-	-	-			
Furniture and other office equipment		407	-	12	7 103	3 823	4 143	11 925	616	5 126
Abattoirs										
Markets										
Civic Land and Buildings								2 100	10 492	15 968
Other Buildings					2 976	476	1 736			
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		335	503	-	7 533	7 533	4 394			
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	24 520	32 687	44 214	267 710	101 977	156 164	136 179	123 413	124 487
Specialised vehicles		-	-	-	12 300	-	7 175	-	-	-
Refuse					8 000		4 667			
Fire					4 300		2 508			
Conservancy										
Ambulances										

Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

FS204 Metsimaholo - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		-	-	-	11 000	11 000	6 417	-	-	-
Infrastructure - Road transport		-	-	-	11 000	11 000	6 417	-	-	-
<i>Roads, Pavements & Bridges</i>					11 000	11 000	6 417			
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
<u>Community</u>		-	-	-	-	-	-	400	13	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7							400	13	
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									

Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	1 316	1 316	768	1 323	510	-
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment							1 323	510		
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings				1 316	1 316	768				
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	12 316	12 316	7 184	1 723	523	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	4.4%	10.8%	4.4%	1.2%	0.4%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	27.3%	17.4%	10.1%	3.4%	1.3%	0.0%

Table 49 MBRR SA34c - Repairs and maintenance expenditure by asset class

FS204 Metsimaholo - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class										
- Infrastructure		34 121	36 781	44 003	55 918	55 074	51 337	80 248	87 022	93 692
Infrastructure - Road transport		13 086	11 900	20 859	16 648	18 937	16 392	27 519	29 748	32 096
Roads, Pavements & Bridges		13 086	11 900	19 009	14 648	16 937	15 225	24 519	26 508	28 597

Storm water	3			1 850	2 000	2 000	1 167	3 000	3 240	3 499
Infrastructure - Electricity		6 300	8 484	8 830	13 184	12 973	12 494	21 155	22 965	24 501
Generation		11	251	–	364	364	212	750	891	891
Transmission & Reticulation		6 054	7 945	8 536	12 508	12 297	12 100	20 075	21 724	23 242
Street Lighting		235	288	294	312	312	182	330	350	368
Infrastructure - Water		10 214	9 961	6 978	14 008	12 797	12 597	17 792	19 331	20 848
Dams & Reservoirs										
Water purification										
Reticulation		10 214	9 961	6 978	14 008	12 797	12 597	17 792	19 331	20 848
Infrastructure - Sanitation		3 899	6 436	6 707	11 308	9 597	9 405	12 970	14 101	15 299
Reticulation		3 899	6 436	6 707	11 308	9 597	9 405	12 970	14 101	15 299
Sewerage purification										
Infrastructure - Other		622	–	629	770	770	449	812	877	948
Waste Management		622	–	629	770	770	449	812	877	948
Other										
Community	7	237	64	–	704	704	411	443	470	496
Parks & gardens		6	1	–	29	29	17	6	7	7
Sportsfields & stadia		1	61	–	113	113	66	24	25	26
Swimming pools		6	2	–	66	66	39	3	3	3
Community halls		–	–	–	84	84	49	115	115	115
Libraries		2	–	–	7	7	4	–	–	–
Recreational facilities		92	–	–	–	–	–	95	100	105
Fire, safety & emergency		130	–	–	215	215	125	200	220	240
Security and policing		–	–	–	190	190	111			
Buses										
Cemeteries										
Social rental housing										
Other										
Other										
Other assets		10	6 456	9 561	15 971	16 975	19 076	13 302	11 241	12 239
General vehicles	1 459		1 794	5 472	2 618	5 342	1 527	5 524	5 726	5 881
Specialised vehicles	–		–	–	–	–	–	–	–	–
Plant & equipment	229		153	211	389	389	227	447	474	502
Computers - hardware/equipment	616		–	–	1 400	1 400	817			
Furniture and other office equipment	795		576	2 330	2 442	2 342	1 425	3 199	3 542	3 950
Abattoirs		–								
Markets										
Civic Land and Buildings								2 071	2 497	2 326
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		3 357	7 038	7 958	10 126	9 603	9 307	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	40 814	46 406	59 975	73 597	74 854	65 050	91 932	99 731	106 846

Specialised vehicles		–	–	–	–	–	–	–	–	–
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Refuse										
Fire										
Conservancy										
Ambulances										
<i>R&M as a % of PPE</i>		13.5%	15.0%	7.6%	11.6%	9.1%	8.6%	10.9%	11.3%	11.4%
<i>R&M as % Operating Expenditure</i>		9.1%	10.3%	11.7%	11.0%	10.7%	11.0%	11.8%	12.0%	11.7%

2.13 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Budget and Treasury Office.
The Budget and Treasury Office has been established in accordance with the MFMA.
3. Audit Committee
An Audit Committee has been established and is fully functional.
4. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2012 directly aligned and informed by the 2012/13 MTREF.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
6. Risk management
The municipality have an updated risk management strategy and plan in place.
7. Implementation of SCM
The reviewed supply chain management policy of the municipality, in line with the MFMA and national treasury prescripts, was adopted by council in February 2012. All bid committees as required by the SCM regulations are in place and the bid adjudication is chaired by the chief financial officer and operates within delegated powers.
8. Effectiveness of audit steering committees
The audit steering committees is an ad-hoc committee established during the planning and execution of the annual audit. The committee usually comprise of officials of the municipality and the Auditor-General team performing the audit.
9. Reduction of short-term debt
This regulation is not applicable to the municipality as overdraft facilities are managed within the context of section 45 of the MFMA relating to short-term debt.
10. Delegations
All delegations are in place and council approved the generic financial delegations in November 2006.

11. Performance agreements

The new performance agreements for 2011/2012 will be finalised after the SDBIP has been approved.

12. Implementation of GRAP

The key challenges for implementation of GRAP requirements are the following:

- Asset Register. Full compliance GRAP achieved, 30 June 2011.
- Investment property guidelines implemented - 30 June 2011
- Employee benefits fully captured. 30 June 2011
- Unbundling of PPE as per guidelines 30 June 2011.
- Not all stands are transferred in terms of housing scheme - 30 June 2013
- Lease : Government Garage treated as operating lease
- Debtors impaired.
- Billing information to be updated to accurate information for statements.
- Debtors and creditors to be discounted/fair valued. Insufficient information is available on system to make this possible 30 June 2011

13. Development of accounting policies

Several accounting policies have been developed to ensure the requirements of Circular 36 are complied with. The further development of accounting policies will be guided with exemptions as agreed with National Treasury on an annual basis.

14. Inventories - unsold water

The inventories of unsold water are available from the Technical Section responsible. The water in "stock" is ± 45 mega litre and recorded daily. The reservoirs and pipes will be subject to stock taking on 30 June 2012. The detail of water losses need to be investigated to see if these stock levels needs to be impaired for the resale value of the water. The information is in the process to be updated.

15. Asset register

The physical asset count will be performed and communicated by the external service provider. The unbundling of PPE as well as impairment and investment property guidelines were addressed in 2010/2011. A service provider was appointed. The project to be GRAP 17 compliant was completed at 30 June 2011.

2.14 Other supporting documents

Table 50 MBRR Table SA1-Supporting detail to budgeted financial performance

FS204 Metsimaholo - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		61 816	77 589	86 298	88 537	93 737	93 737		99 459	107 158	113 569
<i>less Revenue Foregone</i>			6 612	9 257	9 529	9 529	9 529		9 214	10 504	11 239
Net Property Rates		61 816	70 977	77 041	79 008	84 208	84 208	–	90 245	96 654	102 330
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		69 702	98 520	145 697	185 063	185 063	181 063		215 277	232 499	246 449
<i>less Revenue Foregone</i>				11 758	11 470	11 470	10 900		10 160	15 239	19 049
Net Service charges - electricity revenue		69 702	98 520	133 940	173 593	173 593	170 163	–	205 117	217 260	227 400
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		79 195	122 289	138 061	165 186	165 187	163 187		174 215	188 184	199 705
<i>less Revenue Foregone</i>				15 227	19 170	19 170	19 010		22 498	24 427	26 137
Net Service charges - water revenue		79 195	122 289	122 833	146 016	146 017	144 177	–	151 716	163 757	173 568
<u>Service charges - sanitation revenue</u>	6										
Total Service charges - sanitation revenue		12 254	13 623	19 653	18 693	18 692	17 500		34 222	36 883	39 466
<i>less Revenue Foregone</i>				1 683	1 647	1 647	1 544		1 704	1 943	2 079
Net Service charges - sanitation revenue		12 254	13 623	17 970	17 046	17 045	15 956	–	32 518	34 940	37 388
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		13 923	16 163	23 629	26 882	26 882	24 500		37 112	40 081	42 486
Total landfill revenue				–					–	–	–
<i>less Revenue Foregone</i>				–					–	–	–
Net Service charges - refuse revenue		13 923	16 163	23 629	26 882	26 882	24 500	–	37 112	40 081	42 486

Other Revenue by source											
<i>Fundraising</i>						-	-	-	-	-	-
<i>legal cost</i>		1 063	957	1 334	1 200	2 000	2 000		3 000	3 500	4 000
Departmental Income		30 946	2 881		13 670	13 670	15 062		15 000	17 396	17 587
Training		435	665	344	231	613	755		231	235	235
Other Revenue	3	4 462	4 897	1 050	21 505	20 308	6 587		464	501	538
Total 'Other' Revenue	1	36 906	9 401	2 729	36 606	36 591	24 404	-	20 695	24 132	25 360
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	72 808	83 272	88 203	133 578	131 993	130 000		124 644	138 562	149 898
Pension and UIF Contributions		16 989	19 690	13 823	26 492	15 862	15 454		18 765	20 990	22 006
Medical Aid Contributions		-	-	7 937	-	9 271	9 270		9 466	9 787	11 330
Overtime		8 724	11 292	12 530	10 446	13 793	11 500		18 838	20 499	21 969
Performance Bonus				766	-	-	-		-	-	106
Motor Vehicle Allowance		5 585	5 506	7 149	4 390	4 715	4 200		7 761	8 576	9 260
Cellphone Allowance		-	-	-	-	-	-		-	-	-
Housing Allowances		950	899	784	826	828	800		1 218	1 332	1 515
Other benefits and allowances		-	-	7 495	-	-	-		-	-	-
Payments in lieu of leave		-	936	-	2 111	2 111	2 000		2 272	2 455	2 914
Long service awards				1 125							
Post-retirement benefit obligations	4			2 356							
<i>sub-total</i>	5	105 056	121 595	142 166	177 843	178 573	173 224	-	182 964	202 202	218 998
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	105 056	121 595	142 166	177 843	178 573	173 224	-	182 964	202 202	218 998
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		26 377	25 677	67 359	45 037	70 805	70 805		75 567	65 510	65 056
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10								25 567	25 567	25 567
Total Depreciation & asset impairment	1	26 377	25 677	67 359	45 037	70 805	70 805	-	50 000	39 942	39 488

Bulk purchases											
Electricity Bulk Purchases		57 183	77 751	96 214	119 211	126 210	120 000		154 594	184 345	227 426
Water Bulk Purchases		53 219	55 506	64 730	86 630	86 631	72 000		98 518	106 673	115 480
Total bulk purchases	1	110 402	133 257	160 944	205 841	212 841	192 000	–	253 112	291 018	342 906
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		4 224	9 869	15 409	24 002	24 002	14 001	–	31 295	35 011	38 083
Total transfers and grants	1	4 224	9 869	15 409	24 002	24 002	14 001	–	31 295	35 011	38 083
Contracted services											
<i>Security services</i>		3 511	3 220	4 957	5 500	5 500	5 500		6 000	6 600	6 600
<i>Printing Services</i>		1 090	1 339	1 369	1 873	1 873	1 873		2 657	2 828	3 151
<i>Cash Security Services</i>		301	330	367	450	450	450		495	540	590
<i>Cleansing Services</i>		998	1 156	1 292	1 680	1 680	1 680		1 764	1 870	1 870
<i>Other</i>		705	3 756	4 324	3 500	3 500	3 500		5 175	6 250	8 270
sub-total	1	6 606	9 801	12 309	13 003	13 003	13 003	–	16 092	18 088	20 481
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		6 606	9 801	12 309	13 003	13 003	13 003	–	16 092	18 088	20 481
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions					2 989	2 989	1 744		2 989	3 396	3 405
Consultant fees		3 566	3 173	–	10 749	10 749	6 270		–	–	–
Audit fees		2 604	2 776	3 337	3 500	3 500	2 042		3 635	3 962	4 279
General expenses	3	43 912	13 253	21 668	11 765	11 690	6 883		31 916	35 569	35 193
<i>Advertising</i>		258	283	602	710	1 070	414		1 160	1 299	1 404
<i>Bursaries</i>		178	132	396	1 030	1 230	601		1 562	2 600	2 647
<i>Computer Systems</i>		140	437	491	1 200	1 200	700		1 200	1 400	1 700
<i>Conferences and delegations</i>		712	577	625	970	1 252	466		2 138	2 337	2 525
<i>Connection charges</i>		1 150	600	555	2 309	2 309	1 347		2 378	2 730	2 743
<i>Fuel and oil vehicles</i>		3 912	3 490	3 666	6 607	6 095	3 854		6 780	7 096	6 969
<i>Legal Expenses</i>		1 898	1 392	2 902	3 780	4 580	1 862		4 585	5 340	5 845
<i>Membership fees</i>		611	671	807	1 110	1 174	948		1 105	1 142	1 147
<i>Postage</i>		1 063	1 137	1 140	1 725	1 610	1 009		1 811	1 896	1 911
<i>Printing and Stationary</i>		723	876	1 088	1 311	1 339	765		1 480	1 611	1 724
<i>Professional fees</i>		3 566	3 173	4 523	10 749	10 654	6 270		11 165	11 039	11 435

<i>Public programs</i>		1 320	2 393	4 700	4 000	4 320	2 333		6 000	6 750	6 872
<i>Rental External Equipment</i>		(12)	(225)	803	1 190	3 195	894		1 702	1 889	1 978
<i>Sewer Treatment</i>		9 199	1 482	3 618	12 214	12 214	7 125		12 902	13 935	15 049
<i>Stocks and materials</i>		1 386	2 183	1 092	1 549	1 537	813		1 747	1 940	2 077
<i>Telephone</i>		2 714	2 895	3 133	3 550	3 500	2 071		3 731	3 833	3 834
<i>Uniforms</i>		232	640	687	1 394	1 592	813		1 610	1 717	1 855
<i>Valuation costs</i>		652	1 098	272	2 500	2 000	1 458		4 000	2 000	1 000
<i>Bank charges</i>		1 281	1 266	1 274	2 160	2 160	1 250		2 592	3 110	3 110
<i>Insurance</i>		1 226	1 277	1 578	1 660	2 092	988		2 510	2 762	3 038
<i>Interest on external loans</i>		–	–	–	6 159	3 773	3 593		–	–	–
<i>Remuneration contingent liability</i>		–	–	–	2 000	2 000	1 167		1 000	500	502
Total 'Other' Expenditure	1	82 291	44 979	58 955	98 880	99 824	57 680	–	111 698	119 851	122 244

Repairs and Maintenance by Expenditure Item	8										
Employee related costs		25 231	29 055	33 482	39 815	41 487	35 804		38 533	42 073	45 269
Other materials		15 584	17 350	26 492	33 782	33 369	29 246		53 399	57 658	61 577
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	40 815	46 405	59 974	73 597	74 856	65 050	–	91 932	99 731	106 846

Table 51 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

FS204 Metsimaholo - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - COUNCIL, MAYOR, SPEAKER & COUNCILLORS	Vote 2 - MUNICIPAL MANAGER	Vote 3 - ORGANISATIONAL STRUCTURE & CORPORATE SERVICES	Vote 4 - SOCIAL SERVICES	Vote 5 - INFRASTRUCTURAL SERVICES	Vote 6 - FINANCIAL SERVICES	Vote 7 - LOCAL ECONOMIC DEVELOPMENT	Total
R thousand	1								
Revenue By Source									
Property rates							90 245		90 245
Property rates - penalties & collection charges									-
Service charges - electricity revenue						205 117			205 117
Service charges - water revenue						151 716			151 716
Service charges - sanitation revenue						32 518			32 518
Service charges - refuse revenue					37 112				37 112
Service charges - other					1 088			3 415	-
Rental of facilities and equipment					1 088				4 503
Interest earned - external investments					1 062	9 220	2 300		2 300
Interest earned - outstanding debtors					1 062		5 720		16 002
Dividends received									-
Fines					12 007				12 007
Licences and permits					163				163
Agency services									-
Other revenue		282		3 241	3 367	2 665	4 051	530	14 135
Transfers recognised - operational				2 361	13 249	50 370	41 226		107 207
Gains on disposal of PPE								9 000	9 000
Total Revenue (excluding capital transfers and contributions)		282	-	5 602	68 047	451 605	143 542	12 945	682 024
Expenditure By Type	-								
Employee related costs		37 529		19 520	58 999	35 038	25 535	6 343	182 964
Remuneration of councillors		12 863							12 863
Debt impairment					1 800	33 300	12 025	213	47 338
Depreciation & asset impairment		704		14 329	3 186	30 786	689	95	49 788
Finance charges									-
Bulk purchases						253 112			253 112
Other materials									-
Contracted services		2 169		2 067	9 547	759	1 492	56	16 091
Transfers and grants									-

Other expenditure		17 267		7 541	33 415	94 232	(7 350)	1 839	146 944
Loss on disposal of PPE									-
Total Expenditure		70 533	-	43 457	106 947	447 227	32 391	8 546	709 101
Surplus/(Deficit)		(70 251)	-	(37 854)	(38 900)	4 378	111 151	4 399	(27 076)
Transfers recognised - capital						59 768			59 768
Contributions recognised - capital									-
Contributed assets									-
Surplus/(Deficit) after capital transfers & contributions		(70 251)	-	(37 854)	(38 900)	64 146	111 151	4 399	32 692

Repair and maintenance not included above.

Table 52 MBRR Table SA3 – Supporting detail to Statement of Financial Position

FS204 Metsimaholo - Supporting Table
A3 Supporting detail to 'Budgeted
Financial Position'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		8 043	29 499	27 062	15 000	20 000	10 500		7 000	8 500	9 000
Other current investments > 90 days											
Total Call investment deposits	2	8 043	29 499	27 062	15 000	20 000	10 500	–	7 000	8 500	9 000
<u>Consumer debtors</u>											
Consumer debtors		304 701	327 456	358 103	370 504	85 000	403 103		440 284	484 438	529 771
Less: Provision for debt impairment		(228 766)	(273 247)	(260 896)	(340 406)	–	(302 896)		(347 896)	(394 896)	(441 896)
Total Consumer debtors	2	75 935	54 209	97 207	30 098	85 000	100 207	–	92 388	89 542	87 875
<u>Debt impairment provision</u>											
Balance at the beginning of the year		174 100	237 843	279 332	313 406	–	270 126		312 126	357 126	404 126
Contributions to the provision		54 666	51 384	8 600	42 000	–	42 000		45 000	47 000	47 000
Bad debts written off			(15 980)	(17 806)	(15 000)	–	–				
Balance at end of year		228 766	273 247	270 126	340 406	–	312 126	–	357 126	404 126	451 126
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		443 343	472 798	1 715 319	871 192	826 115	1 778 354		1 936 287	2 049 322	2 172 810
Leases recognised as PPE		21 341	20 044	52 214	22 000	–	22 000		33 880	38 500	45 425
Less: Accumulated depreciation		162 010	183 938	976 074	260 379	–	1 046 879		1 124 963	1 193 070	1 260 544
Total Property, plant and equipment (PPE)	2	302 674	308 904	791 459	632 813	826 115	753 475	–	845 204	894 752	957 691
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		6 727	6 502	15 626	16 000	18 345	–		–	–	–
Current portion of long-term liabilities			1 230	–					2 937	3 266	3 820
Total Current liabilities - Borrowing		6 727	7 732	15 626	16 000	18 345	–	–	2 937	3 266	3 820
<u>Trade and other payables</u>											

Trade and other creditors		64 754	69 133	85 373	44 000	70 000	87 000		94 046	102 511	107 636
Unspent conditional transfers		5 712	15 567	11 760	–	–	–		–	–	–
VAT		24 405	7 879	10 254	8 000	–	9 000		11 000	11 500	13 000
Total Trade and other payables	2	94 871	92 579	107 388	52 000	70 000	96 000	–	105 046	114 011	120 636
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	1 218	–	9 209	42 000	25 490	8 000		35 127	38 861	35 241
Finance leases (including PPP asset element)		11 038	4 535		22 000	–	14 667		7 796	4 150	–
Total Non current liabilities - Borrowing		12 256	4 535	9 209	64 000	25 490	22 667	–	42 923	43 011	35 241
<u>Provisions - non-current</u>											
Retirement benefits			18 098	50 610	21 400	54 000	53 647		59 012	64 323	69 469
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		–	18 098	50 610	21 400	54 000	53 647	–	59 012	64 323	69 469
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		51 226	276 742	249 236	293 139	963 215	909 910		857 939	899 903	886 296
GRAP adjustments		93 928	(18 099)	602 620	–		–				
Restated balance		145 154	258 643	851 856	293 139	963 215	909 910	–	857 939	899 903	886 296
Surplus/(Deficit)		(65 952)	742	25 306	4 309	(25 173)	25 830	–	(20 706)	(28 800)	(56 775)
Appropriations to Reserves		–	6 639	–	–		–				
Transfers from Reserves		203 913	–	–	8 000		–				
Depreciation offsets		–	–	–	–	0	0		0	0	1
Other adjustments		14 171	10 040	–	247 772	(9 000)	(95 267)		36 956	30 902	98 589
Accumulated Surplus/(Deficit)	1	297 286	276 064	877 162	553 220	929 042	840 473	–	874 189	902 005	928 111
<u>Reserves</u>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	297 286	276 064	877 162	553 220	929 042	840 473	–	874 189	902 005	928 111

Table 53 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

FS204 Metsimaholo - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<u>Demographics</u>												
Population		Housing sector plan Dec 2010-44-312	No internal	168	No record	No record	179		198 080	237 696	273 350	300 685
Females aged 5 - 14									26 039	31 246	35 933	39 526
Males aged 5 - 14									25 959	31 150	35 823	39 405
Females aged 15 - 34									19 204	23 045	26 502	29 152
Males aged 15 - 34									18 450	22 140	25 461	28 007
Unemployment		Sector plan 34.4% Provincial Data	No internal	57	No record	No record	47		48 404	58 085	66 798	73 478
<u>Monthly household income (no. of households)</u>	1, 12	-										
No income									47 437	56 924	65 463	72 009
R1 - R1 600									110 025	132 030	151 834	167 017
R1 601 - R3 200									16 488	19 785	22 753	25 028
R3 201 - R6 400									10 723	12 867	14 797	16 277
R6 401 - R12 800									29 894	35 789	41 157	45 273
R12 801 - R25 600									30949>	37139>	42710>	46981>
R25 601 - R51 200									-	-	-	-
R52 201 - R102 400									-	-	-	-
R102 401 - R204 800									-	-	-	-
R204 801 - R409 600									-	-	-	-
R409 601 - R819 200									-	-	-	-
> R819 200									-	-	-	-
<u>Poverty profiles (no. of households)</u>												
< R2 060 per household per month	13								110025.00	132030.00	151834.00	167017.00
Families with an income not exceeding R6400pm	2	Housing sector plan							26947.00	32336.00	37186.00	40905.00

Household/demographics (000)												
Number of people in municipal area		179305	No record	168 000		No record	170		198 080	237 696	273 350	300 685
Number of poor people in municipal area		Earning less than R1 600	No record	No record		No record	110		126 515	151 818	174 590	192 049
Number of households in municipal area		44312 based on average family size	No record	No record		No record	44		48 909	58 690	67 494	74 243
Number of poor households in municipal area		19300	No record	No record		No record	19		23 249	27 898	32 082	35 290
Definition of poor household (R per month)		See above										
Housing statistics	3											
Formal		Financial Accounting and Valuation	No record	No record		No record	30 254		32 020	38 424	44 188	48 607
Informal		Financial Accounting and Valuation	No record			No record	16 150		9 790	11 748	13 510	14 861
Total number of households			-	-	-	-	46 404	-	41 810	50 172	57 698	63 468
Dwellings provided by municipality	4		No record		No record							
Dwellings provided by province/s			No record		No record	1	900		2 300	400	500	600
Dwellings provided by private sector	5		No record		No record	No record	1 533		1 533	100	150	200
Total new housing dwellings			-	-	-	800	2 433	-	3 833	500	650	800
Economic	6											
Inflation/inflation outlook (CPIX)						9.3%	9.3%		10.1%	10.3%	10.5%	10.7%
Interest rate - borrowing						10.2%	7.0%		10.0%	10.5%	11.0%	11.3%
Interest rate - investment							13.0%		8.0%	9.0%	9.5%	9.9%
Remuneration increases									7.0%	7.5%	7.7%	7.9%
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges						88.0%	78.6%		80.0%	83.0%	85.0%	87.0%
Rental of facilities & equipment						35.0%	47.0%		50.0%	55.0%	60.0%	70.0%
Interest - external investments						100.0%	100.0%		100.0%	100.0%	100.0%	100.0%
Interest - debtors									50.0%	55.0%	60.0%	65.0%
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
		<u>Household service targets (000)</u>									
Municipal in-house services	Ref.		2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
		<u>Household service targets (000)</u>									
		<u>Water:</u>									
		Piped water inside dwelling	22 000	22 000	22 000	25 000	25 000	25 000	25 000	25 000	25 000
		Piped water inside yard (but not in dwelling)	1 000	1 000	1 000	2 000	2 000	2 000	2 000	2 000	2 000
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	23 000	23 000	23 000	27 000	27 000	27 000	27 000	27 000	27 000
	9	Using public tap (< min.service level)	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
		Total number of households	25 000	25 000	25 000	29 000	29 000	29 000	29 000	29 000	29 000
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)	14 000	14 000	14 000	19 000	19 000	19 000	19 000	19 000	19 000
		Flush toilet (with septic tank)	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
		Chemical toilet									
		Pit toilet (ventilated)				6 000	6 000	6 000	6 000	6 000	6 000
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	15 000	15 000	15 000	26 000	26 000	26 000	26 000	26 000	26 000
		Bucket toilet	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
		Other toilet provisions (< min.service level)									
		No toilet provisions									

		<i>Below Minimum Service Level sub-total</i>	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
		Total number of households	17 000	17 000	17 000	28 000	28 000	28 000	28 000	28 000	28 000
		<u>Energy:</u>									
		Electricity (at least min.service level)	17 000	17 000	17 000	4 000	4 000	4 000	6 000	5 000	6 000
		Electricity - prepaid (min.service level)	15 000	15 000	15 000	27 000	27 000	27 000	28 000	30 000	31 000
		<i>Minimum Service Level and Above sub-total</i>	32 000	32 000	32 000	31 000	31 000	31 000	34 000	35 000	37 000
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	32 000	32 000	32 000	31 000	31 000	31 000	34 000	35 000	37 000
		<u>Refuse:</u>									
		Removed at least once a week	35 000	38 000	40 000	40 000			45 000	50 000	55 000
		<i>Minimum Service Level and Above sub-total</i>	35 000	38 000	40 000	40 000	-	-	45 000	50 000	55 000
Municipal entity services	Ref.	Removed less frequently than once a week	4 000	5 000	10 000	15 000			10 000	5 000	3 000
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal	4 000	5 000	10 000	15 000			10 000	5 000	3 000
		<i>Below Minimum Service Level sub-total</i>	8 000	10 000	20 000	30 000	-	-	20 000	10 000	6 000
		Total number of households	43 000	48 000	60 000	70 000	-	-	65 000	60 000	61 000
Services provided by 'external mechanisms'	Ref.		2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Names of service providers		<u>Household service targets (000)</u>									
		<u>Water:</u>									
		Total number of households	-	-	-	-	-	-	-	-	-

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2.15 Municipal manager's quality certificate

I, Robinson Thekiso, acting municipal manager of Metsimaholo 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 Robinson Thekiso

Municipal manager of Metsimaholo Municipality (FS 204)

Signature _____

Date _____