

**APPROVED NALA LOCAL
MUNICIPALITY
MEDIUM TERM BUDGET**

2013/14 - 2015/16

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PART 1

1. INTRODUCTION

1.1 PURPOSE

The purpose of this document is to submit the 2013/2014 Medium Term Budget for approval by Council of Nala Local Municipality.

The Budget has been compiled within the framework of the Municipal Finance Management Act, Municipal Budget and Reporting Regulation (MBRR), MFMA circular No 54 and MFMA circular No 55.

The MBRR prescribes the process format and content of budgets of municipalities.

The purpose of the Municipal Budget and Reporting Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standard and other requirements for ensuring transparency accountability and appropriate lines of responsibility in the budgeting and reporting processes.

MBRR aims to improve financial and service delivery sustainability of municipalities. This 2012/13 budget attempt to address the following:

- Operating Revenue , Expenditure and Capital Framework of Nala Local Municipality;
- Overview of Annual Budget Process being followed in the compilation of this Budget;
- Provide a status quo of all Budget Related policies;
- Provide an overview of the key budget assumptions and considerations that informed this Budget and;
- To provide an indicative outline 2013/14 Expenditure and Revenue allocations per Votes.

A more detailed analysis of the 2013/14 -2015/16 MTREF (Medium Term Revenue and Expenditure Framework) Budget is contained in the Budget Tables which are analysed somewhere in this report.

1.2 MAYOR'S REPORT

This 2013/14 Proposed Budget is inspired by the optimism for a better future. And it is at the same time an instrument to help build the better future we yearn for.

Our enthusiasm about a better future does not only rest on the lofty picture of this future, but is accompanied by the spirit of will and a planned action. We believe in the interactive richness of concrete initiatives that will change existing reality.

This budget was tabled at the sitting of the Council of Nala Local Municipality on the 27th March 2013, where approval was granted that this budget be submitted for public participation.

Nala Local Municipality was placed under administration in terms of section 139 of the Constitution of South Africa as well the National Treasury invoking sect 216 of the Constitution of the Republic of SA.

In the Circumstances Nala Local Municipality undertook a process of ensuring that the requirements of National Treasury are addressed in this budget.

In preparation of this budget, the municipality considered the legislation, the prevailing local economic climate of our community.

To this end, the municipality ensured that any increase in any services is well within the parameters proposed by various institutions such National and Provincial Treasury, Eskom, Nersa, Sedibeng etc.

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

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

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

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

1.2.1 Budget Process Overview

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

I, as the Mayor tabled in Council the required the IDP and budget time schedule on 25th August 2012. In the tabled budget time schedule, I outline the following key dates applicable to this proposed budget process as follows:

That:

- In August 2012 a Joint strategic planning session of the Mayoral Committee and Executive Management be held . It aim was to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- In November 2012 a detail departmental budget proposals (capital and operating) be submitted to the Budget and Treasury Office for consolidation and assessment of various departmental budget request against the financial planning guidelines;
- Between 3rd to 7th of January 2013 a review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee be conducted. This included the financial forecasting and scenario considerations;
- In January 2013 a Multi-year budget proposals be submitted to the Mayoral Committee for endorsement;

- That on the 28 January 2013 - Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- That on the 25th of February 2013 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF be revised accordingly;
- That on the 31st of May 2013 – The Budget is tabled at Council for consideration and Approval.

For detailed budget assumptions and key considerations in preparing this budget, reference must be made to the attached schedule.

In conclusion, I hope and trust that you will engage in this proposed 2013/14 budget as your inputs are of paramount importance for future sustainability of Nala Local Municipality. In this regard, I hereby then table this budget for consideration and approval to Council.

.....

T.A MOGOJE
Mayor of Nala Local Municipality

Date:.....

2. COUNCIL RESOLUTIONS

On the 30th May 2013, the Council of Nala Local Municipality considered and approved:

- 2.1 That the consolidated revenue of R362, 214 million, operating expenditure of R351, 064 million and capital budget of R83,715 million as well as the indicatives for the projected medium term period 2014/15 to 2015/16 as set out in the following tables:

Table A1	: Consolidated Budget Summary
Table A 2	: Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)
Table A3	: Consolidated Financial Performance (Revenue and Expenditure by Municipal Votes)
Table A4	: Consolidated Budget Financial Performance (Revenue and Expenditure)
Table A5	: Consolidated Budgeted Capital Expenditure by Vote, Standard Classification and Funding
Table A6	: Budgeted Financial Position
Table A7	: Budgeted Cash-Flows
Table A8	: Cash backed Reserves/Accumulated Surplus Reconciliation
Table A9	: Consolidated Capital Assets

- 2.2 The supporting information contained in 2013/14 -2015/16 Medium Term Revenue and Expenditure Budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act 56 of 2003) is considered in conjunction with this Report.
- 2.3 That the Accounting Officer submit the annual consolidated operating budget in both printed and electronic format and /or in either format to the National and Provincial Treasury and/or to any prescribed national or provincial organs of state and to such other municipalities as may be affected by the budget.
- 2.4 The Annual Capital budget of R83 715 million and the estimates for the projected out from 2014/15 – 2015/16.
- 2.5 The Detailed Capital list by project as reflected in **Annexure A**.
- 2.6 The tariff charges as appended in **Annexure B** and that the tariff charges as appended in **Annexure B**, be operationalized with effect from the 1st of July 2013.

2.7 That the Indigent, Credit Control , Debt Collection and Supply Chain Management Policies and other budget related policies be reviewed.

Signed by: .....
BC MOKOMELA
MUNICIPAL MANAGER

Date: 2013/05/31.....

PART 2: ANNUAL BUDGET

3. EXECUTIVE SUMMARY

The 2013/2014 budget has been developed within an overall planning framework and this budget addressed the following key developments priorities identified in the IDP.

- Financial Sustainability;
- Good governance
- Safe and sustainable environment
- Economic development

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

- Limited resources to adequately fund growing need;
- Tariffs are not reflective of the cost structure of the municipality;
- The need to reprioritize projects and expenditure due to the financial position of the municipality;
- Declining revenue base and reduction in equitable share an conditional grants;
- The increased cost of bulk water and electricity;
- Wage increases for municipal staff that continue to escalates;
- The high impact of debt impairment in the financial sustainability of municipality and
- Low level of repairs and maintenance of infrastructure.

However despite the challenges outlined above the municipality has been able to allocate scare resources amongst competing priorities. The 2013/14 Medium Term Budget reflects the reality of Nala Local Municipalities budget pressures.

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

- Focus on the basics;
- Resources are directed toward service delivery function where they are mostly needed and
- Maximization of revenue.

4. OPERATING BUDGET FRAMEWORK

The operating revenue budget is approximately R362,214million and the operating expenditure budget is totalling R351, 064million (excluding Capital) for the year 2013/14 financial year.

Revenue and Expenditure represent an increase of 7% and 5% respectively over the 2012/13 Adjusted Budget.

The table below set out the Medium Term Revenue and Expenditure budget for 2013/14 -2015/16 financial years

	Adjusted Budget 2012/13 R'000	Budget 2013/14 R'000	%	Estimate 2014/15 R'000	Estimate 2015/16 R'000
Revenue	339,459	362,214	6	369,375	379,857
Expenditure	351,238	351, 064	-	361,471	376,420
Surplus/ (Deficit)	(11,779)	11, 150	-	7,904	3,437
Capital Grants	55,367	72,565	31	43,248	29,605
Surplus/(Deficit) (Incl.Capital Grants)	43,588	83, 715	92	51,152	33,042

The municipality is budgeting for a surplus of R11, 150 million for 2013/14 financial year. This surplus is going to be used to fund internal capital expenditure. Detailed breakdown of Capital Expenditure is appended in **Annexure A**.

The municipality resources are not adequate to address all programmes and projects. Included in the budget are two significant non-cash items such as Depreciation (R22, 659 million) and Debt impairments (R52, 618 million). The two non-cash items represent 22% of total operating expenditure.

In addressing the budget shortfall several options were considered which includes maximising of revenue generation, such as tariff increases and curtailing down on expenditure.

The challenge around tariff increases is really ensuring the services are affordable while maintaining financial sustainability.

4.1 CONSOLIDATED OPERATING REVENUE

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms in of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;

- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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 revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and taxes and service charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2013/14 financial year, revenue from rates and service charges totalled R221, 466 million or 61 per cent. This increases to R236, 350 million and R252, 248 million, in the respective financial years of the MTREF.

A notable trend is the increase of 6% in the total percentage revenue generated from rates and services charges. Operating grants and transfers totals R134, 210 million in the 2013/14 financial year and steadily decreases to R128, 747 million and R123, 096 million in 2014 /15 and by R135 210 million in 2015/16.

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

The percentage increases of both Eskom and rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality.

Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

Within this framework the Municipality has undertaken the tariff setting process relating to services charges as follows:

4.1.1 Property Rates

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

The following stipulations in the Property rates Policy are highlighted:

- The first R 40,000 of the market value of a property used for residential purposes is excluded from the rate-side value(Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year are based on 5,6 per cent increase from 1 July 2013 is contained below:

Comparison of proposed rates to levy for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed Tariff (from 1 July 2013)
	C	C
Residential	0, 00791	0, 00835
Business industrial	0, 02374	0, 02505
Vacant Stands	0, 03165	0, 03342
Municipal Vacant Stands	0,03165	0,03342
Municipality	0,02374	0,02505
Government	0,01142	0,01206
Farms	0, 00198	0,00209
Mixed Use	0,00111	0,00117
Sectional Titles within Agric land	0, 00791	0, 00835
Sectional Titles	0, 00791	0, 00835
Educational	0, 00791	0, 00835

4.1.2 Sale of Water and Impact of Tariff Increases

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

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

Sedibeng Water has increased its bulk tariffs with 8.55per cent from 1 July 2013.

A tariff increase of 5.6 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions of 8,55 per cent increase in the cost of bulk water (Sedibeng Water). In addition of 6kl of water per 30-day period will again be granted free of charge to all consumers registered as indigents according to our policy.

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

Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS (2012/13)	PROPOSED TARIFFS (2013/14)
	<i>Rand per kl</i>	<i>Rand per kl</i>
RESIDENTIAL		
0-6 kl: Bothaville&Wesselsbron		
7-30 kl: Bothaville&Wesselsbron	14.03	14.82
>30 kl : Bothaville&Wesselsbron	18.99	20.05
NON- RESIDENTIAL		
Commerce & Industry		
Basic Charge: Bothaville&Wesselsbron	116.65	123.18
Kilolitre consumption charge: Bothaville&Wesselsbron		

Sports Fields & Clubs		
Basic Charge: Bothaville&Wesselsbron	104.16	109,99
Kilolitre consumption charge: Bothaville&Wesselsbron	12,64	13.64
Departmental		
Basic Charge: Bothaville&Wesselsbron	116.65	123.18
Kilolitre consumption charge: Bothaville&Wesselsbron	12.64	13.34
Special Agreements		
Basic Charge: Bothaville&Wesselsbron	108.44	114.51
Kilolitre consumption charge: Bothaville&Wesselsbron	12.64	13.34
Churches		
Basic Charge: Bothaville&Wesselsbron	17.38	18.35
Kilolitre consumption charge: Bothaville&Wesselsbron	2.38	2.99
Schools, Clinics & Government		
Basic Charge: Bothaville&Wesselsbron	116.65	123.18
Kilolitre consumption charge: Bothaville&Wesselsbron	12.64	13.34
Deposits		
Domestic: two months consumption with a minimum of:	516.31	545.23
All other categories: Two months consumption, with a minimum of:	-	-
Purified Sewerage Water	7.23	7.23
Kilolitre consumption charge: Bothaville&Wesselsbron		

WATER CONNECTIONS

WATER CONNECTION:			
15 mm - 6 m connection	R 1 790.73	5.60%	R 1 891.01
15 mm - >6m connection	R 5 183.67	5.60%	R 5 473.96
20 mm - 6 m connection	R 1 822.14	5.60%	R 1 924.18
20 mm - >6m connection	R 5 215.09	5.60%	R 5 507.13
25 mm - 6 m connection	R 2 623.25	5.60%	R 2 770.15
25 mm - >6m connection	R 6 016.21	5.60%	R 6 353.12
50 mm - 6 m connection	R 6 047.62	5.60%	R 6 386.29
50 mm - >6m connection	R 9 471.99	5.60%	R 10 002.42

80 mm - 6 m connection	R 8 309.59	5.60%	R 8 774.93
80 mm - >6m connection	R 12 032.41	5.6%	R 12 706.22
100 mm - 6 m connection	R 9 032.16	5.6%	R 9 537.96
100 mm - >6m connection	R 12 707.86	5.6%	R 13 419.50
150 mm - 6 m connection	R 14 027.34	5.6%	R 14 812.87
150 mm - >6m connection	R 18 912.56	5.6%	R 19 971.66
(For any other installations a quote will be available on request)			

4.1.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8% per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 15% per cent to offset the additional bulk purchases cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase. It is expected to depress growth in electricity consumption which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

It is estimated that special funding for electricity bulk infrastructure to the amount of R20 million will be necessary to steer the Municipality out of this predicament.

Owing to the high increases in Eskom's bulk tariffs. It is clearly not possible to fund these necessary upgrades though increases in the municipal electricity tariff- as the resultant tariff increases would be unaffordable for the consumers.

4.1.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.6 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water.

The following table compares the current and proposed tariffs:

Comparison between current sanitation charges and increases

	CURRENT YEAR 2012/13	%	PROPOSED TARIFF 2013/14
Residential erven			
0 – 6 kl: Bothaville & Wesselsbron		FREE	FREE
7 – 30 kl: Bothaville & Wesselsbron	R 14.03	5.60%	R 14.82
> 30 kl: Bothaville & Wesselsbron	R 18.99	5.60%	R 20.05

4.1.5 Waste Removal and Impact of Tariff Increases

Current solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this can be rendered in a sustainable manner over the medium to long term.

A 5.6 per cent increases in the waste removal tariff is proposed from 1 July 2013.

4.1.6 Overall impact of tariff increases on households

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 5.6 per cent.

The direct revenue for 2013/14 financial year is budgeted at R362, 214 million.

The table below set out the direct revenue for 2013/14 -2015/16

Revenue Sources	Adjusted budget R'000	Budget 2013/14 R'000	%	Estimate 2014/15 R'000	Estimate 2015/16 R'000
Property Rates	17,442	18,418	6%	19,476	20,567
Electricity	90,591	97,838	8%	105,665	114,119
Water	44,576	47,072	6%	49,708	52,492
Refuse	26,663	28,156	6%	29,733	31,398
Sanitation	18,248	19,461	7%	20,551	21,702
Interest earned-outstanding debtors	-	10,521	100%	11,217	11,970
Grant -Operating	140,622	135,210	-4%	128,747	123,096
Other Revenues	2,075	5,538	167%	4,135	4,367
Total Revenues	339,459	362,214	7%	369,375	379,857

4.1.7 GENERAL

The increase of 7% in total operating revenue is mainly as a result of the increases in various revenue sources outlined above.

4.1.8 Property Rates

The property Rates is projected to increase by R0, 977 million (8%), made up of a proposed tariff increase of 8 % per annum.

4.1.9 Electricity

The projected electricity revenue increases of R7, 247million (15%) is mainly as a result of the assumed tariff increment of 15%. The higher than recommended increase is as a result of previous year's tariff increases which were not in line with the proposed guideline increases.

4.1.10 Water, Refuse and Sanitation

Water, Sanitation and Refuse charges are estimated to increase by R2, 496 million and/or approximately 6% increase from 2012/13 financial year.

4.1.11 Other Revenue

Other Revenue is estimated to increase by an average of 167 % (R3, 463) over the 2013/14 financial years.

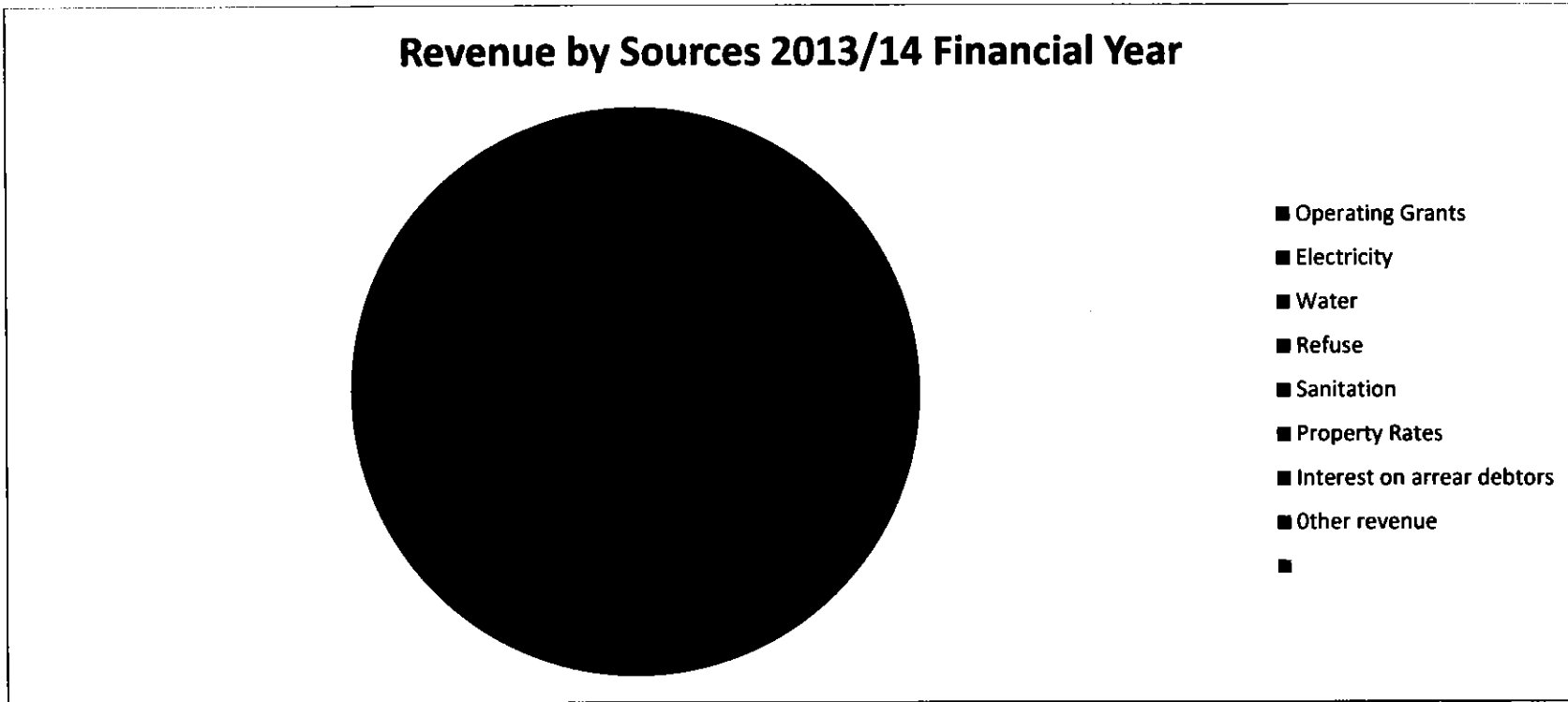
4.1.12 Operating Grants

Operating Grants shows as slight decrease of R5, 412 million or 4% from the 2012/13 financial year. This projected decrease is also evident in the outer financial years. This decline is mainly as a result of the decrease in the equitable share allocation by National Treasury.

Over the next three Medium Term budget estimates, it is projected that the average operating grant revenue will decrease by R17, 271million and/or 14% whilst the average expenditure shows positive increases of R25, 356 million (or 8%).

This is the major risks facing the municipality over the long term, should there be no other alternative source of revenue.

MAJOR SOURCES OF REVENUE BY CLASS



Operating Grants represent 38 % of the total operating revenue (the highest) followed by Electricity 27%, Water 13%, Refuse 7,7% Sanitation 5,3%, Property Rates 5, 1% , Interest on outstanding debtors 2.9% and Other revenue 0, 8%

5. CONSOLIDATED OPERATING EXPENDITURE

The municipality's expenditure framework for the 2013/14 Budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy.

Operational gains and efficiencies will be directed to funding the capital budget and other core services

The budgeted allocation for employee related costs for the 2013/14 financial year totals R110,078 million, which equals 32 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2013/14 financial year. An annual increase of 6,4per cent has been included in the two other years of the MTREF.

As part of the Municipal's cost reprioritization and cash management strategy vacancies have been significantly rationalised downwards. Please note the % proportion of employee cost to total operating expenditure of 32% is higher than the National treasury norms of 30%. It is anticipated that this ratio will further increase if critical vacancies are filled.

As part of the planning assumptions and interventions all vacancies will be removed from the budget and a report will be compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. However, due to critical shortage of staff at the municipality an amount of R7 million has been identified in the 2013/14 financial year relating to critical and strategically important vacancies and this amount has not been factored into the budget.

In addition, expenditure against overtime will have to be 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, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined on an annual collection rate of 85% in 2013/14 and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R52, 618 million and decreasing to R31, 267 million by 2015/16.

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. It is envisaged that now that a credit control unit has been established, the recovery rate of the municipality will increase in the outer years.

Provision for depreciation and asset impairment has been informed by the Municipality's Assets management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R22, 659 million for the 2013/14 financial and equates to 7 % of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and interest charges on outstanding liabilities. Finance charges make up 2 % (R5, 138 million) of operating expenditure excluding annual redemption of Capital from the long term loans obtained from Development Bank of South Africa (DBSA) for 2013/14 and decreases to R 3,950 million in 2015/16.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Sedibeng Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure

sustainability of the Municipality infrastructure or 2013/14 the appropriation against this group of expenditure has been kept at 6,9 million (R6,9 million) and continues to grow to R7,3 million in 2014/15 and decrease to R6, 305 million in 2015/16..

Contracted services have been identified as a future cost saving area for the Municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced.

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.

5.1 Free Basic Services: Basic Social Services Package

This social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The municipality reached a target of 6 403 during the 2012/13 indigent registration process. This number increased from the preceding financial year.

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

5.2 Capital and Operating Expenditure

For 2013/14 an amount of R83, 715 million has been appropriated for the development of infrastructure. In the outer years this amount totals to R51, 153 million and R33, 043 million.

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

- Re-sealing of Potholes for an amount of R3 million during the 2013/14 financial year
- Acquiring of New Fleet for an amount of R3, 9 million in 2013/14, R4 919 million in 2014/15 and R3 437 million in 2015/16.
- New electricity infrastructure for an amount of R20 million
- Fencing of Cemeteries for an amount of R118 Thousand Rand.

- An amount of R5, 2 million over the next two year for the repairs of Wesselsbron Waste Water Treatment Works –
- Construction of Roads for an amount of R44 million.
- Construction of Sports and recreation facilities for an amount of R4,2 million.
- Office equipment and furniture for an amount of R1 million and R0, 785 million in 2013/14 and 2014/15 financial years.

5.3 Mayor's Projects for 2013/14

Included under an item number (Social Responsibility) an amount of R2, 2 million has been budgeted for the following Mayoral Projects:

DETAILS	AMOUNT
BURSARY FUND	R 80, 000
FOOD: CLOTHING & BLANKETS BANK	R 100, 000
YOUTH PROJECTS	R 150, 000
JOB CREATION PROJECTS (EXPANDED PUBLIC WORKS PROGRAMME)	R 1 000, 000
COUNCIL POVERTY ALLEVIATION	R 400, 000
YOUTH DEVELOPMENT	R 120, 000
OPERATION PATALA (MOTLAKASE LE METSI)	R 350, 000
TOTAL	R2, 200, 000

The total operating expenditure budget for 2013/14 financial is projected at R362, 214 million or 4% increase from 2012/13 financial year

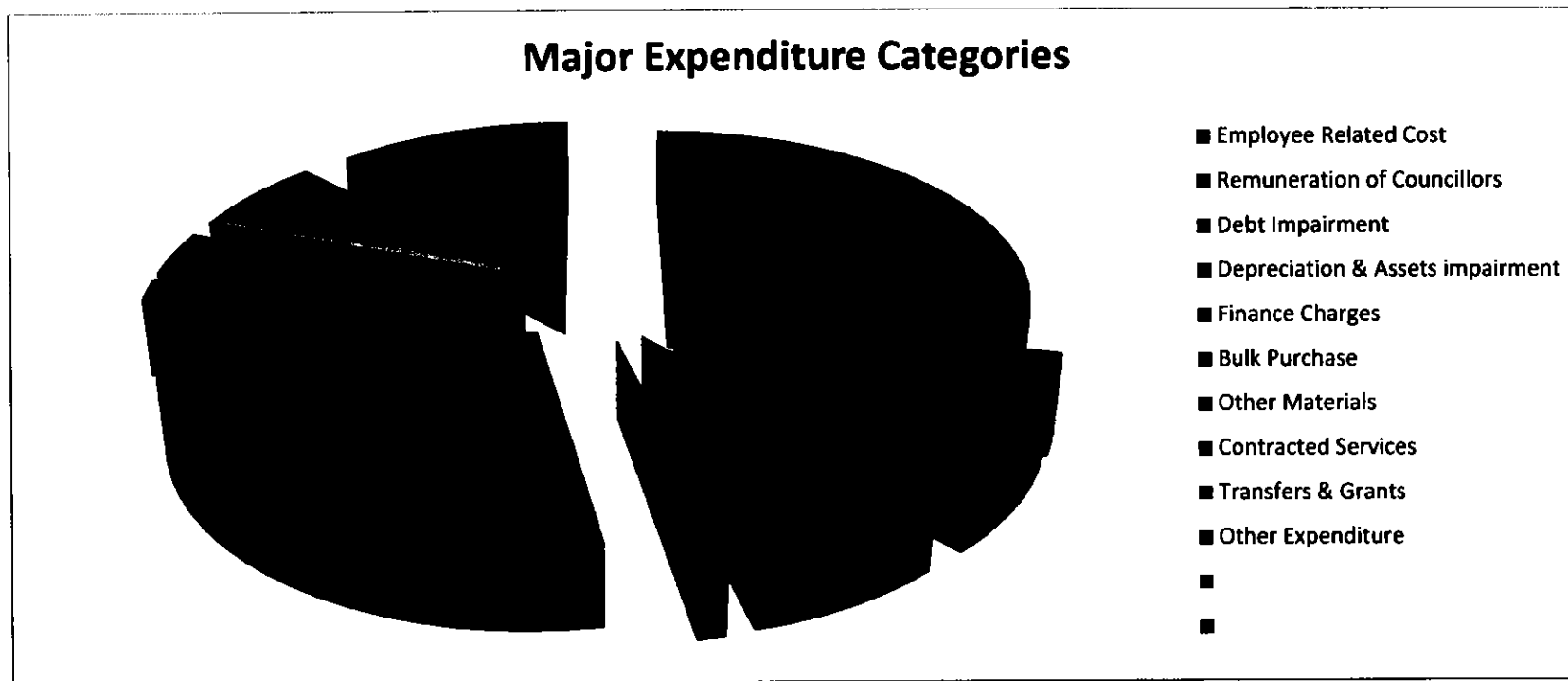
The table below sets out the total operating expenditure for 2013/14 to 2015/16

Expenditure Class	Adjusted budget 2012/13	Budget 2013/14	%	Estimate 2014/15	Estimate 2015/16
Employee Related Cost	85,047	102, 580	21	111, 052	117, 952
Remuneration of Councillor	6,861	7,498	10	7,821	8,163
Debt impairment	34,315	52, 618	54	31, 267	26 441
Depreciation & Assets impairment	22,315	22, 659	2	37,337	43,258
Finance Charges	8,790	5, 138	-42	4,230	3,950
Bulk Purchases	103,055	92, 112	-11	99, 734	107, 989
Other Materials	6,566	6,910	6	7,296	6,305
Contracted Service	32,253	18, 322	-44	16, 249	14, 530
Transfers & Grants	15,453	22,590	47	26,903	28,184
Other Expenditure	36,583	20,637	-44	19 582	19 647
Total Expenditure	351,238	351, 064	-	361, 471	376, 420

The total expenditure has been projected to grow at nil(0) % in 2013/14 financial year. This Nil increase is as a result of correction of Adjusted Budget.

MAJOR EXPENDITURE CATEGORIES

The major expenditures for 2013/14 Financial year are depicted below in the graph as follows:



Employee related cost represent 32% (R110, 078million) of the total operating expenditure (the highest) followed by Bulk purchases at 27.6 % (R92, 112 million). This % is high than the recommended employee cost of 30%.

Other expenditure at 6% (R20, 637 million). Depreciation and assets impairment 7, 9%(R22, 659 million), Debt impairment 15% (R52, 618 million).

Cost of indigent Support at 7% (R22, 590 million), Contracted service 4% (R18, 323 million) and Finance charges 2% (R5, 138 million).

6. CAPITAL EXPENDITURE

The table below depicts the Medium Term Capital budget over the next three years:

Funding Source	Budget 2013/14	Estimate 2014/15	Estimate 2015/16
Municipal infrastructure Grant (MIG)	52,565	43,248	29,605
INEP (DOE) (Electrification)	20,000	-	-
Internal funds (Own Funds)	11, 150	7, 905	3, 438
Total Capital Expenditure	83, 715	51, 153	33, 043

The total Capital budget for 2013/14 financial year amounts to R83, 715 million.

Approximately R72, 565 million of the Capital budget will be funded by the National Government whilst the balance of R11, 150 million will be sourced from internally generated funds. In the main, the envisaged Capital Expenditure by Projects is outlined in detail in **Annexure A**

6. ANNUAL BUDGET TABLES

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	10 855	9 804	-	17 442	17 442	17 442	-	18 418	19 476	20 567
Service charges	90 230	118 136	-	203 428	180 259	180 259	-	192 528	205 657	219 710
Investment revenue	-	316	-	-	-	-	-	-	-	-
Transfers recognised - operational	126 737	167 547	-	132 811	140 622	140 622	-	135 210	128 747	123 096
Other own revenue	982	668	-	35 110	93	93	-	16 058	15 496	16 485
Total Revenue (excluding capital transfers and contributions)	228 803	296 472	-	388 791	338 416	338 416	-	362 214	369 376	379 858
Employee costs	59 263	75 913	-	72 398	85 047	85 047	-	102 580	111 052	117 952
Remuneration of councillors	6 747	5 367	-	9 971	6 861	6 861	-	7 498	7 821	8 163
Depreciation & asset impairment	17 678	17 150	-	46 423	24 423	24 423	-	22 659	37 337	43 258
Finance charges	7 413	6 860	-	-	8 790	8 790	-	5 138	4 230	3 950
Materials and bulk purchases	51 501	52 663	-	162 940	109 621	109 621	-	99 022	107 030	114 294
Transfers and grants	-	-	-	-	15 453	15 453	-	22 590	26 903	28 184
Other expenditure	90 952	98 273	-	121 267	85 566	85 566	-	91 577	67 098	60 619
Total Expenditure	233 553	256 226	-	413 000	335 761	335 761	-	351 064	361 471	376 420
Surplus/(Deficit)	(4 950)	40 245	-	(24 209)	2 655	2 655	-	11 150	7 905	3 438
Transfers recognised - capital	31 616	37 549	-	65 527	55 367	55 367	-	72 565	43 248	29 605
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Capital expenditure & funds sources										
Capital expenditure	31 616	-	-	65 527	55 367	55 367	-	81 815	51 153	33 043
Transfers recognised - capital	31 616	37 549	-	65 527	55 367	55 367	-	72 565	43 248	29 605
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-

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Internally generated funds	-	-	-	-	-	-	-	11 150	7 905	3 438
Total sources of capital funds	31 616	37 549	-	65 527	55 367	55 367	-	83 715	51 153	33 043
Financial position										
Total current assets	66 206	184 193	-	65 409	-	-	-	-	-	-
Total non current assets	853 992	878 336	-	-	-	-	-	-	-	-
Total current liabilities	110 023	129 813	-	72 000	-	-	-	-	-	-
Total non current liabilities	11 640	6 601	-	35 000	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	27 985	121 845	-	169 634	58 294	58 294	-	39 268	38 084	32 969
Net cash from (used) investing	(32 935)	(41 228)	-	-	(55 367)	(55 367)	-	(81 815)	(53 398)	(40 855)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	1 737	82 354	82 354	169 634	2 927	2 927	-	(42 547)	(57 861)	(65 747)
Cash backing/surplus reconciliation										
Cash and investments available	4 068	11 428	-	65 376	-	-	-	-	-	-
Application of cash and investments	(22 649)	(60 349)	-	71 970	-	-	-	-	-	-
Balance - surplus (shortfall)	26 717	71 777	-	(6 594)	-	-	-	-	-	-
Asset management										
Asset register summary (WDV)	10 705	10 779	-	-	-	-	-	-	-	-
Depreciation & asset impairment	17 678	17 150	-	46 423	24 423	24 423	22 659	22 659	37 337	43 258
Renewal of Existing Assets	-	-	-	-	-	-	-	250	-	-
Repairs and Maintenance	-	-	-	-	12 000	12 000	11 516	11 516	11 412	9 350
Free services										
Cost of Free Basic Services provided	-	-	-	-	15 453	15 453	25 517	25 517	26 903	28 184

Consolidated Budget Financial performance (revenue and expenditure by standard classification)

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>		104 056	133 811	-	185 363	159 110	159 110	163 198	159 504	155 700
Executive and council		-	-	-	-	3 723	3 723	3 277	4 974	5 264
Budget and treasury office		93 401	133 811	-	185 363	155 387	155 387	141 469	135 044	129 859
Corporate services		10 655	-	-	-	-	-	18 453	19 486	20 577
<i>Community and public safety</i>		90	11	-	-	90	90	573	567	598
Community and social services		7	7	-	-	34	34	489	478	505
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		84	3	-	-	55	55	84	88	93
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	1 554	57	60
Planning and development		-	-	-	-	-	-	1 500	-	-
Road transport		-	-	-	-	-	-	54	57	60
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		90 230	118 136	-	203 428	180 259	180 259	199 292	212 952	227 578
Electricity		36 214	47 181	-	60 364	90 592	90 592	104 603	112 960	121 986
Water		21 781	36 320	-	105 508	44 576	44 576	47 072	49 708	52 492
Waste water management		13 390	14 353	-	15 600	18 428	18 428	19 461	20 551	21 702
Waste management		18 844	20 282	-	21 956	26 663	26 663	28 156	29 733	31 398
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	194 376	251 957	-	398 791	339 459	339 459	364 617	373 080	363 937
Expenditure - Standard										
<i>Governance and administration</i>		144 741	199 090	-	250 060	206 206	206 206	199 003	205 547	209 215
Executive and council		6 747	5 367	-	19 450	18 226	18 226	9 488	8 831	9 123
Budget and treasury office		78 731	95 633	-	158 212	69 727	69 727	86 462	86 987	84 634
Corporate services		59 263	98 090	-	72 398	118 253	118 253	103 053	109 729	115 458
<i>Community and public safety</i>		-	4 393	-	-	9 198	9 198	44 162	34 717	32 753
Community and social services		-	-	-	-	8 212	8 212	-	-	-

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Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	986	986	44 162	34 717	32 753
Housing		-	-	-	-	-	-	-	-	-
Health		-	4 393	-	-	-	-	-	-	-
Economic and environmental services		37 311	80	-	-	12 568	12 568	-	-	-
Planning and development		-	80	-	-	744	744	-	-	-
Road transport		-	-	-	-	11 824	11 824	-	-	-
Environmental protection		37 311	-	-	-	-	-	-	-	-
Trading services		51 501	52 663	-	162 940	123 266	123 266	126 196	135 837	145 093
Electricity		26 799	30 737	-	82 514	64 818	64 818	68 920	74 630	79 542
Water		24 702	21 926	-	80 426	55 333	55 333	43 110	46 248	49 755
Waste water management		-	-	-	-	1 637	1 637	5 650	5 966	6 300
Waste management		-	-	-	-	1 478	1 478	8 515	8 992	9 496
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	233 553	256 226	-	413 000	351 238	351 238	369 361	376 101	387 061
Surplus/(Deficit) for the year		(39 178)	(4 269)	-	(24 209)	(11 779)	(11 779)	(4 744)	(3 021)	(3 124)

Consolidated Financial Performance (revenue and expenditure by municipal vote)

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									
Executive & Council		-	-	-	-	2 923	2 923	3 277	4 974	5 264
Budget & Treasury		93 401	133 810	-	185 363	156 187	156 187	141 469	135 044	129 859
Corporate Services		10 655	-	-	-	-	-	18 453	19 486	20 577
Community & Social Services		91	11	-	-	90	90	2 126	624	659
Waste Management		18 844	20 282	-	21 956	26 663	26 663	28 156	29 733	31 398
Waste Water Management		13 390	14 353	-	15 600	18 428	18 428	19 461	20 551	21 702
Electricity		36 214	47 181	-	60 364	90 592	90 592	104 603	112 960	121 966
Water		21 781	36 320	-	105 508	44 576	44 576	47 072	49 708	52 492
Road Transport		-	-	-	-	-	-	-	-	-
Project Management Unit		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	194 376	251 957	-	388 791	339 459	339 459	364 617	373 080	383 937
Expenditure by Vote to be appropriated	1									
Executive & Council		6 747	5 367	-	19 450	18 228	18 228	9 488	8 831	9 123
Budget & Treasury		78 731	95 633	-	158 212	69 727	69 727	86 462	86 987	84 634
Corporate Services		59 263	98 090	-	72 398	118 253	118 253	103 053	109 729	115 458
Community & Social Services		37 311	4 473	-	-	9 861	9 861	44 163	34 718	32 753
Waste Management		-	-	-	-	1 478	1 478	8 515	8 992	9 496
Waste Water Management		-	-	-	-	1 637	1 637	5 650	5 966	6 300
Electricity		26 799	30 737	-	82 514	64 818	64 818	68 920	74 630	79 542
Water		24 702	21 926	-	80 426	55 333	55 333	43 110	46 248	49 755
Road Transport		-	-	-	-	3 600	3 600	-	-	-
Project Management Unit		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	8 304	8 304	-	-	-
Total Expenditure by Vote	2	233 553	256 226	-	413 000	351 238	351 238	389 381	376 101	387 061
Surplus/(Deficit) for the year	2	(39 177)	(4 269)	-	(24 209)	(11 779)	(11 779)	(4 764)	(3 021)	(3 124)

Consolidated Budget 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
Revenue By Source											
Property rates	2	10 655	9 804	-	17 442	17 442	17 442	-	18 418	19 476	20 567
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	36 214	47 181	-	60 364	90 591	90 591	-	97 838	105 665	114 119
Service charges - water revenue	2	21 781	36 320	-	105 508	44 576	44 576	-	47 072	49 708	52 492
Service charges - sanitation revenue	2	13 390	14 353	-	15 600	18 429	18 429	-	19 461	20 551	21 702
Service charges - refuse revenue	2	18 844	20 282	-	21 956	26 663	26 663	-	28 156	29 733	31 398
Service charges - other											
Rental of facilities and equipment		7	7			34	34		50	53	53
Interest earned - external investments			316								
Interest earned - outstanding debtors		143							10 521	11 217	11 970
Dividends received		20	3			3	3				
Fines		84	3			55	55		70	88	93
Licences and permits									1	1	1
Agency services											
Transfers recognised - operational		126 737	167 547		132 811	140 622	140 622		135 210	128 747	123 096
Other revenue	2	729	655	-	35 110	-	-	-	5 417	4 136	4 368
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		228 603	296 472	-	388 791	338 416	338 416	-	362 214	369 376	379 858
Expenditure By Type											
Employee related costs	2	59 263	75 913	-	72 398	85 047	85 047	-	102 580	111 052	117 952
Remuneration of councillors		6 747	5 367		9 971	6 861	6 861		7 498	7 821	8 163
Debt impairment	3	44 397	68 375		44 315	34 315	34 315		52 618	31 267	26 441
Depreciation & asset impairment	2	17 678	17 150	-	46 423	24 423	24 423	-	22 659	37 337	43 258
Finance charges		7 413	6 860			8 790	8 790		5 138	4 230	3 950
Bulk purchases	2	51 501	52 663	-	162 940	103 055	103 055	-	92 112	99 734	107 989
Other materials	8					6 566	6 566		6 910	7 296	6 305
Contracted services		7 249	3 326	-	9 479	14 668	14 668	-	18 322	16 249	14 530
Transfers and grants		-	-	-	-	15 453	15 453	-	22 590	26 903	28 184
Other expenditure	4.	39 306	26 570	-	67 474	36 583	36 583	-	20 637	19 582	19 647

Loss on disposal of PPE	5										
Total Expenditure		233 553	256 226	-	413 000	335 761	335 761	-	351 064	361 471	376 420
Surplus/(Deficit)		(4 950)	40 245	-	(24 209)	2 655	2 655	-	11 150	7 905	3 438
Transfers recognised - capital		31 616	37 549	-	65 527	55 367	55 367	-	72 565	43 248	29 605
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043

Supporting detail to 'Budgeted Financial Performance'

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											
REVENUE ITEMS:											
<u>Property rates</u>											
Total Property Rates	6	10 655	9 804		17 442	17 442	17 442		18 418	19 476	20 567
<i>less Revenue Foregone</i>											
Net Property Rates		10 655	9 804	-	17 442	17 442	17 442	-	18 418	19 476	20 567
<u>Service charges - electricity revenue</u>											
Total Service charges - electricity revenue	6	36 214	47 181		60 364	90 591	90 591		97 838	105 665	114 119
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		36 214	47 181	-	60 364	90 591	90 591	-	97 838	105 665	114 119
<u>Service charges - water revenue</u>											
Total Service charges - water revenue	6	21 781	36 320		105 508	44 576	44 576		47 072	49 708	52 492
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		21 781	36 320	-	105 508	44 576	44 576	-	47 072	49 708	52 492
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		13 390	14 353		15 600	18 429	18 429		19 461	20 551	21 702
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		13 390	14 353	-	15 600	18 429	18 429	-	19 461	20 551	21 702
<u>Service charges - refuse revenue</u>											
Total refuse removal revenue	6	18 844	20 282		21 956	26 663	26 663		28 156	29 733	31 398
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		18 844	20 282	-	21 956	26 663	26 663	-	28 156	29 733	31 398

Other Revenue by source											
Admin Fees Received		7	1		35 110						
Advertisements		1	0					1	1	1	
Burial Income		417	207					280	296	312	
Connection Fees		28	13					75	79	84	
Fees Earned		105	99								
Ground Gravel Sales		6	2					5	5	6	
Levies		5	14					10	11	11	
Private Work		25						25	26	28	
Sundry Income		117	51					3 519	3 716	3 924	
Fair Value Gain		18	266								
Valuation Certificates			2					2	2	2	
Sale of Land	3							1 500			
Total 'Other' Revenue	1	729	655	-	35 110	-	-	-	5 417	4 136	4 368
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	40 250	46 936		41 781	60 722	60 722		68 015	72 674	77 325
Pension and UIF Contributions		5 594	8 544		11 560	8 973	8 973		10 368	11 224	11 993
Medical Aid Contributions		2 091	3 429		127	3 411	3 411		4 436	4 752	5 077
Overtime		4 566	6 012		13 927	5 391	5 391		6 295	6 726	7 156
Performance Bonus											
Motor Vehicle Allowance		2 633	5 511			1 988	1 988		2 754	4 182	4 182
Cellphone Allowance						125	125		100	145	145
Housing Allowances		414	287		12	156	156		165	176	187
Other benefits and allowances		3 716	5 193		4 991	4 281	4 281		9 053	9 673	10 292
Payments in lieu of leave									1 404	1 500	1 596
Long service awards											
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	59 263	75 913	-	72 398	85 047	85 047	-	102 580	111 052	117 952
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	59 263	75 913	-	72 398	85 047	85 047	-	102 580	111 052	117 952
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		17 678	17 150		2 108	24 423	24 423		22 659	37 337	43 258

Lease amortisation				44 315							
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	17 678	17 150	-	46 423	24 423	24 423	-	22 659	37 337	43 258
Bulk purchases											
Electricity Bulk Purchases		26 799	30 737		82 515	59 308	59 306		58 320	62 986	68 024
Water Bulk Purchases		24 702	21 926		80 426	43 749	43 749		33 792	38 749	39 964
Total bulk purchases	1	51 501	52 663	-	162 940	103 055	103 055	-	92 112	99 734	107 989
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	15 453	15 453	-	22 590	26 903	28 184
Total transfers and grants	1	-	-	-	-	15 453	15 453	-	22 590	26 903	28 184
Contracted services											
IT Services		1 183	360		7 514				1 500	1 500	1 500
Meter Readings		2 324	2 888			2 832	2 832		1 500	1 575	1 653
Operating Leases		3 508							2 574	2 718	2 800
Other Contractors									1 997	1 000	1 000
Security		253				1 785	1 785				
Specialist Services			80								
Financial System & Prepaid Machines System					700	4 600	4 600		3 800	2 000	1 500
Audit Fees					1 265						
Syntell						1 049	1 049		1 049	1 107	1 169
FS Government Garage						4 212	4 212		4 212	4 448	4 697
GSG4S						190	190		190	201	211
Akhile Consulting									1 500	1 700	
sub-total	1	7 249	3 328	-	9 479	14 668	14 668	-	18 322	16 249	14 530
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		7 249	3 328	-	9 479	14 668	14 668	-	18 322	16 249	14 530
Other Expenditure By Type											
Collection costs					1 581						
Contributions to 'other' provisions											
Consultant fees											

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Audit fees		2 331	23		2 108			4 224	2 500	2 500	
General expenses	3				63 785			1 639	1 553	1 649	
Advertising		64	194			584	584	200	665	850	
Telephone, Stationery & Postage		2 686	3 992			3 992	3 992	2 218	2 966	2 850	
Bank Charges		290	663			253	253	150			
Chemicals, Consumables, Departmental		2 993	906			906	906	528	4 200	4 200	
Congressess & Membership Fees		442	586			433	433	717	634	860	
Consulting Fees & Hire of Equipment		6 359	7 254			5 430	5 430	1 512			
Legal Fees		809				2 400	2 400	2 050	460	410	
Fuel & Motor Vehicles Expenses		3 729	2 930			3 084	3 084	2 976	4 518	4 386	
Insurance		373	430			450	450	800	550	550	
Fines & Penalties		10	19			11	11		0	0	
Refreshments		179	834			840	840	147	369	384	
It Expenses		1 157	624			626	626	300	650	475	
Indigent Support		129	-			-	-				
Provision for Leave		690	2 565			3 642	3 642				
Social Responsibility		1 557	229			1 000	1 000	1 706			
Special Programs		3 014	297			304	304				
Sundry Expenses		600	628			629	629	430	250	250	
Valuation Roll		4 934						1 000			
Repairs & Maintenance		4 763	4 393			12 000	12 000				
Impairment Loss		1 995									
Donations			2								
Audit Committee								40	267	283	
Total 'Other' Expenditure	1	39 306	26 570	-	67 474	36 583	36 583	-	20 637	19 582	19 647

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		4 763	4 393			12 000	12 000	11 516	11 112	9 350	
Total Repairs and Maintenance Expenditure	9	4 763	4 393	-	-	12 000	12 000	-	11 516	11 112	9 350

Budgeted Capital Expenditure by vote, standard classification and funding

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										
	2	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Executive & Council		-	-	-	-	-	-	-	2 250	3 250	3 750
Budget & Treasury		-	-	-	-	-	-	-	750	850	-
Corporate Services		-	-	-	-	-	-	-	250	350	-
Community & Social Services		-	-	-	-	-	-	-	4 552	6 276	5 740
Waste Management		-	-	-	14	14	-	-	-	-	-
Waste Water Management		-	-	-	2 222	2 222	-	-	6 922	2 200	4 500
Electricity		-	-	-	10 000	-	-	-	20 000	-	-
Water		-	-	-	-	-	-	-	-	-	-
Road Transport		-	-	-	50 508	39 222	39 222	-	44 463	38 792	26 865
Project Management Unit		-	-	-	2 775	2 769	2 769	-	2 628	1 680	-
Capital single-year expenditure sub-total		-	-	-	65 519	44 227	41 991	-	81 815	53 398	40 855
Total Capital Expenditure - Vote		-	-	-	65 519	44 227	41 991	-	81 815	53 398	40 855
Capital Expenditure - Standard											
Governance and administration		-	-	-	-	-	-	-	3 250	5 705	3 438
Executive and council									2 250	4 920	3 438
Budget and treasury office									750	500	
Corporate services									250	285	
Community and public safety		10 868	-	-	2 244	11 140	11 140	-	4 552	6 276	5 740
Community and social services					850	3 588	3 588		257	1 900	1 300
Sport and recreation		10 868			1 394	7 552	7 552		4 295	4 376	4 440
Public safety											
Housing											

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Health											
Economic and environmental services		14 553	-	-	50 508	39 222	39 222	-	44 463	35 292	23 865
Planning and development											
Road transport		14 553			50 508	39 222	39 222		44 463	35 292	23 865
Environmental protection											
Trading services		1 431	-	-	10 000	2 236	2 236	-	26 922	2 200	-
Electricity		1 431			10 000				20 000		
Water											
Waste water management						2 222	2 222		6 922	2 200	-
Waste management						14	14				
Other		4 784			2 775	2 769	2 769		2 628	1 680	
Total Capital Expenditure - Standard	3	31 616	-	-	65 527	55 367	55 367	-	81 815	51 153	33 043
Funded by:											
National Government		31 616	37 549		65 527	55 367	55 367		72 565	43 248	29 605
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	31 616	37 549	-	65 527	55 367	55 367	-	72 565	43 248	29 605
Internally generated funds									11 150	7 905	3 438
Total Capital Funding	7	31 616	37 549	-	65 527	55 367	55 367	-	83 715	51 153	33 043

Budgeted Financial Position

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
R thousand											
ASSETS											
Current assets											
Cash		4 068	11 428		9						
Call investment deposits	1	-	-	-	65 367	-	-	-	-	-	-
Consumer debtors	1	20 004	57 738	-	-	-	-	-	-	-	-
Other debtors		2 677	2 610		30						
Current portion of long-term receivables											
Inventory	2	39 458	112 416		3						
Total current assets		66 206	184 193	-	65 409	-	-	-	-	-	-
Non current assets											
Long-term receivables					-						
Investments											
Investment property		10 509	10 759								
Investment in Associate											
Property, plant and equipment	3	843 195	867 449	-	-	-	-	-	-	-	-
Agricultural											
Biological											
Intangible		196	20								
Other non-current assets		92	108								
Total non current assets		853 992	878 336	-	-	-	-	-	-	-	-
TOTAL ASSETS		920 196	1 062 528	-	65 409	-	-	-	-	-	-
LIABILITIES											
Current liabilities											
Bank overdraft	1	-									
Borrowing	4	18 880	-	-	-	-	-	-	-	-	-
Consumer deposits		1 121	1 604								
Trade and other payables	4	-	-	-	72 000	-	-	-	-	-	-
Provisions		90 022	128 209								
Total current liabilities		110 023	129 813	-	72 000	-	-	-	-	-	-

Non current liabilities											
Borrowing		11 640	6 599	-	35 000	-	-	-	-	-	-
Provisions		0	2	-	-	-	-	-	-	-	-
Total non current liabilities		11 640	6 601	-	35 000	-	-	-	-	-	-
TOTAL LIABILITIES		121 663	136 414	-	107 000	-	-	-	-	-	-
NET ASSETS	5	798 535	928 115	-	(41 581)	-	-	-	-	-	-
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	-	-	-

Supporting Detail to budget Financial Position

Supporting Table SA3 Supporting detail to '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
R thousand											
ASSETS											
<u>Call Investment deposits</u>											
Call deposits < 90 days					65 367						
Other current investments > 90 days											
Total Call Investment deposits	2	-	-	-	65 367	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		20 004	57 738								
Less: Provision for debt impairment											
Total Consumer debtors	2	20 004	57 738	-	-	-	-	-	-	-	-
<u>Debt impairment provision</u>											
Balance at the beginning of the year											

Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	843 195	867 449								
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	843 195	867 449	-	-	-	-	-	-	-	-
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		18 062									
Current portion of long-term liabilities		818									
Total Current liabilities - Borrowing		18 880	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors					72 000						
Unspent conditional transfers											
VAT											
Total Trade and other payables	2	-	-	-	72 000	-	-	-	-	-	-
Non current liabilities - Borrowing											
Borrowing	4	11 273	6 599		35 000						
Finance leases (including PPP asset element)		368									
Total Non current liabilities - Borrowing		11 640	6 599	-	35 000	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other		0	2								
Total Provisions - non-current		0	2	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											

GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043
Reserves	-										
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	26 665	77 794	-	41 318	58 022	58 022	-	83 715	51 153	33 043

Budgeted Cash Flows

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		101 704	128 606		259 170	154 057	154 057		141 237	162 369	185 660
Government - operating	1	95 121	124 049		123 992	140 622	140 622		134 280	128 747	123 096
Government - capital	1	31 616	43 499		45 642	55 367	55 367		52 565	43 248	29 605
Interest		143	316			745	745		10 521	11 217	11 970
Dividends		20	3			3	3				
Payments											
Suppliers and employees		(193 206)	(187 767)		(259 170)	(268 257)	(268 257)		(269 746)	(276 364)	(285 228)
Finance charges		(7 413)	(6 860)			(6 790)	(6 790)		(4 002)	(4 230)	(3 950)

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Transfers and Grants	1					(15 453)	(15 453)		(25 517)	(26 903)	(28 184)
NET CASH FROM/(USED) OPERATING ACTIVITIES		27 985	121 845	-	169 634	58 294	58 294	-	39 288	38 084	32 969
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											
Payments											
Capital assets		(32 935)	(41 228)			(55 367)	(55 367)		(81 815)	(53 398)	(40 855)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(32 935)	(41 228)	-	-	(55 367)	(55 367)	-	(81 815)	(53 398)	(40 855)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(4 950)	80 617	-	169 634	2 927	2 927	-	(42 547)	(15 314)	(7 886)
Cash/cash equivalents at the year begin:	2	8 687	1 737	82 354	169 634	2 927	2 927	-	(42 547)	(42 547)	(57 861)
Cash/cash equivalents at the year end:	2	1 737	82 354	82 354	169 634	2 927	2 927	-	(42 547)	(57 861)	(65 747)

Cash backed Reserves/Accumulates surplus Reconciliation

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
R thousand											
Cash and Investments available											
Cash/cash equivalents at the year end	1	1 737	82 354	82 354	169 634	2 927	2 927	-	(42 547)	(57 861)	(65 747)
Other current investments > 90 days		2 331	(70 926)	(82 354)	(104 258)	(2 927)	(2 927)	-	42 547	57 861	65 747
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		4 068	11 428	-	65 376	-	-	-	-	-	-
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(22 649)	(60 349)	-	71 970	-	-	-	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(22 649)	(60 349)	-	71 970	-	-	-	-	-	-
Surplus(shortfall)		26 717	71 777	-	(6 594)	-	-	-	-	-	-

Assets

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	25 852	-	-	65 527	55 367	55 367	81 565	53 398	40 855
Infrastructure - Road transport		13 553	-	-	50 508	39 222	39 222	44 463	38 792	26 865
Infrastructure - Electricity		1 431	-	-	10 000	-	-	20 000	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	2 222	2 222	6 922	2 200	4 500
Infrastructure - Other		-	-	-	2 775	2 783	2 783	2 628	1 680	-
Infrastructure		14 984	-	-	63 283	44 227	44 227	74 013	42 672	31 365
Community		10 868	-	-	2 244	11 140	11 140	4 552	6 276	5 740
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	3 000	4 450	3 750
Total Renewal of Existing Assets	2	-	-	-	-	-	-	250	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	250	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		13 553	-	-	50 508	39 222	39 222	44 463	38 792	26 865
Infrastructure - Electricity		1 431	-	-	10 000	-	-	20 000	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	2 222	2 222	6 922	2 200	4 500
Infrastructure - Other		-	-	-	2 775	2 783	2 783	2 628	1 680	-
Infrastructure		14 984	-	-	63 283	44 227	44 227	74 013	42 672	31 365
Community		10 868	-	-	2 244	11 140	11 140	4 552	6 276	5 740
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	3 250	4 450	3 750
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-

Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	25 852	-	-	65 527	55 367	55 367	81 815	53 398	40 855
<i>Infrastructure - Other</i>										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		10 509	10 759	-	-	-	-	-	-	-
Other assets										
Intangibles		196	20	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	10 705	10 778	-	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		17 678	17 150	-	46 423	24 423	24 423	22 659	37 337	43 258
Repairs and Maintenance by Asset Class	3	-	-	-	-	12 000	12 000	11 516	11 112	9 350
<i>Infrastructure - Road transport</i>		-	-	-	-	3 600	3 600	1 000	1 668	676
<i>Infrastructure - Electricity</i>		-	-	-	-	1 000	1 000	1 000	545	536
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	1 000	1 000	1 000	850	800
<i>Infrastructure - Other</i>		-	-	-	-	500	500	750	700	700
Infrastructure		-	-	-	-	6 100	6 100	3 750	3 763	2 712
Community		-	-	-	-	600	600	800	550	550
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	5 300	5 300	6 966	6 799	6 088
TOTAL EXPENDITURE OTHER ITEMS		17 678	17 150	-	46 423	36 423	36 423	34 175	48 449	52 608
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn*</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Basic Service delivery measurement

The Integrated Development Plan (IDP) for the municipality contains more detailed service delivery measurements and it is submitted as a separate annexure.

PART 3 : SUPPORTING DOCUMENTATION

1. OVERVIEW OF THE ANNUAL BUDGET PROCESS

In term of Section 16(2) of MFMA the Mayor must table a draft Annual budget at a Council meeting 90 days before the start of the budget year (being 31stMay).

Chapter 2 of the MBRR states that the Mayor must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

The 2013/14 budget process commenced with the strategic planning session held at Nampo offices in Bothaville. During this process the municipality undertook a strategic assessment of financial and non financial performance areas. This assessment gave an indication towards the development of Integrated Development Plan (IDP) and Medium Term budget framework.

The past financial performance of the municipality was further assessed during the weekly Tuesday's Finance Steering Committee by Management as well as during respective Council's Committees.

These financial and non-financial assessments resulted in the establishment of Budget Steering Committee (BSC) headed by the Chairperson of Nala Local Municipality's Council Finance Committee.

The assessment of the municipal performance was then presented to the Finance Committee of Council where the Medium Term budget allocations were determined and issued to all Departments. This budget is a culmination of the above processes.

The draft Medium Term Budget was further submitted to Council where approval was granted that the Draft Budget be submitted for public participation.

In this regard, various public participations were held whereby the Community made various inputs to the draft budget.

Public participation was held in both Bothaville and Wesselsbron including Kgotsong and Monyakeng. Both public participation on functions were well attended. Copies of the draft budget were also submitted to both Provincial and National Treasuries for your comments and inputs.

3 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The municipality's IDP contains the medium term focus areas for development. The IDP is further influenced by the Mayor's priorities and municipalities long-term growth and development strategy as well as Provincial and National plan

The 2013/14 budget process addresses the following developmental priorities identified in the IDP

- Good governance (i.e. 2014 clean audit);
- Financial stability of the municipality;
- Effective and efficient service delivery approach and
- Economic development and Job creation.

It is the intention to align the financial resources to municipality growth development strategy.

3. ALLOCATION OF REVENUE AND EXPENDITURE BY VOTE

The Nala Local Municipal's budget consists of 10 votes and 32 sub-votes and is listed as follows:

VOTES	SUB-VOTES
1. Municipal Manager	Municipal Manager
2. Corporate Services	Administration Training Legal Advice Marketing and Communication Planning and Development
3. Finance	Finance Administration Financial Services Property Services Municipal Building
4. Council	Mayor Office Speaker Office
5. Community Services	Security Library Cemeteries Youth Development Housing Sport and Recreations
6. Water	Water
7. Electricity	Electricity
8. Technical Services	Program Management Unit(PMU) Expanded Public Works Waste Management Waste Water Scheme Waste Water Management Solid Waste Engineering Services Mechanical Works Abbattior Workshop
9. Public Safety	Traffic Fire
10. Co-operative Relation	Co-operative Relation

Tabled below is the detailed allocation per vote of 2013/14- 2015/16 MTREF Budget. The 2013/14 Expenditure has been allocated as follows per Vote

3.1. MUNICIPAL MANAGER

Municipal Manager	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		2 , 446, 224	2, 641, 921	2 ,811, 004
Repairs		10, 000	10, 560	9 ,081
Other cost		189, 000	177, 660	179,436
Total		2 ,645 224	2, 830 141	2, 999 523

3.2 COUNCIL

Council	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		15 505 152	16 745 564	17 817 280
Finance Charges		20 000	21120	22 302
Transfers and Grants		70 000	73920	78 059
Other Cost		4 610 257	4 333 641	4 376 987
Total		20, 205 409	21 153 125	22 294 629

3.3 BUDGET AND TREASURY OFFICE (FINANCE)

3.3.1 Finance ADMINISTRATION

Finance Administration	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		9 073 659	9,799 551	10 426 723
Debt impairment		9 004 284	5 312 527	4 462 523
Depreciation & Assets impairment		22 658 905	37 336 280	43 258 000
Finance Charges		2 135 250	2 254 824	2 381 094
Grants & Transfers		20 000	21 120	22302
Other Materials		30 000	31 680	27 244
Contracted Service		14 435 920	12 145 299	10 196 492
General Costs		4 953 500	4 656 290	4 702 852
Total		62, 311 518	71 ,557 573	75 477 233

3.3.2 Financial Services

Financial Services	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		1 245 000	1344 600	1 430 654
Total		1 ,245 000.00	1, 344 600	1, 430 654

3.3.3 Finance Property Services

Finance Property Services	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		169 456	183 012	194 725
Total		169 456	183 012	194 725

3.3.4 Finance Municipal Buildings

Finance Municipal Buildings	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Repairs		450 000	475 200	408 672
Other Cost		530 000	498 200	503 182
Total		980 000	973 400	911 854

3.5 HUMAN RESOURCE OFFICE

3.5.1 Human Resources

Human Resources	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		1 087 944	1 174 979	1 250 178
Other cost		80 000	75 200	75 952
Total		1 167 944.00	1 250 179	1 326 130

3.5.2 Human Resource Training

Human Resource Training	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		44 859	48 447	51 548
Total		44 859	48 447	51 548

3.5.3 Human Resource Legal Advice

Human Resource Planning and Development	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		1 217 418	1 314 811	1 398 959
Total		1 217 418	1 314 811	1 398 959

3.5.4 Marketing and Communication

Human Resource Marketing and Communication	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		733 345	792 012	842 701
Other cost		13 000	12 220	12 243
Total		746 345	804 232	854 944

3.5.5 Human Resource: Labour Relations

Human Resource Labour Relations	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		365 957	395 233	420 528
Total		365 957	395 ,233	420 528

3.5.6 Human Resource: Aerodrome

Human Resource : Aerodrome	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Other Expenditure		1 400	1316	1329
Total		1 400	1316	1329

3.5.7 Planning and Development

Human Resource Planning and Development	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		45 619	49 268	52 421
Other Cost		600 000	564 000	569 640
Total		645 619	613 268	622 061

3.5.8 WATER SCHEME

Water Scheme	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		12 155	13 127	13 967
Total		12 155	13 127	13 967

3.6 COMMUNITY SERVICES

3.6.1 Community Service - Security

Community Service - Security	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		8 375 056	9 045 060	9 623 944
Total		8 375 056	9 045 060	9 623 944

3.6.2 Community Service - Library

Community Service - Library	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		2 325 502	2511 542	2 672 280
Other Expenses		145 900	137 146	138 517
Total		2 471 402	2 648 688	2 810 798

3.6.3 Community Service - Clinic

Community Service – Clinic	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Other Materials		46 000	48 576	41 775
Total		46 000	48 576	41 775

3.6.4 Community Service - Cemeteries

Community Service - Cemeteries	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		4 276 061	4 618 145	4 913 707
Debt impairment		-	-	-
Depreciation & Assets impairment		-	-	-
Finance Charges			-	-
Contracted Service		-	-	-
Total		4 276 061	4 618 145	4 913 707

3.6.5 Community Service- Youth Development

Community Service- Youth Development	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		176 246	190 345	202 527
Other cost		105 000	98 700	99 687
Total		281 246	289 045	302 214

3.6.6 Community Service - Housing

Community Service - Housing	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		3 232 843	3 491 470	3 714 924
Other Cost		26 000	24 400	24 684
Total		3 258 843	3 515 870	3 396 608

3.6.7 Community Service – Sport and Recreation

Community Service – Sports and Recreation	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		3 698 513	3 994 394	4 250 035
Other cost		292 500	274 950	277 699
Total		3 991 013	4 269 344	4 527 734

3.7 WATER

Water	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		1,035,176	1,117,991	1,189,541
Debt impairment		10,721,836	6,548,263	5,677,261
Depreciation & Assets impairment		-	-	-
Finance Charges		640,000	679,463	717,514
Bulk purchase		33,772,000	36,165,200	40,860,347
Other Materials		600,000	633,600	544,896
Other expenses		85,000	79,900	80,699
Transfer and Grants		6,500,000	6,864,000	7,248,384
Contracted Service		1,267,200	1,338,163	1,413,100
Total		54,641,212	53,426,580	57,731,743

3.8 ELECTRICITY

Electricity	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		5 243 991	5 663 510	6 025 974
Finance Charges		310 000	327 360	345 692
Debt Impairment		21 477 400	12 671 666	10 644 199
Bulk purchase		58 320 000	63 568 800	67 128 652
Other Materials		2 310 000	2 439 360	2 097 849
Contracted Service		823 680	869 806	918 515
Transfer& Grants		5 000 000	5 280 000	5 575 680
Other cost		154 000	144 760	146 207
Total		93 639 071	90 965 262	92 882 771

3.9 TECHNICAL SERVICES

3.9.1 Technical Services-Street Lights

Technical Services-Expended Public Works	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Finance Charges		4 000	4 224	4 460
Other Materials		6 000	6 336	5 448
Other Expenses		640 000	601 600	607 616
Total		650 000	612 160	617 525

3.9.2 Technical Services-Purifications

Technical Services-Purification	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related costs		16 779 185	18 120 079	18 914 956
Other Materials		500 000	528 000	454 080
Other Expenses		215 400	202 476	204 500
Total		17 494 585	18 850 555	19 573 537

3.9.3 Technical Services-Engineering: Admin

Technical Services- Engineering Admin	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related costs		4 363 709	4 712 805	5 014 425
Total		4,363 709	4 712 805	5 014 425

3.9.4 Technical Services-PMU

Technical Services-Expended Public Works	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related costs		563 264	608 325	647 257
Other Expenses		2 411 736	2 267 031	2 289 702
Total		2 975 000	2 875 356	2 936 960

3.9.5 Technical Services-Expanded Public Works

Technical Services-Expended Public Works	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		1 000 000	1 080 000	1 149 120
Total		1 000 000	1 080 000	1 149 120

3.9.6 Technical Services- Waste Water Management Sewerage

Technical Services- Waste Water Management	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		8 204 955	8 861 351	9 428 477
Debt impairment		4 957 120	2 924 700	2 456 748
Finance Charges		3 000	3 168	3 345
Transfer		4 000 000	4 224 000	4 460 544
Other Materials		1 100 000	1 160 640	1 028 590
Other Expenses		1 634 400	1 720 972	1 607 362
Total		19 899 475	19 874 831	18 985 068

3.0.7 TECHNICAL Services- Waste management Solid Waste

Technical Services- Waste management Solid Waste	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		233 482	252 160	268 298
Debt impairment		6 457 360	3 809 842	3 200 267
Finance Charges		680 000	718 080	241 412
Transfer and Grants		7 000 000	10 439 960	10 799 029
Other Materials		20 000	21 120	18 163
Contracted Service		422 400	446 054	471 033
Other Expenses		620 000	582 800	588 628
Total		15 433 242	16 270 017	15 587 833

3.9.8 Technical Services-Engineering Services

Technical Services-Engineering Services	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		4 603 188	4 971 443	5 289 615
Other Materials		1 500 000	1 584 000	1 362 240
Contracted Service		1 372 800	1 449 676	1 530 858
Other Expenses		2 090 900	1 965 446	1 985 100
Total		9 566 888	9 970 565	10 167 814

3.9.9 Technical Services-Mechanical Workshop

Technical Services-Mechanical Works	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		2 279 549	2 461 912	2 619 475
Total		2 279 549	2 461 912	2 619 475

3.9.10 Technical Services-Abattoir

Technical Services-Abattoir	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Finance Charges		10 000	10 560	11 151
Total		10 000	10 560	11 151

3.9.11 Technical Services-Workshop

Technical Services-Workshop	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		1 715 704	1 852 960	1 971 549
Other Materials		206 000	217 536	187 080
Other expenses		389 000	365 660	369 316
Total		2 310 704	2 436 156	2 527 947

3.9.12 Technical Services-Roads

Technical Services-Workshop	Adjusted Budget 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost		4 603 188	4 971 443	5 289 615
Other Materials		1 500 000	1 584 000	1 362 240
Other expenses		2 090 900	1 965 446	1 985 100
Contracted Services		1 372 800	1 449 676	1 530 858
Total		9 566 888	9 970 565	10 167 814

3.10 PUBLIC SAFETY

3.10.1 Public Safety -Traffic

Public Safety -Traffic	Adjusted 2012/13	Budget	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost			3 415 210	3 688 426	3 924 486
Finance Charges			200 000	211 200	223 027
Other Materials			92 000	97 152	83 550
Other expenses			287 000	270 250	272 952
Total			3 994 710	4 267 028	4 504 016

3.10.2 Public Safety -Fire

Public Safety -Fire	Adjusted 2012/13	Budget	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost			2 431 440	2 625 955	2 794 016
Other Materials			10 000	10 560	9 081
Other Costs			53 000	49 820	50 318
Total			2 494 440	2,686,335	2,853,416

3.10.3 Co-operative Administration

Cooperative Relationship	Adjusted 2012/13	Budget	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
Employee related Cost			4 168 138	4 501 589	4 789 690
Other Materials			30 000	31 680	27 244
Other Cost			508 000	477 520	482 295
Total			4 706 138	4 010 789	5 299 230

4. OVERVIEW OF BUDGET RELATED POLICIES

The municipality's budget process is funded and governed by relevant Legislation and budget related policy. The following are the key policies that affect or are affected by the Annual budget.

4.1 Budget Management Policy (VIREMENT)

The municipality has not had any policy that provides a framework within which Senior Managers can compile, control and review budget of their respective Departments to ensure effective Financial Management.

In this regard, it is planned that the municipality will develop a budget virement policy and submitted it to the Finance Committee of Council for discussion before it is finally submitted to Council for approval. In the absence of the Policy, the delegation to pass budget virement still resides with the Municipal Manager.

4.2 Tariff Policy

The Municipal System Act, Act 32 of 2000 requires a municipality to have a tariff determination policy.

4.3 Cash Management and Investment Policy

Section 13(2) of the MFMA required that a municipality have a policy dealing with cash management and Investment.

In this regard, it is planned that the municipality will develop a cash management and investment policy and submitted it to the Finance Committee of Council for discussion before it is finally submitted to Council for approval. In the absence of the Policy, the delegation to for cash and investment still resides with the Municipal Manager and Council in term of the Act.

4.3.1 Policy on Borrowing

Chapter six (6) of the MFMA provides a framework for a policy on borrowing. The municipality does not have any policy that provides a framework on Borrowing. The powers currently vest with Council based on the recommendation of the Municipal Manager.

It is envisaged that this policy will be drafted and submitted to Finance Committee of Council for discussion before it is finally submitted to Council for approval.

4.3.2 Credit Control and Debt Collection Policy

The credit Control and Debt Collection Policy provides the procedure and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services charges, tariff, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charge are collected efficiently and promptly.

The above policies are in place and need to be reviewed due to the absence of billing in the past.

4.3.3 Supply Chain Management Policy

Municipalities are required in term of section 111 of the MFMA to have a Supply Chain Management Policy. The Supply Chain Management Policy is available and is currently being implemented.

4.3.4 The Rates Policy

The General Valuation Roll in term of the Municipal Property Rates Act was implemented by the Municipality on the 1st July 2008 and has already expired. The municipality has advertised the Valuation Roll process.

4.3.5 Indigent Policy

The policy on indigent is available however, there is a need for the policy to be revised as it does not accommodate households who does not own property. The revised definition of the "household" has been submitted to the Finance Committee of Council for review and approval.

5. OVERVIEW BUDGET ASSUMPTION AND KEY INDICATION

The following budget assumptions were made during the compilation of 2013/14 Budget:

External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank and people lost their jobs. This downward trends is not an exception to Nala district .It is expected that this downwards trends will be with us for the foreseeable future.

General inflation outlook and its impact on the municipal activities

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

- National Government macro- economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses.
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration and employee related costs which comprise 32 per cent of total operating expenditure in the 2013/14.

The CPI (Consumer Price Index) estimated at % % and % for the three (3) Financial year for 2013/14 – 2015/16

The growth on total operating expenditure has been limited to NIL(0)% for the current 2013/14 budget year. This growth limit is estimated below the projected CPI.

5.1 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate of 5,6 per cent CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

5.2 Growth or decline in tax base of the municipality

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

5.3 Salary increases

The collective agreement regarding salaries/wages increases of 6,85 %, 6, 65 % and 6,65 in 2013/14, 2014/15 and 2015/16 financial years.

5.4 Impact of national, provincial and local policies

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

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

Debt Impairment

The debt impairment provision has been made and factored into the budget.

6 COUNCILLOR AND EMPLOYEE BENEFITS

Summary of Councillor and Staff Benefits

Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	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
		A	B	C	D	E	F	G	H	I
- Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		3 569			5 415	4 378	4 378	4 542	4 814	5 103
Pension and UIF Contributions		717			609	609	609	700	735	772
Medical Aid Contributions					35	276	276	311	327	343
Motor Vehicle Allowance		2 275			98	332	332	1 612	1 612	1 612
Cellphone Allowance		186				315	315	332	332	332
Other benefits and allowances					1 354	950	950			
Sub Total - Councillors		6 747	-	-	7 511	6 860	6 860	7 498	7 821	8 163
% Increase	4		(100.0%)	-	-	(8.7%)	-	9.3%	4.3%	4.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		779			1 469	1 469	1 469	3 093	3 305	3 532
Pension and UIF Contributions					419					
Medical Aid Contributions					1 530					
Motor Vehicle Allowance	3					140	140	963	963	963
Cellphone Allowance	3				123	31	31			
Housing Allowances	3									
Sub Total - Senior Managers of Municipality		779	-	-	3 541	1 640	1 640	4 056	4 268	4 495
% Increase	4		(100.0%)	-	-	(53.7%)	-	147.3%	5.2%	5.3%
Other Municipal Staff										
Basic Salaries and Wages					53 368	59 253	59 253	65 073	69 531	74 294
Pension and UIF Contributions					1 502	8 973	8 973	10 504	11 224	11 993
Medical Aid Contributions					2 285	3 411	3 411	4 447	4 752	5 077
Overtime					534	5 391	5 391	3 276	3 500	3 740
Performance Bonus					18	1 848	1 848			
Motor Vehicle Allowance	3				479	93	93	3 219	3 219	3 219
Cellphone Allowance	3				2 545	156	156	145	145	145
Housing Allowances	3				2 319					
Other benefits and allowances	3				2 692	4 281	4 281	5 423	5 794	6 191

Sub Total - Other Municipal Staff % Increase	4	-	-	-	65 742	83 406	83 406	92 087	98 165	104 658
		-	-	-	-	26.9%	-	10.4%	6.8%	6.6%
Total Parent Municipality		7 525	-	-	76 794	91 906	91 906	103 641	110 254	117 316
			(100.0%)	-	-	19.7%	-	12.8%	6.4%	6.4%
TOTAL SALARY, ALLOWANCES & BENEFITS		7 525	-	-	76 794	91 906	91 906	103 641	110 254	117 316
% increase	4		(100.0%)	-	-	19.7%	-	12.8%	6.4%	6.4%
TOTAL MANAGERS AND STAFF	5,7	779	-	-	69 283	85 046	85 046	96 144	102 433	109 153

Salaries allowance and benefits (political office bearers/councillor/ senior managers)

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

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		410 569	102 104	148 986			661 659
Chief Whip			211 699	50 503	78 966			341 169
Executive Mayor			513 212	93 140	201 204			807 555
Deputy Executive Mayor								-
Executive Committee			635 098	120 123	236 899			992 121
Total for all other councillors			2 771 348	645 591	1 278 584			4 695 523
Total Councillors	8	-	4 541 926	1 011 461	1 944 639			7 498 026
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 098 462		108 000			1 206 462
Chief Finance Officer			665 000		285 000			950 000
Director Corporate Services			665 000		285 000			950 000
Director Technical Services			665 000		285 000			950 000
Total Senior Managers of the Municipality	8,10	-	3 093 462	-	963 000	-		4 056 462
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	7 635 388	1 011 461	2 907 639	-		11 554 488

Summary of Personnel Member

Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		24	24		24	24		24	24	
Municipal employees	5									
Municipal Manager and Senior Managers	3	4		3	1		1	4		4
Other Managers	7	3	3	-	3	3	-	6	6	-
Professionals		68	68	-	68	68	-	-	-	-
Finance										
Other		68	68	-	68	68	-	-	-	-
Technicians		281	281	-	281	281	-	-	-	-
Finance										
Spatial/town planning		12	12		12	12				
Information Technology										
Roads		23	23		23	23				
Electricity		18	18		18	18				
Water		16	16		16	16				
Sanitation		54	54		54	54				
Refuse		98	98		98	98				
Other		60	60		60	60				
Clerks (Clerical and administrative)		36	36		36	36				
TOTAL PERSONNEL NUMBERS	9	416	412	3	413	412	1	34	30	4
% increase					(0.7%)	-	(66.7%)	(91.8%)	(92.7%)	300.0%

7. MONTHLY TARGET FOR REVENUE, EXPENDITURE AND CASH FLOW

Budgeted Monthly Revenue and Expenditure

Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov	Dec	Jan	Feb	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Property rates	1 567	1 598	1 599	1 508	1 508	1 546	1 551	1 543	1 590	1 579	1 466	1 387	18 418	19 476	20 567
Service charges - electricity revenue	9 702	8 941	7 942	7 640	8 210	9 319	8 619	7 903	7 910	8 968	9 108	3 576	838	105 665	114 119
Service charges - water revenue	3 096	3 400	4 121	4 421	4 235	4 319	4 499	4 725	4 325	3 900	3 125	2 906	072	49 708	52 492
Service charges - sanitation revenue	1 621	1 621	1 621	1 621	1 621	1 621	1 621	1 621	1 621	1 621	1 621	1 630	19 461	20 551	21 702
Service charges - refuse revenue	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 350	28 156	29 733	31 398
Rental of facilities and equipment	1	1	5	7	9	10	5	7	11	10	7	(22)	50	53	53
Interest earned - outstanding debtors	379	528	700	769	960	989	1 000	1 000	1 085	1 125	993	993	10 521	11 217	11 970
Fines	5	4	2	3	5	14	12	3	17	12	3	(11)	70	88	93
Transfers recognised - operational	53 755	890	1 000		47 041				31 524			1 000	135 210	128 747	123 096
Other revenue												5 417	5 417	4 138	4 368
Total Revenue (excluding capital transfers and contributions)	72 472	19 329	336	18 315	65 933	20 164	19 653	19 148	50 428	19 560	19 669	19 208	362 214	369 376	379 858
Expenditure By Type															
Employee related costs	7 912	7 942	7 986	8 045	8 102	8 035	9 065	9 165	9 046	9 012	9 069	9 201	102 580	111 052	117 952
Remuneration of councillors	624	625	624	624	624	624	626	625	625	625	625	627	7 498	7 821	8 163
Debt impairment												52 618	52 618	31 267	26 441
Depreciation & asset impairment												22 659	22 659	37 337	43 258
Finance charges	333	305	480	320	427	367	386	315	267	259	286	1 393	5 138	4 230	3 950
Bulk purchases	10 894	9 389	6 357	5 786	8 249	9 785	8 126	6 462	7 616	9 061	9 469	918	92 112	99 734	107 989
Other materials	575	527	484	443	813	581	687	323	516	753	603	605	6 910	7 296	6 305

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Contracted services	4 784	3 588	1 125	979	1 385	253	475	564	128	99	346	4 598	18 322	16 249	14 530
Transfers and grants	2 126	2 126	2 126	2 126	2 126	2 126	2 126	2 126	2 126	2 126	2 126	(796)	22 590	26 903	28 184
Other expenditure	3 680	4 014	3 315	2 762	5 520	3 154	2 652	2 383	5 560	3 707	2 471	(18 581)	20 637	19 582	19 647
Loss on disposal of PPE												-	-	-	-
Total Expenditure	30 828	28 516	22 487	21 085	27 246	24 925	24 143	21 983	25 884	25 642	24 994	73 242	351 064	361 471	376 420
Surplus/(Deficit)	41 544	(9 187)	(3 161)	(2 770)	38 687	(4 762)	(4 490)	(2 815)	24 544	(6 081)	(6 325)	(54034)	11 150	7 905	3 438
Transfers recognised - capital	22 077				18 923				11 565			20 000	72 585	43 248	29 605
Contributed assets												-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	63 621	(9 187)	(3 161)	(2 770)	57 610	(4 762)	(4 490)	(2 815)	36 109	(6 081)	(6 325)	(34 34)	83 715	51 153	33 043
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	63 621	(9 187)	(3 161)	(2 770)	57 610	(4 762)	(4 490)	(2 815)	36 109	(6 081)	(6 325)	(34034)	83 715	51 153	33 043

Budgeted monthly revenue and expenditure (Municipal Vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	-															
Executive & Council													3 277	3 277	4 974	5 264
Budget & Treasury													141 469	141 469	135 044	129 859
Corporate Services													18 453	18 453	19 486	20 577
Community & Social Services													2 128	2 126	624	659
Waste Management													28 156	28 156	29 733	31 396
Waste Water Management													19 461	19 461	20 551	21 702
Electricity													104 603	104 603	112 960	121 986
Water													47 072	47 072	49 708	52 492
Road Transport													-	-	-	-

Project Management Unit													-	-	-	-
Total Revenue by Vote		-	-	-	-	-	-	-	-	-	-	-	364 617	364 617	373 080	383 937
Expenditure by Vote to be appropriated	-															
Executive & Council													9 488	9 488	8 831	9 123
Budget & Treasury													86 462	86 462	86 987	84 634
Corporate Services													103 053	103 053	109 729	115 458
Community & Social Services													44 163	44 163	34 718	32 753
Waste Management													8 515	8 515	8 992	9 496
Waste Water Management													5 650	5 650	5 966	6 300
Electricity													68 920	68 920	74 630	79 542
Water													43 110	43 110	46 248	49 755
Total Expenditure by Vote		-	-	-	-	-	-	-	-	-	-	-	369 361	369 361	376 101	387 061
Surplus/(Deficit) before assoc.		-	-	-	-	-	-	-	-	-	-	-	(4 744)	(4 744)	(3 021)	(3 124)
Surplus/(Deficit)	1	-	-	-	-	-	-	-	-	-	-	-	(4 744)	(4 744)	(3 021)	(3 124)

Budgeted monthly revenue and expenditure (Standard Classification)

Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	Aug.	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-	-	-	-	163 618	163 618	159 504	155 700
Executive and council													3 277	3 277	4 974	5 264

Budget and treasury office												141 469	141 469	135 044	129 859
Corporate services												18 453	18 453	18 486	20 577
Community and public safety	-	-	-	-	-	-	-	-	-	-	-	573	573	567	598
Community and social services												489	489	478	505
Public safety												84	84	88	93
Economic and environmental services	-	-	-	-	-	-	-	-	-	-	-	1554	1554	57	60
Planning and development												1 500	1 500	-	-
Road transport												54	54	57	60
Trading services	-	-	-	-	-	-	-	-	-	-	-	199 282	199 282	212 852	227 578
Electricity												104 603	104 603	112 860	121 986
Water												47 072	47 072	49 708	52 492
Waste water management												19 461	19 461	20 551	21 702
Waste management												28 156	28 156	29 733	31 398
Total Revenue - Standard	-	-	-	-	-	-	-	-	-	-	-	364 617	364 617	373 080	383 937
Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	-	-	199 003	199 003	205 547	209 215
Executive and council												9 488	9 488	8 831	9 123
Budget and treasury office												86 462	86 462	86 987	84 634
Corporate services												#####	103 053	109 729	115 458
Community and public safety	-	-	-	-	-	-	-	-	-	-	-	44 162	44 162	34 717	32 753
Community and social services												-	-	-	-

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Sport and recreation													-	-	-	-
Public safety													44 162	44 162	34 717	32 753
Housing													-	-	-	-
Health													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	#####	128 186	135 837	145 093
Electricity													68 920	68 920	74 630	79 542
Water													43 110	43 110	46 248	49 755
Waste water management													5 650	5 650	5 966	6 300
Waste management													8 515	8 515	8 992	9 486
<i>Other</i>													-	-	-	-
Total Expenditure - Standard		-	-	-	-	-	-	-	-	-	-	-	#####	368 361	378 101	387 061
Surplus/(Deficit) before assoc.		-	-	-	-	-	-	-	-	-	-	-	(4 744)	(4 744)	(3 021)	(3 124)
Surplus/(Deficit)	1	-	-	-	-	-	-	-	-	-	-	-	(4 744)	(4 744)	(3 021)	(3 124)

Budgeted monthly Capital Expenditure (Municipal Vote)

Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	Aug	Sept.	Oct	Nov.	Dec.	Jan	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Executive & Council													2 250	2 250	3 250	3 750
Budget & Treasury													750	750	850	-
Corporate Services													250	250	350	-
Community & Social Services													4 552	4 552	6 276	5 740
Waste Management													-	-	-	-
Waste Water Management													6 922	6 922	2 200	4 500
Electricity													20 000	20 000	-	-
Water													-	-	-	-
Road Transport													44 463	44 463	38 792	26 865
Project Management Unit													2 628	2 628	1 680	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	81 815	81 815	53 398	40 855
Total Capital Expenditure	2	-	-	-	-	-	-	-	-	-	-	-	81 815	81 815	53 398	40 855

8. CAPITAL EXPENDITURE DETAILS

The following two (2) table's present details of the municipality's capital programme, firstly on new assets and on the repairs and maintenance of assets:

Capital Expenditure on new assets class

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	1	14 984	-	-	63 283	44 227	44 227	74 013	42 672	31 365
Infrastructure - Road transport		13 553	-	-	50 508	39 222	39 222	44 463	38 792	26 865
Roads, Pavements & Bridges		13 553			50 508	39 222	39 222	44 463	38 792	26 865
Storm water										
Infrastructure - Electricity		1 431	-	-	10 000	-	-	20 000	-	-
Generation										
Transmission & Reticulation		1 431			10 000			20 000	-	-
Street Lighting										
Infrastructure - Sanitation		-	-	-	-	2 222	2 222	6 922	2 200	4 500
Reticulation						2 222	2 222	6 922	2 200	4 500
Sewerage purification										
Infrastructure - Other		-	-	-	2 775	2 783	2 783	2 628	1 680	-
Waste Management						14	14		-	-
Other	3				2 775	2 769	2 769	2 628	1 680	-
Community		10 868	-	-	2 244	11 140	11 140	4 552	6 276	5 740
Parks & gardens					850	4 645	4 645			
Sportsfields & stadia		10 868			1 394	2 622	2 622	2 530		
Libraries										
Recreational facilities						285	285	1 765	4 376	4 440
Fire, safety & emergency										

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Clinics	8									
Museums & Art Galleries										
Cemeteries										
Social rental housing						3 588	3 588	257	1 900	1 300
Other										
Other assets										
General vehicles		-	-	-	-	-	3 000	4 450	3 750	
Computers - hardware/equipment							2 000	3 250	3 750	
Furniture and other office equipment							350	350		
							650	850		
Total Capital Expenditure on new assets	1	25 852	-	-	85 527	55 367	55 367	81 566	53 398	40 855

Repairs and Maintenance expenditure by assets class

Repairs and maintenance expenditure 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
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
-										
Infrastructure		-	-	-	-	6 100	6 100	3 750	3 763	2 712
Infrastructure - Road transport		-	-	-	-	3 600	3 600	1 000	1 668	676
<i>Roads, Pavements & Bridges</i>						2 600	2 600	1 000	1 668	676
<i>Storm water</i>						1 000	1 000			
Infrastructure - Electricity		-	-	-	-	1 000	1 000	1 000	545	536
<i>Generation</i>										
<i>Transmission & Reticulation</i>						1 000	1 000			
<i>Street Lighting</i>								1 000	545	536
Infrastructure - Sanitation		-	-	-	-	1 000	1 000	1 000	850	800
<i>Reticulation</i>						1 000	1 000	1 000	850	800
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	500	500	750	700	700
<i>Waste Management</i>										
<i>Transportation</i>						500	500	750	700	700
Community		-	-	-	-	600	600	800	550	550
Parks & gardens						250	250	400	200	250
Sportsfields & stadia						350	350	400	350	300
Other										
Other assets		-	-	-	-	5 050	5 050	6 661	6 477	6 748
General vehicles						750	750	643	550	581

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Specialised vehicles	10	-	-	-	-	-	-	-	-
Plant & equipment					2 500	2 500	4 050	4 277	4 070
Computers - hardware/equipment					300	300	345	300	350
Furniture and other office equipment					1 500	1 500	1 623	1 350	747
Civic Land and Buildings									
Agricultural assets					250	250	-	-	-
Computer Software & programming					250	250			
Intangibles					-	-	305	322	340
Computers - software & programming							305	322	340
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	1	-	-	-	12 000	12 000	11 516	11 112	9 350

9. Municipal Manager's Quality Certificate

I BC MOKOMECA, Municipal Manager of Nala Local Municipality, hereby certify that the Annual Budget and Support Documentation have been prepared in accordance with Municipal Finance Management Act, and that the Annual Budget and Supporting Documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name: BC MOKOMECA

Municipal Manager of Nala Local Municipality (FS185 Nala)

Signature 

Date: 28 MAY 2013