

PHUMELELA LOCAL MUNICIPALITY (FS195)
TABLED ANNUAL BUDGET



2013/2014 TO 2015/2016
MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK

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Abbreviations and Acronym

BSC:	Budget Steering Committee
CFO:	Chief Financial Officer
MM:	Municipal Manager
CPI:	Consumer Price Index
DBSA:	Development Bank of South Africa
DoRA:	Division of Revenue Act
DWA:	Department of Water Affairs
FBS:	Free basic services
FMG:	Financial Management Grant
GRAP:	General Recognised Accounting Practice
HR:	Human Resources
IDP:	Integrated Development Strategy
IT:	Information Technology
kℓ:	kilolitre
km:	kilometre
KPA:	Key Performance Area
KPI:	Key Performance Indicator
kWh:	kilowatt
ℓ:	litre
LED:	Local Economic Development
MFMA:	Municipal Financial Management Act
MIG:	Municipal Infrastructure Grant
MPRA:	Municipal Properties Rates Act
MSA:	Municipal Systems Act
MSIG:	Municipal Systems Improvement Grant
MTREF:	Medium-term Revenue and Expenditure Framework
NERSA:	National Electricity Regulator South Africa
NGO:	Non-Governmental organisations
NKPIs:	National Key Performance Indicators
NT:	National Treasury

OHS:	Occupational Health and Safety
PMS:	Performance Management System
PPE:	Property Plant and Equipment
SALGA:	South African Local Government Association
SDBIP:	Service Delivery Budget Implementation Plan

1.1 MAYOR'S REPORT

This draft budget of Phumelela Local Municipality is compiled in accordance with prescribed legislative frameworks for the MTREF that is due to start on the 1st of July 2013 to June 2016. According to section 16(2) of the MFMA, read together with section 215 of the constitution, the Municipal Mayor should at least 90 days before the beginning of every financial year table to Council the budget for consideration of approval. This draft budget was, therefore, tabled to Council for approval and was adopted and approved as a draft operating and capital budget of the municipality for the financial year 2013/2014 and for the two projected outer years (2014/2015 and 2015/2016); and it will thus be amended as may be necessary following consultations that are yet to unfold with the local community and other stakeholders.

This budget has been prepared with serious consideration of the local socio-economic scene and the continuous increase in unemployment and poor standard of living in our community. The municipality must thus make initiatives to combat the challenges of poverty, unemployment and inequality through enhancement of projects that will encourage local economic development and other employment creation initiatives to improve lives of our people for better.

The municipality's cash flow trend is not good; this is due to poor debtors' collection and creditors control. The community should be encouraged to come forth and register as indigents, as and if they qualify in accordance with the set criteria. This will help the municipality in cash forecasting and budget for realisable goals. Despite the current cash flow challenges, we are striving to improve the current status of service delivery through implementation of various cost saving methods and controls.

The Office of Budget and Treasury under the auspices of the CFO shall oversee the whole budgeting process and its monitoring thereof. All sections are advised to start saving costs in performing their duties maximising their performance. The following are some of the most overspending expenditure votes that should be seriously controlled: telephone, travel and subsistence, overtime, print and stationery. Every employee of the municipality shall take the ownership of this document and ensure maximum service delivery through implement of the IDP priorities as set.

The municipality continues to provide for free basic water, electricity, sanitation and refuse-removal services. For the 2013/2014 MTREF, the indicative allocations for 2014/15 and 2015/16 have been calculated taking into account provisions of circular 67 of the MFMA issued on the 12th of March 2013, electricity bulk price annual increases of 8 per cent, water bulk increases of 7.2 per cent, CPI forecast of 5.6 per cent in 2013/2014 and 5.4 per cent in both 2014/2015 and 2015/2016 as well as household growth in line with the period between 2001 and 2011. These variables will be updated in future budgets to reflect any changes in the growth in prices and/or change in affordability of our communities.

The threshold for receiving free basic services rose from R800 per month (in 2001 prices) to R2 300 per month (in 2011 prices). Equitable share provides funds for the institutional costs of municipalities and for community services; such as parks, recreation and fire fighting. Important, this affordability threshold that informs the equitable share is set at R2 300 per

month, as the municipality we are not specifically required to use this threshold in our indigent policy, it is important to review the policy and incorporate this development. As part of the Municipal Budget and Benchmark Engagements, National Treasury and the respective provincial treasury will assess this component of the municipality's indigent policy.

1.2 COUNCIL RESOLUTIONS

This is the extract from the minutes of the 5th ordinary council meeting of Phumelela Local Municipality held on the 28th March 2013 at 11h00 in the council chamber, MEMEL.

ITEM 142/2013

RE: TABLING OF DRAFT OPERATION/CAPITAL BUDGET AND IDP FOR 2013/2014 FINANCIAL YEAR

RESOLVED

1. That the Council note the content of the report on this item.
2. That the Council adopted and approved the draft operation and capital budget of the municipality for the financial years 2013/2014 and for the two projected outer years (2014/2015 and 2015/2016) as set in supporting tables.
 - 2.1 Table A1 - Budget Summary
 - 2.2 Table A2 - Budget Financial Performance (Standard Classification)
 - 2.3 Table A3 - Budget Financial Performance (Revenue and Expenditure by vote)
 - 2.4 Table A4 - Budget Financial Performance (Revenue and Expenditure)
 - 2.5 Table A5 - Capital Expenditure by vote, standard classification and funding
 - 2.6 Table A6 - Budgeted Financial Position
 - 2.7 Table A7 - Budget Cash Flow
 - 2.8 Table A8 - Cash Backed reserves/ accumulated surplus reconciliation
 - 2.9 Table A9 – Asset Management
 - 2.10 Table A10 – Basic Service Delivery measurement
3. That the budget has been aligned to the Integrated Development Plan
4. That a review of budget related policies was performed and these policies are attached for reference.
5. That the property rates, any other municipal taxes, tariffs and charges reflected on the annexure.
6. That the Council approved and adopted the draft IDP for 2013/14.
7. That the Council takes note that the SDBIP is also attached for reference purpose.
8. That the two documents be send to relevant Government Department in both electronic and hard copies.
9. That all tariffs be increased by 5,5% except electricity which will increase by 8% in line with NERSA guideline.
10. That both the 2013/14 Budget and IDP be advertised in the local newspaper for public comments and inputs

SIGNED BY
CLLR T.J. MOTAUNG (MAYOR)

.....
DATE

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of PLM's financial plan is essential and critical to ensure that PLM remains financially viable and that municipal services are provided sustainably, economically and equitably to all its communities. PLM'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. This exercise has resulted in shift from the surplus R283 134 to the surplus of R1 673 for the current financial year's adjusted budget. The PLM has also introduced an amnesty period to encourage consumers to pay their arrear debt.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66 and 67 were used to guide the compilation of the 2013/2014 MTREF. The main challenges experienced during the compilation of the 2013/2014 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the given income base;
- The increased cost of electricity (due to tariff increases introduced by NERSA). This is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable as there will be a point where services will no longer be affordable; and
- Salary increases for municipal staffs that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the 2013/2014 MTREF:

- The 2012/2013 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted where applicable as the upper limits for the new baselines for the 2013/2014 annual budget;
- Current service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Where tariffs were increased, affordability and the inflation rate as measured by the CPI were considered, price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity were also considered. In addition, MFMA Circular 67 was also considered. In this Circular municipalities are urged to move towards tariffs that are cost reflective, and take into account the need to address infrastructure backlogs;
- There will be no amounts budgeted for 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;
- An upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects (bursary fund, etc.);
 - Consultant Fees;
 - Furniture and office equipment (inventory);
 - Special Events (disaster management);
 - Refreshments and entertainment;
 - Subsistence and Travelling; and
 - Overtime

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/2014 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/2014 MTREF

Description	ADJUSTED	BUDGET 2013/2014	BUDGET+1 2014/2015	BUDGET+2 2015/2016
Revenue	103 595 748	109 204 575	111 139 300	115 483 967
Expenditure	103 312 613	109 182 798	110 917 787	115 454 018
Surplus/(Deficit)	1 673	21 777	221 513	29 948
Capital Expenditure	86 684 000	25 277 000	20 796 000	21 021 000

Total operating revenue has grown by 5.4 per-cent or R5.6m for the 2013/2014 financial year when compared to the 2012/2013 Adjustment Budget. For the two outer years, operational revenue will increase by 1.8 and 3.9 per-cent respectively, equalling a total revenue growth of R11.9m over the MTREF when compared to the 2012/2013 financial year.

Total operating expenditure for the 2013/2014 financial year has been appropriated at R109.2m and translates into a budgeted surplus of R21 777. When compared to the 2012/2013 Adjustments Budget, operational expenditure has grown by 5.7 per-cent in the 2013/2014 budget and by 1.6 and 4.1 per-cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R221 513 and decreases to R29 948, which show our commitment to service delivery.

The capital budget of R 25.3m for 2013/2014 is 70.8 per-cent less when compared to the 2012/2013 Adjustment Budget. The decrease is due to various projects being finalised in the 2012/2013 financial year as well as affordability constraints in the light of current economic circumstances.

The capital programme decreases to R20.8m in the 2014/2015 financial year and then a slight increase in 2013/2016 to R21m. All these projects (100 per-cent) of the capital budget will be funded from government grant, the Municipal Infrastructure Grant. Other projects are not reflected on our budget as they fall within the scope of provincial and national government programmes

1.4 OPERATING REVENUE FRAMEWORK

For PLM to continue improving the quality of services provided to its residents 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 macro-economic policy;
- Growth in the PLM and continued economic development;
- Efficient revenue management, which aims to eventually achieve a 95 per-cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the PLM.

Table 2: The following table is a summary of the 2013/2014 MTREF (classified by main revenue source):

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source	1										
Property rates	2	4 091	5 799	6 677	5 706	5 706	5 706	-	7 005	7 363	7 725
Property rates - penalties & collection charges		-	-	100	-	-	-	-	-	-	-
Service charges - electricity revenue	2	4 743	4 924	6 718	6 627	6 627	6 627	-	7 323	7 698	8 075
Service charges - water revenue	2	3 429	4 869	5 859	11 343	11 343	11 343	-	12 005	12 618	13 238
Service charges - sanitation revenue	2	4 835	5 369	5 573	5 480	5 480	5 480	-	5 650	5 939	6 231
Service charges - refuse revenue	2	4 628	5 098	5 282	5 310	5 310	5 310	-	5 964	6 269	6 577
Service charges - other		-	473	27	-	-	-	-	-	-	-
Rental of facilities and equipment		632	906	702	1 770	1 770	1 770	-	1 771	1 865	1 965
Interest earned - external investments		180	211	612	650	650	650	-	665	700	735
Interest earned - outstanding debtors		2 186	2 114	2 615	2 879	2 879	2 879	-	3 208	3 374	3 543
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		95	87	111	201	201	201	-	210	222	234
Licences and permits		13	13	40	43	43	43	-	24	27	30
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		41 025	79 920	56 249	60 433	60 433	60 433	-	61 710	62 277	64 223
Other revenue	2	28 662	7 716	3 035	3 173	3 173	3 173	-	3 670	3 838	4 011
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		94 519	117 500	93 600	103 614	103 614	103 614	-	109 205	112 190	116 587

Table 3: Percentage growth in operating revenue by source

FS195 Phumelela Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			22.1%	14.0%	14.0%	0.0%	0.0%	(100.0%)	10.1%	5.1%	4.9%
% incr Property Tax	18(1)a			41.7%	16.9%	(15.8%)	0.0%	0.0%	(100.0%)	22.8%	5.1%	4.9%
% incr Service charges - electricity revenue	18(1)a			3.8%	36.4%	(1.4%)	0.0%	0.0%	(100.0%)	10.5%	5.1%	4.9%
% incr Service charges - water revenue	18(1)a			42.0%	20.3%	93.6%	0.0%	0.0%	(100.0%)	5.8%	5.1%	4.9%
% incr Service charges - sanitation revenue	18(1)a			11.1%	3.8%	(1.7%)	0.0%	0.0%	(100.0%)	3.1%	5.1%	4.9%
% incr Service charges - refuse revenue	18(1)a			10.2%	3.6%	0.5%	0.0%	0.0%	(100.0%)	12.3%	5.1%	4.9%
% incr in Service charges - other	18(1)a			0.0%	(94.3%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		22 358	27 438	30 939	36 235	36 235	36 235	-	39 718	41 752	43 811
Service charges			21 726	26 533	30 236	34 465	34 465	34 465	-	37 947	39 887	41 846
Property rates			4 091	5 799	6 777	5 706	5 706	5 706	-	7 005	7 363	7 725
Service charges - electricity revenue			4 743	4 924	6 718	6 627	6 627	6 627	-	7 323	7 698	8 075
Service charges - water revenue			3 429	4 869	5 859	11 343	11 343	11 343	-	12 005	12 618	13 238
Service charges - sanitation revenue			4 835	5 369	5 573	5 480	5 480	5 480	-	5 650	5 939	6 231
Service charges - refuse removal			4 628	5 098	5 282	5 310	5 310	5 310	-	5 964	6 269	6 577
Service charges - other			-	473	27	-	-	-	-	-	-	-
Rental of facilities and equipment			632	906	702	1 770	1 770	1 770	-	1 771	1 865	1 965
Capital expenditure excluding capital grant funding			1 557	-	8 800	3 118	3 118	3 118	-	-	-	-
Cash receipts from ratepayers	18(1)a		30 197	28 551	34 448	36 347	-	-	-	39 805	39 371	43 885
Ratepayer & Other revenue	18(1)a		53 314	37 368	36 739	42 531	42 531	42 531	-	46 830	49 213	51 629
Change in consumer debtors (current and non-current)			4 971	6 494	(6 250)	(1 218)	(1 218)	(1 218)	(9 858)	2 520	1 266	2 692
Operating and Capital Grant Revenue	18(1)a		41 025	79 920	56 249	60 433	60 433	60 433	-	61 710	62 277	64 223
Capital expenditure - total	20(1)(vi)		28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	-	-	-	-	-	-
Supporting benchmarks												
Growth guideline maximum			6.0%	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%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										-	-	-
Average annual collection rate (arrears inclusive)												
DoRA operating												
FMG										1 650	1 800	1 950
MSIG										890	934	967
Equitabe Share										56 906	58 214	59 911
MIG-PMU Salaries												
										59 446	60 948	62 828

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit. Revenue generated from rates and service charges forms a small part of the revenue base of the PLM. Rates and service charge revenues comprise only a third of the total revenue mix. In the 2012/2013 financial year, revenue from rates and services charges totalled R34.5m or 33.3 per-cent. This increases to R37.9m, R39.9m and R41.8m 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 which increases from 9.9 per-cent in 2013/2014 to 5.3 per-cent in 2014/15. This growth can be mainly attributed to the increased share that rates and taxes contributes to the total revenue mix, which in turn is due to an increase in the number of farms

that are to be billed. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Operating grants and transfers totals R59.4m in the 2013/2014 financial year and minor increases to R60.9 million by 2014/15. 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 grants receipts

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
DoRA operating													
FMG											1 650	1 800	1 950
MSIG											890	934	967
Equitabe Share											56 906	58 214	59 911
MIG-PMU Salaries													
											59 446	60 948	62 828

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 PLM. 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 increase of Eskom 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 electricity tariffs are largely outside the control of the PLM. Discounting the impact of these price increases in lower consumer tariffs will erode the PLM'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, petrol, diesel, chemicals, cement etc. The current challenge facing the PLM is managing the gap between these cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.5 OPERATING EXPENDITURE FRAMEWORK

The PLM's expenditure framework for the 2013/2014 budget and MTREF is informed by the following:

- Repairs and maintenance backlogs;

- Balancing the budget (operating expenditure should not exceed operating revenue unless there are existing uncommitted cash-backed reserves to fund any deficit);
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- The capital programme and backlog eradication; and
- Funding the capital budget and other core services by operational gains and efficiencies.

The following table is a high level summary of the 2013/2014 budget and MTREF (classified per main type of operating expenditure):

Table 5: Summary of operating expenditure by standard classification item

FS195 Phumelela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Expenditure By Type											
Employee related costs	2	18 696	22 753	28 349	35 016	35 016	35 016	-	41 982	44 683	47 520
Remuneration of councillors		2 761	3 048	3 653	4 283	4 283	4 283		4 112	4 384	4 678
Debt impairment	3	9 173	11 720	6 046	5 266	5 266	5 266		11 885	9 549	7 770
Depreciation & asset impairment	2	17	285	3 950	4 179	4 179	4 179	-	2 478	2 607	2 737
Finance charges		618	486	390	483	483	483		250	265	280
Bulk purchases	2	7 794	12 857	13 209	15 541	15 541	15 541	-	13 961	15 051	16 223
Other materials	8	-	-	-	-	-	-		-	-	-
Contracted services		-	2 077	1 864	1 971	1 971	1 971	-	2 226	2 327	2 429
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	23 597	24 532	35 592	36 592	36 592	36 592	-	32 290	33 103	34 920
Loss on disposal of PPE		-	-	-	-	-	-		-	-	-
Total Expenditure		62 656	77 758	93 054	103 331	103 331	103 331	-	109 183	111 969	116 557

The budgeted allocation for employee related costs for the 2013/2014 financial year totals R41.982m, which equals 38.5 per-cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been budgeted at a rate of 38.5 per-cent for the 2013/2014 financial year. An increase of 6.85 per-cent has also been budgeted for and annual increase of 6.4 per-cent in the two outer years of the MTREF. As part of the PLM's cost reprioritization and cash management strategy, vacancies have been significantly rationalized downwards. Vacancies of critical and strategic positions were also taken into account when this budget was compiled. In addition, expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, no. 20 of 1998. In compiling the salary budget for Councillors, 8 per-cent increase was provided based on the most recent proclamation which came into effect in July 2010.

The provision of debt impairment was determined based on an annual collection rate of 60 per-cent. For the 2013/2014 financial year it amounted to R11.9m and reduced to R9.5m by 2014/2015. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is

widely considered a proxy for the measurement of the rate of asset consumption. Note that the application of Directive 4 with regard to the phasing in of depreciation (GRAP 17) has resulted in a significant decrease in depreciation relative to previous years. This charge will however increase significantly in the ensuing years, but it will not have an effect on tariffs as this charge is excluded when determining tariffs.

Interest on external borrowing consists primarily of the repayment of interest (cost of capital) on long term annuity loans and the recently raised finance lease. This interest makes up 0.23 per-cent (R0.25m) of the operating expenditure excluding annual redemption for 2013/2014 and increases to R0.265 m by 2014/2015.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been accounted for in the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. Bulk purchases are budgeted at R13.5m and R0.5m for electricity and water respectively which totals to 13 per-cent of the overall operating expenditure.

Contracted services have been identified as a cost saving area for the PLM. As part of the compilation of the 2013/2014 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. Contracted services constitute only 2.1 per-cent of the total operating expenditure.

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 drastically reduced by 20.7 per-cent for 2013/2014 and curbed at 6.1 and 5.8 per-cent respectively for the two outer years, indicating that significant cost savings have been already realised.

1.6 CAPITAL EXPENDITURE

Table 6: Detailed capital budget per individual project

DRAFT CAPITAL BUDGET					
Funder	Project Description	2013/2014	2014/2015	2015/2016	Project Value
MIG	PMU	1 263 850.00	1 039 800.00	1 051 050.00	1 263 850.00
MIG	Sport facilities in Phumelela	4 212 750.00	3 119 400.00	3 098 628.79	13 680 000.00
MIG	Zamani: 2ML Reservoir rising main & pumpstation	10 293 189.40	883 535.60		11 176 275.00
MIG	Warden: Construction of Landfill Site	6 446 640.32	553 359.68		7 000 000.00
MIG	Vrede: Construction of Landfill Site	700 000.00	6 300 000.00		7 000 000.00
MIG	Memel: Construction of Landfill Site	700 000.00	6 300 000.00		7 000 000.00
MIG	Thembalihle Ext 4: Construction of 2ML Reservoir	1 660 570.28		9 839 429.72	11 500 000.00
MIG	Zamani/Memel: Installation of Sewer Reticulation Network Phase 2	-		6 854 796.21	7 000 000.00
MIG	Ezenzeleni: Construction of 0,5km paved road		2 572 904.72	177 095.28	2 750 000.00
	Total	25 277 000.00	20 769 000.00	21 021 000.00	
		25 277 000.00	20 796 000.00	21 021 000.00	

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

Table 7: Budgeted Capital Expenditure by vote

FS195 Phumelela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - Council And Executive		-	-	3 500	1 985	1 985	1 985	-	1 264	1 040	1 051
Vote 2 - Financial And Administration Services		48	808	11 845	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Health		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services		123	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	850	850	850	-	-	-	-
Vote 7 - Sports and Recreation		-	758	-	4 042	4 042	4 042	-	4 213	3 119	3 099
Vote 8 - Waste Management		106	-	-	1 500	1 500	1 500	-	-	-	-
Vote 9 - Waste Water Management		10 488	6 593	22 860	20 275	20 275	20 275	-	5 007	6 955	6 855
Vote 10 - Road Transport		14 834	7 086	7 622	3 907	3 907	3 907	-	4 500	7 073	177
Vote 11 - Water		2 752	6 157	31 790	49 625	49 625	49 625	-	10 293	2 609	9 839
Vote 12 - Electricity		280	2 273	-	4 500	4 500	4 500	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Total Capital Expenditure - Vote		28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021

In 2013/2014 an amount of R25.3m has been appropriated for the development of infrastructure which represent 95 per-cent of the total capital budget with administration only accounting for 5 per-cent. All these projects are funded through MIG. Water infrastructure receives the highest allocation of R10.293m equalling 40.7 per-cent of the total capital budget.

1.7 ANNUAL BUDGET TABLES- PARENT MUNICIPALITY

FS195 Phumelela - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	4 091	5 799	6 777	5 706	5 706	5 706	-	7 005	7 363	7 725
Service charges	17 635	20 734	23 459	28 759	28 759	28 759	-	30 942	32 524	34 121
Investment revenue	180	211	612	650	650	650	-	665	700	735
Transfers recognised - operational	41 025	79 920	56 249	60 433	60 433	60 433	-	61 710	62 277	64 223
Other own revenue	31 588	10 836	6 503	8 066	8 066	8 066	-	8 883	9 326	9 783
Total Revenue (excluding capital transfers and contributions)	94 519	117 500	93 600	103 614	103 614	103 614	-	109 205	112 190	116 587
Employee costs	18 696	22 753	28 349	35 016	35 016	35 016	-	41 982	44 683	47 520
Remuneration of councillors	2 761	3 048	3 653	4 283	4 283	4 283	-	4 112	4 384	4 678
Depreciation & asset impairment	17	285	3 950	4 179	4 179	4 179	-	2 478	2 607	2 737
Finance charges	618	486	390	483	483	483	-	250	265	280
Materials and bulk purchases	7 794	12 857	13 209	15 541	15 541	15 541	-	13 961	15 051	16 223
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	32 770	38 329	43 503	43 829	43 829	43 829	-	46 400	44 979	45 119
Total Expenditure	62 656	77 758	93 054	103 331	103 331	103 331	-	109 183	111 969	116 557
Surplus/(Deficit)	31 863	39 741	546	283	283	283	-	22	222	30
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	31 863	39 741	546	283	283	283	-	22	222	30
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	31 863	39 741	546	283	283	283	-	22	222	30
Capital expenditure & funds sources										
Capital expenditure	-	-	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Transfers recognised - capital	27 074	23 675	68 817	83 566	83 566	83 566	-	25 277	20 796	21 021
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	3 500	-	-	-	-	-	-	-
Internally generated funds	1 557	-	5 300	3 118	3 118	3 118	-	-	-	-
Total sources of capital funds	28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Financial position										
Total current assets	18 403	26 024	17 148	21 622	21 622	21 622	-	21 393	22 718	27 814
Total non current assets	194 479	230 011	296 444	332 438	332 438	332 438	-	336 618	334 577	328 635
Total current liabilities	20 443	46 410	4 211	5 410	5 410	5 410	-	4 376	4 576	4 870
Total non current liabilities	3 124	6 373	4 311	5 426	5 426	5 426	-	10 389	9 251	8 082
Community wealth/Equity	189 315	203 252	305 070	343 224	343 224	343 224	-	343 246	343 468	343 497
Cash flows										
Net cash from (used) operating	34 105	57 719	64 153	3 544	-	-	-	26 876	20 111	22 609
Net cash from (used) investing	(28 088)	(57 158)	(68 163)	(3 068)	-	-	-	(25 277)	(20 796)	(21 021)
Net cash from (used) financing	(79)	2 105	(541)	(918)	-	-	-	-	-	-
Cash/cash equivalents at the year end	2 392	5 059	508	66	-	-	-	1 600	915	2 503
Cash backing/surplus reconciliation										
Cash and investments available	3 207	4 041	995	6 226	6 226	6 226	-	2 800	2 115	3 703
Application of cash and investments	14 133	33 379	(5 831)	(2 875)	4 509	4 509	-	(5 426)	(5 712)	(8 362)
Balance - surplus (shortfall)	(10 926)	(29 338)	6 826	9 101	1 717	1 717	-	8 226	7 828	12 066
Asset management										
Asset register summary (WDV)	193 664	221 776	296 265	332 438	332 438	332 438	336 618	336 618	334 577	328 635
Depreciation & asset impairment	17	285	3 950	4 179	4 179	4 179	2 478	2 478	2 607	2 737
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	6 045	6 296	6 817	4 410	4 410	4 410	9 944	9 944	10 469	10 999
Free services										
Cost of Free Basic Services provided	427	383	-	-	-	-	304	304	319	335
Revenue cost of free services provided	-	-	1 902	1 902	-	-	4 189	4 189	4 405	4 623
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

FS195 Phumelela - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		74 654	53 254	64 476	71 532	71 532	71 532	72 360	73 455	75 942
Executive and council		112	1 631	1 620	760	760	760	-	-	-
Budget and treasury office		72 817	50 719	59 688	66 470	66 470	66 470	68 554	69 450	71 731
Corporate services		1 725	905	3 168	4 302	4 302	4 302	3 806	4 005	4 211
<i>Community and public safety</i>		269	258	261	360	360	360	370	391	412
Community and social services		175	171	151	160	160	160	170	180	190
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		94	87	110	200	200	200	200	211	222
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19	335	16	18	18	18	1 279	1 345	1 412
Planning and development		7	12	16	18	18	18	1 279	1 345	1 412
Road transport		12	323	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		19 577	64 907	28 847	31 704	31 704	31 704	35 196	36 999	38 821
Electricity		4 930	18 006	9 859	7 159	7 159	7 159	7 868	8 273	8 680
Water		3 882	17 683	6 524	12 049	12 049	12 049	12 711	13 361	14 019
Waste water management		5 395	14 184	6 338	6 292	6 292	6 292	7 653	8 045	8 442
Waste management		5 371	15 035	6 126	6 205	6 205	6 205	6 964	7 320	7 680
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	94 519	118 755	93 600	103 614	103 614	103 614	109 205	112 190	116 587
Expenditure - Standard										
<i>Governance and administration</i>		21 979	24 974	37 530	51 386	51 386	51 386	40 923	41 983	44 530
Executive and council		6 670	7 890	13 664	12 259	12 259	12 259	11 254	11 983	12 751
Budget and treasury office		11 998	13 253	17 288	32 620	32 620	32 620	22 372	22 219	23 488
Corporate services		3 311	3 832	6 578	6 507	6 507	6 507	7 297	7 781	8 292
<i>Community and public safety</i>		3 838	3 729	3 597	4 725	4 725	4 725	4 599	4 881	5 136
Community and social services		1 851	1 741	1 464	2 375	2 375	2 375	2 039	2 152	2 271
Sport and recreation		1 584	1 479	1 523	1 676	1 676	1 676	1 399	1 491	1 587
Public safety		365	406	510	563	563	563	1 131	1 205	1 242
Housing		-	-	-	-	-	-	-	-	-
Health		39	102	100	112	112	112	30	33	36
<i>Economic and environmental services</i>		4 798	6 878	9 737	4 117	4 117	4 117	15 227	16 139	17 092
Planning and development		272	286	1 028	1 117	1 117	1 117	11 227	11 935	12 682
Road transport		4 526	6 592	8 709	3 000	3 000	3 000	4 000	4 204	4 410
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		32 041	43 432	42 190	43 103	43 103	43 103	48 434	48 966	49 799
Electricity		10 539	13 217	17 898	17 451	17 451	17 451	18 142	19 048	20 000
Water		6 823	12 825	7 608	8 891	8 891	8 891	12 283	10 831	10 677
Waste water management		7 580	8 799	9 356	9 662	9 662	9 662	10 388	11 006	10 918
Waste management		7 099	8 591	7 328	7 100	7 100	7 100	7 621	8 081	8 204
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	62 656	79 013	93 054	103 331	103 331	103 331	109 183	111 969	116 557
Surplus/(Deficit) for the year		31 863	39 741	546	283	283	283	22	222	30

FS195 Phumelela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - Council And Executive		112	1 631	1 620	760	760	760	-	-	-
Vote 2 - Financial And Administration Services		74 541	51 624	62 856	70 772	70 772	70 772	72 360	73 455	75 942
Vote 3 - Planning and Development		7	12	16	18	18	18	1 279	1 345	1 412
Vote 4 - Health		-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services		175	171	150	160	160	160	170	180	190
Vote 6 - Public Safety		94	87	110	200	200	200	200	211	222
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		5 371	15 035	6 126	6 205	6 205	6 205	6 964	7 320	7 680
Vote 9 - Waste Water Management		5 395	14 184	6 338	6 292	6 292	6 292	7 653	8 045	8 442
Vote 10 - Road Transport		12	323	-	-	-	-	-	-	-
Vote 11 - Water		3 882	17 683	6 524	12 049	12 049	12 049	12 711	13 361	14 019
Vote 12 - Electricity		4 930	18 006	9 859	7 159	7 159	7 159	7 868	8 273	8 680
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	94 518	118 755	93 599	103 614	103 614	103 614	109 205	112 190	116 587
Expenditure by Vote to be appropriated	1									
Vote 1 - Council And Executive		6 670	7 890	13 663	12 259	12 259	12 259	11 254	11 983	12 751
Vote 2 - Financial And Administration Services		15 308	17 085	23 866	39 127	39 127	39 127	29 669	30 001	31 780
Vote 3 - Planning and Development		272	286	1 028	1 115	1 115	1 115	11 227	11 935	12 682
Vote 4 - Health		39	102	100	112	112	112	30	33	36
Vote 5 - Community and Social Services		1 851	1 741	1 464	2 375	2 375	2 375	2 039	2 152	2 271
Vote 6 - Public Safety		365	406	510	563	563	563	1 131	1 205	1 242
Vote 7 - Sports and Recreation		1 584	1 479	1 523	1 676	1 676	1 676	1 399	1 491	1 587
Vote 8 - Waste Management		7 099	8 591	7 328	7 101	7 101	7 101	7 621	8 081	8 204
Vote 9 - Waste Water Management		7 580	8 799	9 356	9 662	9 662	9 662	10 388	11 006	10 918
Vote 10 - Road Transport		4 526	6 592	8 709	3 000	3 000	3 000	4 000	4 204	4 410
Vote 11 - Water		6 823	12 825	7 608	8 891	8 891	8 891	12 283	10 831	10 677
Vote 12 - Electricity		10 539	13 217	17 898	17 451	17 451	17 451	18 142	19 048	20 000
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	62 655	79 013	93 053	103 331	103 331	103 331	109 183	111 969	116 557
Surplus/(Deficit) for the year	2	31 863	39 741	546	283	283	283	22	222	30

FS195 Phumelela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	4 091	5 799	6 677	5 706	5 706	5 706	-	7 005	7 363	7 725
Property rates - penalties & collection charges		-	-	100	-	-	-	-	-	-	-
Service charges - electricity revenue	2	4 743	4 924	6 718	6 627	6 627	6 627	-	7 323	7 698	8 075
Service charges - water revenue	2	3 429	4 869	5 859	11 343	11 343	11 343	-	12 005	12 618	13 238
Service charges - sanitation revenue	2	4 835	5 369	5 573	5 480	5 480	5 480	-	5 650	5 939	6 231
Service charges - refuse revenue	2	4 628	5 098	5 282	5 310	5 310	5 310	-	5 964	6 269	6 577
Service charges - other		-	473	27	-	-	-	-	-	-	-
Rental of facilities and equipment		632	906	702	1 770	1 770	1 770	-	1 771	1 865	1 965
Interest earned - external investments		180	211	612	650	650	650	-	665	700	735
Interest earned - outstanding debtors		2 186	2 114	2 615	2 879	2 879	2 879	-	3 208	3 374	3 543
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		95	87	111	201	201	201	-	210	222	234
Licences and permits		13	13	40	43	43	43	-	24	27	30
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		41 025	79 920	56 249	60 433	60 433	60 433	-	61 710	62 277	64 223
Other revenue	2	28 662	7 716	3 035	3 173	3 173	3 173	-	3 670	3 838	4 011
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		94 519	117 500	93 600	103 614	103 614	103 614	-	109 205	112 190	116 587
Expenditure By Type											
Employee related costs	2	18 696	22 753	28 349	35 016	35 016	35 016	-	41 982	44 683	47 520
Remuneration of councillors		2 761	3 048	3 653	4 283	4 283	4 283	-	4 112	4 384	4 678
Debt impairment	3	9 173	11 720	6 046	5 266	5 266	5 266	-	11 885	9 549	7 770
Depreciation & asset impairment	2	17	285	3 950	4 179	4 179	4 179	-	2 478	2 607	2 737
Finance charges		618	486	390	483	483	483	-	250	265	280
Bulk purchases	2	7 794	12 857	13 209	15 541	15 541	15 541	-	13 961	15 051	16 223
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	2 077	1 864	1 971	1 971	1 971	-	2 226	2 327	2 429
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	23 597	24 532	35 592	36 592	36 592	36 592	-	32 290	33 103	34 920
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		62 656	77 758	93 054	103 331	103 331	103 331	-	109 183	111 969	116 557
Surplus/(Deficit)		31 863	39 741	546	283	283	283	-	22	222	30
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		31 863	39 741	546	283	283	283	-	22	222	30
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		31 863	39 741	546	283	283	283	-	22	222	30
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		31 863	39 741	546	283	283	283	-	22	222	30
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		31 863	39 741	546	283	283	283	-	22	222	30

FS195 Phumelela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote	1										
Multi-year expenditure to be appropriated	2										
Vote 1 - Council And Executive		-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial And Administration Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Health		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-
Vote 12 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Council And Executive		-	-	3 500	1 985	1 985	1 985	-	1 264	1 040	1 051
Vote 2 - Financial And Administration Services		48	808	11 845	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Health		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services		123	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	850	850	850	-	-	-	-
Vote 7 - Sports and Recreation		-	758	-	4 042	4 042	4 042	-	4 213	3 119	3 099
Vote 8 - Waste Management		106	-	-	1 500	1 500	1 500	-	-	-	-
Vote 9 - Waste Water Management		10 488	6 593	22 860	20 275	20 275	20 275	-	5 007	6 955	6 855
Vote 10 - Road Transport		14 834	7 086	7 622	3 907	3 907	3 907	-	4 500	7 073	177
Vote 11 - Water		2 752	6 157	31 790	49 625	49 625	49 625	-	10 293	2 609	9 839
Vote 12 - Electricity		280	2 273	-	4 500	4 500	4 500	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Total Capital Expenditure - Vote		28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Capital Expenditure - Standard											
Governance and administration		-	-	15 345	1 985	1 985	1 985	-	1 264	1 040	1 051
Executive and council		-	-	3 500	1 985	1 985	1 985	-	1 264	1 040	1 051
Budget and treasury office		-	-	11 845	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	4 892	4 892	4 892	-	4 213	3 119	3 099
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	4 042	4 042	4 042	-	4 213	3 119	3 099
Public safety		-	-	-	850	850	850	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	7 622	3 907	3 907	3 907	-	4 500	7 073	177
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	7 622	3 907	3 907	3 907	-	4 500	7 073	177
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	54 650	75 900	75 900	75 900	-	15 300	9 564	16 694
Electricity		-	-	-	4 500	4 500	4 500	-	-	-	-
Water		-	-	31 790	49 625	49 625	49 625	-	10 293	2 609	9 839
Waste water management		-	-	22 860	20 275	20 275	20 275	-	5 007	6 955	6 855
Waste management		-	-	-	1 500	1 500	1 500	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	-	-	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021
Funded by:											
National Government		18 222	12 630	32 940	26 624	26 624	26 624	-	25 277	20 796	21 021
Provincial Government		8 852	11 045	33 877	56 942	56 942	56 942	-	-	-	-
District Municipality		-	-	2 000	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 074	23 675	68 817	83 566	83 566	83 566	-	25 277	20 796	21 021
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	3 500	-	-	-	-	-	-	-
Internally generated funds		1 557	-	5 300	3 118	3 118	3 118	-	-	-	-
Total Capital Funding	7	28 631	23 675	77 617	86 684	86 684	86 684	-	25 277	20 796	21 021

FS195 Phumelela - Table A6 Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		279	178	316	66	66	66		1 600	915	2 503
Call investment deposits	1	2 113	3 155	500	6 160	6 160	6 160	-	1 200	1 200	1 200
Consumer debtors	1	3 918	4 518	6 114	8 640	8 640	8 640	-	11 160	12 426	15 118
Other debtors		5 696	11 417	3 744	-	-	-	-	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	6 397	6 757	6 474	6 757	6 757	6 757		7 432	8 176	8 993
Total current assets		18 403	26 024	17 148	21 622	21 622	21 622	-	21 393	22 718	27 814
Non current assets											
Long-term receivables		-	173	-	-	-	-	-	-	-	-
Investments		815	708	179	-	-	-	-	-	-	-
Investment property		36 593	7 547	28 693	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	157 071	214 229	267 572	332 438	332 438	332 438	-	336 618	334 577	328 635
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	7 354	-	-	-	-	-	-	-	-
Total non current assets		194 479	230 011	296 444	332 438	332 438	332 438	-	336 618	334 577	328 635
TOTAL ASSETS		212 882	256 035	313 592	354 060	354 060	354 060	-	358 011	357 294	356 449
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	126	490	546	615	615	615	-	-	-	-
Consumer deposits		243	234	253	287	287	287	-	316	347	382
Trade and other payables	4	20 074	45 686	3 412	4 509	4 509	4 509	-	4 061	4 229	4 488
Provisions		-	-	-	-	-	-	-	-	-	-
Total current liabilities		20 443	46 410	4 211	5 410	5 410	5 410	-	4 376	4 576	4 870
Non current liabilities											
Borrowing		1 566	3 067	2 855	1 926	1 926	1 926	-	5 406	3 768	2 599
Provisions		1 558	3 306	1 456	3 500	3 500	3 500	-	4 983	5 483	5 483
Total non current liabilities		3 124	6 373	4 311	5 426	5 426	5 426	-	10 389	9 251	8 082
TOTAL LIABILITIES		23 567	52 784	8 522	10 836	10 836	10 836	-	14 765	13 827	12 952
NET ASSETS	5	189 315	203 252	305 070	343 224	343 224	343 224	-	343 246	343 468	343 497
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		189 315	203 252	305 070	343 224	343 224	343 224	-	343 246	343 468	343 497
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	189 315	203 252	305 070	343 224	343 224	343 224	-	343 246	343 468	343 497

FS195 Phumelela - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		30 197	28 551	34 448	36 347				39 805	39 371	43 885
Government - operating	1	69 030	48 861	55 346	60 433				61 710	62 277	64 223
Government - capital	1	-	55 058	68 817	-				25 277	20 796	21 021
Interest		180	620	250	650				632	700	735
Dividends		-	-	-	-				-	-	-
Payments											
Suppliers and employees		(64 683)	(75 004)	(94 264)	(93 403)				(100 298)	(102 767)	(106 975)
Finance charges		(618)	(367)	(444)	(483)				(250)	(265)	(280)
Transfers and Grants	1	-	-	-	-				-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		34 105	57 719	64 153	3 544	-	-	-	26 876	20 111	22 609
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-				-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-				-	-	-
Decrease (increase) other non-current receivables		-	-	-	-				-	-	-
Decrease (increase) in non-current investments		603	-	654	-				-	-	-
Payments											
Capital assets		(28 691)	(57 158)	(68 817)	(3 068)				(25 277)	(20 796)	(21 021)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(28 088)	(57 158)	(68 163)	(3 068)	-	-	-	(25 277)	(20 796)	(21 021)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-				-	-	-
Borrowing long term/refinancing		-	2 100	-	-				-	-	-
Increase (decrease) in consumer deposits		7	5	5	-				-	-	-
Payments											
Repayment of borrowing		(86)	-	(546)	(918)				-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(79)	2 105	(541)	(918)	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		5 939	2 666	(4 551)	(442)	-	-	-	1 599	(685)	1 588
Cash/cash equivalents at the year begin:	2	(3 546)	2 392	5 059	508				2	1 600	915
Cash/cash equivalents at the year end:	2	2 392	5 059	508	66				1 600	915	2 503

FS195 Phumelela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	2 392	5 059	508	66	-	-	-	1 600	915	2 503
Other current investments > 90 days		(0)	(1 726)	308	6 160	6 226	6 226	-	1 200	1 200	1 200
Non current assets - Investments	1	815	708	179	-	-	-	-	-	-	-
Cash and investments available:		3 207	4 041	995	6 226	6 226	6 226	-	2 800	2 115	3 703
Application of cash and investments											
Unspent conditional transfers		3 979	4 852	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	10 154	28 527	(5 831)	(2 875)	4 509	4 509	-	(5 426)	(5 712)	(8 362)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		14 133	33 379	(5 831)	(2 875)	4 509	4 509	-	(5 426)	(5 712)	(8 362)
Surplus(shortfall)		(10 926)	(29 338)	6 826	9 101	1 717	1 717	-	8 226	7 828	12 066

FS195 Phumelela - Table A9 Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	28 631	23 675	77 617	86 684	86 684	86 684	25 277	20 796	21 021
Infrastructure - Road transport		14 834	7 086	7 622	3 907	3 907	3 907	4 500	7 073	177
Infrastructure - Electricity		280	2 273	-	4 500	4 500	4 500	-	-	-
Infrastructure - Water		2 752	6 157	31 790	49 625	49 625	49 625	10 293	2 609	9 839
Infrastructure - Sanitation		10 488	6 593	22 860	20 275	20 275	20 275	5 007	6 955	6 855
Infrastructure - Other		106	-	-	1 500	1 500	1 500	1 264	1 040	1 051
Infrastructure		28 460	22 109	62 272	79 807	79 807	79 807	21 064	17 677	17 922
Community		48	1 566	11 845	4 042	4 042	4 042	4 213	3 119	3 099
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	123	-	3 500	2 835	2 835	2 835	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	14 834	7 086	7 622	3 907	3 907	3 907	4 500	7 073	177
Infrastructure - Road transport		280	2 273	-	4 500	4 500	4 500	-	-	-
Infrastructure - Electricity		2 752	6 157	31 790	49 625	49 625	49 625	10 293	2 609	9 839
Infrastructure - Water		10 488	6 593	22 860	20 275	20 275	20 275	5 007	6 955	6 855
Infrastructure - Sanitation		106	-	-	1 500	1 500	1 500	1 264	1 040	1 051
Infrastructure - Other		28 460	22 109	62 272	79 807	79 807	79 807	21 064	17 677	17 922
Infrastructure		48	1 566	11 845	4 042	4 042	4 042	4 213	3 119	3 099
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	123	-	3 500	2 835	2 835	2 835	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	28 631	23 675	77 617	86 684	86 684	86 684	25 277	20 796	21 021
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	28 741	41 067	47 689	47 417	47 417	47 417	47 417	48 708	48 708
Infrastructure - Electricity		6 100	8 910	8 440	12 940	12 940	12 940	12 940	14 230	14 230
Infrastructure - Water		49 954	63 666	94 646	144 271	144 271	144 271	144 271	135 240	135 240
Infrastructure - Sanitation		53 587	70 387	92 047	98 317	98 317	98 317	98 317	99 607	90 567
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		138 382	184 030	242 822	302 946	302 946	302 946	302 946	297 785	288 744
Community		-	-	-	4 042	4 042	4 042	8 255	11 375	14 473
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		36 593	7 547	28 693	-	-	-	-	-	-
Other assets		18 689	30 199	24 750	25 450	25 450	25 450	25 417	25 417	25 417
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	193 664	221 776	296 265	332 438	332 438	332 438	336 618	334 577	328 635
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		17	285	3 950	4 179	4 179	4 179	2 478	2 607	2 737
Repairs and Maintenance by Asset Class	3	6 045	6 296	6 817	4 410	4 410	4 410	9 944	10 469	10 999
Infrastructure - Road transport		1 062	1 347	1 672	-	-	-	4 000	4 204	4 410
Infrastructure - Electricity		1 284	1 912	1 200	-	-	-	1 400	1 472	1 545
Infrastructure - Water		851	1 365	883	2 700	2 700	2 700	1 000	1 051	1 103
Infrastructure - Sanitation		588	217	655	-	-	-	1 000	1 051	1 103
Infrastructure - Other		471	-	300	-	-	-	360	379	398
Infrastructure		4 256	4 841	4 710	2 700	2 700	2 700	7 760	8 157	8 559
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	1 789	1 455	2 107	1 710	1 710	1 710	2 184	2 312	2 440
TOTAL EXPENDITURE OTHER ITEMS		6 062	6 581	10 767	8 589	8 589	8 589	12 422	13 076	13 736
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		3.8%	2.9%	2.5%	1.3%	1.3%	1.3%	3.0%	3.1%	3.3%
Renewal and R&M as a % of PPE		3.0%	3.0%	2.0%	1.0%	1.0%	1.0%	3.0%	3.0%	3.0%

FS195 Phumelela - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
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>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week										
<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	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		3	3		36 825			36 825	36 825	36 825
Sanitation (free minimum level service)		-	-		-			-	-	-
Electricity/other energy (50kw h per household per month)		3	2		1 498			1 498	1 498	1 498
Refuse (removed at least once a week)		-	-		-			-	-	-
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		174	189		-			122	128	134
Sanitation (free sanitation service)		-	-		-			45	47	49
Electricity/other energy (50kw h per household per month)		253	194		-			111	117	122
Refuse (removed once a week)		-	-		-			27	28	29
Total cost of FBS provided (minimum social package)		427	383	-	-	-	-	304	319	335
Highest level of free service provided										
Property rates (R value threshold)		45 000	45 000		45 000			45 000	45 000	45 000
Water (kilolitres per household per month)		6	6		6			6	6	6
Sanitation (kilolitres per household per month)		-	-		-			-	-	-
Sanitation (Rand per household per month)		-	-		-			-	-	-
Electricity (kw h per household per month)		50	50		50			50	50	50
Refuse (average litres per week)		-	-		-			-	-	-
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		-	-	1 902	1 902			989	1 040	1 091
Property rates (other exemptions, reductions and rebates)		-	-	-	-			-	-	-
Water		-	-	-	-			1 500	1 577	1 655
Sanitation		-	-	-	-			1 000	1 051	1 103
Electricity/other energy		-	-	-	-			200	211	222
Refuse		-	-	-	-			500	526	552
Municipal Housing - rental rebates		-	-	-	-			-	-	-
Housing - top structure subsidies	6	-	-	-	-			-	-	-
Other		-	-	-	-			-	-	-
Total revenue cost of free services provided (total social package)		-	-	1 902	1 902	-	-	4 189	4 405	4 623

2. SUPPORTING DOCUMENTATION

2.1 Overview of alignment of annual budget with IDP

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

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the 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 revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the 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;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2013/2014 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2012/13 Financial Year	2013/14 MTREF
1. Provision of quality basic services and infrastructure	1. Provision of quality basic services and Infrastructure
2. Economic growth and development that leads to sustainable job creation	2. Economic growth and development that leads to sustainable job creation
3.1 Fight poverty and build clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
3.2 Integrated Social Services for empowered and sustainable communities	3.2 Integrated Social Services for empowered and sustainable communities
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.1 Promote sound governance	5.1 Promote sound governance
5.2 Ensure financial sustainability	5.2 Ensure financial sustainability
5.3 Optimal institutional transformation to ensure capacity to achieve set objectives	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide planning services (Town Planning); and
 - Maintaining the infrastructure of the PLM.

2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the PLM;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective PLM cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
4. Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
5. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
6. Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
7. Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
8. Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

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

In addition to the five-year IDP, the PLM undertakes an extensive planning and developmental strategy which primarily focuses on a longer term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the PLM so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the PLM's IDP, associated sectorial plans and strategies, and the allocation of resources of the PLM and other service delivery partners.

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

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;

- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

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

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

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

FS195 Phumelela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
100% Households in formal settlement have access to basic level of water: 2014	Proper water distribution and management			24 805	17 683	28 773	12 049	12 049	12 049	12 711	13 361	14 019
100% Households in formal settlement have access to basic level of sanitation: 2014	Proper sewerage and sanitation management			-	14 184	-	6 292	6 292	6 292	7 653	8 045	8 442
To ensure that identified internal roads in the Phumelela municipal area are maintained and upgraded to facilitate economic & social activity required for the sustainable development of municipality; considering the capacity limitations facing the municipality	To maintain and upgrade internal roads in order to facility economic and social activity			-	323	-	1 334	1 334	1 334	-	-	-
To create employment opportunities in the Phumelela municipal area; resulting from programmes and projects of this IDP	To create employment opportunities in local and rural areas			-	-	-	-	-	-	-	-	-
To facilitate the financial viability of the Phumelela local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	To ensure financial viability in terms of budget and treasury & assessment rates			68 726	50 719	60 741	65 136	65 136	65 136	68 554	69 450	71 731
To facilitate institutional transformation and development in the Phumelela local municipality	To ensure institutional transformation and development in terms of Corporate services, Property services and Property services: Commonage			876	905	2 466	4 302	4 302	4 302	3 806	4 005	4 211
To ensure good governance in the Phumelela local municipality	Ensure good governance in the office of the mayor, council, municipal manager & town planning			112	1 643	1 620	778	778	778	1 279	1 345	1 412
To ensure good waste management in the Phumelela municipal area	Ensure good solid waste management			-	15 035	-	6 205	6 205	6 205	6 964	7 320	7 680
To ensure good that 100% of households in the Phumelela municipal area have access to electricity by 2014	To ensure proper electricity distribution			-	18 006	-	7 159	7 159	7 159	7 868	8 273	8 680
To ensure effective management of graveyards and cemeteries in the Phumelela municipal area	To ensure proper management of cemetery and parks			-	171	-	159	159	159	160	169	178
To ensure access to quality sport and recreational in the Phumelela municipal area	To ensure proper management of the library, sport and recreational facilities			-	1	-	1	1	1	10	11	12
To ensure effective traffic management and parking in the Phumelela municipal area	To ensure proper traffic control			-	87	-	200	200	200	200	211	222
To ensure effective firefighting in the Phumelela municipal area	To ensure proper fire fighting			-	-	-	-	-	-	-	-	-
No strategic Objective in IDP	Health			-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	94 519	118 755	93 600	103 614	103 614	103 614	109 205	112 190	116 587

FS195 Phumelela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
100% Households in formal settlement have access to basic level of water: 2014	Proper water distribution and management			-		-	8 891	8 891	8 891	12 283	10 831	10 677	
100% Households in formal settlement have access to basic level of sanitation: 2014	Proper sewerage and sanitation management			-		-	9 661	9 661	9 661	10 388	11 006	10 918	
To ensure that identified internal roads in the Phumelela municipal area are maintained	To maintain and upgrade internal roads in order to facility economic and social			-		-	14 193	14 193	14 193	4 000	4 204	4 410	
To create employment opportunities in the Phumelela municipal area; resulting from	To create employment opportunities in local and rural areas			-		-	50	50	50	-	-	-	
To facilitate the financial viability of the Phumelela local municipality as measured in	To ensure financial viability in terms of budget and treasury & assessment rates			-		-	21 426	21 426	21 426	22 372	22 219	23 488	
To facilitate institutional transformation and development in the Phumelela	To ensure institutional transformation and development in terms of			-		-	6 507	6 507	6 507	7 297	7 781	8 292	
To ensure good governance in the Phumelela local municipality	Ensure good governance in the office of the mayor, council, municipal manager &			-		-	13 274	13 274	13 274	22 481	23 918	25 432	
To ensure good waste management in the Phumelela municipal area	Ensure good solid waste management			-		-	7 101	7 101	7 101	7 621	8 081	8 204	
To ensure good that 100% of households in the Phumelela municipal area have access	To ensure proper electricity distribution			-		-	17 452	17 452	17 452	18 142	19 048	20 000	
To ensure effective management of graveyards and cemeteries in the	To ensure proper management of cemetery and parks			-		-	2 793	2 793	2 793	1 055	1 103	1 153	
To ensure access to quality sport and recreational in the Phumelela municipal area	To ensure proper management of the library, sport and recreational facilities			-		-	1 258	1 258	1 258	2 383	2 539	2 704	
To ensure effective traffic management and parking in the Phumelela municipal area	To ensure proper traffic control			-		-	563	563	563	1 131	1 205	1 242	
No strategic Objective in IDP	Health			-		-	112	112	112	30	33	36	
Service delivery	To deliver affordable and acceptable service.			41 848		57 225	-	-	-	-	-	-	
Good governance	To achieve compliance with relevant Acts.			5 102		6 831	-	-	-	-	-	-	
Municipal planning	To successfully implement the IDP.			1 568		7 060	50	50	50	-	-	-	
Capacity building	To provide the necessary personnel.			2 139		5 021	-	-	-	-	-	-	
Financial viability	To achieve financial sustainability.			11 998		16 916	-	-	-	-	-	-	
Allocations to other priorities													
Total Expenditure				1	62 655	-	93 053	103 331	103 331	103 331	109 183	111 969	116 557

FS195 Phumelela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
100% Households in formal settlement have access to basic level of water: 2014	Proper water distribution and management	A		2 752	6 157	31 790	49 625	49 625	49 625	10 293	2 609	9 839
100% Households in formal settlement have access to basic level of sanitation: 2014	Proper sewerage and sanitation management	B		10 488	6 593	23 060	20 275	20 275	20 275	5 007	6 955	6 855
To ensure that identified internal roads in the Phumelela municipal area are maintained	To maintain and upgrade internal roads in order to facility economic and social	C		14 834	7 086	7 622	3 907	3 907	3 907	4 500	7 073	177
To create employment opportunities in the Phumelela municipal area; resulting from	To create employment opportunities in local and rural areas	D		-	-	-	-	-	-	-	-	-
To facilitate the financial viability of the Phumelela local municipality as measured in	To ensure financial viability in terms of budget and treasury & assessment rates	E		-	-	-	-	-	-	-	-	-
To facilitate institutional transformation and development in the Phumelela	To ensure institutional transformation and development in terms of	F		-	-	-	-	-	-	-	-	-
To ensure good governance in the Phumelela local municipality	Ensure good governance in the office of the mayor, council, municipal manager &	G		-	-	-	250	250	250	-	-	-
To ensure good waste management in the Phumelela municipal area	Ensure good solid waste management	H		106	-	-	1 500	1 500	1 500	-	-	-
To ensure good that 100% of households in the Phumelela municipal area have access	To ensure proper electricity distribution	I		280	2 273	-	4 500	4 500	4 500	-	-	-
To ensure effective management of graveyards and cemeteries in the	To ensure proper management of cemetery and parks	J		-	-	-	-	-	-	-	-	-
To ensure access to quality sport and recreational in the Phumelela municipal area	To ensure proper management of the library, sport and recreational facilities	K		-	758	11 645	4 042	4 042	4 042	4 213	3 119	3 099
To ensure effective traffic management and parking in the Phumelela municipal area	To ensure proper traffic control	L		-	-	-	150	150	150	-	-	-
To ensure effective firefighting in the Phumelela municipal area	To ensure proper fire fighting	M		48	808	-	700	700	700	-	-	-
No strategic Objective in IDP	Health	N		-	-	-	-	-	-	-	-	-
Other	PMU, General, Loans	O		123	-	3 500	1 735	1 735	1 735	1 264	1 040	1 051
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	28 631	23 675	77 617	86 684	86 684	86 684	25 277	20 796	21 021

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

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

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

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

FS195 Phumelela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	0.6%	1.0%	1.4%	0.5%	0.5%	0.0%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.3%	1.3%	2.5%	3.2%	1.1%	1.1%	0.0%	0.5%	0.5%	0.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
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%
Liquidity											
Current Ratio	Current assets/current liabilities	0.9	0.6	4.1	4.0	4.0	4.0	-	4.9	5.0	5.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	0.6	4.1	4.0	4.0	4.0	-	4.9	5.0	5.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.2	1.2	1.2	1.2	-	0.6	0.5	0.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		56.6%	76.4%	93.8%	85.5%	0.0%	0.0%	0.0%	85.0%	80.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			56.6%	76.4%	93.8%	85.5%	0.0%	0.0%	0.0%	85.0%	80.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.2%	13.7%	10.5%	8.3%	8.3%	8.3%	0.0%	10.2%	11.1%	13.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	90.0%						90.0%	90.0%	90.0%
Creditors to Cash and Investments		652.0%	807.2%	671.9%	6859.8%	0.0%	0.0%	0.0%	253.7%	461.9%	179.3%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)								10%	10%	10%
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ)								15%	15%	15%
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	19.8%	19.4%	30.3%	33.8%	33.8%	33.8%	0.0%	38.4%	39.8%	40.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.1%	22.2%	33.4%	35.4%	35.4%	35.4%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.4%	5.4%	7.3%	4.3%	4.3%	4.3%	0.0%	9.1%	9.3%	9.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.7%	0.7%	4.6%	4.5%	4.5%	4.5%	0.0%	2.5%	2.6%	2.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	86.3	47.2	23.8	-	-	-	-	67.8	67.9	71.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	43.0%	58.1%	31.9%	23.8%	23.8%	23.8%	0.0%	28.1%	29.8%	34.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	1.0	0.1	0.0	-	-	-	0.2	0.1	0.3

2.3 Expenditure on grants and reconciliations of unspent funds

FS195 Phumelela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		38 943	47 988	-	59 673	59 673	59 673	60 446	60 948	62 828
Local Government Equitable Share		35 458	44 238		56 039	56 039	56 039	56 906	58 214	59 911
Finance Management		2 750	3 000		1 500	1 500	1 500	1 650	1 800	1 950
Municipal Systems Improvement		735	750		800	800	800	890	934	967
Integrated National Electrification Programme		-	-		-	-	-	-	-	-
EPWP Incentive		-	-		-	-	-	1 000	-	-
		-	-		-	-	-	-	-	-
MIG PMU ESTABLISHMENT		-	-		1 334	1 334	1 334	-	-	-
Provincial Government:		1 632	873	-	760	-	-	-	-	-
COGTA - CFO Salary		-	-		760	-	-	-	-	-
COGTA - Refuse Dumps		132	473		-	-	-	-	-	-
DWA - Drought Relief		-	400		-	-	-	-	-	-
COGTA - Social Development		-	-		-	-	-	-	-	-
COGTA - Turnaround Strategy		1 500	-		-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>Electricity</i>		-	-		-	-	-	-	-	-
		-	-		-	-	-	-	-	-
Other grant providers:		450	-	-	-	-	-	-	-	-
<i>DBSA Capacity</i>		450	-	-	-	-	-	-	-	-
<i>Thetha Learners</i>		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		41 025	48 861	-	60 433	59 673	59 673	60 446	60 948	62 828
Capital expenditure of Transfers and Grants										
National Government:		18 222	12 630	-	-	-	-	45 277	50 796	51 021
Municipal Infrastructure Grant (MIG)		18 222	12 630		-	-	-	25 277	20 796	21 021
Regional Bulk Infrastructure		-	-		-	-	-	20 000	30 000	30 000
Rural Households Infrastructure		-	-		-	-	-	-	-	-
		-	-		-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-		-	-	-	-	-	-
Provincial Government:		8 852	11 046	-	-	-	-	-	-	-
COGTA		8 852	11 046		-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>Fire Station</i>		-	-		-	-	-	-	-	-
		-	-		-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>DBSA Capacity</i>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		27 074	23 676	-	-	-	-	45 277	50 796	51 021
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		68 099	72 537	-	60 433	59 673	59 673	105 723	111 744	113 849

2.4 Monthly targets for revenue, expenditure and cash flow

FS195 Phumelela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		584	584	584	584	584	584	584	584	584	584	584	584	7 005	7 363	7 725
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		732	732	549	549	549	549	549	549	549	549	732	732	7 323	7 698	8 075
Service charges - water revenue		900	900	1 050	1 050	1 050	1 050	1 050	1 050	1 050	1 050	900	900	12 005	12 618	13 238
Service charges - sanitation revenue		471	471	471	471	471	471	471	471	471	471	471	471	5 650	5 939	6 231
Service charges - refuse revenue		497	497	497	497	497	497	497	497	497	497	497	497	5 964	6 269	6 577
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		148	148	148	148	148	148	148	148	148	148	148	148	1 771	1 865	1 965
Interest earned - external investments		55	55	55	55	55	55	55	55	55	55	55	55	665	700	735
Interest earned - outstanding debtors		267	267	267	267	267	267	267	267	267	267	267	267	3 208	3 374	3 543
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		18	18	18	18	18	18	18	18	18	18	18	18	210	222	234
Licences and permits		2	2	2	2	2	2	2	2	2	2	2	2	24	27	30
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		5 142	5 142	5 142	5 142	5 142	5 142	5 142	5 142	5 142	5 142	5 142	5 142	61 710	62 277	64 223
Other revenue		306	306	306	306	306	306	306	306	306	306	306	306	3 670	3 838	4 011
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		9 122	9 122	9 089	9 122	9 122	109 205	112 190	116 587							
Expenditure By Type																
Employee related costs		3 498	3 498	3 498	3 498	3 498	3 498	3 498	3 498	3 498	3 498	3 498	3 498	41 982	44 683	47 520
Remuneration of councillors		343	343	343	343	343	343	343	343	343	343	343	343	4 112	4 384	4 678
Debt impairment		990	990	990	990	990	990	990	990	990	990	990	990	11 885	9 549	7 770
Depreciation & asset impairment		207	207	207	207	207	207	207	207	207	207	207	207	2 478	2 607	2 737
Finance charges		21	21	21	21	21	21	21	21	21	21	21	21	250	265	280
Bulk purchases		1 163	1 163	1 163	1 163	1 163	1 163	1 163	1 163	1 163	1 163	1 163	1 163	13 961	15 051	16 223
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		185	185	185	185	185	185	185	185	185	185	185	185	2 226	2 327	2 429
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 290	33 103	34 920
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		9 099	9 099	9 099	9 099	9 099	9 099	9 099	9 099	9 099	9 099	9 099	9 099	109 183	111 969	116 557
Surplus/(Deficit)																
Surplus/(Deficit)		24	24	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	24	24	22	222	30
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		24	24	(9)	24	24	22	222	30							
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	24	24	(9)	24	24	22	222	30							

2.5 Annual budgets and SDBIPs – internal departments

The SDBIPs for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget.

2.6 Contracts having future budgetary implications

In terms of the PLM'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.

2.7 Capital expenditure details

The following tables' present details of the PLM's capital expenditure programme, firstly on new assets and on the repair and maintenance of assets.

FS195 Phumelela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		28 460	22 109	62 272	79 807	79 807	79 807	21 064	17 677	17 922
Infrastructure - Road transport		14 834	7 086	7 622	3 907	3 907	3 907	4 500	7 073	177
Roads, Pavements & Bridges		14 834	7 086	7 622	3 907	3 907	3 907	4 500	7 073	177
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		280	2 273	-	4 500	4 500	4 500	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		280	2 273	-	4 500	4 500	4 500	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		2 752	6 157	31 790	49 625	49 625	49 625	10 293	2 609	9 839
Dams & Reservoirs		-	-	-	11 010	11 010	11 010	10 293	2 609	9 839
Water purification		2 752	6 157	31 790	35 000	35 000	35 000	-	-	-
Reticulation		-	-	-	3 615	3 615	3 615	-	-	-
Infrastructure - Sanitation		10 488	6 593	22 860	20 275	20 275	20 275	5 007	6 955	6 855
Reticulation		10 488	6 593	22 860	20 275	20 275	20 275	5 007	6 665	6 855
Sewerage purification		-	-	-	-	-	-	-	290	-
Infrastructure - Other		106	-	-	1 500	1 500	1 500	1 264	1 040	1 051
Waste Management		106	-	-	1 500	1 500	1 500	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	1 264	1 040	1 051
Community		48	1 566	11 845	4 042	4 042	4 042	4 213	3 119	3 099
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	758	-	4 042	4 042	4 042	4 213	3 119	3 099
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	9 845	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		48	808	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	2 000	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		123	-	3 500	2 835	2 835	2 835	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	700	700	700	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	150	150	150	-	-	-
Furniture and other office equipment		-	-	3 500	1 985	1 985	1 985	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		123	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	28 631	23 675	77 617	86 684	86 684	86 684	25 277	20 796	21 021

FS 15 Phumela - Supporting Tables A&D detailed capital budget

Municipal Vote/Capital project Ref	Program/Project description	Project number	DP Code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes Audited Outcome 2011/12	Current Year 2013/14 Current Year Estimate	2013/14 Medium Term Revenue & Expenditure Framework		Project Information		
											Budget Year 2013/14	Budget Year 2014/15	Budget Year 2013/14	Budget Year 2014/15	Ward location
R 100000	4		2	6	3	3	5								
Present municipality:															
Life of capital projects provided by Municipal Vote															
Technical Services	Establish PMU Unit		5	Yes	Other	Other					1 254	1 002	1 051	N/a	Renewal
Waste Management	Upgrade bike sewer		6	Yes	Infrastructure - Sanitation	Sewerage purification					-	250	-	Weldon	Renewal
Waste Management	Installation of sewer circulation Pumps		6	Yes	Infrastructure - Sanitation	Retentions					5 007	6 668	6 668	Zamezi	New
Road Transport	Construction of a paved road		3	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					4 500	7 073	177	Thembalaha	New
Sports and Recreation	Construction of sporting facilities		9	Yes	Community	Sportfields & clubs					4 213	3 119	3 099	Thembalaha	New
Water	Construction of a 2m reservoir		1	Yes	Infrastructure - Water	Retentions					-	1 723	9 839	Zamezi	New
Water	Construction of a reservoir in Est 4		1	No	Infrastructure - Water	Retentions					10 293	864	-	Weldon	New
Grand Capital expenditure											25 277	20 796	21 021		

2.8 Municipal manager’s quality certificate

I, municipal manager of Phumelela Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Phumelela Local Municipality (FS195)

Signature _____

Date _____