

**DRAFT ANNUAL BUDGET**  
**OF**  
**ELIAS MOTSOALEDI**  
**LOCAL MUNICIPALITY**



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

## **ANNUAL BUDGET RELATED RESOLUTIONS**

1. Council resolves that the draft budget of Elias Motsoaledi Local Municipality for the financial year 2014/15, with three year audited actual and the two projected outer years 2015/16 and 2016/17 be approved in the following schedules:
  - 1.1 Budgeted summary on table A1;
  - 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2;
  - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3;
  - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4;
  - 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
  - 1.6 Budgeted financial position as reflected on table A6;
  - 1.7 Measurable performance objective for revenue source as per Cash flow table A7;
  - 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
  - 1.9 Asset management as reflected on table A9; and
  - 1.10 The basic service delivery measurement on table A10;
2. Council resolves that property rates be approved for the budget year 2014/15.
3. Council resolves that the tariffs policy be adopted for public participation and the following tariff and charges reflected on the listed pages be approved for the draft budget 2014/15 financial year
  - Electricity
  - Refuse removal
  - Basic charges
  - Sundry tariffs
4. Council resolve to adopt the amended draft Integrated Development Plan (IDP).
5. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

## PART 1- DRAFT ANNUAL BUDGET

### 1.1 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.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular number 70 and 72 have been used as guidance for the compilation of the 2014/15 MTREF.

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

Description	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Total Revenue</b>	<b>336,626,900</b>	<b>399,724,877</b>	<b>404,942,080</b>
Less: Transfers recognised capital	51,140,000	61,901,000	56,245,000
<b>Total Operating Revenue</b>	<b>285,486,900</b>	<b>337,823,877</b>	<b>348,697,080</b>
<b>Total Operating Expenditure</b>	<b>302,497,603</b>	<b>319,211,712</b>	<b>336,775,464</b>
Less: Depreciation and impairment of assets	35,000,000	36,890,000	38,882,060
Less: Debt Impairment	3,000,000	3,162,000	3,332,748
<b>Total Net Operating Expenditure</b>	<b>264,497,603</b>	<b>279,159,712</b>	<b>294,560,656</b>
<b>Surplus/(Deficit)</b>	<b>20,989,297</b>	<b>58,664,165</b>	<b>54,136,424</b>
<b>Total Capital Expenditure</b>	<b>72,090,000</b>	<b>96,224,715</b>	<b>90,589,103</b>
Grants Funding	51,140,000	61,901,000	56,245,000
Own Funding	20,950,000	34,323,715	34,344,103

Total operating revenue has grown by 10.76% or R32.7 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 18.74% and 1.31% respectively, equating to a total revenue growth of R68, 315million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R302,647 million and translates into a budgeted surplus of R34,129 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 3,44% in the 2014/15 budget and by 5,47% and 5,50% for each of the respective outer years of the MTREF. The operating surplus for 2015/16 financial year steadily increases to R80,513 million and then

'decreases to R68,166 million in 2016/17 financial year. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R72,090 million for 2014/15 is 0,35% more when compared to the 2013/14 Adjustment Budget. The capital programme increases to R96,225 million in the 2015/16 financial year and to R90,589 million in the 2016/17 financial year. A substantial portion of the capital budget will be funded from Municipal Infrastructure Grant (MIG) and the funding will be R50,840 million representing 70,52% of the total capital expenditure during the 2014/15 financial year and R53,601 million and R56,945 million respectively in the two outer years. The balance will be funded internally generated funds and other grants such as Financial Management Grant (R300,000 for all financial years) and Integrated Electrification Programme (R8 million for 2015/16).

## **1.2 Operating Revenue Framework**

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of 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;
- Efficient revenue management, which aims to ensure a 95% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

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

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>										
Property rates	10,706	11,033	17,900	34,000	23,725	23,725	–	31,000	32,674	34,438
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	33,937	44,172	47,884	47,000	47,000	47,000	–	58,200	61,343	64,655
Service charges - water revenue	–	1	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2,127	2,523	2,578	2,905	2,910	2,910	–	6,143	6,475	6,824
Service charges - other	–	–	–	–	–	–	–	2,736	2,884	3,039
Rental of facilities and equipment	683	811	771	705	775	775	–	1,035	1,091	1,150
Interest earned - external investments	3,869	2,344	878	630	3,130	3,130	–	3,105	3,273	3,449
Interest earned - outstanding debtors	1,868	2,580	3,733	3,820	5,020	5,020	–	5,000	5,270	5,555
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	2,408	1,031	792	1,200	673	673	–	1,010	1,065	1,122
Licences and permits	4,268	5,370	5,249	5,500	5,500	5,500	–	5,513	5,810	6,124
Agency services	3,194	3,191	3,187	7,201	7,201	7,201	–	–	–	–
Transfers recognised - operational	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Other revenue	5,391	6,634	4,625	14,164	7,519	7,519	–	1,404	1,480	1,560
Gains on disposal of PPE	(1,830)	1,789	508	(400)	–	–	–	–	–	–
<b>Total Revenue (excl' capital transfers)</b>	<b>168,447</b>	<b>198,750</b>	<b>220,960</b>	<b>263,603</b>	<b>250,255</b>	<b>250,255</b>	<b>–</b>	<b>285,487</b>	<b>337,824</b>	<b>348,697</b>

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

Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Revenue By Source</b>								
Property rates	23,725	9.5%	31,000	10.9%	32,674	9.7%	34,438	9.9%
Property rates - penalties & collection charges	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - electricity revenue	47,000	18.8%	58,200	20.4%	61,343	18.2%	64,655	18.5%
Service charges - water revenue	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - sanitation revenue	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - refuse revenue	2,910	1.2%	6,143	2.2%	6,475	1.9%	6,824	2.0%
Service charges - other	–	0.0%	2,736	1.0%	2,884	0.9%	3,039	0.9%
Rental of facilities and equipment	775	0.3%	1,035	0.4%	1,091	0.3%	1,150	0.3%
Interest earned - external investments	3,130	1.3%	3,105	1.1%	3,273	1.0%	3,449	1.0%
Interest earned - outstanding debtors	5,020	2.0%	5,000	1.8%	5,270	1.6%	5,555	1.6%
Dividends received	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Fines	673	0.3%	1,010	0.4%	1,065	0.3%	1,122	0.3%
Licences and permits	5,500	2.2%	5,513	1.9%	5,810	1.7%	6,124	1.8%
Agency services	7,201	2.9%	–	0.0%	–	0.0%	–	0.0%
Transfers recognised - operational	146,803	58.7%	170,341	59.7%	216,460	64.1%	220,780	63.3%
Other revenue	7,519	3.0%	1,404	0.5%	1,480	0.4%	1,560	0.4%
Gains on disposal of PPE	–	0.0%	–	0.0%	–	0.0%	–	0.0%
<b>Total Revenue (excl' capital transfers)</b>	<b>250,255</b>	<b>100%</b>	<b>285,487</b>	<b>100%</b>	<b>337,824</b>	<b>100%</b>	<b>348,697</b>	<b>100%</b>
<b>Total revenue from rates and service charges</b>	<b>73,635</b>	<b>29.4%</b>	<b>98,079</b>	<b>34.4%</b>	<b>103,375</b>	<b>30.6%</b>	<b>108,958</b>	<b>31.2%</b>

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

Revenue generated from operating grants amounts to 57,7% (2014/15 financial year) making it clear that the Municipality is depending mainly on grants. In addition, revenue generated from rates and services charges amounts to 29,4% of the revenue basket for the Municipality. In the 2013/14 financial year, revenue from rates and services charges add up to R73,635million or 29,4%. This increases to R98,079million, R103,375million and R108,958 million in the respective financial years of the MTREF.

Service charges – Electricity is the second largest revenue source totaling 20,4% or R58,2 million rand and increases to R61,343 million and R64,655 million respectively in the outer years. The third largest source is Property rates that amount to R31 million in 2014/15 financial year and R32,674 million and R34,438 million in the outer years.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised, local economic conditions, input costs and the affordability of services will be 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 and as a result, departments will have to justify in their budget documentation all increases in excess of the 5,6% upper boundary of the South African Reserve Bank's inflation target as outlined in MFMA circular 70. Excessive increases are likely to be counterproductive, indirectly resulting in higher levels of non-payment.

### **1.3 Operating Expenditure Framework**

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

- The renewal of assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 4 Summary of operating expenditure by standard classification item**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Expenditure By Type</b>										
Employee related costs	53,474	56,253	69,573	99,612	99,451	99,451	–	106,836	112,826	119,245
Remuneration of councillors	14,201	14,476	14,719	15,058	15,058	15,058	–	16,283	17,163	18,090
Debt impairment	3,159	6,783	3,597	1,890	1,890	1,890	–	3,000	3,162	3,333
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	–	35,000	36,890	38,882
Finance charges	277	287	113	90	–	–	–	–	–	–
Bulk purchases	29,029	40,739	46,120	58,037	57,537	57,537	–	47,000	49,538	52,213
Other materials	1,415	1,718	1,224	2,531	2,729	2,729	–	1,820	1,918	2,022
Contracted services	5,343	7,512	7,289	12,754	11,972	11,972	–	10,500	11,067	11,665
Transfers and grants	2,369	2,552	2,483	3,066	3,066	3,066	–	12,200	12,859	13,553
Other expenditure	32,627	41,830	28,990	66,029	68,894	68,894	–	69,858	73,789	77,773
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>165,303</b>	<b>204,273</b>	<b>207,004</b>	<b>291,068</b>	<b>292,597</b>	<b>292,597</b>	<b>–</b>	<b>302,498</b>	<b>319,212</b>	<b>336,775</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R106,836 million, which equals 35% of the total operating expenditure. Based on MFMA circular 70, the three year salary increases have been factored into this budget at a percentage increase of 6,8% for the 2014/15 financial year. An annual increase of 6,4% has been included in the two outer years of the MTREF.

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

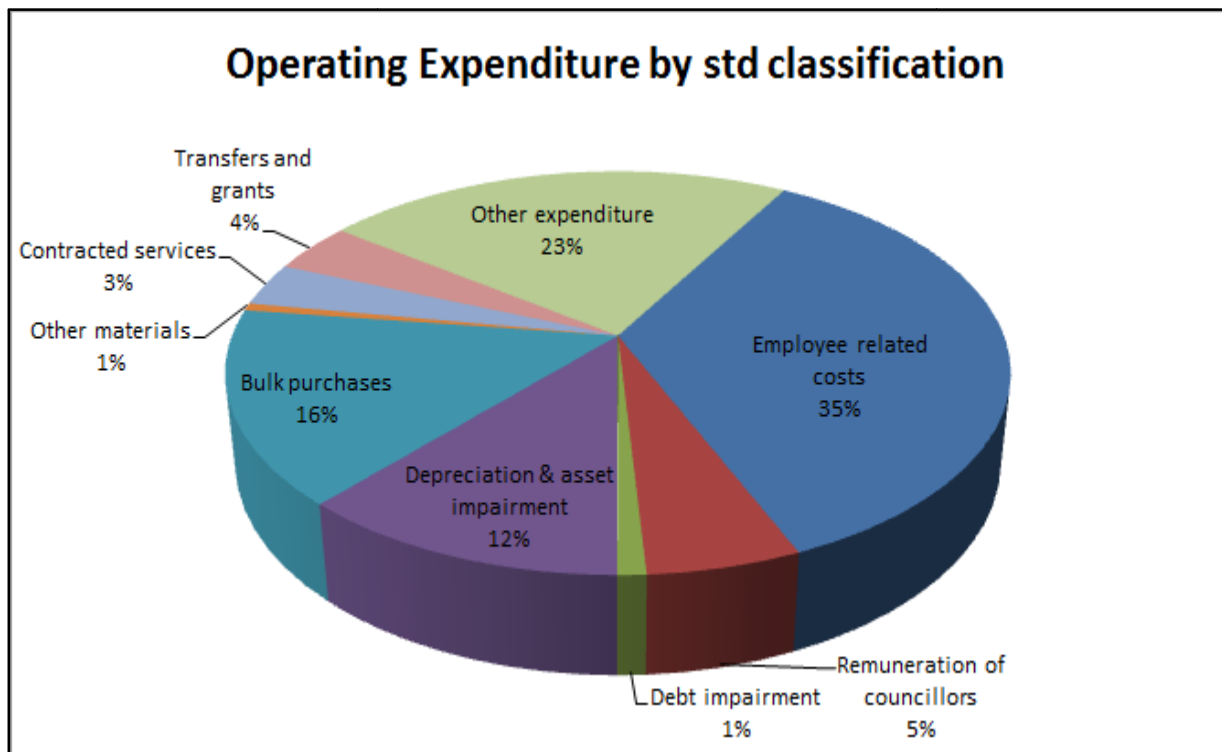
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R35 million for the 2014/15 financial and equates to 11.56 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Cognizance should be taken that depreciation and asset impairment as well as debt impairment constitutes non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

No budget has been appropriated for finance charges since this budget line item consist primarily of the repayment of interest on long-term borrowing (cost of capital) and ELML does not have long term borrowings. It should be noted that none of the capital projects are funded from borrowings (they are funded from grants and internally generated revenues that do not in anyhow give rise to interest charges).

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the

revenue provisions. The expenditure includes distribution losses. The 2014/15 budget has been reduced as compared to 2013/14 financial year and this is due to underspending that is being experienced in the latter financial year.

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



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

### 1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. 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.

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was however reduced by 20,32% in the 2014/15 financial year, from R9,207 million to R7,337 million. During the 2013/14 Adjustment Budget, this allocation was adjusted upwards from R7,773 million to R9,207 million. Notwithstanding the reduction from 2013/14 to 2014/15 financial year, as part of the 2014/15



MTREF this strategic imperative remains a priority and budget appropriations have been made over the MTREF. The total allocation for 2014/15 equates to R7,337 million and grows by 5,4% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 2,4% for the respective financial years of the MTREF and this percentage is however below the set norm of 8% as stipulated by National Treasury.

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

**Table 4 Repairs and maintenance per asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Depreciation &amp; asset impairment</b>	23,410	32,124	32,894	32,000	32,000	32,000	35,000	36,890	38,882
<b>Repairs and Maintenance by Asset Class</b>	3,494	3,418	5,116	7,773	9,207	9,207	7,337	7,733	8,151
Infrastructure - Road transport	–	–	2,636	1,490	1,500	1,500	1,200	1,265	1,333
Infrastructure - Electricity	–	–	606	900	1,000	1,000	1,000	1,054	1,111
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	1,841	2,318	–	1,500	1,628	1,628	500	527	555
Infrastructure	1,841	2,318	3,242	3,890	4,128	4,128	2,700	2,846	2,999
Community	–	–	1,874	–	100	100	6	6	7
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1,653	1,101	–	3,883	4,980	4,980	4,631	4,881	5,144
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>26,904</b>	<b>35,542</b>	<b>38,010</b>	<b>39,773</b>	<b>41,207</b>	<b>41,207</b>	<b>42,337</b>	<b>44,623</b>	<b>47,033</b>

### 1.3.2 Free Basic Services: Basic Social Services Package

The social package assists of 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. Details 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 10 MBRR A10 (Basic Service Delivery Measurement) on.

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 and this package covers all the basic services provided by EMLM and these services include, property rates, service charges electricity, and refuse removal.

## 1.4 Capital expenditure

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

**Table 5 2014/15 Medium-term capital budget per vote**

Vote Description	Current year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget 2013/14	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Capital expenditure - Vote</b>								
Vote 1 - Executive & Council	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 2 - Office of the Municipal Manager	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 3 - Budget & Treasury	75	0.1%	300	0.4%	300	0.3%	300	0.3%
Vote 4 - Corporate Services	2,031	2.8%	1,900	2.6%	2,045	2.1%	2,144	2.4%
Vote 5 - Community Services	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 6 - Technical Services	68,236	95.0%	69,890	96.9%	93,880	97.6%	88,145	97.3%
Vote 7 - Strategic Development	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 8 - Development Planning	1,500	2.1%	–	0.0%	–	0.0%	–	0.0%
<b>Total Capital Expenditure - Vote</b>	<b>71,842</b>	<b>100%</b>	<b>72,090</b>	<b>100%</b>	<b>96,225</b>	<b>100%</b>	<b>90,589</b>	<b>100%</b>

For 2014/15 an amount of R69,890 million has been appropriated for the development of infrastructure which represents 96,9% of the total capital budget. In the outer years this amount totals R93,880 million, 97,3% and R88,145 million, 97,3% respectively for each of the financial years. The other departments', *id est* Budget and Treasury and Corporate Services appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, etc.

Total new assets represent 70,52% or R50,839 million of the total capital budget while asset renewal equates to 29,48% or R21,251 million. The appropriation for asset renewal has significantly improved relative to 2013/14 appropriation. The allocation is however below the required norm of 40% that the renewal of existing assets must contribute to the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management).

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R9,150 million
- Roads related projects – R55, 340 million
- Operational equipment – R7,600 million

## 1.5 Annual Budget Tables

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

2014/15draft budget and MTREF. Each table is accompanied by explanatory notes on the facing page.

**Table 6 MBRR Table A1 - Budget Summary**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>										
Property rates	10,706	11,033	17,900	34,000	23,725	23,725	–	31,000	32,674	34,438
Service charges	36,064	46,696	50,462	49,905	49,910	49,910	–	67,079	70,701	74,519
Investment revenue	3,869	2,344	878	630	3,130	3,130	–	3,105	3,273	3,449
Transfers recognised - operational	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Other own revenue	15,982	21,408	18,864	32,190	26,687	26,687	–	13,962	14,716	15,510
<b>Total Revenue (excl' capital transfers)</b>	<b>168,447</b>	<b>198,750</b>	<b>220,960</b>	<b>263,603</b>	<b>250,255</b>	<b>250,255</b>	<b>–</b>	<b>285,487</b>	<b>337,824</b>	<b>348,697</b>
Employee costs	53,474	56,253	69,573	99,612	99,451	99,451	–	106,836	112,826	119,245
Remuneration of councillors	14,201	14,476	14,719	15,058	15,058	15,058	–	16,283	17,163	18,090
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	–	35,000	36,890	38,882
Finance charges	277	287	113	90	–	–	–	–	–	–
Materials and bulk purchases	30,444	42,457	47,344	60,569	60,266	60,266	–	48,820	51,456	54,235
Transfers and grants	2,369	2,552	2,483	3,066	3,066	3,066	–	12,200	12,859	13,553
Other expenditure	41,129	56,124	39,876	80,673	82,756	82,756	–	83,358	88,018	92,771
<b>Total Expenditure</b>	<b>165,303</b>	<b>204,273</b>	<b>207,004</b>	<b>291,068</b>	<b>292,597</b>	<b>292,597</b>	<b>–</b>	<b>302,498</b>	<b>319,212</b>	<b>336,775</b>
<b>Surplus/(Deficit)</b>	<b>3,144</b>	<b>(5,523)</b>	<b>13,956</b>	<b>(27,464)</b>	<b>(42,342)</b>	<b>(42,342)</b>	<b>–</b>	<b>(17,011)</b>	<b>18,612</b>	<b>11,922</b>
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Contributions recognised - capital & contribute	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>–</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>–</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>101,262</b>	<b>105,843</b>	<b>57,412</b>	<b>59,996</b>	<b>71,842</b>	<b>71,842</b>	<b>–</b>	<b>72,090</b>	<b>96,225</b>	<b>90,589</b>
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	74,560	76,806	22,189	6,400	18,171	18,171	–	20,950	34,324	34,344
<b>Total sources of capital funds</b>	<b>101,262</b>	<b>105,843</b>	<b>57,412</b>	<b>59,996</b>	<b>71,842</b>	<b>71,842</b>	<b>–</b>	<b>72,090</b>	<b>96,225</b>	<b>90,589</b>
<b>Financial position</b>										
Total current assets	66,899	38,747	45,820	39,124	150,258	150,258	–	74,869	71,823	66,182
Total non current assets	661,467	734,862	892,847	893,058	984,356	984,356	–	1,077,247	1,155,342	1,235,931
Total current liabilities	19,672	40,530	(52,051)	15,006	55,000	55,000	–	43,000	34,500	28,800
Total non current liabilities	25,100	25,592	28,457	29,532	40,000	40,000	–	40,000	40,000	40,000
Community wealth/Equity	683,593	707,487	962,260	887,644	1,039,614	1,039,614	–	1,069,116	1,152,665	1,233,314
<b>Cash flows</b>										
Net cash from (used) operating	87,027	77,273	20,114	74,426	143,026	143,026	–	69,959	92,565	90,381
Net cash from (used) investing	(101,262)	(101,937)	(38,870)	(58,896)	(68,842)	(68,842)	–	(67,090)	(87,696)	(88,789)
Net cash from (used) financing	(1,851)	(3,715)	142	266	510	510	–	500	500	1,000
<b>Cash/cash equivalents at the year end</b>	<b>35,855</b>	<b>7,476</b>	<b>(11,138)</b>	<b>8,304</b>	<b>90,000</b>	<b>90,000</b>	<b>15,306</b>	<b>23,369</b>	<b>28,739</b>	<b>31,331</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	35,853	7,476	32,090	23,400	90,000	90,000	–	23,369	28,739	31,331
Application of cash and investments	(18,420)	13,686	(68,461)	3,097	(10,960)	(10,960)	–	(1,417)	(1,555)	(887)
<b>Balance - surplus (shortfall)</b>	<b>54,273</b>	<b>(6,210)</b>	<b>100,551</b>	<b>20,303</b>	<b>100,960</b>	<b>100,960</b>	<b>–</b>	<b>24,786</b>	<b>30,294</b>	<b>32,218</b>
<b>Asset management</b>										
Asset register summary (WDV)	661,467	734,862	892,847	893,058	984,356	984,356	1,077,247	1,077,247	1,155,342	1,235,931
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	35,000	35,000	36,890	38,882
Renewal of Existing Assets	–	–	–	3,000	7,047	7,047	7,047	21,251	34,695	46,089
Repairs and Maintenance	3,494	3,418	5,116	7,773	9,207	9,207	7,337	7,337	7,733	8,151
<b>Free services</b>										
Cost of Free Basic Services provided	3,019	1,130	–	2,000	2,000	2,000	1,800	1,800	1,897	2,000
Revenue cost of free services provided	11,714	10,035	17,353	10,253	10,253	10,253	12,200	12,200	12,859	13,553
<b>Households below minimum service level</b>										
Water:	20	20	20	20	20	20	40	40	40	40
Sanitation/sewerage:	3	3	3	0	0	0	5	5	5	5
Energy:	–	–	–	–	–	–	2	2	2	2
Refuse:	53	53	53	53	53	53	54	54	54	54

## Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts contained in the draft budget for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reform emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure net of non-cash items) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds is financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality is not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserve, EMLM appear to be doing well since it is not operating on overdraft nor funding some of its capital projects through borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the electricity backlog will have been very nearly eliminated.

**Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	<b>117,316</b>	<b>135,065</b>	<b>155,890</b>	<b>191,917</b>	<b>178,432</b>	<b>178,432</b>	<b>209,229</b>	<b>257,432</b>	<b>263,948</b>
Executive and council	1,039	1,319	1,419	1,558	1,378	1,378	934	967	1,018
Budget and treasury office	116,156	133,357	154,194	190,083	176,927	176,927	208,195	256,359	262,819
Corporate services	120	388	276	277	127	127	100	105	111
<b>Community and public safety</b>	<b>8,846</b>	<b>8,977</b>	<b>8,455</b>	<b>9,719</b>	<b>6,271</b>	<b>6,271</b>	<b>9,131</b>	<b>9,624</b>	<b>10,144</b>
Community and social services	32	43	54	51	53	53	2,558	2,697	2,842
Sport and recreation	4	–	–	50	50	50	–	–	–
Public safety	6,676	6,402	5,815	6,700	6,168	6,168	6,573	6,927	7,301
Housing	–	–	–	–	–	–	–	–	–
Health	2,134	2,532	2,586	2,919	–	–	–	–	–
<b>Economic and environmental services</b>	<b>24,957</b>	<b>31,235</b>	<b>37,395</b>	<b>46,527</b>	<b>47,215</b>	<b>47,215</b>	<b>52,466</b>	<b>55,315</b>	<b>57,751</b>
Planning and development	5	8	15	66	94	94	181	191	201
Road transport	24,952	31,227	37,380	46,461	47,121	47,121	52,285	55,124	57,550
Environmental protection	–	–	–	–	–	–	–	–	–
<b>Trading services</b>	<b>44,028</b>	<b>52,510</b>	<b>54,437</b>	<b>69,036</b>	<b>72,010</b>	<b>72,010</b>	<b>65,801</b>	<b>77,354</b>	<b>73,099</b>
Electricity	40,834	49,319	54,437	61,835	61,835	61,835	59,290	70,492	65,866
Water	2,653	2,821	–	7,201	7,201	7,201	–	–	–
Waste water management	541	369	–	–	–	–	–	–	–
Waste management	–	–	–	–	2,974	2,974	6,511	6,863	7,233
<b>Other</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Revenue - Standard</b>	<b>195,149</b>	<b>227,787</b>	<b>256,183</b>	<b>317,199</b>	<b>303,926</b>	<b>303,926</b>	<b>336,627</b>	<b>399,725</b>	<b>404,942</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>100,708</b>	<b>120,891</b>	<b>122,198</b>	<b>165,531</b>	<b>166,012</b>	<b>166,012</b>	<b>145,363</b>	<b>153,672</b>	<b>162,273</b>
Executive and council	40,994	42,447	41,217	57,751	59,172	59,172	34,392	36,284	38,282
Budget and treasury office	45,135	59,995	53,731	62,127	59,673	59,673	66,779	70,510	74,429
Corporate services	14,578	18,450	27,250	45,653	47,167	47,167	44,192	46,878	49,563
<b>Community and public safety</b>	<b>17,818</b>	<b>22,271</b>	<b>20,452</b>	<b>31,834</b>	<b>18,221</b>	<b>18,221</b>	<b>59,786</b>	<b>62,782</b>	<b>66,218</b>
Community and social services	2,993	3,460	3,428	5,384	5,666	5,666	22,606	24,084	25,561
Sport and recreation	142	451	18	272	272	272	445	472	499
Public safety	8,063	8,356	9,208	14,083	12,283	12,283	36,736	38,226	40,157
Housing	–	–	–	–	–	–	–	–	–
Health	6,620	10,004	7,799	12,094	–	–	–	–	–
<b>Economic and environmental services</b>	<b>17,752</b>	<b>21,751</b>	<b>17,919</b>	<b>34,933</b>	<b>36,642</b>	<b>36,642</b>	<b>28,132</b>	<b>29,726</b>	<b>31,225</b>
Planning and development	6,065	7,394	6,256	11,335	11,293	11,293	11,138	11,808	12,521
Road transport	11,687	14,356	11,663	23,597	25,350	25,350	16,994	17,918	18,704
Environmental protection	–	–	–	–	–	–	–	–	–
<b>Trading services</b>	<b>29,025</b>	<b>39,359</b>	<b>46,434</b>	<b>58,770</b>	<b>71,722</b>	<b>71,722</b>	<b>69,215</b>	<b>73,031</b>	<b>77,059</b>
Electricity	29,025	39,359	46,434	58,770	59,840	59,840	59,202	62,431	65,837
Water	–	–	–	–	–	–	–	–	–
Waste water management	0	–	–	–	–	–	–	–	–
Waste management	–	–	–	–	11,882	11,882	10,013	10,600	11,223
<b>Other</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Expenditure - Standard</b>	<b>165,303</b>	<b>204,273</b>	<b>207,004</b>	<b>291,068</b>	<b>292,597</b>	<b>292,597</b>	<b>302,498</b>	<b>319,212</b>	<b>336,775</b>
<b>Surplus/(Deficit) for the year</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>

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



1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

**Table 8MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	678	790	800	890	890	890	934	967	1,018
Vote 3 - Budget & Treasury	116,165	133,363	154,197	190,133	176,927	176,927	208,195	256,359	262,819
Vote 4 - Corporate Services	120	388	276	277	127	127	100	105	111
Vote 5 - Community Services	9,025	9,241	8,894	9,947	9,732	9,732	15,642	16,487	17,377
Vote 6 - Technical Services	69,157	83,997	92,001	115,887	116,157	116,157	111,575	125,616	123,416
Vote 7 - Strategic Development	–	–	–	–	–	–	–	–	–
Vote 8 - Development Planning	5	8	15	66	94	94	181	191	201
<b>Total Revenue by Vote</b>	<b>195,149</b>	<b>227,787</b>	<b>256,183</b>	<b>317,199</b>	<b>303,926</b>	<b>303,926</b>	<b>336,627</b>	<b>399,725</b>	<b>404,942</b>
<b>Expenditure by Vote</b>									
Vote 1 - Executive & Council	20,399	23,963	21,554	26,884	27,882	27,882	25,227	26,590	28,026
Vote 2 - Office of the Municipal Manager	7,752	4,328	5,349	7,436	8,049	8,049	9,165	9,695	10,256
Vote 3 - Budget & Treasury	45,195	59,995	53,731	62,127	59,673	59,673	66,779	70,510	74,429
Vote 4 - Corporate Services	14,578	18,450	27,250	45,653	47,167	47,167	44,192	46,878	49,563
Vote 5 - Community Services	30,221	35,799	34,154	54,524	53,344	53,344	69,800	73,382	77,441
Vote 6 - Technical Services	41,094	54,344	58,709	83,108	85,190	85,190	76,196	80,349	84,541
Vote 7 - Strategic Development	–	–	–	4,153	5,161	5,161	5,483	5,814	6,166
Vote 8 - Development Planning	6,065	7,394	6,256	7,182	6,132	6,132	5,656	5,995	6,355
<b>Total Expenditure by Vote</b>	<b>165,303</b>	<b>204,273</b>	<b>207,004</b>	<b>291,068</b>	<b>292,597</b>	<b>292,597</b>	<b>302,498</b>	<b>319,212</b>	<b>336,775</b>
<b>Surplus/(Deficit) for the year</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

**Table 90 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>										
Property rates	10,706	11,033	17,900	34,000	23,725	23,725	–	31,000	32,674	34,438
Property rates - penalties & collection charges							–			
Service charges - electricity revenue	33,937	44,172	47,884	47,000	47,000	47,000	–	58,200	61,343	64,655
Service charges - water revenue	–	1	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2,127	2,523	2,578	2,905	2,910	2,910	–	6,143	6,475	6,824
Service charges - other	–	–	–	–	–	–	–	2,736	2,884	3,039
Rental of facilities and equipment	683	811	771	705	775	775	–	1,035	1,091	1,150
Interest earned - external investments	3,869	2,344	878	630	3,130	3,130	–	3,105	3,273	3,449
Interest earned - outstanding debtors	1,868	2,580	3,733	3,820	5,020	5,020	–	5,000	5,270	5,555
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	2,408	1,031	792	1,200	673	673	–	1,010	1,065	1,122
Licences and permits	4,268	5,370	5,249	5,500	5,500	5,500	–	5,513	5,810	6,124
Agency services	3,194	3,191	3,187	7,201	7,201	7,201	–			
Transfers recognised - operational	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Other revenue	5,391	6,634	4,625	14,164	7,519	7,519	–	1,404	1,480	1,560
Gains on disposal of PPE	(1,830)	1,789	508	(400)	–	–	–	–	–	–
<b>Total Revenue (excl' capital transfers)</b>	<b>168,447</b>	<b>198,750</b>	<b>220,960</b>	<b>263,603</b>	<b>250,255</b>	<b>250,255</b>	<b>–</b>	<b>285,487</b>	<b>337,824</b>	<b>348,697</b>
<b>Expenditure By Type</b>										
Employee related costs	53,474	56,253	69,573	99,612	99,451	99,451	–	106,836	112,826	119,245
Remuneration of councillors	14,201	14,476	14,719	15,058	15,058	15,058	–	16,283	17,163	18,090
Debt impairment	3,159	6,783	3,597	1,890	1,890	1,890	–	3,000	3,162	3,333
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	–	35,000	36,890	38,882
Finance charges	277	287	113	90	–	–	–	–	–	–
Bulk purchases	29,029	40,739	46,120	58,037	57,537	57,537	–	47,000	49,538	52,213
Other materials	1,415	1,718	1,224	2,531	2,729	2,729	–	1,820	1,918	2,022
Contracted services	5,343	7,512	7,289	12,754	11,972	11,972	–	10,500	11,067	11,665
Transfers and grants	2,369	2,552	2,483	3,066	3,066	3,066	–	12,200	12,859	13,553
Other expenditure	32,627	41,830	28,990	66,029	68,894	68,894	–	69,858	73,789	77,773
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>165,303</b>	<b>204,273</b>	<b>207,004</b>	<b>291,068</b>	<b>292,597</b>	<b>292,597</b>	<b>–</b>	<b>302,498</b>	<b>319,212</b>	<b>336,775</b>
<b>Surplus/(Deficit)</b>	<b>3,144</b>	<b>(5,523)</b>	<b>13,956</b>	<b>(27,464)</b>	<b>(42,342)</b>	<b>(42,342)</b>	<b>–</b>	<b>(17,011)</b>	<b>18,612</b>	<b>11,922</b>
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>–</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>–</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>
Attributable to minorities										
<b>Surplus/(Deficit)</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>–</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>29,846</b>	<b>23,514</b>	<b>49,179</b>	<b>26,132</b>	<b>11,329</b>	<b>11,329</b>	<b>–</b>	<b>34,129</b>	<b>80,513</b>	<b>68,167</b>

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



1. Total revenue is R285,487 million in 2014/15 and escalates to R348,697 million by 2016/17. This represents a year-on-year increase of 14,08% for the 2014/15 financial year, 18,33% for the 2015/16 financial year and a decrease of 3,22% in 2016/17 financial year.
2. Revenue to be generated from property rates is R31 million in the 2014/15 financial year and increases to R34,438 million by 2016/17 which represents 10,86% of the operating revenue base of the Municipality for 2014/15 financial year and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term.
3. Services charges relating to electricity and refuse removal also contribute to the revenue basket of the Municipality totaling R64,343 million for the 2014/15 financial year and increasing to R67,818 million by 2015/16 and increasing to R71,480 million in 2016/17 financial year. For the 2014/15 financial year, services charges amount to 22,54% of the total revenue base and grows by 5,4% per annum over the medium-term.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national. It needs to be noted that in real terms the grants receipts from national government has increased by 16,03% in 2014/15 financial year, by 22,07% in 2015/16 financial year and by 2% in 2016/17 financial years.
5. 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 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>										
<b><i>Governance and administration</i></b>	<b>1,380</b>	<b>(0)</b>	<b>–</b>	<b>1,500</b>	<b>2,106</b>	<b>2,106</b>	<b>–</b>	<b>2,200</b>	<b>2,345</b>	<b>2,444</b>
Executive and council	–	–	–	–	–	–	–	–	–	–
Budget and treasury office	1,244	–	–	–	75	75	–	300	300	300
Corporate services	136	(0)	–	1,500	2,031	2,031	–	1,900	2,045	2,144
<b><i>Community and public safety</i></b>	<b>263</b>	<b>2,993</b>	<b>112</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Community and social services	263	2,993	–	–	–	–	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–
Health	–	–	112	–	–	–	–	–	–	–
<b><i>Economic and environmental services</i></b>	<b>82,575</b>	<b>85,689</b>	<b>40,183</b>	<b>43,906</b>	<b>54,985</b>	<b>54,985</b>	<b>–</b>	<b>63,741</b>	<b>79,030</b>	<b>82,945</b>
Planning and development	180	–	–	1,800	1,500	1,500	–	600	–	–
Road transport	82,395	85,689	40,183	42,106	53,485	53,485	–	63,141	79,030	82,945
Environmental protection	–	–	–	–	–	–	–	–	–	–
<b><i>Trading services</i></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14,590</b>	<b>14,751</b>	<b>14,751</b>	<b>–</b>	<b>6,150</b>	<b>14,850</b>	<b>5,200</b>
Electricity	–	–	–	14,590	14,751	14,751	–	6,150	14,850	5,200
Water	–	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–	–
Waste management	–	–	–	–	–	–	–	–	–	–
<b><i>Other</i></b>	<b>17,044</b>	<b>17,161</b>	<b>17,117</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Standard</b>	<b>101,262</b>	<b>105,843</b>	<b>57,412</b>	<b>59,996</b>	<b>71,842</b>	<b>71,842</b>	<b>–</b>	<b>72,091</b>	<b>96,225</b>	<b>90,589</b>
<b>Funded by:</b>										
National Government	26,702	29,037	35,223	53,596	53,671	53,671	–	51,141	61,901	56,245
Provincial Government	–	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>26,702</b>	<b>29,037</b>	<b>35,223</b>	<b>53,596</b>	<b>53,671</b>	<b>53,671</b>	<b>–</b>	<b>51,141</b>	<b>61,901</b>	<b>56,245</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>	<b>74,560</b>	<b>76,806</b>	<b>22,189</b>	<b>6,400</b>	<b>18,171</b>	<b>18,171</b>	<b>–</b>	<b>20,950</b>	<b>34,324</b>	<b>34,344</b>
<b>Total Capital Funding</b>	<b>101,262</b>	<b>105,843</b>	<b>57,412</b>	<b>59,996</b>	<b>71,842</b>	<b>71,842</b>	<b>–</b>	<b>72,091</b>	<b>96,225</b>	<b>90,589</b>

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure</b>										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	300	300	300
Vote 4 - Corporate Services	-	-	-	-	-	-	-	1,900	2,045	2,144
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	-	-	-	-	54,604	54,604	-	46,829	76,751	84,145
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	-	-	-	-	<b>54,604</b>	<b>54,604</b>	-	<b>49,029</b>	<b>79,096</b>	<b>86,589</b>
<b>Single-year expenditure</b>										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	16,769	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	1,287	-	-	-	75	75	-	-	-	-
Vote 4 - Corporate Services	136	-	-	1,500	2,031	2,031	-	-	-	-
Vote 5 - Community Services	263	2,993	1,067	-	-	-	-	-	-	-
Vote 6 - Technical Services	-	-	-	-	-	-	-	23,061	17,129	4,000
Vote 7 - Strategic Development	82,807	102,850	53,761	56,696	13,632	13,632	-	-	-	-
Vote 8 - Development Planning	-	-	2,584	1,800	1,500	1,500	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>101,262</b>	<b>105,843</b>	<b>57,412</b>	<b>59,996</b>	<b>17,238</b>	<b>17,238</b>	-	<b>23,061</b>	<b>17,129</b>	<b>4,000</b>
<b>Total Capital Expenditure - Vote</b>	<b>101,262</b>	<b>105,843</b>	<b>57,412</b>	<b>59,996</b>	<b>71,842</b>	<b>71,842</b>	-	<b>72,090</b>	<b>96,225</b>	<b>90,589</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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 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 2014/15 R49,029 million has been allocated of the total R72,090 million capital budget, which totals 68,01%. This allocation escalates to R79,096 million in 2015/16 and to R86,589 million in 2016/17.
3. Single-year capital expenditure has been appropriated at R23,061 million for the 2014/15 financial year and declines over the MTREF at levels of R17,129 million and R4 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 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. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

**Table 12 MBRR Table A6 - Budgeted Financial Position**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	35,853	7,476	21,690	8,400	40,000	40,000	–	8,369	13,739	16,331
Call investment deposits	–	–	10,400	15,000	50,000	50,000	–	15,000	15,000	15,000
Consumer debtors	8,157	12,741	13,899	13,666	40,000	40,000	–	30,000	24,184	17,851
Other debtors	21,155	16,663	(211)	–	15,000	15,000	–	16,500	14,400	13,000
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–	–
Inventory	1,734	1,868	42	2,058	5,258	5,258	–	5,000	4,500	4,000
<b>Total current assets</b>	<b>66,899</b>	<b>38,747</b>	<b>45,820</b>	<b>39,124</b>	<b>150,258</b>	<b>150,258</b>	<b>–</b>	<b>74,869</b>	<b>71,823</b>	<b>66,182</b>
<b>Non current assets</b>										
Long-term receivables	–	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–	–	–
Investment property	17,927	17,927	189,890	133,350	218,350	218,350	–	220,000	220,000	220,000
Investment in Associate	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	643,445	687,424	691,386	740,491	740,491	740,491	–	830,229	908,324	988,913
Agricultural	–	–	–	–	–	–	–	–	–	–
Biological	94	94	12	–	15	15	–	18	18	18
Intangible	–	29,416	11,560	19,217	25,500	25,500	–	27,000	27,000	27,000
Other non-current assets	–	–	–	–	–	–	–	–	–	–
<b>Total non current assets</b>	<b>661,467</b>	<b>734,862</b>	<b>892,847</b>	<b>893,058</b>	<b>984,356</b>	<b>984,356</b>	<b>–</b>	<b>1,077,247</b>	<b>1,155,342</b>	<b>1,235,931</b>
<b>TOTAL ASSETS</b>	<b>728,365</b>	<b>773,609</b>	<b>938,667</b>	<b>932,182</b>	<b>1,134,614</b>	<b>1,134,614</b>	<b>–</b>	<b>1,152,116</b>	<b>1,227,165</b>	<b>1,302,114</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Consumer deposits	3,031	3,206	3,348	3,535	5,000	5,000	–	5,000	5,500	6,500
Trade and other payables	16,641	37,325	(55,399)	11,471	50,000	50,000	–	38,000	29,000	22,300
Provisions	–	–	–	–	–	–	–	–	–	–
<b>Total current liabilities</b>	<b>19,672</b>	<b>40,530</b>	<b>(52,051)</b>	<b>15,006</b>	<b>55,000</b>	<b>55,000</b>	<b>–</b>	<b>43,000</b>	<b>34,500</b>	<b>28,800</b>
<b>Non current liabilities</b>										
Borrowing	2,764	(0)	–	–	–	–	–	–	–	–
Provisions	22,335	25,592	28,457	29,532	40,000	40,000	–	40,000	40,000	40,000
<b>Total non current liabilities</b>	<b>25,100</b>	<b>25,592</b>	<b>28,457</b>	<b>29,532</b>	<b>40,000</b>	<b>40,000</b>	<b>–</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>TOTAL LIABILITIES</b>	<b>44,772</b>	<b>66,122</b>	<b>(23,593)</b>	<b>44,538</b>	<b>95,000</b>	<b>95,000</b>	<b>–</b>	<b>83,000</b>	<b>74,500</b>	<b>68,800</b>
<b>NET ASSETS</b>	<b>683,593</b>	<b>707,487</b>	<b>962,260</b>	<b>887,644</b>	<b>1,039,614</b>	<b>1,039,614</b>	<b>–</b>	<b>1,069,116</b>	<b>1,152,665</b>	<b>1,233,314</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	683,593	707,487	962,260	887,644	1,039,614	1,039,614	–	1,069,116	1,152,665	1,233,314
Reserves	–	–	–	–	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>683,593</b>	<b>707,487</b>	<b>962,260</b>	<b>887,644</b>	<b>1,039,614</b>	<b>1,039,614</b>	<b>–</b>	<b>1,069,116</b>	<b>1,152,665</b>	<b>1,233,314</b>

## **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. 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.
4. 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 13MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other	88,211	73,740	90,015	112,675	120,030	120,030	–	107,021	108,821	112,913
Government - operating	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Government - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Interest	5,737	4,925	4,611	4,450	8,150	8,150	–	8,105	8,543	9,004
Dividends	–	–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Suppliers and employees	(132,803)	(144,860)	(239,995)	(240,017)	(182,472)	(182,472)	–	(254,448)	(282,172)	(295,007)
Finance charges	(277)	(287)	(113)	(90)	(90)	(90)	–	–	–	–
Transfers and Grants	(2,369)	(2,552)	(2,483)	(3,066)	(3,066)	(3,066)	–	(12,200)	(12,859)	(13,553)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>87,027</b>	<b>77,273</b>	<b>20,114</b>	<b>74,426</b>	<b>143,026</b>	<b>143,026</b>	<b>–</b>	<b>69,959</b>	<b>100,695</b>	<b>90,381</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	(0)	3,906		(400)	1,000	1,000		5,000	400	1,800
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Capital assets	(101,262)	(105,843)	(38,870)	(58,496)	(69,842)	(69,842)	–	(72,090)	(96,225)	(90,589)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(101,262)</b>	<b>(101,937)</b>	<b>(38,870)</b>	<b>(58,896)</b>	<b>(68,842)</b>	<b>(68,842)</b>	<b>–</b>	<b>(67,090)</b>	<b>(95,825)</b>	<b>(88,789)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	226	175	142	266	510	510	–	500	500	1,000
<b>Payments</b>										
Repayment of borrowing	(2,077)	(3,889)	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1,851)</b>	<b>(3,715)</b>	<b>142</b>	<b>266</b>	<b>510</b>	<b>510</b>	<b>–</b>	<b>500</b>	<b>500</b>	<b>1,000</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16,086)</b>	<b>(28,379)</b>	<b>(18,614)</b>	<b>15,796</b>	<b>74,694</b>	<b>74,694</b>	<b>–</b>	<b>3,369</b>	<b>5,370</b>	<b>2,592</b>
Cash/cash equivalents at the year begin:	51,940	35,855	7,476	(7,492)	15,306	15,306	15,306	20,000	23,369	28,739
Cash/cash equivalents at the year end:	<b>35,855</b>	<b>7,476</b>	<b>(11,138)</b>	<b>8,304</b>	<b>90,000</b>	<b>90,000</b>	<b>15,306</b>	<b>23,369</b>	<b>28,739</b>	<b>31,331</b>

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality fell significantly from the 2013/14 to 2014/15 period owing directly to a net decrease in cash and cash equivalent for the 2014/15 financial year.
4. The approved 2014/15 MTREF however provide for a constant increase in cash and cash equivalent of R28,739 million and R31,331 million in the outer years.
5. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term.

**Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	35,855	7,476	(11,138)	8,304	90,000	90,000	15,306	23,369	28,739	31,331
Other current investments > 90 days	(1)	(0)	43,228	15,096	(0)	(0)	(15,306)	–	0	(0)
Non current assets - Investments	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>	<b>35,853</b>	<b>7,476</b>	<b>32,090</b>	<b>23,400</b>	<b>90,000</b>	<b>90,000</b>	<b>–</b>	<b>23,369</b>	<b>28,739</b>	<b>31,331</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	1,108	894	(108)	–	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	–	–	–	–	–	–	–	(1,417)	(1,555)	(887)
Other provisions	–	–	–	–	–	–	–	–	–	–
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>	<b>1,108</b>	<b>894</b>	<b>(108)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,417)</b>	<b>(1,555)</b>	<b>(887)</b>
<b>Surplus(shortfall)</b>	<b>34,745</b>	<b>6,582</b>	<b>32,197</b>	<b>23,400</b>	<b>90,000</b>	<b>90,000</b>	<b>–</b>	<b>24,786</b>	<b>30,294</b>	<b>32,218</b>

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

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

**Table 15 MBRR Table A9 - Asset Management**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>101,261</b>	<b>105,844</b>	<b>–</b>	<b>56,996</b>	<b>64,795</b>	<b>64,795</b>	<b>50,839</b>	<b>61,530</b>	<b>44,500</b>
Infrastructure - Road transport	82,394	85,750	–	37,606	47,638	47,638	48,239	48,530	44,500
Infrastructure - Electricity	–	–	–	10,600	14,751	14,751	2,000	13,000	–
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	17,224	17,161	–	1,500	–	–	–	–	–
Infrastructure	99,618	102,911	–	49,706	62,389	62,389	50,239	61,530	44,500
Community	263	2,933	–	1,800	300	300	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1,380	–	–	5,490	2,106	2,106	600	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
<b>Total Renewal of Existing Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,000</b>	<b>7,047</b>	<b>7,047</b>	<b>21,251</b>	<b>34,695</b>	<b>46,089</b>
Infrastructure - Road transport	–	–	–	3,000	3,500	3,500	13,601	26,500	33,445
Infrastructure - Electricity	–	–	–	–	–	–	4,150	1,150	5,200
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	2,047	2,047	–	–	–
Infrastructure	–	–	–	3,000	5,547	5,547	17,751	27,650	38,645
Community	–	–	–	–	1,500	1,500	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	3,500	7,045	7,444
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure</b>									
Infrastructure - Road transport	82,394	85,750	–	40,606	51,138	51,138	61,840	75,030	77,945
Infrastructure - Electricity	–	–	–	10,600	14,751	14,751	6,150	14,150	5,200
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	17,224	17,161	–	1,500	2,047	2,047	–	–	–
Infrastructure	99,618	102,911	–	52,706	67,936	67,936	67,990	89,180	83,145
Community	263	2,933	–	1,800	1,800	1,800	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1,380	–	–	5,490	2,106	2,106	4,100	7,045	7,444
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>101,261</b>	<b>105,844</b>	<b>–</b>	<b>59,996</b>	<b>71,842</b>	<b>71,842</b>	<b>72,090</b>	<b>96,225</b>	<b>90,589</b>



### **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.

**Table 16 MBRR Table A10 - Basic Service Delivery Measurement**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	28,295	28,295	28,295	28,295	28,295	28,295	1,874	1,874	1,874
Piped water inside yard (but not in dwelling)	—	—	—	—	—	—	12,178	12,178	12,178
Using public tap (at least min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	11,901	11,901	11,901	11,901	11,901	11,901	6,089	6,089	6,089
<i>Minimum Service Level and Above sub-total</i>	40,196	40,196	40,196	40,196	40,196	40,196	20,141	20,141	20,141
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	40,110	40,110	40,110
No water supply	20,056	20,056	20,056	20,056	20,056	20,056	—	—	—
<i>Below Minimum Service Level sub-total</i>	20,056	20,056	20,056	20,056	20,056	20,056	40,110	40,110	40,110
<b>Total number of households</b>	<b>60,252</b>	<b>60,252</b>	<b>60,252</b>	<b>60,252</b>	<b>60,252</b>	<b>60,252</b>	<b>60,251</b>	<b>60,251</b>	<b>60,251</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	7,792	7,792	7,792	7,792	7,792	7,792	6,085	6,085	6,085
Flush toilet (with septic tank)	—	—	—	—	—	—	942	942	942
Chemical toilet	—	—	—	—	—	—	766	766	766
Pit toilet (ventilated)	47,632	47,632	47,632	47,632	47,632	47,632	4,949	4,949	4,949
Other toilet provisions (> min.service level)	—	—	—	—	—	—	42,683	42,683	42,683
<i>Minimum Service Level and Above sub-total</i>	55,424	55,424	55,424	55,424	55,424	55,424	55,425	55,425	55,425
Bucket toilet	460	460	460	460	460	460	460	460	460
Other toilet provisions (< min.service level)	—	—	—	—	—	—	1,686	1,686	1,686
No toilet provisions	2,680	2,680	2,680	—	—	—	2,680	2,680	2,680
<i>Below Minimum Service Level sub-total</i>	3,140	3,140	3,140	460	460	460	4,826	4,826	4,826
<b>Total number of households</b>	<b>58,564</b>	<b>58,564</b>	<b>58,564</b>	<b>55,884</b>	<b>55,884</b>	<b>55,884</b>	<b>60,251</b>	<b>60,251</b>	<b>60,251</b>
<b>Energy:</b>									
Electricity (at least min.service level)	6	6	6	6	6	6	58,750	58,750	58,750
Electricity - prepaid (min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	6	6	6	6	6	6	58,750	58,750	58,750
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	1,501	1,501	1,501
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	1,501	1,501	1,501
<b>Total number of households</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>60,251</b>	<b>60,251</b>	<b>60,251</b>
<b>Refuse:</b>									
Removed at least once a week	6,527	6,527	6,527	6,527	6,527	6,527	6,122	6,122	6,122
<i>Minimum Service Level and Above sub-total</i>	6,527	6,527	6,527	6,527	6,527	6,527	6,122	6,122	6,122
Removed less frequently than once a week	—	—	—	—	—	—	405	405	405
Using communal refuse dump	44,517	44,517	44,517	44,517	44,517	44,517	1,993	1,993	1,993
Using own refuse dump	—	—	—	—	—	—	42,524	42,524	42,524
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	8,504	8,504	8,504	8,504	8,504	8,504	9,207	9,207	9,207
<i>Below Minimum Service Level sub-total</i>	53,021	53,021	53,021	53,021	53,021	53,021	54,129	54,129	54,129
<b>Total number of households</b>	<b>59,548</b>	<b>59,548</b>	<b>59,548</b>	<b>59,548</b>	<b>59,548</b>	<b>59,548</b>	<b>60,251</b>	<b>60,251</b>	<b>60,251</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	11	12	14	15	15	15	1,874	1,874	1,874
Sanitation (free minimum level service)	11	12	14	15	15	15	6,085	6,085	6,085
Electricity/other energy (50kwh per household per month)	11	12	14	15	15	15	726	726	726
Refuse (removed at least once a week)	11	12	14	15	15	15	6,122	6,122	6,122
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service)	—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)	3,019	1,130	—	2,000	2,000	2,000	1,300	1,370	1,444
Refuse (removed once a week)	—	—	—	—	—	—	500	527	555
<b>Total cost of FBS provided (minimum social package)</b>	<b>3,019</b>	<b>1,130</b>	<b>—</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>1,800</b>	<b>1,897</b>	<b>2,000</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	15,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)	—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	150	150	150	150	150	150	150	150	150
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	5,755	5,825	14,102	4,725	4,725	4,725	5,000	5,270	5,555
Property rates (other exemptions, reductions and rebates)	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Electricity/other energy	3,019	1,130	—	2,000	2,000	2,000	6,200	6,535	6,888
Refuse	—	90	100	109	109	109	1,000	1,054	1,111
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	2,940	2,990	3,151	3,419	3,419	3,419	—	—	—
<b>Total revenue cost of free services provided (total social package)</b>	<b>11,714</b>	<b>10,035</b>	<b>17,353</b>	<b>10,253</b>	<b>10,253</b>	<b>10,253</b>	<b>12,200</b>	<b>12,859</b>	<b>13,553</b>

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

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

**Table 17 MBRR Table SA36—Capital project list**

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			New or renewal
				Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Corporate Services	Aircons	Other Assets	Other	–	200	250	264	278	Renewal
	Furniture	Other Assets	Furniture and other office equipment	–	450	500	527	555	Renewal
	Hardware and Software Devices	Other Assets	Computers - hardware/equipment	–	1,331	1,000	1,054	1,111	Renewal
	Other Equipment	Other Assets	Other	–	50	150	200	200	Renewal
Electricity	Cherry Picker - Electrical	Other Assets	General vehicles	–	600	–	700	–	Renewal
	Electrification of various villages	Infrastructure - Electricity	Transmission & Reticulation	–	–	–	8,000	–	New
	Installation of High Mast Lights Elandsdooren	Infrastructure - Electricity	Street Lighting	–	3,151	–	1,000	–	New
	Main & Kruger Substation Upgrade	Infrastructure - Electricity	Transmission & Reticulation	–	–	3,000	–	–	Renewal
	Crane Truck	Other Assets	Other	–	–	200	–	–	Renewal
	Main Substation	Infrastructure - Electricity	Transmission & Reticulation	–	–	–	–	4,000	Renewal
	Mini Subs	Infrastructure - Electricity	Transmission & Reticulation	–	1,000	650	650	700	Renewal
	Moteti Liberty Phase 2	Infrastructure - Electricity	Transmission & Reticulation	–	1,650	–	–	–	New
	Smart Metering Project - Groblersdal	Infrastructure - Electricity	Transmission & Reticulation	–	–	500	500	500	Renewal
	Tafelkop (HH electrification)( Dikgalaopeng 20, Ba	Infrastructure - Electricity	Transmission & Reticulation	–	2,245	–	–	–	New
	Waalkraal RDP PH3	Infrastructure - Electricity	Transmission & Reticulation	–	6,105	–	–	–	New
Finance	FMG - Capital Items	Other Assets	Computers - hardware/equipment	–	75	300	300	300	Renewal
Infrastructure	Building - main	Other Assets	Other Buildings	–	1,500	–	–	–	Renewal
	Cemetery - Elandsdooren	Community	Cemeteries	–	1,275	–	–	–	New
	Cemetery - Hlogotlou	Community	Cemeteries	–	1,275	–	–	–	New
	Construction of Speed Humps - Various Villages	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	500	1,500	2,000	Renewal
	Construction of Stormwater Channels	Infrastructure - Road transport	Storm water	–	–	1,500	1,500	2,000	New
	Fencing - Groblersdal Main Substation	Other Assets	Other Buildings	–	300	300	–	–	Renewal
	Groblersdal - Landfill Site	Infrastructure - Other	Waste Management	–	2,047	–	–	–	Renewal
	Karnaal Street - Groblersdal	Infrastructure - Road transport	Roads, Pavements & Bridges	–	3,500	4,500	4,000	4,000	Renewal
	Hlogotlou street and Storm water control	Infrastructure - Road transport	Storm water	–	4,000	–	8,000	10,000	New
	Kgaphamadi Upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,352	14,000	20,445	Renewal
	Laersdrift Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	1,440	–	2,000	2,000	New
	Mathula Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	3,250	5,000	5,000	New
	Mogaung upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	3,250	5,000	5,000	Renewal
	Mosterlus to Makgopeng Phase 2	Infrastructure - Road transport	Roads, Pavements & Bridges	–	9,882	4,110	–	–	New
	Motelema streets upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	6,061	2,780	–	New
	Moteti A - Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	11,396	4,000	–	–	New
	Mpheleng Construction of Bus Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000	5,118	5,000	8,000	New
	Naganeng Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	5,000	5,000	New
	Nyakelang Bus Route Phase 4	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,500	–	–	–	New
	Nyakelang Bus Route Phase 4	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000	–	–	–	New
	Phuchukani Construction of Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	2,365	6,821	500	New
	Plant and Machinery	Other Assets	Plant & equipment	–	–	800	4,000	5,000	Renewal
	Roads to Magoshi - Mahlangu	Infrastructure - Road transport	Roads, Pavements & Bridges	–	8,070	–	–	–	New
	Roads to Magoshi - Rammupudu	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,425	–	–	New
	Roads to Magoshi - Mathebe	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	3,839	–	New
	Roads to Magoshi - Matsepe	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	3,591	–	New
	Roads to Magoshi - Matlala	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,425	–	–	New
	Roosenekal Roads & Streets	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	2,000	2,000	Renewal
	Tafelkop (Highmast Lights)	Infrastructure - Electricity	Street Lighting	–	–	2,000	4,000	–	New
	Tourism Centre	Other Assets	Other	–	300	600	–	–	New
	Walter Sisulu/Tambo Construction Bus/Taxi Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000	5,500	5,000	7,000	New
	JJ Zaaiplaas Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,485	–	5,000	New
Planning and LED	Game farm Development	Community	Buildings	–	1,500	–	–	–	Renewal
Parent Capital expenditure				–	71,842	72,090	96,225	90,589	