

2006 - 2007

Improving Strategy, Ensuring Implementation

IDP and Budget



Mangaung Local Council

February 16, 2006

TABLE OF CONTENTS

| No. | Section description | Page |
|--------|---|-----------|
| 1 | Mayoral Budget Speech | 1 |
| 2 | Budget Related Resolutions | 3 |
| 3 | The Budget | 3 |
| 3.1 | Executive Summary | 3 |
| 3.2 | Budget Schedules and Charts (Operating and Capital) | 7 |
| 4 | Supporting Documentation | 21 |
| 4.1 | Budget Process Overview (including consultation process and outcomes) | 21 |
| 4.2 | Alignment of Budget with Integrated Development Plan and Amendments | 24 |
| 4.2.1 | Strategic focus for 2006-07 | 27 |
| 4.3 | Budget Related Policies Overview and Amendments | 28 |
| 4.4 | Budget Assumptions | 28 |
| 4.4.1 | Key Parameters | 28 |
| 4.4.2 | Critical Bias of the Budget | 29 |
| 4.4.3 | Other factors influencing the budget | 29 |
| 4.4.4 | External factors | 30 |
| 4.4.5 | Economic outlook and impact on municipal activities | 30 |
| 4.4.6 | Credit rating outlook | 30 |
| 4.4.7 | Interest rates for borrowing and investment of funds | 31 |
| 4.4.8 | Growth or decline in tax base of the municipality | 31 |
| 4.4.9 | Average salary increases | 31 |
| 4.4.10 | Trends in demand for free or subsidised basic services | 31 |
| 4.4.11 | Impact of national, provincial and local policies | 32 |
| 4.4.12 | Ability of the municipality to spend and deliver on the programmes | 32 |
| 4.4.13 | Implications of restructuring and other major events into the future | 32 |
| 5 | Funding the Budget | 32 |
| 5.1 | Fiscal overview | 32 |
| 5.2 | Outcome and achievements of the past few years | 33 |
| 5.3 | Reviewing and discussing the financial objectives, indicators and assumptions | 33 |

| | | |
|-------|---|----|
| 5.4 | Current overall financial position and liquidity situation | 33 |
| 5.5 | Financial challenges and constraints | 33 |
| 5.6 | Maintaining financial viability and dealing with the challenges | 34 |
| 5.7 | Compliance with MFMA and other relevant legislation | 34 |
| 5.8 | Sources of Funding | 35 |
| 5.8.1 | Rates, tariffs and other charges | 35 |
| 5.8.2 | Grants – cash backed accumulated surplus | 36 |
| 5.8.3 | Grant allocations | 36 |
| 5.8.4 | Purpose of grants and subsidies | 36 |
| 5.8.5 | Contributions and donations | 37 |
| 5.8.6 | Sale of assets | 37 |
| 5.8.7 | Proposed future revenue sources | 37 |
| 5.8.8 | Borrowing | 38 |
| 6 | Disclosure on Allocations made by the Municipality | 38 |
| 7 | Disclosure on Salaries, Allowances and Benefits | 38 |
| 8 | Monthly Cash Flows by Source | 38 |
| 9 | Disclosure on Implementation of MFMA and other Legislation | 38 |
| 9.1 | Municipal Finance Management Act | 38 |
| 9.2 | Property Rates Act | 38 |
| 9.3 | Supply Chain Management | 38 |
| 10 | Budgets and SDBIPs – Departmental / Functional (Internal) | 39 |
| 11 | Budgets and SDBIPs - Entities and other External Mechanisms | 39 |
| 12 | Summary of Detailed Capital Plan | 39 |
| 13 | Budgeted Financial Statements – Parent, Each Entity, Consolidated | 39 |

1. Mayoral Budget Speech

The Chief Whips

Fellow Councillors and Comrades

Officials of MLM

Members of the public and media

Mister Speaker before I table the budget before this august house, today I remember very well that five years ago, when we gathered in this chamber, the majority of us were new and inexperienced councillors. Yes we were excited, full of zeal and energy to represent and carry out the mandate of our different political parties, surely Mister Speaker experience gained to date proved contrary, that is whatever our different political ideologies existed, our collective mandate is to improve quality of better life for all. It is that understanding and vision that guided our mission. Yes we started as strangers five years ago, but today as gathered in this council we are one, united and working together towards a common destination.

Mister Speaker before I table my budget today, it is appropriate to briefly refer to key achievements and challenges through our term of office.

- Complex and dynamic as it was, this council succeeded to amalgamate three former Transitional Local Councils i.e Bloemfontein Botshabelo and Thaba Nchu councils into Mangaung Local Council;
- Our municipal organogram at the senior level reflects the demographics of our municipality.
- We adopted the Pro Poor Policy that benefited our communities to receive free basic services such as water and electricity;
- We have improved sanitation, since the inception of this council Mister Speaker we have provided 79 552 water-borne sanitation facilities and installed 39 345 VIP toilets;
- 11 582 new connections have been made in Mangaung;

- 16 500 RDP houses have been built and 700 houses are now under construction at Thaba Nchu in Selesha Extension 3, by the end of March 2006, those houses shall have been completed;
- We have rolled out the expanded Public Works programme, in which case which saw 20 contractors and 40 supervisors are being trained by construction Education and Training Authority (CETA);
- We improved the waste removal service through the appointment of eight (8) SMME's to render solid waste management in areas where councils' employees cannot reach;
- We have adopted and started to roll out Economic Development Strategy;
- in pursuance of our developmental objectives a set out in the IDP, 1000 CBO's and NGO's have been trained in office management, drawing of bursaries plans, financial management and filing;
- We have recruited and trained 28 unemployed young people as traffic officers, 21 of them are employed by municipalities in and outside of our province;
- Our traffic court was established and is fully operational. (The white traffic bus does its work, revenue collection in this regard has approved);
- 45 unemployed people were recruited and trained by Mangaung as fire-fighters, 14 of them have secured full time employment;
- We also pride ourselves with the public participation as Mangaung, our Ward Committee System is the model of South Africa, and through this system it has been relatively easy to involve our communities in the Community Based Planning (CBP) and Intergrated Development Plan (IDP) formulations.

Youth, this municipality appointed Youth Co-ordinator specifically to integrate youth organisations, these organisations have been organised into

consortium and we have the database. Mister Speaker young people are still faced with unemployment, the council is in the process of finalizing integrated youth development strategy, which will bring all departments together, and resources in advancing the needs of young people. It is also pleasing to indicate that the Free State Youth Commission handed over the youth memorial stone to the municipality; this stone is at Paxnova Hall.

Mangaung Municipality launched HIV/AIDS council on 11 November 2005. This Council is focusing amongst other, to care for orphans and vulnerable children, education, and awareness of HIV/AIDS. This programme supports volunteers who do home-based care in our communities.

Gender, disability and the aged. Through the consultation with various stakeholders with regard to this programme, discussion documents have been produced for the mainstreaming of these vulnerable groups. It pleases me to inform this house that 65 wheelchairs donated by Chinese community have been distributed to people with disabilities

Mister Speaker, we established CENTLEC for commercial purposes and ensuring speedy provision of electricity, Mangaung Local Council is 100% stakeholder in Centlec. Their service is determined and directed by this council. We are in discussion with then as you would note in the draft budget is an unallocated expected accumulated surplus of R41, 834 million which has still to be resolved. I am hopeful within weeks, before the final approval of the budget this matter shall have been finalized.

Mister Speaker, I find it appropriate to welcome the budget allocation by the National Minister of Finance, Mr Trevor Manuel, from his budget speech, we are on the right course as a country. Therefore our achievements as a council and the budget speech of the minister indeed confirm what President Thabo Mbeki send, I quote **“Clearly the masses of our**

people are convinced that our country has entered into its age of hope”.

Despite the achievements alluded to earlier on, Mister Speaker, not all expectations of our people have been met, however remarkable and tremendous work has been executed by this council.

Mister Speaker the list of all achievements is endless; I think we deserve a round of applause. Over the years and even my recent Road Shows within our communities (13, 14, 15 February 2006) is an indication on our part as council to show willingness to improve interaction with communities to ensure that we join hands in actual practice to build a better life.

Mister Speaker, we are proud, appreciate and welcome the opportunity to be the only city in the PROVINCE to host 2010 FIFA WORLD CUP tournament. Our machinery is ready logistical arrangements are in place. (Even if Bafana Bafana ranked 50th in the world performed disastrously in the MTN Africa Cup of Nations and our disappointment when the Currie Cup champions, Cheetahs lost to Blue Bulls last Friday), we remain optimistic that we are ready as the city for the World Cup tournament.

Mister Speaker, the tabling of this budget today did not come as a surprise. It is the product of consultations. During the IDP/budget review process, our people participated and made inputs as civil society organisations, individuals, ward committees to ensure that the budget is aligned to the community priorities. Indeed as a council we are on the right path in terms of our IDP/budget cycle for 2006/2007. It is after this tabling process that you will be afforded an opportunity to make inputs same with communities and members of the public, it is after receiving and considering the submissions from various stakeholders that the council will approve the budget. I therefore table the draft budget for further inputs by various stakeholders.

I Thank You

2. Budget Related Resolutions

Tabling draft resolutions is a requirement of the Municipal Finance Management Act (MFMA) No 56 of 2003. Council resolves that the draft annual budget of the Mangaung Municipality for the financial year 2006/07 and indicative for the two projected outer years 2007/08 and 2008/09 be approved as set-out in the following schedules:

- Operating revenue by source reflected in **Table 1**.
 - Operating expenditure by vote reflected in **Table 2**.
 - Operating expenditure by GFS classification reflected in **Table 2(a)**.
 - Council resolves that multi-year capital appropriations by vote and associated funding reflected in **Table 3, 3(a) and 4** be approved.
 - Capital expenditure by GFS classification reflected in **Table 3(a)**.
 - Capital funding by source reflected in **Table 4**.
- a) Council resolves that the proposed property rates and sanitation tariffs reflected in (**par 2.4, page 5**) be imposed for the budget year 2006/07.
- b) Council resolves that general tariffs and charges, at an average increase of 5%, as reflected in (**the Tariffs Booklet**) be approved for the budget year 2006/07.
- c) Council resolves that the amended policies for credit control as reflected in (**Annexure C – Page 58**) are approved for the budget year 2006/07.

3. The Budget

3.1 Executive Summary

The tabling of this draft budget is a culmination of a journey that started in last year in July 2005 with the review of the 2005/06 budget process and tabling of the budget timetable before this Council in August

2005. Many processes were undertaken both politically and administratively, amongst others consultations with communities through the clusters, Executive Directors and General Managers internally. The draft budget being tabled today on the 16th February 2006 is the first report to Council of the outcome of the above process and the beginning of a series of further consultation processes to inform and make inputs in what will finally be termed the "The Peoples Budget", when it is finally put before the next incoming Council for ratification and approval in May 2006.

In terms of the Municipal Finance Management Act (MFMA), No 56 of 2003, the council of a municipality must for each financial year approve an annual budget before the start of that financial year. In order to comply with the aforementioned, the mayor must table the annual budget at a council meeting at least 90 days (1 April 2006) before the start of the budget year.

A municipality is expected to table balanced and credible budgets that are based on realistic estimates of revenue to be collected, taking into account both actual revenue collected in the past 2004/05 budget year and revenue projections for the current 2005/06 budget year and must ensure that their IDP is revised to be consistent with the three year budget cycle. **Municipalities are not allowed to budget for a year-end deficit.**

In total the operating budget for the 2006/07 financial year amounts to R1 588 021 908, which represents an increase of R153 356 858 (10.69%) above the approved budget for 2005/06. For the 2007/08 and 2008/09 financial years the budgeted amounts are R1 661 466 670 and R1 742 333 063 respectively, which represents increases of 4.62% and 4.87% for the two outer years. The revenue amounts to R1 542 775 099 for the 2006/07 financial year, which represents a deficit of R 45 246 089 before taking into account surpluses brought forward from the previous years. The reasons for the deficit are explained in the section

dealing with level of rates, service charges and other fees rates below.

Cross subsidization across services takes place by means of trading services surpluses being utilized (mainly water and electricity services) to alleviate the pressure on the rates and general account.

Cross subsidization within services is inter alia contributions to the rates and general account by:

- Electricity R65 000 000
- Water R30 130 000
- Market R887 210

Free services that are provided are as follows:

- 6 kiloliter free water to all residents
- 50 kWh free electricity to all residents and
- Free services for assessment rates and sanitation for residential property with a land value of R12 500 or less and a building valuation of R30 000 or less.

These free services are funded from the equitable share and the appropriation is as follows:

- Water R43 044 800
- Electricity R31 910 200
- Rates R45 965 670
- Sanitation R45 042 750

Municipalities must ensure that increases in rates and tariffs are within inflation targets, and do not undermine government's macro-economic objectives or negatively affect investor confidence. In particular municipalities are cautioned against extending property taxes in a manner that may impact negatively on the residential, agricultural, mining and industrial sectors. Municipalities are urged to ensure that national economic, tax and fiscal policy objectives are not undermined through excessive municipal rates. With these guidelines in mind and taking the abovementioned factors in cognizance, the

budget for the 2006/07 has been drafted and it shows a deficit of R59.976 million.

Included in the rates and sanitation revenue, growth of 2% and a tariff increase of 5.5%, are already provided for. After these increases have been taken into account there is still a deficit R59.976 million or an additional increase in the rates and sanitation tariffs of 20.20%, giving a total of 25.7% increase in the rates and sanitation tariffs.

Included in the budget of Centlec is an unallocated expected accumulated surplus of R41.834 million which still has to be resolved. These unallocated surpluses have an effect on the rates and sanitation tariffs as well as the cash flow of Mangaung. If R40 million is allocated as a contribution to Mangaung, the deficit of R59.976 million will decrease to R19.976 million. This will give an additional increase of 6.73% above the 5.5% already included in the budget – a total increase of 12.23%. This issue still has to be pursued to get to a more acceptable increase in the rates and sanitation tariffs. If the deficit of R19.976 million can be reduced, the increase in the rates and sanitation tariffs will be 5.5%.

The General Tariffs are increased by an average of 5%.Details of all the general tariffs are specified in the separate Tariffs Booklet accompanying the budget documentation.

The proposed increase in water tariffs is 7.5% and that of electricity is estimated to be between 4% and 6%.

The institution went through an extensive review and consultative process on the IDP when preparing the 2005/06 budget last year. No amendments to the IDP document are going to be proposed or tabled. The process followed in reaffirming community needs and priorities are addressed in the Budget Process Overview below.

In this submission, we are going to table an amendment to the Credit Control Policy, which is

attached as Annexure C – page 60. The policy amendments are necessitated by the need to re-align the existing policy with the recently adopted Supply Chain Management Policy of Council and to give effect to better credit control measures to improve collections for municipal services.

The following tables indicate the selected highlights from directorates' Budgets and Service Delivery and Budget Implementation Plans (SDBIPs) as would be implemented in the 2006/07. The income and expenditure trend would be improved towards the finalisation of the IDP and Budget 2006/07 in order to reflect what the directorates would actually deliver on and also achieve the balanced budget.

| Expenditure by Vote | Actual 2004/05 | Budget 2005/06 | Budget 2006/07 | Budget 2007/08 | Budget 2008/09 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Office Of The Municipal Manager | 76,442,898 | 78,241,670 | 93,057,500 | 96,819,580 | 101,203,870 |
| Corporate Services | 50,132,664 | 53,321,280 | 63,153,570 | 64,996,440 | 65,917,480 |
| Finance | 31,082,837 | 39,296,020 | 45,312,380 | 46,940,810 | 48,893,350 |
| Community And Social Dev. | 161,313,655 | 183,458,920 | 194,714,700 | 200,429,280 | 208,099,193 |
| Econ. Dev. And Planning | 28,195,968 | 31,973,340 | 40,376,290 | 41,738,720 | 43,602,390 |
| Infrastructural Services | 211,271,921 | 212,247,950 | 227,168,630 | 229,342,660 | 233,502,790 |
| Miscellaneous Services | 174,333,702 | 167,530,170 | 207,279,890 | 236,180,190 | 264,524,260 |
| Housing Services | 11,249,636 | 13,648,930 | 14,895,530 | 14,077,590 | 14,471,638 |
| Fresh Produce Market | 9,025,891 | 9,017,760 | 10,625,080 | 10,835,160 | 11,036,910 |
| Water Services | 196,536,511 | 219,249,400 | 239,423,840 | 247,751,180 | 257,470,050 |
| Electricity Services | 384,539,598 | 426,679,610 | 452,014,498 | 472,355,150 | 493,611,132 |
| Total Expenditure | 1,334,125,281 | 1,434,665,050 | 1,588,021,908 | 1,661,466,760 | 1,742,333,063 |

| Revenue by Vote | Actual 2004/05 | Budget 2005/06 | Budget 2006/07 | Budget 2007/08 | Budget 2008/09 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Rates Income | 231,494,588 | 250,897,200 | 276,967,340 | 310,325,710 | 324,716,610 |
| Office Of The Municipal Manager | 24,564,032 | 14,420,660 | 16,788,920 | 17,768,320 | 18,564,740 |
| Corporate Services | 2,610,058 | 1,961,290 | 1,469,640 | 1,535,830 | 1,605,000 |
| Finance | 30,867,598 | 29,120,630 | 25,066,202 | 27,530,870 | 26,752,140 |
| Community And Social Development | 30,127,136 | 26,369,850 | 29,351,120 | 29,409,750 | 30,029,640 |
| Economic Development And Planning | 5,617,732 | 3,789,810 | 9,096,220 | 11,680,430 | 9,759,070 |
| Infrastructural Services | 132,532,180 | 136,919,040 | 144,585,680 | 163,498,780 | 176,208,360 |
| Miscellaneous Services | 213,248,680 | 171,817,180 | 207,758,839 | 241,986,067 | 263,792,949 |
| Housing Services | 6,772,318 | 6,907,220 | 6,781,190 | 5,936,450 | 6,204,680 |
| Fresh Produce Market | 9,631,042 | 10,870,230 | 11,512,290 | 12,030,420 | 12,571,880 |
| Water Services | 239,285,590 | 234,156,020 | 260,523,170 | 291,524,120 | 311,361,040 |
| Electricity Services | 489,227,516 | 526,822,050 | 552,874,488 | 577,753,840 | 603,752,762 |
| Total Revenue | 1,415,978,470 | 1,414,051,180 | 1,542,775,099 | 1,690,980,587 | 1,785,318,871 |

In highlighting the capital program and elimination of backlogs, the projected capital expenditure budget for the 2006/07 Medium Term Revenue and Expenditure Framework (MTREF) period is currently standing at R541.15million (2005/06 - R277.47million), which is a growth of 195% on that of the previous year. Included in the budgeted amount is a sum of R175.7 million of capital projects, earmarked for the 2010 Soccer World

Cup. If one were to discount the 2010 World Cup event, the net new budget will be R365.45 million indicating a growth of 31.7% from that of the 2005/06 budget year. The requests submitted are still above the targeted threshold of R 299.67 million, representing excess request of R65.78 million.

The bulk of the budget spend is on the Infrastructural Services, showing a growth of R80 million to R 293.8 million (2005/06 – R 213.8 million) of the excluding the World Cup costs. The bias in allocating almost 80.4 % of the budget to the Directorate Infrastructural Services is in line with the Council’s policy of addressing existing infrastructural backlogs and elimination of bucket systems especially in the undeveloped areas. Below

is a detailed and indicative summary of where resources are going to fund some of the main infrastructure projects, sources of funding and areas in terms of clusters. However, details of the entire Council’s capital expenditure programme for the entire MTREF period are disclosed separately in booklet market ‘Capital Programme 2006/07 – 2008/09’.

| Category | Projects | Funding 2006/07 | Project Total | Financing | Cluster(s) |
|-----------------------|--|-----------------|---------------|--------------------------------------|----------------------------|
| Roads | Re-sealing of roads | 6,500,000 | 20,390,660 | Internal loans | N |
| | Parfitt Avenue improvements | 3,500,000 | 12,249,480 | Internal loans | E |
| | Upgrading of roads | 36,967,350 | 111,430,560 | Internal loans and Government grants | All |
| Storm Water | Upgrading of stormwater | 22,499,990 | 70,583,070 | Government grants | A, B, C, D, G, H, I, J & K |
| Sewerage Reticulation | Basic sanitation to erven | 64,524,000 | 139,451,080 | Internal loans and Government grants | C, D, G, H, I & J |
| Water Reticulation | Water reticulation to erven | 11,464,440 | 41,524,840 | Internal loans | C, D, G, H, I, J & K |
| Mains and Reservoirs | Bulk water supply to western areas | 5,500,000 | 12,858,000 | Internal loans | E |
| Electricity | Electricity connections (bulk) Bloemfontein, Mangaung, Botshabelo & Thaba Nchu | 5,500,000 | 15,867,820 | Internal loans | N |
| Clinics | Kagisanong clinic reconstruction | 1,500,000 | 2,500,000 | Internal loans | C |
| | Westdene clinic-reconstruction | 1,000,000 | 2,000,000 | Internal loans | E |
| Cemeteries | Land acquisition for new Heidedal cemeteries | 1,580,000 | 1,580,000 | Internal loans | N |
| | Construction of gravel road: new Thaba Nchu cemetery. | 460,000 | 920,000 | Internal loans | J |
| | Construction of gravel road: Botshabelo cemetery. | 300,000 | 1,300,000 | Internal loans | G |
| Stadiums | Upgrading of Free State stadium for 2010 World Cup | 30,000,000 | 80,000,000 | Internal loans | A |
| | Upgrading of Seisa Ramabodu stadium for 2010 World Cup | 3,000,000 | 7,500,000 | Internal loans | C |
| | Upgrading of Botshabelo State stadium for 2010 World Cup | 3,000,000 | 7,500,000 | Internal loans | G |
| Economic Development | Land and fencing for commonages | 1,150,000 | 3,475,000 | Internal loans and Government grants | N |
| | CBD Rejuvenation | 5,000,000 | 42,000,000 | Government grants | A |
| | Tourism infrastructure | 2,000,000 | 6,000,000 | Government grants | I |

3.2. Budget Schedules and Charts (Operating and Capital)

The budget schedules to be approved by resolution of Council are:

Table 1: Revenue by Source – Page 9(a)-9(c)

Table 2: Operating Expenditure by Vote – Page 9(d)-9(f)

Table 2(a): Operating Expenditure by GFS Classification – Page 9(g)-9(i)

Table 3: Capital Expenditure by Vote – Page 9(j)-9(l)

Table 3(a): Capital Expenditure by GFS Classification – Page 9(m)-9(o)

Table 4: Capital Funding by Source – Page 9(p)-9(q)

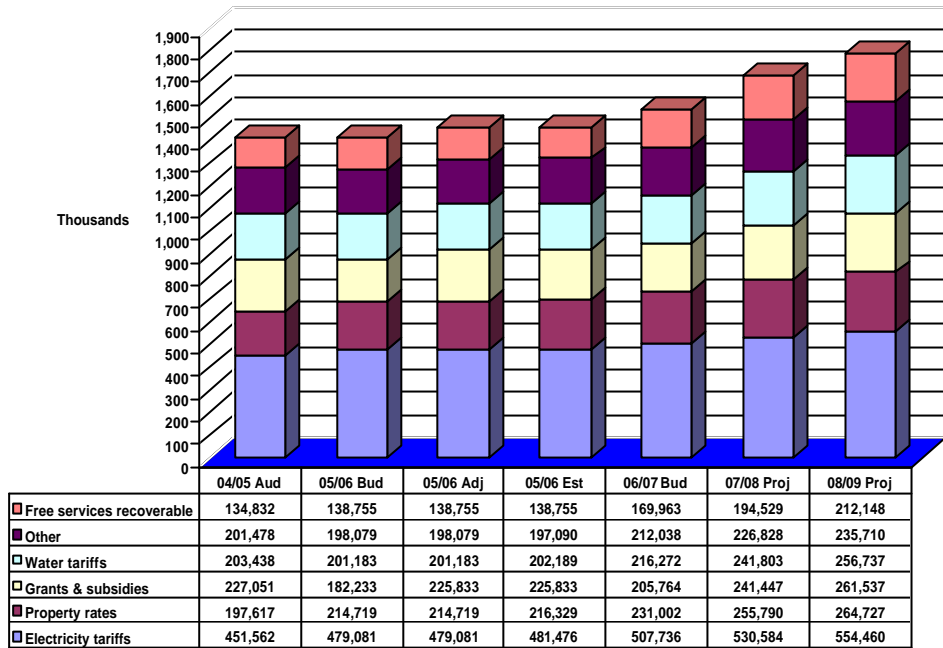
Table 5: Summary of Revenue and Expenditure by GFS classification – Page 9(r)

Table 5(a): Summary of Revenue and Expenditure by Vote – Page 9(s)

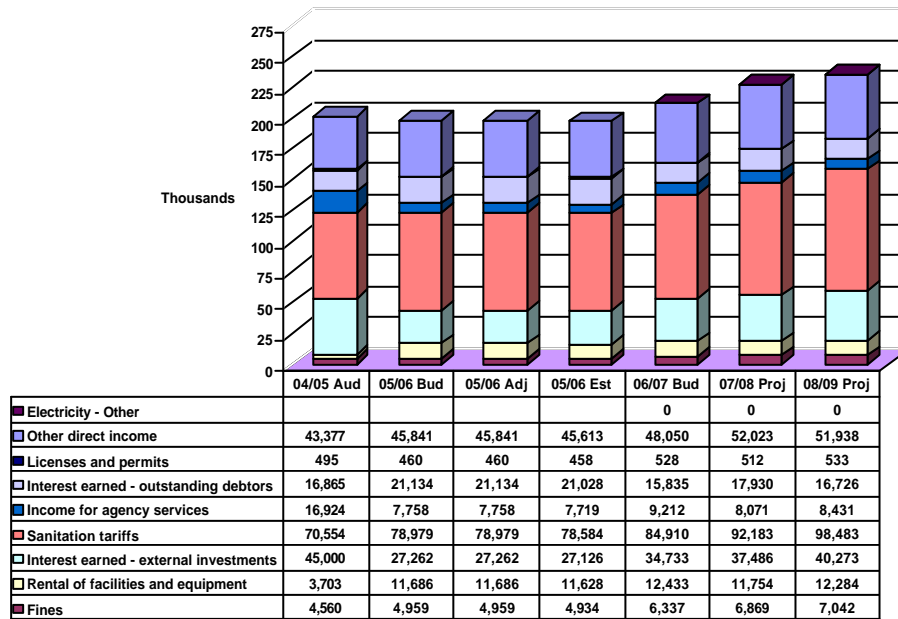
Table 6: Operating Expenditure by Type – Page 9(t)-9(v)

| TABLE 1 | 2004/05 | 2005/06 | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
|--|-----------------------|------------------------|------------------------|---------------------------|----------------------------|-------------------------------|-------------------------------|
| REVENUE BY SOURCE | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | A | B | C | D | E | F | G |
| Revenue by Source | | | | | | | |
| Property rates | 197,617 | 214,719 | 214,719 | 216,329 | 231,002 | 255,790 | 264,727 |
| Property rates - penalties imposed and collection charges | 0 | 0 | 0 | 0 | | | |
| Service charges - electricity revenue from tariff billings | 451,562 | 479,081 | 479,081 | 481,476 | 507,736 | 530,584 | 554,460 |
| Service charges - water revenue from tariff billings | 203,438 | 201,183 | 201,183 | 202,189 | 216,272 | 241,803 | 256,737 |
| Service charges - sanitation revenue from tariff billings | 70,554 | 78,979 | 78,979 | 78,584 | 84,910 | 92,183 | 98,483 |
| Rental of facilities and equipment | 3,703 | 11,686 | 11,686 | 11,628 | 12,433 | 11,754 | 12,284 |
| Interest earned - external investments | 45,000 | 27,262 | 27,262 | 27,126 | 34,733 | 37,486 | 40,273 |
| Interest earned - outstanding debtors | 16,865 | 21,134 | 21,134 | 21,028 | 15,835 | 17,930 | 16,726 |
| Fines | 4,560 | 4,959 | 4,959 | 4,934 | 6,337 | 6,869 | 7,042 |
| Licenses and permits | 495 | 460 | 460 | 458 | 528 | 512 | 533 |
| Government grants & subsidies | 227,051 | 182,233 | 225,833 | 225,833 | 205,764 | 241,447 | 261,537 |
| Income from agency services | 16,924 | 7,758 | 7,758 | 7,719 | 9,212 | 8,071 | 8,431 |
| Other direct revenue | 43,377 | 45,841 | 45,841 | 45,613 | 48,050 | 52,023 | 51,938 |
| Free services recoverable | 134,832 | 138,755 | 138,755 | 138,755 | 169,963 | 194,529 | 212,148 |
| Total Revenue by Source | 1,415,978 | 1,414,050 | 1,457,650 | 1,461,673 | 1,542,775 | 1,690,981 | 1,785,319 |

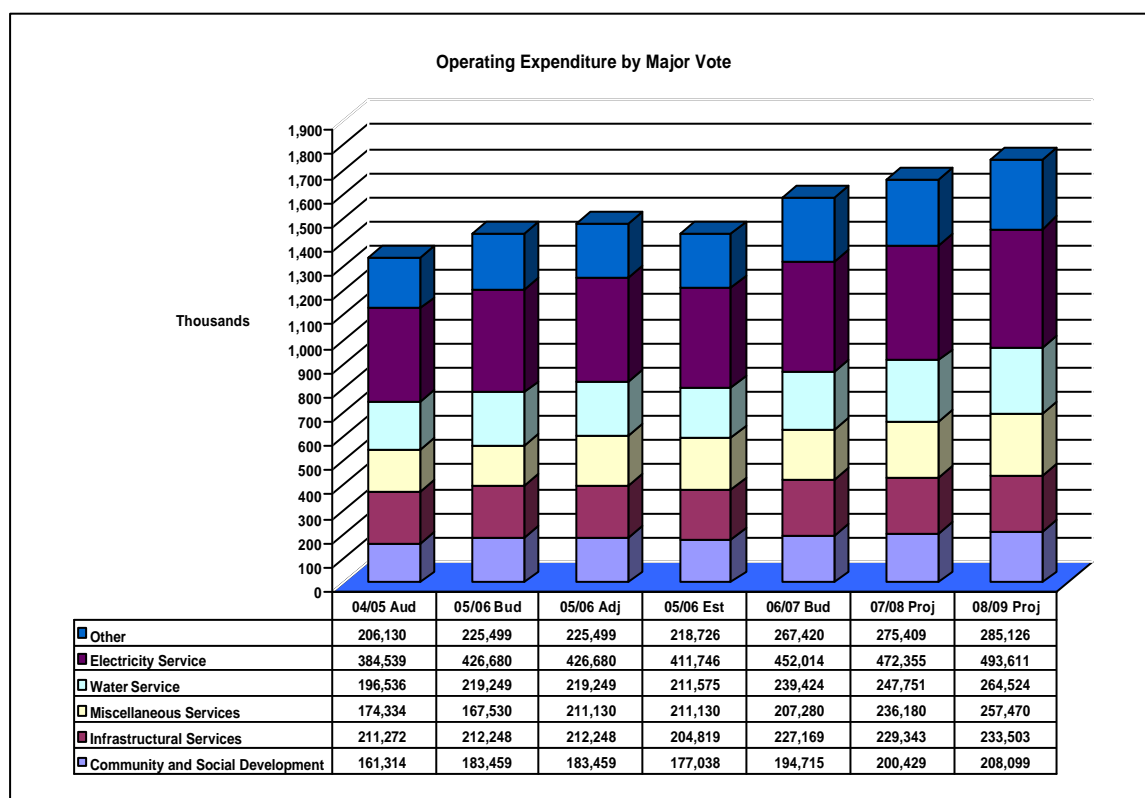
Revenue by Major Source

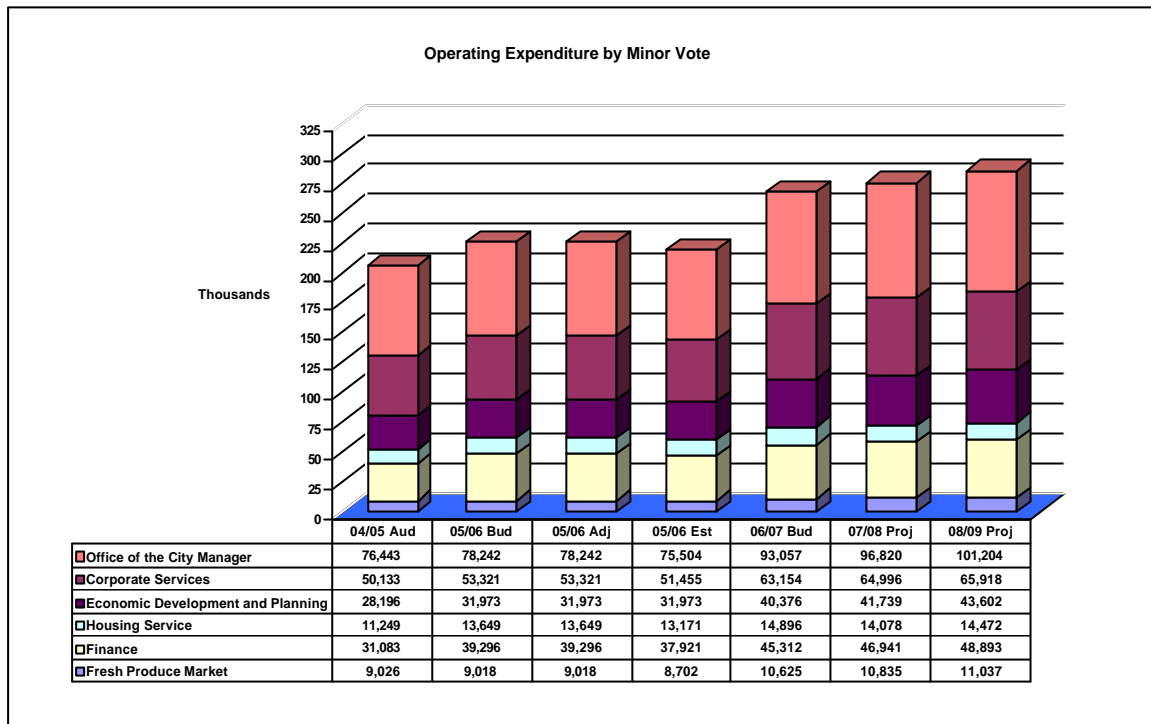


Revenue By Minor Source



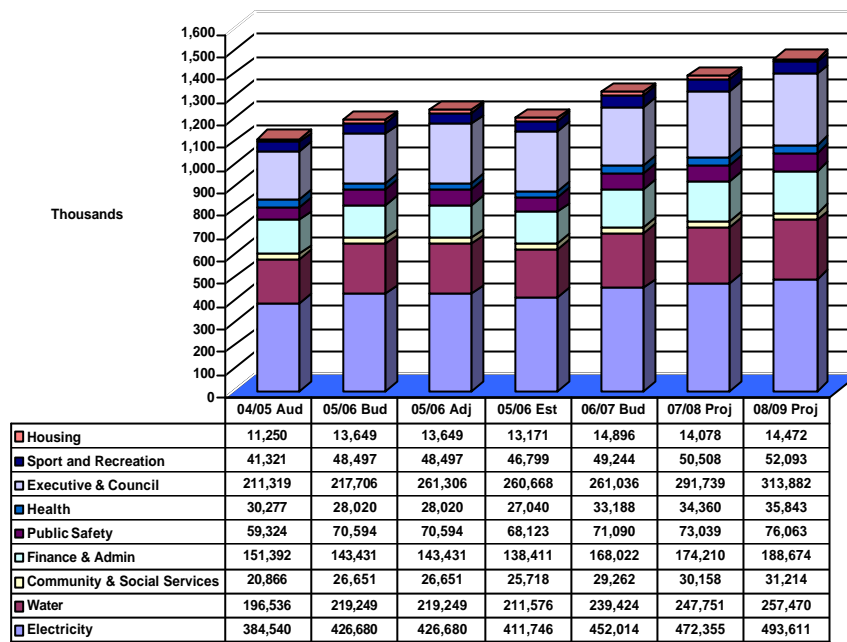
| Table 2 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--------------------------------------|---------------------------|-------------------------|------------------|--------------------|---|---------------------------|---------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | | | | | Budget | Budget | Budget |
| Operating Expenditure by Vote | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | A | B | C | D | E | F | G |
| Office of the City Manager | 76,443 | 78,242 | 78,242 | 75,504 | 93,057 | 96,820 | 101,204 |
| Corporate Services | 50,133 | 53,321 | 53,321 | 51,455 | 63,154 | 64,996 | 65,918 |
| Finance | 31,083 | 39,296 | 39,296 | 37,921 | 45,312 | 46,941 | 48,893 |
| Community and Social Development | 161,314 | 183,459 | 183,459 | 177,038 | 194,715 | 200,429 | 208,099 |
| Economic Development and Planning | 28,196 | 31,973 | 31,973 | 31,973 | 40,376 | 41,739 | 43,602 |
| Infrastructural Services | 211,272 | 212,248 | 212,248 | 204,819 | 227,169 | 229,343 | 233,503 |
| Miscellaneous Services | 174,334 | 167,530 | 211,130 | 211,130 | 207,280 | 236,180 | 257,470 |
| Housing Service | 11,249 | 13,649 | 13,649 | 13,171 | 14,896 | 14,078 | 14,472 |
| Fresh Produce Market | 9,026 | 9,018 | 9,018 | 8,702 | 10,625 | 10,835 | 11,037 |
| Water Service | 196,536 | 219,249 | 219,249 | 211,575 | 239,424 | 247,751 | 264,524 |
| Electricity Service | 384,539 | 426,680 | 426,680 | 411,746 | 452,014 | 472,355 | 493,611 |
| Operating Expenditure by Vote | 1,334,125 | 1,434,665 | 1,478,265 | 1,435,034 | 1,588,022 | 1,661,467 | 1,742,333 |



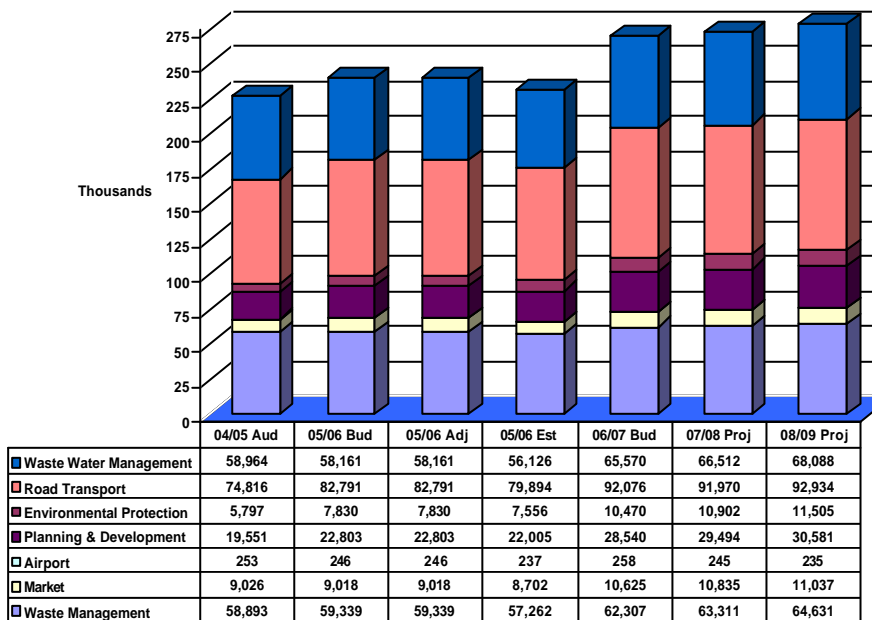


| Table 2(a) | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------------|-------------------------|--------------------|-----------------------|--|------------------------------|------------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| Operating Expenditure by GFS | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | A | B | C | D | E | F | G |
| Executive & Council | 211,319 | 217,706 | 261,306 | 260,668 | 261,036 | 291,739 | 313,882 |
| Finance & Admin | 151,392 | 143,431 | 143,431 | 138,411 | 168,022 | 174,210 | 188,674 |
| Planning & Development | 19,551 | 22,803 | 22,803 | 22,005 | 28,540 | 29,494 | 30,581 |
| Health | 30,277 | 28,020 | 28,020 | 27,040 | 33,188 | 34,360 | 35,843 |
| Community & Social Services | 20,866 | 26,651 | 26,651 | 25,718 | 29,262 | 30,158 | 31,214 |
| Housing | 11,250 | 13,649 | 13,649 | 13,171 | 14,896 | 14,078 | 14,472 |
| Public Safety | 59,324 | 70,594 | 70,594 | 68,123 | 71,090 | 73,039 | 76,063 |
| Sport and Recreation | 41,321 | 48,497 | 48,497 | 46,799 | 49,244 | 50,508 | 52,093 |
| Environmental Protection | 5,797 | 7,830 | 7,830 | 7,556 | 10,470 | 10,902 | 11,505 |
| Waste Management | 58,893 | 59,339 | 59,339 | 57,262 | 62,307 | 63,311 | 64,631 |
| Waste Water Management | 58,964 | 58,161 | 58,161 | 56,126 | 65,570 | 66,512 | 68,088 |
| Road Transport | 74,816 | 82,791 | 82,791 | 79,894 | 92,076 | 91,970 | 92,934 |
| Water | 196,536 | 219,249 | 219,249 | 211,576 | 239,424 | 247,751 | 257,470 |
| Electricity | 384,540 | 426,680 | 426,680 | 411,746 | 452,014 | 472,355 | 493,611 |
| Fresh Produce Market | 9,026 | 9,018 | 9,018 | 8,702 | 10,625 | 10,835 | 11,037 |
| Airport | 253 | 246 | 246 | 237 | 258 | 245 | 235 |
| Operating Expenditure by Vote | 1,334,125 | 1,434,665 | 1,478,265 | 1,435,034 | 1,588,022 | 1,661,467 | 1,742,333 |

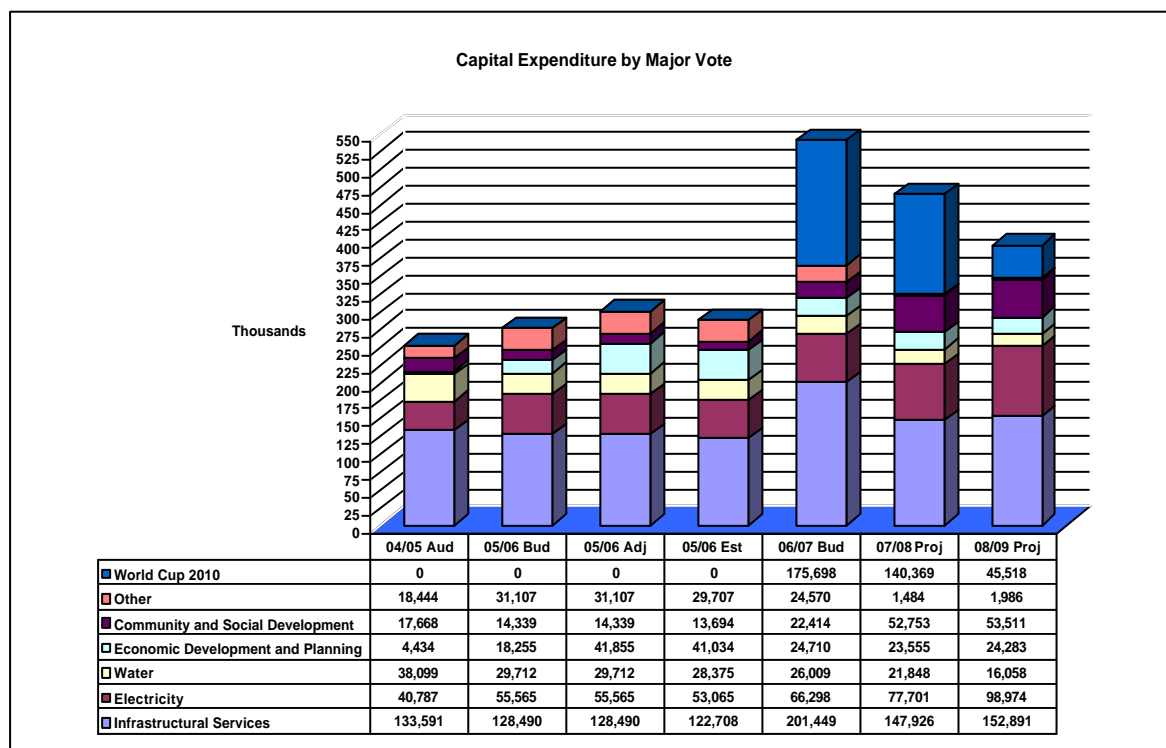
Operating Expenditure by Major Vote

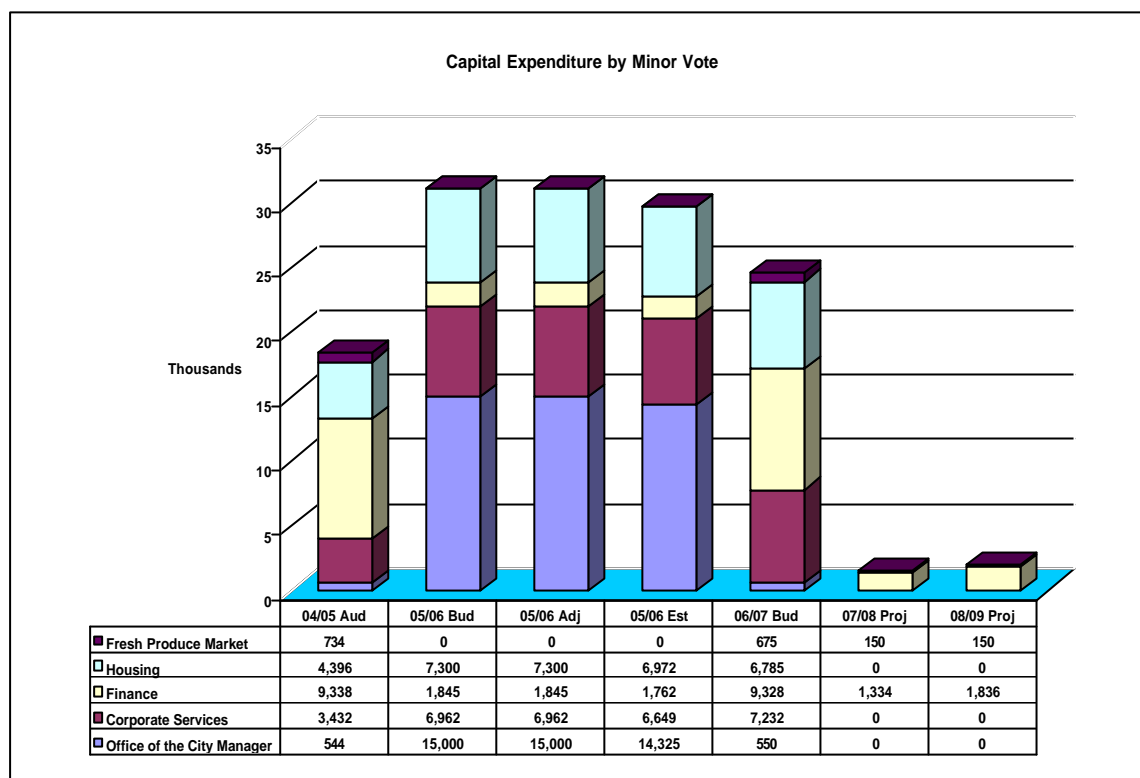


Operating Expenditure by Minor Vote



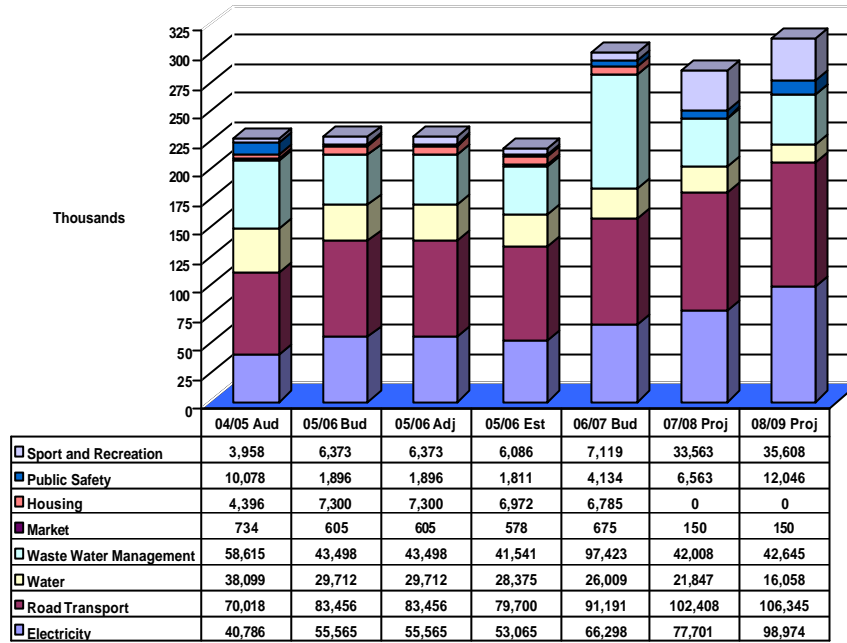
| TABLE 3 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|------------------------------------|---------------------------|-------------------------|-----------------|--------------------|---|---------------------------|---------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | | | | | Budget | Budget | Budget |
| Capital Expenditure By Vote | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | A | B | C | D | E | F | G |
| Office of the City Manager | 544 | 15,000 | 15,000 | 14,325 | 550 | 0 | 0 |
| Corporate Services | 3,432 | 6,962 | 6,962 | 6,649 | 7,232 | 0 | 0 |
| Finance | 9,338 | 1,845 | 1,845 | 1,762 | 9,328 | 1,334 | 1,836 |
| Community and Social Development | 17,668 | 14,339 | 14,339 | 13,694 | 22,414 | 52,753 | 53,511 |
| Economic Development and Planning | 4,434 | 18,255 | 41,855 | 41,034 | 24,710 | 23,555 | 24,283 |
| Infrastructural Services | 133,591 | 128,490 | 128,490 | 122,708 | 201,449 | 147,926 | 152,891 |
| Housing | 4,396 | 7,300 | 7,300 | 6,972 | 6,785 | 0 | 0 |
| Water | 38,099 | 29,712 | 29,712 | 28,375 | 26,009 | 21,848 | 16,058 |
| Fresh Produce Market | 734 | 0 | 0 | 0 | 675 | 150 | 150 |
| Electricity | 40,787 | 55,565 | 55,565 | 53,065 | 66,298 | 77,701 | 98,974 |
| World Cup 2010 | | | | | 175,698 | 140,369 | 45,518 |
| Capital Expenditure By Vote | 253,023 | 277,468 | 301,068 | 288,582 | 541,148 | 465,636 | 393,221 |



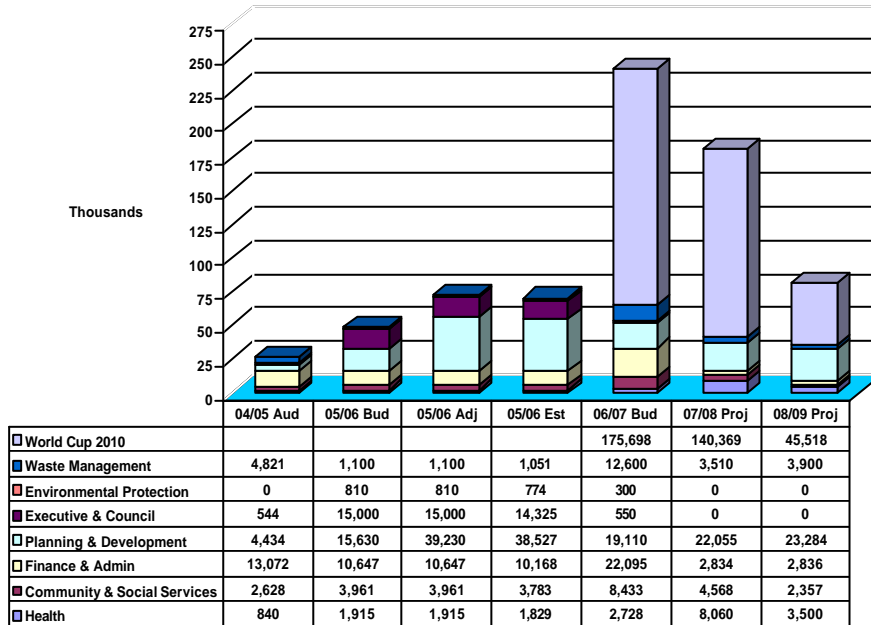


| TABLE 3(a) | Preceding Year 2004/05 | Current Year 2005/06 | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
|------------------------------------|---------------------------|-------------------------|-----------------|--------------------|------------------------|------------------------------|---------------------------|
| | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| Capital Expenditure by GFS | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | A | B | C | D | E | F | G |
| Executive & Council | 544 | 15,000 | 15,000 | 14,325 | 550 | 0 | 0 |
| Finance & Admin | 13,072 | 10,647 | 10,647 | 10,168 | 22,095 | 2,834 | 2,836 |
| Planning & Development | 4,434 | 15,630 | 39,230 | 38,527 | 19,110 | 22,055 | 23,284 |
| Health | 840 | 1,915 | 1,915 | 1,829 | 2,728 | 8,060 | 3,500 |
| Community & Social Services | 2,628 | 3,961 | 3,961 | 3,783 | 8,433 | 4,568 | 2,357 |
| Housing | 4,396 | 7,300 | 7,300 | 6,972 | 6,785 | 0 | 0 |
| Public Safety | 10,078 | 1,896 | 1,896 | 1,811 | 4,134 | 6,563 | 12,046 |
| Sport and Recreation | 3,958 | 6,373 | 6,373 | 6,086 | 7,119 | 33,563 | 35,608 |
| Environmental Protection | 0 | 810 | 810 | 774 | 300 | 0 | 0 |
| Waste Management | 4,821 | 1,100 | 1,100 | 1,051 | 12,600 | 3,510 | 3,900 |
| Waste Water Management | 58,615 | 43,498 | 43,498 | 41,541 | 97,423 | 42,008 | 42,645 |
| Road Transport | 70,018 | 83,456 | 83,456 | 79,700 | 91,191 | 102,408 | 106,345 |
| Water | 38,099 | 29,712 | 29,712 | 28,375 | 26,009 | 21,847 | 16,058 |
| Electricity | 40,786 | 55,565 | 55,565 | 53,065 | 66,298 | 77,701 | 98,974 |
| Market | 734 | 605 | 605 | 578 | 675 | 150 | 150 |
| Other (World Cup 2010) | | | | | 175,698 | 140,369 | 45,518 |
| Capital Expenditure by Vote | 253,023 | 277,468 | 301,068 | 288,582 | 541,148 | 465,636 | 393,221 |

Capital Expenditure by Major GFS

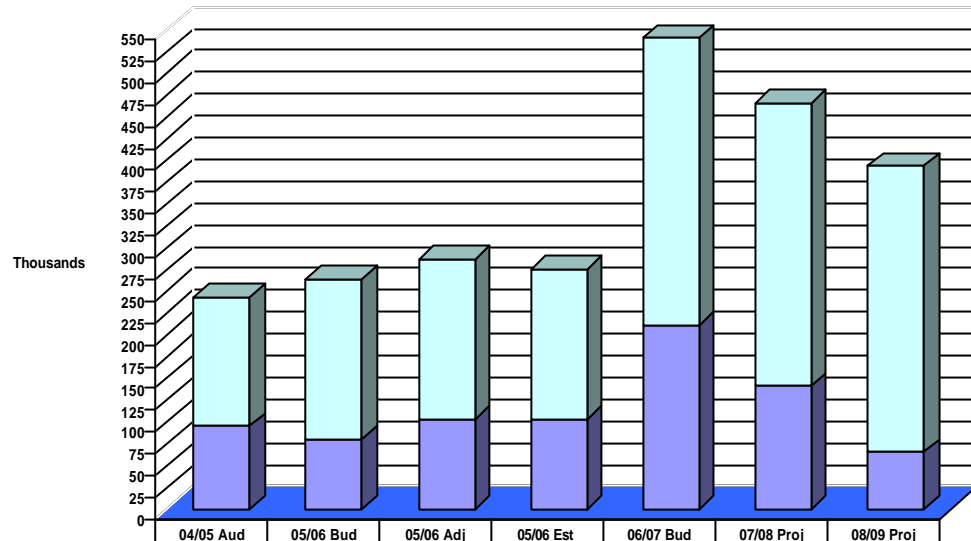


Capital Expenditure by Minor GFS



| Table 4 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------------|-------------------------|--------------------|-----------------------|--|------------------------------|------------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| Capital Funding by Source | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 A | R'000 B | R'000 C | R'000 D | R'000 E | R'000 F | R'000 G |
| National Government Amounts allocated / gazetted for that year Amounts carried over from previous years | 95,057 | 80,355 | 103,955 | 103,955 | 211,147 | 141,475 | 65,925 |
| Total Grants & Subsidies - National Government | 95,057 | 80,355 | 103,955 | 103,955 | 211,147 | 141,475 | 65,925 |
| Provincial Government Amounts allocated / gazetted for that year Amounts carried over from previous years | | | | | | | |
| Total Grants & Subsidies - Provincial Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| District Municipality Amounts allocated for that year Amounts carried over from previous years | 0 0 | 0 0 | 0 0 | 0 0 | 0 0 | 0 0 | 0 0 |
| Total Grants & Subsidies - District Municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Government Grants & Subsidies | 95,057 | 80,355 | 103,955 | 103,955 | 211,147 | 141,475 | 65,925 |
| Public Contributions & Donations | 9,670 | 13,893 | 13,893 | 13,268 | 1,070 | 70 | 0 |
| Accumulated Surplus (Own Funds) | 148,296 | 183,220 | 183,220 | 171,359 | 328,931 | 324,091 | 327,296 |
| External Loans | 0 | 0 | | | | | |
| Total Funding of Capital Expenditure | 253,023 | 277,468 | 301,068 | 288,582 | 541,148 | 465,636 | 393,221 |

Capital Funding by Source



| | 04/05 Aud | 05/06 Bud | 05/06 Adj | 05/06 Est | 06/07 Bud | 07/08 Proj | 08/09 Proj |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Accumulated Surplus(Own Funds) | 148,296 | 183,220 | 183,220 | 171,359 | 328,931 | 324,091 | 327,296 |
| External Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants - Provincial Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants - National Government | 95,057 | 80,355 | 103,955 | 103,955 | 211,147 | 141,475 | 65,925 |

| Table 5 | 2006/07 | | | | | | | 2007/08 | | | | | | | 2008/09 | | | | | | |
|--------------------------------|----------------|------------------|------------------|------------------|----------|------------------|-----------------------|----------------|------------------|------------------|------------------|----------|------------------|------------------------|----------------|------------------|------------------|------------------|----------|------------------|------------------------|
| | Appropriations | | | Funding | | | Surplus/ (Deficit) | Appropriations | | | Funding | | | Surplus / (Deficit) | Appropriations | | | Funding | | | Surplus / (Deficit) |
| | Capital | Operating | Total | Own Source | External | Total | | Capital | Operating | Total | Own Source | External | Total | | Capital | Operating | Total | Own Source | External | Total | |
| Summary of Rev & Exp by GFS | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | |
| Executive & Council | 550 | 261,036 | 261,586 | 190,311 | 0 | 190,311 | -71,275 | 0 | 291,739 | 291,739 | 222,214 | 0 | 222,214 | -69,525 | 0 | 313,882 | 313,882 | 242,034 | 0 | 242,034 | -71,848 |
| Finance & Admin | 22,095 | 168,022 | 190,117 | 369,727 | 0 | 369,727 | 179,610 | 2,834 | 174,210 | 177,044 | 391,637 | 0 | 391,637 | 214,593 | 2,836 | 188,674 | 191,510 | 406,392 | 0 | 406,392 | 214,881 |
| Planning and Development | 19,110 | 28,540 | 47,650 | 22,357 | 0 | 22,357 | -25,293 | 22,055 | 29,494 | 51,549 | 25,515 | 0 | 25,515 | -26,034 | 23,284 | 30,581 | 53,865 | 26,699 | 0 | 26,699 | -27,166 |
| Health | 2,728 | 33,188 | 35,916 | 13,313 | 0 | 13,313 | -22,603 | 8,060 | 34,360 | 42,420 | 18,794 | 0 | 18,794 | -23,626 | 3,500 | 35,843 | 39,343 | 14,319 | 0 | 14,319 | -25,024 |
| Community & Social Services | 8,433 | 29,262 | 37,695 | 12,329 | 0 | 12,329 | -25,365 | 4,568 | 30,158 | 34,726 | 8,724 | 0 | 8,724 | -26,002 | 2,357 | 31,214 | 33,571 | 6,710 | 0 | 6,710 | -26,861 |
| Housing | 6,785 | 14,896 | 21,681 | 13,566 | 0 | 13,566 | -8,115 | 0 | 14,078 | 14,078 | 5,936 | 0 | 5,936 | -8,142 | 0 | 14,472 | 14,472 | 6,205 | 0 | 6,205 | -8,267 |
| Public Safety | 4,134 | 71,090 | 75,224 | 12,478 | 0 | 12,478 | -62,746 | 6,563 | 73,039 | 79,602 | 13,830 | 0 | 13,830 | -65,772 | 12,046 | 76,063 | 88,109 | 19,535 | 0 | 19,535 | -68,574 |
| Sport & Recreation | 7,119 | 49,244 | 56,363 | 9,034 | 0 | 9,034 | -47,329 | 33,563 | 50,508 | 84,071 | 35,506 | 0 | 35,506 | -48,565 | 35,608 | 52,093 | 87,701 | 37,639 | 0 | 37,639 | 50,062 |
| Environmental Protection | 300 | 10,470 | 10,770 | 4,031 | 0 | 4,031 | -6,739 | 0 | 10,902 | 10,902 | 4,401 | 0 | 4,401 | -6,501 | 0 | 11,505 | 11,505 | 4,402 | 0 | 4,402 | -7,103 |
| Waste Management | 12,600 | 62,307 | 74,907 | 15,484 | 0 | 15,484 | -59,423 | 3,510 | 63,311 | 66,821 | 7,873 | 0 | 7,873 | -58,948 | 3,900 | 64,631 | 68,531 | 8,359 | 0 | 8,359 | -60,172 |
| Waste Water Management | 97,423 | 65,570 | 162,993 | 231,400 | 0 | 231,400 | 68,407 | 42,008 | 66,512 | 108,520 | 193,092 | 0 | 193,092 | 84,572 | 42,645 | 68,088 | 110,733 | 205,980 | 0 | 205,980 | 95,247 |
| Road Transport | 91,191 | 92,076 | 183,267 | 96,105 | 0 | 96,105 | -87,162 | 102,408 | 91,970 | 194,378 | 107,511 | 0 | 107,511 | -86,867 | 106,345 | 92,934 | 199,279 | 111,664 | 0 | 111,664 | -87,615 |
| Water | 26,009 | 239,424 | 265,433 | 286,532 | 0 | 286,532 | 21,099 | 21,847 | 247,751 | 269,598 | 313,372 | 0 | 313,372 | 43,774 | 16,058 | 257,470 | 273,528 | 327,419 | 0 | 327,419 | 53,891 |
| Electricity | 66,298 | 452,014 | 518,312 | 619,173 | 0 | 619,173 | 100,861 | 77,701 | 472,355 | 550,056 | 655,455 | 0 | 655,455 | 105,399 | 98,974 | 493,611 | 592,585 | 702,726 | 0 | 702,726 | 110,141 |
| Air Transport | 675 | 258 | 933 | 199 | 0 | 199 | -734 | 0 | 245 | 245 | 208 | 0 | 208 | -37 | 0 | 235 | 235 | 217 | 0 | 217 | -18 |
| Markets | 0 | 10,625 | 10,625 | 12,187 | 0 | 12,187 | 1,562 | 150 | 10,835 | 10,985 | 12,180 | 0 | 12,180 | 1,195 | 150 | 11,037 | 11,187 | 12,722 | 0 | 12,722 | 1,535 |
| World Cup 2010 | 175,698 | 0 | 175,698 | 175,698 | 0 | 175,698 | 0 | 140,369 | 0 | 140,369 | 140,369 | 0 | 140,369 | 0 | 45,518 | 0 | 45,518 | 45,518 | 0 | 45,518 | 0 |
| Total | 541,148 | 1,588,022 | 2,129,170 | 2,083,924 | 0 | 2,083,924 | -45,245 | 465,636 | 1,661,467 | 2,127,103 | 2,156,617 | 0 | 2,156,617 | 29,514 | 393,221 | 1,742,333 | 2,135,554 | 2,178,540 | 0 | 2,178,540 | 42,985 |

| TABLE 5(a) | 2006/07 | | | | | | | 2007/08 | | | | | | | 2008/09 | | | | | | |
|--------------------------------------|----------------|------------------|------------------|------------------|----------|------------------|------------------------|----------------|------------------|------------------|------------------|----------|------------------|------------------------|----------------|------------------|------------------|------------------|----------|------------------|------------------------|
| | Appropriations | | | Funding | | | Surplus / (Deficit) | Appropriations | | | Funding | | | Surplus / (Deficit) | Appropriations | | | Funding | | | Surplus / (Deficit) |
| | Capital | Operating | Total | Own Source | External | Total | | Capital | Operating | Total | Own Source | External | Total | | Capital | Operating | Total | Own Source | External | Total | |
| By Vote | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | |
| Rates Income | | | | 276,967 | 0 | 276,967 | 276,967 | | | | 310,326 | 0 | 310,326 | 310,326 | | | | 324,716 | 0 | 324,716 | 324,716 |
| Office of the City Manager | 550 | 93,057 | 93,607 | 17,339 | 0 | 17,339 | -76,268 | 0 | 96,820 | 96,820 | 17,768 | 0 | 17,768 | -79,052 | 0 | 101,204 | 101,204 | 18,564 | 0 | 18,564 | -82,640 |
| Corporate Services | 7,232 | 63,154 | 70,386 | 8,702 | 0 | 8,702 | -61,684 | 0 | 64,996 | 64,996 | 1,536 | 0 | 1,536 | -63,460 | 0 | 65,918 | 65,918 | 1,605 | 0 | 1,605 | -64,313 |
| Finance | 9,328 | 45,312 | 54,640 | 34,395 | 0 | 34,395 | -20,245 | 1,334 | 46,941 | 48,275 | 28,865 | 0 | 28,865 | -19,410 | 1,836 | 48,893 | 50,729 | 28,588 | 0 | 28,588 | -22,141 |
| Community and Social Development | 22,414 | 194,715 | 217,129 | 51,765 | 0 | 51,765 | -165,364 | 52,753 | 200,429 | 253,182 | 82,162 | 0 | 82,162 | -171,020 | 53,510 | 208,099 | 261,609 | 83,540 | 0 | 83,540 | -178,070 |
| Economic Development and Planning | 24,710 | 40,376 | 65,086 | 33,806 | 0 | 33,806 | -31,280 | 23,555 | 41,739 | 65,294 | 35,236 | 0 | 35,236 | -30,058 | 24,284 | 43,602 | 67,886 | 34,043 | 0 | 34,043 | -33,843 |
| Infrastructural Services | 201,450 | 227,169 | 428,619 | 346,036 | 0 | 346,036 | -82,583 | 147,926 | 229,343 | 377,269 | 311,425 | 0 | 311,425 | -65,844 | 152,891 | 233,503 | 386,394 | 329,099 | 0 | 329,099 | -57,295 |
| Miscellaneous Services | 0 | 207,280 | 207,280 | 207,759 | 0 | 207,759 | 479 | 0 | 236,180 | 236,180 | 241,986 | 0 | 241,986 | 5,806 | 0 | 264,524 | 264,524 | 263,793 | 0 | 263,793 | -731 |
| Housing Service | 6,785 | 14,896 | 21,681 | 13,566 | 0 | 13,566 | -8,115 | 0 | 14,078 | 14,078 | 5,936 | 0 | 5,936 | -8,142 | 0 | 14,472 | 14,472 | 6,205 | 0 | 6,205 | -8,267 |
| Fresh Produce Market | 675 | 10,625 | 11,300 | 12,187 | 0 | 12,187 | 887 | 150 | 10,835 | 10,985 | 12,180 | 0 | 12,180 | 1,195 | 150 | 11,037 | 11,187 | 12,722 | 0 | 12,722 | 1,535 |
| Water Service | 26,008 | 239,424 | 265,432 | 286,531 | 0 | 286,531 | 21,099 | 21,848 | 247,751 | 269,599 | 313,372 | 0 | 313,372 | 43,773 | 16,058 | 257,470 | 273,528 | 327,420 | 0 | 327,420 | 53,892 |
| Electricity Service | 66,298 | 452,014 | 518,312 | 619,172 | 0 | 619,172 | 100,860 | 77,701 | 472,355 | 550,056 | 655,456 | 0 | 655,456 | 105,400 | 98,974 | 493,611 | 592,585 | 702,727 | 0 | 702,727 | 110,142 |
| World Cup 2010 | 175,698 | 0 | 175,698 | 175,698 | 0 | 175,698 | 0 | 140,369 | 0 | 140,369 | 140,369 | 0 | 140,369 | 0 | 45,518 | 0 | 45,518 | 45,518 | 0 | 45,518 | 0 |
| Total | 541,148 | 1,588,022 | 2,129,170 | 2,083,923 | 0 | 2,083,923 | -45,247 | 465,636 | 1,661,467 | 2,127,103 | 2,156,617 | 0 | 2,156,617 | 29,514 | 393,221 | 1,742,333 | 2,135,554 | 2,178,540 | 0 | 2,178,540 | 42,985 |

| Table 6 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|------------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| Operating Expenditure by Type | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 A | R'000 B | R'000 C | R'000 D | R'000 E | R'000 F | R'000 G |
| Employee related costs | 412,060 | 458,406 | 458,406 | 444,862 | 518,129 | 539,773 | 564,081 |
| Remuneration of Councillors | 11,057 | 12,923 | 12,923 | 12,342 | 13,760 | 14,379 | 15,026 |
| Bad debts | 7,134 | 6,834 | 6,834 | 6,526 | 8,000 | 8,545 | 13,092 |
| Capital charges/Depreciation | 124,084 | 128,718 | 128,718 | 126,926 | 139,281 | 131,587 | 125,177 |
| Repairs and maintenance | 93,664 | 97,262 | 97,262 | 92,885 | 92,424 | 95,756 | 100,740 |
| Interest paid | 2,198 | 2,057 | 2,057 | 1,965 | 1,907 | 1,744 | 1,579 |
| Bulk purchases - Electricity | 243,141 | 277,183 | 277,183 | 266,709 | 303,370 | 317,022 | 331,288 |
| Bulk purchases - Water | 128,391 | 144,261 | 144,261 | 139,769 | 155,001 | 161,976 | 169,265 |
| Contracted services | 24,485 | 18,735 | 18,735 | 17,892 | 27,776 | 29,026 | 32,742 |
| Grants and subsidies paid | 5,414 | 5,559 | 5,559 | 5,309 | 5,792 | 6,053 | 6,625 |
| Advertising | 1,568 | 1,464 | 1,464 | 1,398 | 1,901 | 1,987 | 2,076 |
| Audit fees | 2,071 | 2,283 | 2,283 | 2,180 | 2,396 | 2,504 | 3,144 |
| Bank charges | 2,922 | 3,222 | 3,222 | 3,078 | 3,862 | 4,036 | 4,217 |
| Fuel | 13,953 | 8,628 | 8,628 | 8,240 | 15,926 | 16,643 | 17,392 |
| Insurance | 6,399 | 6,507 | 6,507 | 6,214 | 7,709 | 8,056 | 8,419 |
| Legal fees | 918 | 2,342 | 2,342 | 2,237 | 2,353 | 2,459 | 2,570 |
| Printing and Stationary | 6,747 | 6,352 | 6,352 | 6,066 | 7,673 | 8,019 | 8,380 |
| Conferences and delegations | 3,069 | 2,913 | 2,913 | 2,782 | 3,168 | 3,311 | 3,460 |
| Hire equipment | 4,333 | 5,559 | 5,559 | 5,309 | 6,022 | 6,293 | 6,576 |
| Postage | 2,860 | 3,866 | 3,866 | 3,692 | 4,388 | 4,585 | 4,792 |
| Telephone | 7,888 | 5,955 | 5,955 | 5,687 | 7,305 | 7,635 | 7,979 |
| Interest internal borrowings | 70,476 | 0 | 0 | 0 | 0 | 0 | 0 |
| Free services recoverable | 134,684 | 138,755 | 182,355 | 182,355 | 169,963 | 197,029 | 214,897 |
| General expenses | 24,609 | 94,881 | 94,881 | 90,611 | 89,916 | 93,049 | 98,816 |
| Total Operating Expenditure by Type | 1,334,125 | 1,434,665 | 1,478,265 | 1,435,034 | 1,588,022 | 1,661,467 | 1,742,333 |

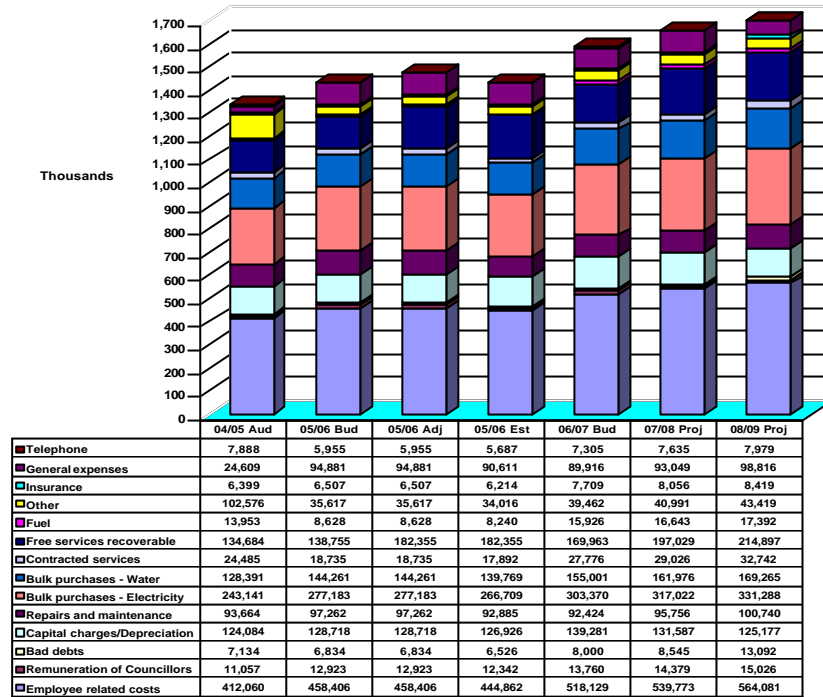
Column Definitions:

- A. The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- B. The original budget approved by council for the 2005/06 budget year.
- C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- E. The amount to be appropriated for the 2006/07 budget year.
- F. The indicative projection for 2007/08.
- G. The indicative projection for 2008/09.

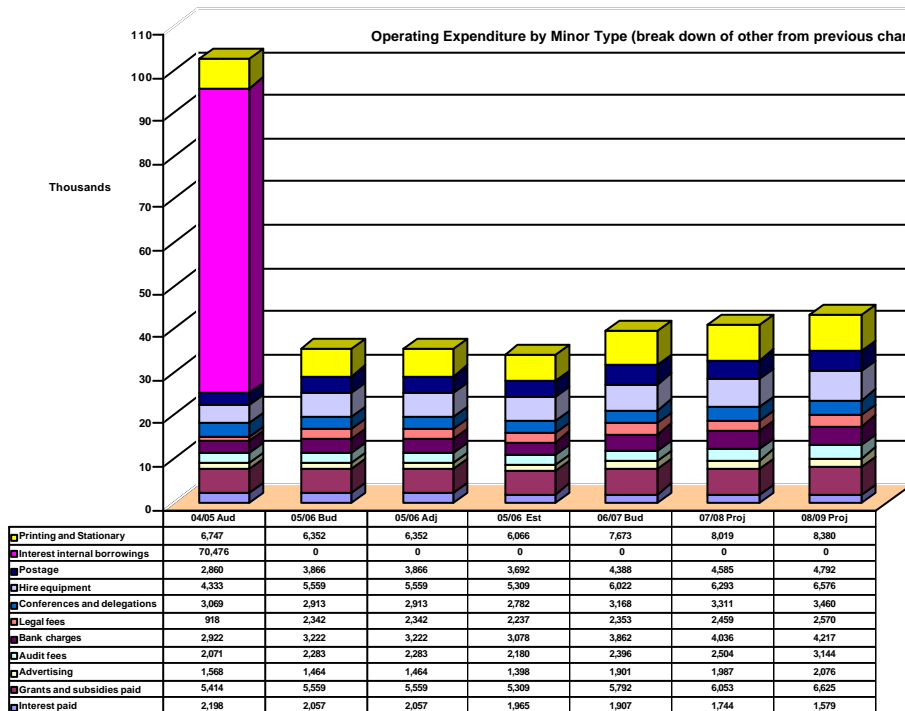
Notes:

1. The line items are as per the specimen financial statements. However, for useful information to be provided "general expenses" must be broken down further. This example shows example items comprising "general expenses".
2. This agrees to Operating expenditure by Vote shown on page 23 and Operating expenditure classified by IDP goals.
3. The example charts displayed show the relevant data tables ranked in order from highest to lowest (bottom to top) in the same way the chart displays the stacked columns from highest to lowest.

Operating Expenditure by Major Type (see next chart for break down of other)



Operating Expenditure by Minor Type (break down of other from previous chart)



4. Supporting Documentation

Section 17(3) of the MFMA requires certain documents must accompany the budget.

4.1 Budget Process Overview (including consultation process and outcomes)

Mangaung's IDP/Budget Review for 2006-07 started with the approval of the process and action plan by MAYCO. This meeting was a discussion of the key issues facing the municipality. The outcome of the meeting was an understanding by the IDP Steering Committee of changes in emphasis among the IDP objectives and high level changes to programmes desired by MAYCO, and adoption by Council of the 2006/2007 budget calendar in August 2005.

The IDP Steering Committee then reviewed the challenges and opportunities facing the municipality in 2006-07 and beyond, based on MAYCO guidance, and decided on areas of emphasis to propose for 2006-07:

- Economic development - Increase emphasis on promotion of growth and fighting poverty (highest priority);
- Service excellence - Continue to provide quality services, by effectively managing the operations of government;
- Financial sustainability - All programmes and activities must fit within a short and long term financial plan that is financially sustainable;
- Common purpose - Promote effective intergovernmental relations using our Mangaung Compact, and mobilising other resources of government;
- Community resilience – Factor HIV/AIDS impacts into all our work.

Mangaung Local Municipality has a well developed ward planning process, incorporating all 43 wards

in a participatory process for creating development plans for each ward. Approximately 10 000 people participated in the first process in 2001/2, representing about 1.2% of the population; approximately 5 200 people (averaging 123 per ward) actively participated in revising the ward plans for 2006-07 financial year. In addition to individual citizens, all stakeholder groups and other interested parties are invited to attend the consultation meetings held in their respective wards, and ward councillors are requested to contact these stakeholder groups and any other interested parties to make them aware of the consultation meetings.

Councillors attended each of the meetings to hear the ward citizenry's comments. The consultations were undertaken in all clusters between October and December 2005 and in January 2006.

The outcomes of the consultations were lists of programmes, projects, services and/or activities organised by municipal key focus areas and ward. Directorates were sent these lists to determine if they were, or could be, incorporated into their budgets. If the directorates determined that a project could or should not be included, explanations were required to substantiate that the decisions aligned with the IDP. Based on the consultations and the following Directorate reviews, the IDP was then updated for inclusion in Mangaung's budget tabled in February 2006. The schedule of key deadlines relating to the IDP and budget process is attached.

As part of Mangaung's commitment to transparency in the formulation of the budget, and empowering wards to be involved and partake in the CBP, IDP and Budget process, in January 2006 the municipality reports back to all the ward clusters on the projects, activities and services for their areas that are covered in the IDP and how the budget is allocated. These interim decisions on IDP priorities are then available to citizens in advance

of several public hearings, in February, March and April 2006, so they have the opportunity to comment directly to Council on the specific projects and priorities that are being considered.

Section 80 Committees hold hearings in February on each of the IDP programmes to hear from the ward committees and citizens on the proposed IDP and budget. This provides an opportunity for the public to give inputs to specific Section 80 Committees on the different IDP programmes. At these meetings the General Managers will present the IDP programme for discussion. The public has an opportunity to ask questions and make representations. Comments are noted for consideration and finalisation by Council in the final IDP/Budget 2006-07 adopted by Council in May 2006.

For the 2006-07 IDP Review and Budget the municipality reaffirmed its commitment to ensuring that the budget is driven by the IDP. All Directorates completed their capital and operational projects in a standard format. The format incorporated each directorate's service/business plan, linked their budgets to the IDP programmes, and highlighted key performance indicators. The Executive Mayor uses this information to account to residents, as well as National and Provincial governments, for the delivery of services in 2006-07 for each of the programmes.

For the 2006/2007 budget process, Mangaung provided for extensive community involvement and participation in the process of developing budget priorities and determining the final budget programmes to be adopted by Council:

- Community consultations, organized by cluster and covering all 43 wards during

October to December 2005 and January 2006;

- Follow-up reports (public hearings) back to the community on the IDP revisions, in Botshabelo, Thaba Nchu and Bloemfontein/Mangaung in February 2006;
- Tabling of the budget in Council on the 16 February 2006;
- Council public hearing on the draft tabled budget on the 16 March 2006;
- Council public hearing on final tabled budget on the 6 April 2006.

The above meetings and opportunities for community involvement were advertised in the four most widely read newspapers, covering the entire range of Mangaung municipality's constituency – Express; Bloem Nuus; Ons Stad; and the Volksblad, fourteen (14) days in advance of each meeting. Additionally, the notices invite all stakeholder groups and any other interested parties to attend the ward consultation meetings.

Notice of each of the meetings was posted on the municipality's website, along with the then current version of the IDP and budget documents.

Finally, the Executive Mayor, Speaker and MAYCO Councillors participated in two radio call-in shows to discuss the budget and IDP, and to further publicize the process – on 9 February 2006 on Mosupatseli Radio, a local community radio station that reaches all three urban areas of Mangaung Local Municipality; and on 10 February 2006 on Radio Lesedi, a national radio station. The timing of these two programs allowed citizens who were not yet involved to be able to attend the subsequent Council hearings and/or contact their Councillors on specific issues of concern, before the budget is adopted in May 2006.

| IDP/BUDGET CYCLE 2006-07 | | |
|--|---|--------------|
| SCHEDULE OF DEADLINES AND DATES | | |
| <i>Activity</i> | <i>Responsible</i> | <i>Month</i> |
| Planning | | |
| Review of the 2005/06 budget process | Executive Mayor, MAYCO, City Manager and Executive Management Team | Jul 05 |
| Tabling of budget time table before Council | Executive Mayor | Aug 05 |
| Review and assessment of 2004/05 KPAs, KPIs and targets | Executive Mayor, City Manager and Executive Management Team | Sept 05 |
| Distribution of budget guidelines and parameters | City Manager and Finance | Sept 05 |
| Strategic and Preparing | | |
| IDP Review: Internal consultation <ul style="list-style-type: none"> • Distribution of budget formats (operational and capital) • Review of IDP and effect draft amendments | City Manager, Executive Directors and Centlec | Sept 05 |
| Consultation with clusters: <ul style="list-style-type: none"> • Progress on 2005/06 IDP/Budget implementation • Discussion and reviewing of investment plans/priorities/programmes and projects for 2006/07 | Executive Mayor, MAYCO, City Manager Executive Management Team, Centlec, stakeholders and community | Oct 05 |
| Centlec Board approves budget and plans for next three years and submit to the Municipality | Centlec | Sept 005 |
| Finalising of the draft IDP, Strategic Objectives, SDBIP, draft tariffs and budget related policies to Council including draft budget and service delivery plans of Centlec | Executive Mayor and City Manager | Jan 06 |
| Tabling | | |
| City Manager considers and reviews any changes in price for bulk services (Bloemwater, Centlec) | City Manager | 16 Jan 06 |
| Portfolio Committee Hearings on Draft IDP/Budget Bill (including representations by public) | Section 80 Committees | 6-7 Feb 06 |
| Council Hearings on Draft IDP/Budget Bill (including representations by public) | Council | 13-15 Feb 06 |
| Tabling of draft budget, plans and related policies with resolutions and reviewed IDP for the Municipality and Centlec before New Council | City Manager | 16 Feb 06 |
| Tabling of adjustment budget and mid-term performance reports | Executive Mayor | |
| Publication of tabled budget, plans and reviewed IDP and invitation to local community and stakeholders for comments and inputs and submission to National and Provincial treasuries | Executive Mayor and City Manager | 23 Feb 06 |
| Portfolio Committee Hearings on Draft IDP/Budget Bill (including representations by public) | Section 80 Committees | 16 Mar 06 |
| Full Council considers submissions, representations and recommendations from Hearings (Review public inputs) | Council | |
| Approval | | |
| Revisions and amendments made to tabled IDP/Budget | OCM/Finance | 17-24 Mar 06 |
| Special Council sitting to consider the budget and reviewed IDP (Table Final Budget) | Council, Executive Mayor and City Manager | 6 Apr 06 |
| Budget Conference (Final Budget Public Hearing) | | 20 Apr 06 |
| Special Council sitting to approve the budget and reviewed IDP | Council, Executive Mayor and City Manager | 26 May 06 |
| Finalising | | |
| Submission of draft 2006/07 SDBIP and annual performance agreements by City Manager to the Executive Mayor for consideration | Executive Mayor and City Manager | Jun 06 |
| Executive Mayor approves 2006/07 SDBIP and annual performance agreements for City Manager and senior managers | Executive Mayor and City Manager | Jun 06 |

4.2 Alignment of Budget with Integrated Development Plan and Amendments

In its first year, Mangaung based its Integrated Development Plan (IDP) on substantial community participation, which has evolved positively in each subsequent year. Thus, the 2006/2007 IDP review was not a new process for the community, as it built on the community's priorities from previous years – it was primarily a process to confirm that the 2005-06 IDP was still relevant and resulted in relatively minor revisions.

The Municipality is increasingly concerned about implementation and used this review to validate the current IDP; improve the effectiveness of integration across directorates; build on the work with external stakeholders through the Mangaung Compact; and establish a basis for the Council's City Development Strategy in line with the mandate of the South African Cities Network.

To improve the effectiveness of the IDP's implementation, a significant part of this year's review was a focus on the coordination of the directorates' business plans.

The starting point of the Mangaung strategic approach is to develop and affirm a commonly owned vision of the Municipality as the pre-eminent locality in the heart of South Africa. The vision for Mangaung as developed by a representative forum of municipal stakeholders is:

“By 2015 Mangaung is recognised nationally and internationally as a safe and attractive place to live, work and invest.

There are good and accessible basic services for all and a dynamic economy with a high employment rate, many innovative formal and informal businesses and a highly skilled workforce.

Mangaung's citizens have great civic pride, responsibility and strong partnership ethos, and there is a vibrant cultural life. Citizens participate actively and trust their service providers, who operate with a culture of transparency and accountability.

Poverty has reduced, everyone has access to land and housing, there is a much more equitable distribution of wealth and health and disadvantaged groups are participating actively in society and the economy.”

Mangaung is attractive, safe, clean, green and healthy, and sought after by visitors and investors.

The primary development objectives to be achieved by 2006-07 are shown in the box below.

By 2006-07

- (a) **Economic growth** has improved to 4.5%, and 6000 new jobs will have been created;
- (b) **Communities** in Mangaung are **self-reliant, proud and strong**, the risks that face them have been reduced, and women and the disabled are mainstreamed in society;
- (c) 80% of the residents see Mangaung as a **safe and secure** place to live in, visit and do business, and crime levels have fallen by 20%;
- (d) The percentage of **HIV infection** amongst antenatal women has reduced to 20% (and amongst youth under 18, to 15%) and the impact of HIV/AIDS on individuals, families and communities will have been reduced;

- (e) 70% of the Mangaung inhabitants are living in **housing** to NHBRC standards and the majority own their houses;
- (f) The standard of **education** in Mangaung has improved with a matric pass rate of 65 % literacy levels have raised to 90%, there is easy access to post school education and training opportunities at all levels, and Mangaung is recognised nationally as a centre for high quality learning;
- (g) All residents on existing formal erven have access to a **water** connection on their stands, 85% to basic RDP standard **sanitation** and 65% to a properly drained all weather **street**;
- (h) Mangaung has an **attractive environment** with clean, well-kept natural open spaces, parks and well-maintained built environment.

In accordance with Chapter 5 of the Municipal Systems Act (No 32 of 2000), the Integrated Development Plan is the strategic instrument guiding Mangaung Local Municipality’s planning, management, investment, development, and decision-making, taking into account inputs from all stakeholders, including citizens and elected public representatives. To this end the Municipality realises planning and working in

harmony with other spheres of government and other stakeholders is fundamental to the achievement of its service delivery objectives.

The table below compares the development goals for the Province, District and Mangaung. As can be seen there are close relationships among each of these entities’ priorities.

| Mangaung Municipality | Motheo District | Provincial Government |
|--|--|--|
| Economic development | 1. Economic Development | 1. Stimulate economic development |
| Community resilience (linked with 3 and 4) | 2. Improved sanitation and water | 2. Develop and enhance infrastructure for economic growth and social development |
| Safety and security | 3. HIV/AIDS | 3. Reduce poverty through human and social development |
| HIV/AIDS | 4. Improved education | 4. Ensure a safe and secure environment for all people of the province |
| Sustainable shelter | 5. Improved safety and security | 5. Promote effective and efficient governance and administration |
| Improved education | 6. Housing | |
| Basic services | 7. Clean environment | |
| Clean environment | 8. Improved roads and transport | |
| Recreational facilities (including parks) | 9. Improved sports and recreation facilities | |
| Health | | |
| Title deeds | | |

Mangaung Local Municipality’s strategy has four critical components that constitute our wheel of success. The first three - Enhancing our Economic Growth prospects; Building Community Resilience and Self-reliance; and Service Excellence - constitute the spokes of the wheel. At the hub of the wheel is common purpose and civic leadership, the necessary starting point. There are two principles that underlie this:

- **Poverty eradication and the promotion of sustainable livelihoods.** We take a multidimensional view of poverty, reflecting the need to increase five types of assets - financial, human, physical, natural and social - and reduce vulnerabilities. We address poverty under economic growth (by increasing growth, including a robust livelihoods programme), HIV/AIDS, promoting community resilience, improving e
d
u

cation, etc. Therefore, we do not have poverty reduction as a programme per se, but we recognise it as the highest goal of most of our programmes.

- **Promotion of sustainable development.** During this IDP review, sustainable development has been one of the lenses we have used to look at each of our programmes, and concern for economic, environmental, social and institutional sustainability has been factored into refining the programmes.

Strategic wheel with four thrusts



Spoke 1: Margaung on the Move - enhancing our economic growth prospects

The first spoke of the wheel is economic growth. The benefits of higher growth are obvious, particularly if this growth is broadly spread across the population. People have more money including more capacity to pay for their own services and housing needs. The municipality has more money from increased rates to expand and improve services.

The Municipality can and will play a critical role in creating the right conditions for sustained growth. At the same time we recognise that growth comes largely from the decisions and actions of business people and other economic role players.

Spoke 2: Community Power - building community resilience and self-reliance

The second spoke of our wheel is community resilience and self-reliance. We know from research and our own practical knowledge that the level of community organisation has a major impact on the ability of a community to develop and make effective use of its resources and those invested in it. At the same time, building community resilience and self-reliance has to go hand in hand with a concerted focus on poverty and HIV/AIDS, both of which massively undermine community strength.

Spoke 3: Benchmark Municipality - service delivery excellence and sustainability

The third spoke of our wheel of success is service delivery excellence and sustainability. The more we are able to ensure high quality delivery of the right services to Margaung's citizens, the more our economic potential is enhanced and the more effective we are in tackling poverty and other social ills. The more efficiently we deliver these

services, the more resources we have available to expand and improve our level of services. These also need to be financially, socially and environmentally sustainable.

The Hub: civic leadership and common purpose

At the hub of our wheel of success is civic leadership and common purpose. Research indicates that successful municipalities are characterised by high levels of common purpose amongst the major stakeholders. This inevitably flows from the level of civic leadership provided by the Council as the elected representatives of the area. The adage "united we stand, divided we fall", is a relevant principle for our local government.

4.2.1 Strategic focus for 2006-07

The IDP Steering Committee reviewed the challenges and opportunities facing the municipal area in 2006-07 and beyond and decided on emphases that should be given for this year, and which must impact on the budget and all of the operations of the Municipality. The key emphases were agreed to be:

- (i) **Economic development:** Increased emphasis on promotion of growth and fighting poverty (highest priority);
- (ii) **Service excellence:** Continue to provide quality services with effective strategic management of the municipality to drive the strategic intent;
- (iii) **Financial sustainability:** All programmes and activities must fit within a short and long term financial plan that is financially sustainable;
- (iv) **Common purpose:** Promote effective intergovernmental relations using Margaung Compact, and mobilising other resources of government;

- (v) **Community resilience:** Factor HIV/AIDS impacts into all our work.

Based on these emphases for implementation, IDP programmes were refined and some additional programmes added. The IDP is therefore a dynamic and living document based on continuous interaction and review with Mangaung's constituencies, as contemplated by and in accordance with Section 34 of the Municipal Systems Act (No 32 of 2000). The 2006-07 Integrated Development Plan is the end product of active participation by citizens and inputs and comments from various stakeholders, including comments from the Provincial MEC for Local Government and Housing. And the 2006-07 Budget, comprised of the programmes, projects, services, strategies and key performance indicators, is based on, and tied directly to, the IDP.

(iii) Budget Related Policies Overview and Amendments

The budget is prepared within the context of approved Council policies and legislative framework as promulgated by the National Parliament. The following are policies that govern the Mangaung Municipality's budget and compilation and/or implementation thereof:

- Supply Chain Management Policy;
- Banking and Investment Policy;
- Credit Control Policy;
- Debt Collection Policy;
- Land Disposal Policy;
- Pro-poor Policy;
- Tariffs Policy.

Legislative Framework

- Municipal Finance Management Act, No 56 of 2003;
- Local Government: Municipal Public Private partnerships Regulations;

- Local Government: MFMA – Municipal Investment Regulations;
- Local Government: MFMA – Municipal Supply Chain Management regulations;
- Preferential Procurement Policy Framework Act, Act No 5 of 2000.
- Broad Based Black Economic Empowerment Act, Act No 53 of 2003;
- Construction Industry Development Board Act, Act No 30 of 2000
- Municipal Systems Act.

Proposed Amendments to Policies

With the tabling of the 2006/07 – 2008/09 budget, amendments to the following Council's policy are being proposed:

- Credit Control Policy

Details of proposed changes to the above-mentioned policies are attached as Annexure C – Page 58

4.4 Budget Assumptions

The budget was prepared on the assumption that there will be no major changes to the Council's priorities as contained in the current IDP document. That the outgoing Council's approach of using infrastructural development programmes to attain the national development objectives of extending delivery of basic services to all, addressing inherit disparities within our community, job creation, skills development and black economic empowerment will be maintained.

4.4.1 Key Parameters

The following indicative key drivers were given to directorates for use in compiling the budget from the base year of 2005/06 for operating expenditure.

| Descriptions | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|-------------------------------|----------|---------|---------|----------|
| Interest Rate: | | | | |
| Capital Development Fund | 10% | 10% | 10% | 10% |
| Economic Growth | 2.85% | 3.00% | 3.25% | 3.25% |
| Inflation Rate | 4.40% | 4.20% | 4.25% | 4.45% |
| Average Fuel Price: | | | | |
| Petrol per litre | R5.50 | R5.65 | R5.80 | R5.95 |
| Diesel per litre | R5.75 | R5.80 | R5.90 | R6.00 |
| Salary/Wages Increments | 2.0% | 2.0% | 2.0% | 2.0% |
| Salary/Wages Increase | 5.78% | 5.00% | 4.50% | 4.50% |
| Average Collection of Revenue | 96.50% | 97.00% | 97.50% | 97.50% |
| Intergovernmental Grants: | | | | |
| Equitable Share | R167.32m | R188.0m | R202.7m | R222.97m |

Other variables that were taken in consideration were:

- Capital Maintenance budget should grow by 8%.
- Overall Salary budget of the institution should ideally be kept at less than 28% of the total operating budget.

4.4.2 Critical Bias of the Budget

Directorates were asked to take cognisance of the following principles in compiling their budgets:

- (a) People's budget that is Pro-Poor and cater for the vulnerable groups in the community, i.e. the aged, the unemployed, women and the disabled;
- (b) Meeting basic needs, especially by restoring and enhancing infrastructural spending in the undeveloped areas;
- (c) Ensuring creation of quality jobs in a context of economic growth through marketing and investment in capital infrastructure;
- (d) Giving the majority of people greater access to skills and economic opportunities;
- (e) Supporting increasingly democratic and participating governing, and;

(f) Protecting the environment and ensuring continued and sustainable development throughout the municipal area.

4.4.3 Other factors influencing the budget

(a) Supply Chain Management (SCM):

The promulgation of the SCM Regulations and subsequent implementation of the SCM policy, brought about with it the need to strengthen the operating of the Procurement Unit. In order to ensure and enforce compliance, nine (9) additional posts had to be created. The budget of the Finance Directorate has since increased by R 6,016.360 (15.3%), which then makes the compliance to point 2 above on Key Parameters difficult.

(b) 2010 World Cup:

The awarding of the 2010 Soccer World Cup to our country has had an impact on the budget compilation. Mangaung Local Municipality has applied and is short listed as one of the potential host cities. However, despite the uncertainties, preparatory work needs to be undertaken in the interim to get the city ready. A gradual phased in approach has been adopted to

ready the city over the next three (3) years, instead of the big bang approach nearer 2010. This should be as expected, will add to the cost pressures currently being experienced by Mangaung Local Municipality.

4.4.4 External factors

There have been considerable changes in Mangaung’s population over the last 20 years, with the creation of Botshabelo, and rural –urban migration. According to the 2001 census the total

population of Mangaung is 645 438. If the statistics are reliable, it seems that the overall population of Mangaung only increased slightly from 1996-2001, at the rate of 0.1%. This static picture masks a significant rise in Bloemfontein(3.1%), while there was a decline of 0.2% in Botshabelo and 2.4% in Thaba Nchu, (see Table below) supporting anecdotal evidence of migration from rural areas to Thaba Nchu, from Thaba Nchu to Botshabelo and from Thaba Nchu and Botshabelo to Bloemfontein.

| Area | Census 1996 | % of Population | Census 2001 | % of Population | Growth Rate |
|--------------|----------------|-----------------|----------------|-----------------|-------------|
| Bloemfontein | 334 639 | 58% | 389 849 | 60.4% | 3.1% |
| Botshabelo | 177 971 | 31% | 175 818 | 27.2% | -0.2% |
| Thaba Nchu | 90 143 | 11% | 79 760 | 12.4% | -2.4% |
| Rural | 38 606 | 6% | - | - | - |
| Total | 641 359 | | 645 438 | | 0.1% |

The actual population numbers today far exceeds the official statistics due to the greater influx into the area by displaced farm workers, returning migrant worker from the mines affected by retrenchments and closure of unproductive mines. This is evidenced by increasing number of informal settlements mushrooming around the BBT (Bloemfontein, Botshabelo and Thaba Nchu areas.

4.4.5 Economic outlook and impact on municipal activities

In terms of the Monetary Policy Committee, inflation is expected to remain within the 3% - 6% target within the next 12 - 18 months. This means that the municipal budget and tariff adjustments parameters will be similar to those of the previous year. The cost increase in the number of project identified by the community during the IDP consultation and a number of other unfunded backlogs is higher than the inflation increase, enforcing the municipality to seek other

affordable sources of funding in order to be able to deliver on these community needs.

4.4.6 Credit rating outlook

Messrs. Global Credit Rating Co. did a credit rating in June 2005 based on the 2004/05 financial year information and awarded the same credit rating as for the previous year.

The rating is as follows:

Short-term debt: High Grade - A1: Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

Long-term debt: Investment Grade - A: High credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

The rating is based on the following key factors:

- Margaung Local Municipality displays a sound financial profile, as evidenced by its healthy discretionary cash flows and high level of cash on hand.
- Furthermore, the municipality exhibits negligible levels of gearing and a strong net cash position.
- The municipality has historically funded the bulk of its capex requirements internally and has demonstrated an ability to almost achieve (and more recently exceed) its budgeted capex spend. In addition, the relative level of net capex to total income was favourable considered.
- Following stricter provisioning policies and bad debt write-offs, the net debtors to total income ratio has evidenced a decreasing trend in recent years and for the year to date, to a level slightly above its peers.
- While the relative strength and fairly well diversified nature of the local economy positively influenced the rating, the comparatively poor socio-economic profile and limited investment opportunities, despite efforts by council to stimulate economic growth and employment, served to constrain the rating.

It is the municipality's view that it will maintain its current rating levels during the next cycle of evaluation. It is also our intention for the new fiscal year, to source ratings from two independent agencies.

4.4.7 Interest rates for borrowing and investment of funds

Margaung Local Municipality has in the short-term no intentions of approaching the market for financing of its operations. However, maintaining the status quo is dependent on:

- (i) The cost of the city's successful bid as a 2010 Soccer World Cup host city;
- (ii) The level of the Government's assistance on grants towards the 2010 event, and;
- (iii) The Council's approach or plan towards addressing backlog in services, especially eradication of the bucket system and provision of water to households.

Council relied heavily in the past on high return on investments (interest rates), as a revenue source to keep increases in general rates and taxes to a minimum. This is no longer possible, due to the low interest rates being currently on offer in the market. Pressure is therefore put on higher than normal increase in rates and taxes.

4.4.8 Growth or decline in tax base of the municipality

Margaung has experienced no growth in both the manufacturing or industrial sector of its economy. The revenue tax base is therefore static. It is not declining. However, there has been a tremendous growth in informal settlements and new townships establishments. The challenge with this growth is that it happens within the poorer section of our community, with high demand for services. It is also unfortunate that the growing number of community members cannot afford to pay for services they are entitled to and/or demanding.

4.4.9 Average salary increases

We have budget for 5% increase in salaries for the 2006/2007 fiscal year. The salary increases are however, mainly influenced by the outcome of the wage negotiation between the Employee's Unions and SALGA. An adjustment will have to be made on the salary bill once there is some sort of an indicative agreement between the two parties.

4.4.10 Trends in demand for free or subsidised basic services

The City has adopted a policy of providing free basic services on water and electricity to the extend of 6kl's and 50kw respectively on formalised households. As soon as an informal settlement and/or a new township is formally established, the free basic services are extended to the new communities.

4.4.11 Impact of national, provincial and local policies

National and Provincial policy pronouncements that get huge media coverage, tends to place municipalities in a precarious position. In most instances, the policy statements were not consulted with municipality's to check if they can deliver on commitments made at a National or Provincial levels. At times those policies are not costed, functions lies within another sphere of Government and the timing of the flow of funds from Government is not in line with expectations created. These then put pressure on municipalities to deliver on unfunded mandates and unhappy communities claims of non-performance my municipal Councillors and officials.

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

MLM has demonstrated over a number of year's that it has the ability to spend and deliver on its programmes in its area of jurisdiction. This has been made possible by, amongst other things not allowing for the roll-overs of unspent budgeted funds. Directorates are encouraged to monitor and spend their allocated funds throughout the years.

4.4.13 Implications of restructuring and other major events into the future

No major restructuring of the entire municipal services is envisaged in the near future. The choice of Bloemfontein as a host city for the 2010

Soccer World Cup, will definitely have an impact on the city resources and potential.

5. Funding the Budget

5.1 Fiscal Overview

5.1.1 Long-term Financial Plan

In March 2004, Mangaung was selected as one of three municipalities, along with Polokwane and Tshwane, to participate in a National Treasury sponsored project to develop a long-term capital and financing planning model. The project was funded by the U.S. Agency for International Development (USAID) and managed by the Urban Institute. The project's purpose was to develop a comprehensive, long term capital and financing model and plan to assist Mangaung with meeting its short and longer-term community commitments on a more aggressive and financially sustainable basis. The model attempted to account for all the relevant variables that will affect Mangaung's ability to execute its commitments over a 10-year period.

This long term planning process integrates Mangaung's planning; engineering and construction; and financial processes into one process. The result is a more accurate picture of all the known commitments and issues that are likely to materialize over the next 10 years. The plan can be a very useful guide to assist with each year's policy and budget decisions. With this information, decisions made each budget year can take into consideration the long-term impacts of those decisions and other longer-term needs of the community that may not have any current financial impacts.

5.1.2 Project Results and Conclusions

The project report, the product of this 18 month project, concludes that Mangaung's longer term

commitments, beyond the mid term budget cycle, will put substantial additional financial pressures on the municipality and are probably not affordable. These pressures will require substantial annual tariff increases and substantial amounts of long term borrowing for the first time. Even then, all of the financial commitments and needs may not be affordable.

The outcome of the study is still to be reported to Council, with a view of it adopting a strategy for addressing backlogs over a period and adopting a Long-term Financing Policy. The study undertaken was based on the 2002/03 financial performance and as such will need to be first updated with actual performance of the 2003/04 and 2004/05 financial years, to determine the extend of backlogs and the need for external funding required by MLM over the next few years.

5.2 Outcome and achievements of the past few years

There was a successful amalgamation of the two towns of Botshabelo and Thaba Nchu Transitional Local Councils with Bloemfontein TLC to form Mangaung Local Municipality. The Debt Collection Section was established and became operational in March 2005. The 100% Campaign was also launched and all of this will assist MLM to improve on the collection of outstanding debt. The targeted pro poor section of our population benefited when Council resolved to also write off their outstanding Water and Electricity accounts. The value of this write off was R120 million. On 1 July 2005 MLM changed from an in house Financial System to the newly procured E-VENUS Financial System. When this system is rolled out fully it will improve the level of service delivery from the Finance Directorate. On a prize giving ceremony held on 16 September 2004 MLM received the Public Accounts Committee's award for the "Best Financial Administration in a

Local Government in the Free State province during the Financial Year 2003/04". A number of manual pay points were converted online, thus reducing the financial risk of theft, fraud and error. This has also led to timeous updating of consumer accounts.

5.3 Reviewing and discussing the financial objectives, indicators and assumptions

See paragraph dealing with Budget Assumptions above.

5.4 Current overall financial position and liquidity situation

The Council has over the years displayed a sound financial profile, as evidenced by its healthy discretionary cash flows and high level of cash on hand. Furthermore, the municipality exhibits negligible levels of gearing and a strong net cash position.

The municipality has historically funded the bulk of its capital expenditure requirements internally and has demonstrated an ability to almost achieve (and more recently exceed) its capital budget.

See the attached actual and projected Financial Benchmark as per Annexure D - Page 59

5.5 Financial challenges and constraints

- a. To improve revenue collection to be equal to, or exceed 97.5% of accounts issued for services rendered by the municipality;
- b. To develop and implement a debt collection strategy for each category of consumer within the municipal area;
- c. Ensuring that each citizen living in the Mangaung area and receiving municipal services receives their account on time and pays accordingly.

d. Making adequate provision for bad debts, without negatively impacting on tariffs for rates and taxes.

5.6 Maintaining financial viability and dealing with the challenges

The municipality has or will embark on the following strategies to maintain financial viability and capacity to sustain services:

- (a) A water leakage project, aimed at fixing leakages in areas where there is high consumption of water due to wastages, resulting in high household accounts;
- (b) Educating municipal services consumers on the importance of paying for their services through the 100% Campaign;

(c) Commissioning a data cleansing project to authenticate our consumer accounts database.

(d) Ensuring compliance and adherence to policies and procedures;

(e) All new development and new meter installations are provided to Finance Directorate timeously for immediate billing.

5.7 Compliance with MFMA and other relevant legislation

See paragraph of disclosure on implementation of the MFMA and other Legislation below.

5.8 Sources of Funding

5.8.1 Rates, tariffs and other charges

A summary of the budgeted surpluses and deficits for the MTREF period is as follows:

| | Budget | Budget | Budget |
|---|-----------------------|----------------------|----------------------|
| Rates and General Services Account | Budget 2005/06 | 2006/07 | 2007/08 |
| Surplus property Rates | (250,897,200) | (276,967,340) | (310,325,710) |
| Deficit City Manager | 63,821,010 | 76,268,580 | 79,051,260 |
| Deficit Corporate Services | 51,359,990 | 61,683,930 | 63,460,610 |
| Deficit Finance | 10,175,390 | 20,246,178 | 19,409,940 |
| Deficit Comm. And Social Development | 157,089,070 | 165,363,580 | 171,019,530 |
| Deficit Economic Development and Planning | 28,183,530 | 31,280,070 | 30,058,290 |
| Deficit Infrastructural Services | 75,328,910 | 82,582,950 | 65,843,880 |
| Surplus Miscellaneous Services | (4,287,010) | (478,949) | (5,805,877) |
| Deficit for the Year | 130,773,690 | 159,978,999 | 112,711,923 |
| Surplus Brought Forward from Previous Year | (7,200,000) | (12,100,000) | (15,650,000) |
| Surplus Market | (1,852,470) | (887,210) | (1,195,260) |
| Deficit Housing | 6,741,710 | 8,114,340 | 8,141,140 |
| Contribution towards relief of rates - Water | (28,560,000) | (30,130,000) | (43,485,850) |
| Contribution towards relief of rates - Electricity | (100,000,000) | (65,000,000) | (67,925,000) |
| (Surplus)/Deficit to be carried forward to the next year | (97,070) | 59,976,129 | (7,403,047) |
| Water Services Account | | | |
| Surplus brought forward from previous year (Expected) | (14,708,310) | (9,810,080) | (779,410) |
| Surplus for the year | (14,906,620) | (21,099,330) | (43,772,940) |
| | (29,614,930) | (30,909,410) | (44,552,350) |
| Contribution towards relief of rates | 28,560,000 | 30,130,000 | 43,485,850 |
| Surplus to be carried forward to the next year | (1,054,930) | (779,410) | (1,066,500) |
| Electricity Services Account | | | |
| Surplus brought forward from previous year | (5,831,290) | (5,973,730) | (41,833,720) |
| Surplus for the year | (100,142,440) | (100,859,990) | (105,398,690) |
| Contribution towards relief of rates | (105,973,730) | (106,833,720) | (147,232,410) |
| Surplus to be carried forward to the next year | 100,000,000 | 65,000,000 | 67,925,000 |
| | (5,973,730) | (41,833,720) | (79,307,410) |
| Summary All Services | | | |
| Expenditure | 1,434,665,050 | 1,588,021,908 | 1,661,466,760 |
| Revenue | (1,414,051,180) | (1,542,775,099) | (1,690,980,587) |
| (Surplus)/Deficit for the year | 20,613,870 | 45,246,809 | (29,513,827) |
| (Surplus)/Deficit brought forward from previous year | (27,739,600) | (27,883,810) | (58,263,130) |
| (Surplus)/Deficit to be carried forward to the next year | (7,125,730) | 17,362,999 | (87,776,957) |
| Plus: Water Surplus | 1,054,930 | 779,410 | 1,066,500 |
| Plus: Electricity Surplus | 5,973,730 | 41,833,720 | 79,307,410 |
| Rates and General Account Deficit/(Surplus) | (97,070) | 59,976,129 | (7,403,047) |

Proposed Rates and Sanitation Tariff Increase
 Additional Rates and Sanitation Tariff Increase to
 Cover Shortfall

5.50%

20.20%

Total Rates and Sanitation Tariff Increase

25.70%

Included in the rates and sanitation revenue, growth of 2% and a tariff increase of 5.5%, are already provided for. After these increase have been taken into account there is still a deficit R59.976 million or an additional increase in the rates and sanitation tariffs of 20.20%, giving a total of 25.7% increase in the rates and sanitation tariffs.

Included in the budget of Centlec is an unallocated expected accumulated surplus of R41.834 million which still has to be resolved. These unallocated surpluses have an effect on the rates and sanitation tariffs as well as the cash flow of Mangaung. If R40 million is allocated as a contribution to Mangaung, the deficit of R59.976 million will decrease to R19.976 million. This will give an additional increase of 6.73% above the 5.5% already included in the budget – a total increase of 12.23%. This issue still has to be pursued to get to a more acceptable increase in the rates and sanitation tariffs. If the deficit of R19.976 million can be reduced, the increase in the rates and sanitation tariffs will be 5.5%.

In total the operating budget for the 2006/07 financial year amounts to R1 588 021 908, which represents an increase of R153 356 858 (10.69%) above the approved budget for 2005/06. For the 2007/08 and 2008/09 financial years the budgeted amounts are R1 661 466 670 and R1 742 333 063 respectively, which represents increases of 4.62% and 4.87% for the two outer years.

For more detail see also the Statement of Financial Performance (Annexure A – Page 58) and the Cash Flow Statement (Supporting Table 9 – pages 54 - 55).

5.8.2 Investments – cash backed accumulated surplus

The current investment portfolio of MLM is as outlined in the attached Supporting Tables 4 and 4a – Pages 43 to 46 of the budget document. The portfolio of investments is compliant with the MFMA, its regulations and investment framework and the Council's Banking and Investment Policy.

The investments are currently not being used to fund any of current or future budgetary needs. The need to fund some of the 2010 Soccer World Cup preparatory funding requirements, might force a review of the current practice, should Government funding of the event not be sufficient. The Council is currently operation with an bank overdraft facility of R250.000. The current investments portfolio will be used as a cushion to cover any eventuality should the need arise.

5.8.3 Grant allocations

The municipality is expecting to receive grants and subsidies from both the National and Provincial Government Departments. The expected grants and subsidies from both spheres of Government amounts to R298.872 million (2006/07), R338.872 million (2007/08) and R363.343 million (2008/09) respectively over the next three years. It is also critical to note that Government's contribution to the Mangaung Local Municipality total budget constitutes 19.36% of its total revenue budget of R1.544.097 million for the 2006/07 fiscal period. Details of Governments grants and subsidies per item can be viewed at Supporting Table 5 – Page 49

5.8.4 Purpose of grants and subsidies

The purpose of the grants and subsidies can be summarised as follows:

A. National Grant Allocations

A.1 Equitable Share

This is an equitable share of nationally raised revenue that is allocated to the local sphere of

government to enable it to provide basic services and perform the functions allocated to it. This is an unconditional grant given to assist municipalities to supplement their revenue to deliver services to poor households.

A.2 Financial Management Grant

To promote and support reforms on financial management and implementation of the Municipal Finance Management Act (MFMA).

A.3 Municipal Systems Improvement Grant

To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000.

A.4 Municipal Infrastructure Grant

To supplement municipal capital budget to eradicate backlogs in basic municipal infrastructure utilised in providing basic services for the benefit of poor households.

A.5 National Electrification Programme

To implement the Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings.

A.6 Eradication of Bucket Sanitation Programme

To eradicate the bucket sanitation system mainly in urban townships.

Conditions and measurable outputs of the above can be viewed from the Government Gazette No. 27488, Volume 478 and dated 14 April 2005.

B. Provincial Grant allocation

The grant is in terms of a Service Level Agreement between the Mangaung Local Municipality and the Free State Department of Health. The former is rendering primary health

care services on behalf of the Department of Health.

5.8.5 Contributions and donations

The municipality is not aware of any member of the community or entity's intention to make a contribution and/or donation of any asset/s to it. No provision has been made in the budget for such items, repairs and maintenance and provision of basic services should contributions and/or donations be made during the course of the year.

5.8.6 Sale of assets

No major sale of municipal assets is envisaged in the near future. There is however keen interest from community on the sale and disposals of vacant and unused municipal land. The Directorate Economic Development and Planning is currently in the process of compiling a register of usable and unusable municipal land, with a view of making a recommendation to the Council on possible pieces of land available for disposal. Due processes in terms of the MFMA, Supply Chain Management Policy and Land Disposal Policy will then have to be followed in the selling of land or assets no longer required for municipal use.

In respect of the disposals of obsolete and redundant minor assets, auctions will be undertaken to sell identified items on a half yearly basis.

5.8.7 Proposed future revenue sources

None identified to date. Efforts are however currently being undertaken to network with other major municipalities for the identification of possible new sources of revenue.

5.8.8 Borrowing

No borrowing. See paragraph dealing with Interest Rates for Borrowing and Investment of Funds above.

6. Disclosure on Allocations made by the Municipality

No allocation has been made to other municipalities for the budget period under consideration. However details of allocations to be made to other organisations outside of government are disclosed as per Supporting Table 7 – Page 49.

7. Disclosure on Salaries, Allowances and Benefits

See Supporting Table 8, 8(a) and 8(b) – Pages 50 to 53

8. Monthly Cash Flows by Source

See details in Supporting Table 9 – Page 54

9. Disclosure on Implementation of MFMA and other Legislation

9.1. Municipal Finance Management Act

Implementation of the MFMA is progressing very well within the Council scope of operation. However there are still compliance challenges regarding:

- Timely submission of returns to National Treasury and other stakeholders is still a problem.
- Tabling of the 2003/04 Annual Report to Council is late. Progress has however been made and it is envisaged that the report will finally be tabled to Council on the 16 February 2006. Preparations for the

2004/05 Annual Report are currently at an advanced stage.

9.2 Property Rates Act

Progress is on track with respect to preparations for property ratings in terms of the new Property Rates Act.

- Sectional Title property subdivisions and valuations have been completed;
- Valuation of farming areas has started and is progressing well;
- Formulation of the Property Rates Policy is currently underway.

9.3 Supply Chain Management

Supply Chain Management (SCM) is fully implemented and functional within Mangaung Local Municipality. Progress made to date can be detailed as follows:

- The SCM Policy was approved by Council on the 1 September 2005, for implementation as of 1 October 2005;
- The Bid Adjudication Committee was duly appointed by the City Manager and its first sitting was on the 07 October 2005;
- Bid Evaluation and Specifications Committees have been appointed per directorate and are fully functional.

Challenges experienced to date, includes amongst others:

- Recruitment and staffing of appropriate personnel for the SCM Unit;
- Training of staff and suppliers on the need and importance of procuring goods and services in terms of the new procurement policy; and
- Consistent and continuous enforcement and compliance to the policy imperatives by all.

10. Budgets and SDBIPs – Departmental/ Functional (Internal)

In terms of the Municipal Financial Management Act we are required to provide information on SDBIPs for every financial year. These include objectives, key performance indicators, service targets, and expenditure and income budgets. For this financial year Mangaung have developed an innovative format for the SDBIP, and have applied this format to establish service delivery strategies and targets for all directorates and sub directorates for 2006-07.

For this financial year the budget will be approved in May 2006 for implementation from July 2006 to June 2007. The budget did capture the detail as shown in the SDBIP format, though the budget was influenced by the IDP. Mangaung have sought to make an even closer relationship and the preparation of itemised budgets for the SDBIP is happening currently for 2006-07 as part of the IDP Review/Budget process, so that budgets can be related to specific elements of delivery.

The detailed SDBIPs for each directorate with completed service and quarterly targets are available as separate documents. These are structured into four levels for each Directorate:

- (i) those targets for the **overall municipal scorecard** which are long-term and may involve the actions of many stakeholders (Table 1)
- (ii) targets for specific **IDP programmes** (key targets of which are also used for i) (Table 2)
- (iii) targets for **strategies** to achieve each IDP programme, and also for services not

specifically prioritised in the IDP, but that still must be delivered (Table 3)

- (iv) itemised **projects, activities and services** to achieve the strategies and services, and this include capital and operational budgets (Table 4)

These SDBIPs summarise all the activities, programmes and services the directorates agree to deliver in 2006-07, in other words a performance agreement. Note that the IDP Programmes also have requirements of external stakeholders to achieve development in the municipal area. However the SDBIP focuses specifically on what directorates must deliver.

11. Budgets and SDBIPs - Entities and other External Mechanisms

No submission by the municipal entity Centlec (Pty) Ltd at the time of finalising the budget documentation.

12. Summary of Detailed Capital Plans

Details of capital plans are attached as a separate booklet.

Annexure 4 supporting table 11 – Page 55 showing capital expenditure by asset category

13. Budgeted Financial Statements – Parent, Each Entity, Consolidated

- Statement of financial performance – Annexure A Page 58
- Statement of financial position – Annexure B – Page 59

| Supporting Table 1 | Action Plan | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|----------------------------|---------------------------|-------------------------|------------------|------------------|---|------------------------------|------------------------------|
| | | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | | | | | | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 |
| Reconciliation of IDP and Budget - Revenue | Strategic Objective | A | B | C | D | E | F | G |
| - | - | | | | | | | |
| Common Purpose | Governance and IDP | 25,388 | 17,102 | 60,701 | 60,617 | 19,626 | 20,733 | 21,663 |
| Common Purpose | Human Resource Management | 2,610 | 1,961 | 1,961 | 1,951 | 1,470 | 1,536 | 1,605 |
| Common Purpose | Support Services/Fleet | 1,305 | 3,335 | 3,335 | 3,318 | 3,491 | 3,648 | 3,812 |
| Common Purpose | Miscellaneous Services | 213,249 | 171,817 | 171,817 | 170,958 | 207,759 | 241,986 | 263,793 |
| Community Resilience | Emergency Services | 2,701 | 2,101 | 2,101 | 2,090 | 1,700 | 261 | 274 |
| Community Resilience | Health | 13,145 | 10,043 | 10,043 | 9,993 | 14,314 | 15,134 | 15,220 |
| Community Resilience | Parks and Cemeteries | 4,514 | 4,607 | 4,607 | 4,584 | 3,887 | 4,146 | 4,333 |
| Community Resilience | Traffic and Security | 7,546 | 7,280 | 7,280 | 7,243 | 7,324 | 7,704 | 7,932 |
| Community Resilience | Social Development | 2,217 | 2,336 | 2,336 | 2,324 | 2,123 | 2,162 | 2,268 |
| Economic Development | Local Economic Development | 5,618 | 3,790 | 3,790 | 3,771 | 9,096 | 11,680 | 9,759 |
| Economic Development | Market Services | 9,631 | 10,870 | 10,870 | 10,816 | 11,512 | 12,030 | 12,572 |
| Financial Sustainability | Financial Management | 262,362 | 280,019 | 280,019 | 282,101 | 302,035 | 337,858 | 351,470 |
| Service Excellence | Roads and Stormwater | 5,127 | 3,220 | 3,220 | 3,204 | 1,398 | 1,440 | 1,505 |
| Service Excellence | Solid Waste Management | 7,475 | 4,846 | 4,846 | 4,822 | 2,884 | 4,363 | 4,459 |
| Service Excellence | Water and Sanitation | 117,804 | 122,838 | 122,838 | 122,224 | 133,977 | 151,084 | 163,335 |
| Service Excellence | Housing Management | 6,772 | 6,907 | 6,907 | 6,873 | 6,781 | 5,936 | 6,205 |
| Service Excellence | Water | 239,286 | 234,156 | 234,156 | 235,327 | 260,523 | 291,524 | 311,361 |
| Service Excellence | Electricity | 489,228 | 526,822 | 526,822 | 529,456 | 552,874 | 577,754 | 603,753 |
| Total Operating Revenue | | 1,415,978 | 1,414,051 | 1,457,650 | 1,461,673 | 1,542,775 | 1,690,981 | 1,785,319 |

Column Definitions:

- The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- The original budget approved by council for the 2005/06 budget year.
- The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- The amount to be appropriated for the 2006/07 budget year.
- The indicative projection for 2007/08.
- The indicative projection for 2008/09.

Notes:

- The strategic objectives and action plans listed here are an example only. Each municipality must list their own as per their IDP.
- Totals agree to totals of Revenue by Source (see Table 1 oo page 7)
- Zeros are used where no amount is applicable.

| Supporting Table 2 | Action Plan | Preceding Year 2004/05 | Current Year 2005/06 | | | | Medium Term Revenue and Expenditure Framework | | |
|---|----------------------------|------------------------|-----------------------|------------------------|--------------------------|------------------|---|------------------|--|
| | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 | | | | |
| Reconciliation of IDP and Budget - Opex | | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 | Full Year Forecast R'000 | Budget R'000 | Budget R'000 | Budget R'000 | |
| Strategic Objective | | A | B | C | D | E | F | G | |
| Common Purpose | Governance and IDP | 80,898 | 84,682 | 128,282 | 126,437 | 99,913 | 103,958 | 108,664 | |
| Common Purpose | Human Resource Management | 50,133 | 53,321 | 53,321 | 51,455 | 63,154 | 64,996 | 65,917 | |
| Common Purpose | Support Services/Fleet | 7,144 | 11,286 | 11,286 | 10,891 | 10,127 | 10,584 | 11,023 | |
| Common Purpose | Miscellaneous Services | 174,333 | 167,530 | 167,530 | 167,530 | 207,280 | 236,180 | 264,524 | |
| Community Resilience | Emergency Services | 27,041 | 30,004 | 30,004 | 28,954 | 31,360 | 32,210 | 33,398 | |
| Community Resilience | Health | 29,302 | 33,760 | 33,760 | 32,579 | 40,054 | 41,466 | 43,261 | |
| Community Resilience | Parks and Cemeteries | 41,009 | 46,292 | 46,292 | 44,671 | 48,180 | 49,607 | 51,269 | |
| Community Resilience | Traffic and Security | 36,500 | 42,602 | 42,602 | 41,111 | 42,642 | 43,864 | 45,838 | |
| Community Resilience | Social Development | 25,789 | 28,938 | 28,938 | 27,926 | 30,419 | 31,137 | 32,091 | |
| Economic Development | Local Economic Development | 28,196 | 31,973 | 31,973 | 30,854 | 40,376 | 41,739 | 43,602 | |
| Economic Development | Market Services | 9,026 | 9,018 | 9,018 | 8,702 | 10,625 | 10,835 | 11,037 | |
| Financial Sustainability | Financial Management | 31,083 | 39,296 | 39,296 | 37,921 | 45,312 | 46,941 | 48,893 | |
| Service Excellence | Roads and Stormwater | 83,488 | 78,883 | 78,883 | 76,123 | 84,368 | 83,942 | 84,543 | |
| Service Excellence | Solid Waste Management | 58,893 | 59,339 | 59,339 | 57,262 | 62,307 | 63,311 | 64,631 | |
| Service Excellence | Water and Sanitation | 58,964 | 58,162 | 58,162 | 56,126 | 65,570 | 66,512 | 68,088 | |
| Service Excellence | Housing | 11,250 | 13,649 | 13,649 | 13,171 | 14,896 | 14,078 | 14,472 | |
| Service Excellence | Water | 196,537 | 219,249 | 219,249 | 211,576 | 239,424 | 247,751 | 257,470 | |
| Service Excellence | Electricity | 384,540 | 426,680 | 426,680 | 411,746 | 452,014 | 472,355 | 493,611 | |
| Total Operating Expenditure | | 1,334,125 | 1,434,665 | 1,478,265 | 1,435,034 | 1,588,022 | 1,661,467 | 1,742,333 | |

Column Definitions:

- A. The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- B. The original budget approved by council for the 2005/06 budget year.
- C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- E. The amount to be appropriated for the 2006/07 budget year.
- F. The indicative projection for 2007/08.
- G. The indicative projection for 2008/09.

Notes:

1. The strategic objectives and action plans listed here are an example only. Each municipality must list their own as per their IDP.
2. Totals agree to totals of Operating Expenditure by Vote (see Annexure 3, Table 2 - Operating Expenditure by Vote on page 9).
3. Zeros are used where no amounts are applicable.

| Supporting Table 3 | Action Plan | Preceding Year 2004/05 | Current Year 2005/06 | | | | Medium Term Revenue and Expenditure Framework | | |
|----------------------------------|-------------------------------|----------------------------|-----------------------------|------------------------------|--------------------------------|-----------------|--|-----------------|--|
| | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 | | | | |
| | | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 | Full Year Forecast R'000 | Budget R'000 | Budget R'000 | Budget R'000 | |
| Strategic Objective | A | B | C | D | E | F | G | | |
| Common Purpose | Governance and IDP | 589 | 15,050 | 15,050 | 14,373 | 550 | 0 | 0 | |
| Common Purpose | Human Resource Management | 3,432 | 6,357 | 6,357 | 6,071 | 7,232 | 0 | 0 | |
| Common Purpose | Services/Fleet | 92 | 385 | 385 | 368 | 235 | 0 | 0 | |
| Community Resilience | Emergency Management Services | 3,210 | 464 | 464 | 443 | 1,712 | 4,743 | 9,888 | |
| Community Resilience | Traffic and Security Services | 6,868 | 1,432 | 1,432 | 1,368 | 2,422 | 1,820 | 2,157 | |
| Community Resilience | Parks and Cemeteries | 4,813 | 6,626 | 6,626 | 6,328 | 10,983 | 7,358 | 3,467 | |
| Community Resilience | Social Development | 1,937 | 3,708 | 3,708 | 3,541 | 4,570 | 30,772 | 34,498 | |
| Community Resilience | Health Services | 840 | 2,110 | 2,110 | 2,015 | 2,728 | 8,060 | 3,500 | |
| Economic Development | Market Services | 734 | 605 | 605 | 578 | 675 | 150 | 150 | |
| Economic Development | Local Economic Development | 4,434 | 18,255 | 41,855 | 41,034 | 24,710 | 23,555 | 24,284 | |
| Financial Sustainability | Management | 9,338 | 1,845 | 1,845 | 1,762 | 9,328 | 1,334 | 1,836 | |
| Service Excellence | Housing | 4,396 | 7,300 | 7,300 | 6,972 | 6,785 | 0 | 0 | |
| Service Excellence | Roads and Stormwater | 70,018 | 83,457 | 83,457 | 79,701 | 91,191 | 102,408 | 106,345 | |
| Service Excellence | Sanitation | 58,615 | 43,498 | 43,498 | 41,541 | 97,423 | 42,008 | 42,645 | |
| Service Excellence | Solid Waste | 4,821 | 1,100 | 1,100 | 1,051 | 12,600 | 3,510 | 3,900 | |
| Service Excellence | Water | 38,099 | 29,712 | 29,712 | 28,375 | 26,009 | 21,848 | 16,058 | |
| Service Excellence | Electricity Engineering | 40,786 | 55,565 | 55,565 | 53,065 | 66,298 | 77,701 | 98,974 | |
| | World Cup 2010 | 0 | 0 | 0 | 0 | 175,698 | 140,369 | 45,518 | |
| Total Capital Expenditure | | 253,023 | 277,468 | 301,068 | 288,582 | 541,148 | 465,636 | 393,221 | |

Column Definitions:

- A. The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- B. The original budget approved by council for the 2005/06 budget year.
- C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- E. The amount to be appropriated for the 2006/07 budget year.
- F. The indicative projection for 2007/08.
- G. The indicative projection for 2008/09.

Notes:

1. The strategic objectives and action plans listed here are an example only. Each municipality must list their own as per their own IDP.
2. Totals agree to totals of Capital Expenditure by Vote (see Table 3 on page 12).
3. Zeros are used where no amounts are applicable.

| Supporting Table 4 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|---|----------------------------|-----------------------------|-----------------------------|--------------------------------|--|------------------------------|------------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 | Full Year Forecast R'000 | Budget R'000 | Budget R'000 | Budget R'000 |
| | A | B | C | D | E | F | G |
| - Investment Type | | | | | | | |
| Securities - National Government Listed Corporate Bonds | 8 | 0 | 0 | 8 | 8 | 8 | 8 |
| Deposits - Banks | 277,759 | 0 | 0 | 262,760 | 249,622 | 234,644 | 222,911 |
| Deposits - Public Investment Commissioners | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | |
| Negotiable Certificate of Deposit - Banks | | | | | | | |
| Guaranteed Endowment Policies (sinking funds) | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | |
| Municipal Bonds | | | | | | | |
| Total Investments | 277,767 | 0 | 0 | 262,768 | 249,630 | 234,652 | 222,919 |

Column Definitions:

- A. The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- B. The original budget approved by council for the 2005/06 budget year.
- C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- E. The amount to be appropriated for the 2006/07 budget year.
- F. The indicative projection for 2007/08.
- G. The indicative projection for 2008/09.

Notes:

1. The investment types listed are set out as per the municipal investment regulations posted on the National Treasury web site (www.treasury.gov.za/mfma).
2. List additional types if the list above is incomplete. **Do not use "Other"**.
3. Zeros are used where no amounts are applicable.

| Supporting Table 4a | Period of | Type of | Expiry date | Monetary | Interest to be |
|----------------------------------|-------------------|-------------------|--------------------|-----------------|-----------------------|
| Investment Particulars by | Investment | Investment | of | Value | Realised |
| Maturity | (Months) | | Investment | (R'000) | (R'000) |
| ABSA 9473010013 | 10 | Fixed Deposit | 29-May-06 | 4,500 | 265 |
| ABSA 9473010068 | 7 | Fixed Deposit | 21-Feb-06 | 8,250 | 341 |
| ABSA 9473010071 | 11 | Fixed Deposit | 07-Sep-06 | 5,000 | 335 |
| ABSA 9473010084 | 6 | Fixed Deposit | 24-Jul-06 | 5,000 | 176 |
| ABSA 9473010097 | 10 | Fixed Deposit | 29-Jun-06 | 6,000 | 354 |
| ABSA 9473010107 | 7 | Fixed Deposit | 03-Feb-06 | 5,000 | 204 |
| ABSA 9473010123 | 11 | Fixed Deposit | 23-Jun-06 | 5,000 | 325 |
| ABSA 9473010149 | 8 | Fixed Deposit | 15-Mar-06 | 5,000 | 234 |
| ABSA 9473010152 | 11 | Fixed Deposit | 17-Oct-06 | 3,000 | 210 |
| ABSA 9473010194 | 6 | Fixed Deposit | 24-Jul-06 | 5,000 | 176 |
| ABSA 9473010217 | 8 | Fixed Deposit | 14-Mar-06 | 5,000 | 234 |
| ABSA 9473010259 | 11 | Fixed Deposit | 25-Oct-06 | 5,000 | 344 |
| ABSA 9473010275 | 12 | Fixed Deposit | 26-Jan-07 | 5,000 | 359 |
| ABSA 9473010343 | 9 | Fixed Deposit | 04-Apr-06 | 3,000 | 158 |
| ABSA 9473010411 | 11 | Fixed Deposit | 17-Oct-06 | 3,000 | 210 |
| ABSA 9473010505 | 9 | Fixed Deposit | 25-Apr-06 | 3,500 | 185 |
| ABSA 9473010631 | 12 | Fixed Deposit | 05-Dec-06 | 6,000 | 645 |
| ABSA 9473010741 | 10 | Fixed Deposit | 23-Jun-06 | 4,500 | 264 |
| ABSA 9473010770 | 10 | Fixed Deposit | 30-Jun-06 | 7,500 | 442 |
| ABSA 9473010851 | 10 | Fixed Deposit | 09-Jul-06 | 500 | 30 |
| ABSA 9473010864 | 9 | Fixed Deposit | 11-Apr-06 | 1,000 | 53 |
| ABSA 9473020032 | 11 | Fixed Deposit | 17-Oct-06 | 2,750 | 193 |
| ABSA 9473020074 | 9 | Fixed Deposit | 27-Mar-06 | 4,800 | 251 |
| ABSA 9473020126 | 11 | Fixed Deposit | 19-Jul-06 | 5,000 | 326 |
| ABSA 9473020155 | 6 | Fixed Deposit | 24-Jul-06 | 3,500 | 123 |
| ABSA 9473020207 | 11 | Fixed Deposit | 25-Sep-06 | 6,100 | 421 |
| Total | | | | 117,900 | 6,854 |

| Supporting Table 4a | Period of | Type of | Expiry date | Monetary | Interest to be |
|----------------------------------|-------------------|-------------------|--------------------|-----------------|-----------------------|
| Investment Particulars by | Investment | Investment | of | Value | Realised |
| Maturity | (Months) | | Investment | (R'000) | (R'000) |
| STANDARD BANK 9473180011 | 12 | Fixed Deposit | 02-Dec-06 | 5,000 | 375 |
| STANDARD BANK 9473180024 | 9 | Fixed Deposit | 11-Apr-06 | 10,000 | 529 |
| STANDARD BANK 9473180037 | 12 | Fixed Deposit | 05-Dec-06 | 5,000 | 375 |
| STANDARD BANK 9473180040 | 9 | Fixed Deposit | 15-Apr-06 | 5,000 | 265 |
| STANDARD BANK 9473180053 | 6 | Fixed Deposit | 24-Jul-06 | 5,000 | 175 |
| STANDARD BANK 9473180066 | 9 | Fixed Deposit | 14-Apr-06 | 5,000 | 265 |
| STANDARD BANK 9473180079 | 9 | Fixed Deposit | 04-Apr-06 | 5,000 | 261 |
| STANDARD BANK 9473180095 | 10 | Fixed Deposit | 05-Jul-06 | 3,000 | 176 |
| STANDARD BANK 9473180105 | 10 | Fixed Deposit | 19-Jul-06 | 3,000 | 177 |
| STANDARD BANK 9473180121 | 10 | Fixed Deposit | 29-Mar-06 | 4,000 | 208 |
| STANDARD BANK 9473180176 | 10 | Fixed Deposit | 19-Jul-06 | 4,000 | 236 |
| STANDARD BANK 9473180202 | 10 | Fixed Deposit | 19-Jul-06 | 4,000 | 236 |
| STANDARD BANK 9473180260 | 7 | Fixed Deposit | 04-Feb-06 | 3,000 | 122 |
| STANDARD BANK 9473180273 | 7 | Fixed Deposit | 02-Feb-06 | 3,000 | 122 |
| STANDARD BANK 9473180299 | 11 | Fixed Deposit | 28-Oct-06 | 5,000 | 339 |
| STANDARD BANK 9473180325 | 12 | Fixed Deposit | 26-Jan-07 | 5,000 | 360 |
| Total | | | | 74,000 | 4,218 |

| Supporting Table 4a | | Period of Investment (Months) | Type of Investment | Expiry date of Investment | Monetary Value (R'000) | Interest to be Realised (R'000) |
|---|------------|--------------------------------------|---------------------------|----------------------------------|-------------------------------|--|
| Investment Particulars by Maturity | | | | | | |
| FIRST NATIONAL BANK | 9473310014 | 9 | Fixed Deposit | 02-May-06 | 2,000 | 104 |
| FIRST NATIONAL BANK | 9473310056 | 9 | Fixed Deposit | 04-Apr-06 | 3,000 | 158 |
| FIRST NATIONAL BANK | 9473310085 | 7 | Fixed Deposit | 01-Feb-06 | 5,000 | 203 |
| FIRST NATIONAL BANK | 9473310098 | 10 | Fixed Deposit | 05-Jul-06 | 3,000 | 176 |
| FIRST NATIONAL BANK | 9473310108 | 8 | Fixed Deposit | 15-Mar-06 | 5,000 | 235 |
| FIRST NATIONAL BANK | 9473310111 | 11 | Fixed Deposit | 17-Sep-06 | 3,000 | 204 |
| FIRST NATIONAL BANK | 9473310124 | 7 | Fixed Deposit | 03-Feb-06 | 3,000 | 122 |
| FIRST NATIONAL BANK | 9473310140 | 11 | Fixed Deposit | 29-Jul-06 | 2,000 | 128 |
| FIRST NATIONAL BANK | 9473310153 | 8 | Fixed Deposit | 15-Mar-06 | 5,000 | 235 |
| FIRST NATIONAL BANK | 9473310179 | 10 | Fixed Deposit | 15-Jul-06 | 3,000 | 177 |
| FIRST NATIONAL BANK | 9473310182 | 8 | Fixed Deposit | 06-Mar-06 | 9,000 | 419 |
| FIRST NATIONAL BANK | 9473310205 | 10 | Fixed Deposit | 19-Jul-06 | 4,000 | 237 |
| FIRST NATIONAL BANK | 9473310250 | 10 | Fixed Deposit | 19-Jul-06 | 4,000 | 237 |
| FIRST NATIONAL BANK | 9473310302 | 9 | Fixed Deposit | 01-Apr-06 | 3,000 | 158 |
| FIRST NATIONAL BANK | 9473310412 | 11 | Fixed Deposit | 28-Oct-06 | 5,000 | 341 |
| FIRST NATIONAL BANK | 9473310441 | 9 | Fixed Deposit | 11-Apr-06 | 2,000 | 105 |
| FIRST NATIONAL BANK | 9473310454 | 12 | Fixed Deposit | 26-Jan-07 | 5,000 | 360 |
| FIRST NATIONAL BANK | 9473310470 | 11 | Fixed Deposit | 23-Oct-06 | 5,000 | 350 |
| | | | | Total | 71,000 | 3,948 |
| | | | | Grand Total | 262,900 | 15,021 |

| Supporting Table 5 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|----------------------------|-----------------------------|-----------------------------|--------------------------------|--|------------------------------|------------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 | Full Year Forecast R'000 | Budget R'000 | Budget R'000 | Budget R'000 |
| | A | B | C | D | E | F | G |
| <u>National Grant Allocations²</u> | | | | | | | |
| - Equitable Share Financial Management Grant | 190,136 | 167,319 | 167,319 | 167,319 | 188,001 | 220,454 | 241,523 |
| Restructuring Grant | 1,648 | 2,000 | 2,000 | 1,849 | 500 | 500 | 500 |
| Public Transport Infrastructure and Systems Fund | 21,745 | 0 | 43,600 | 43,600 | 0 | 0 | 0 |
| Municipal Systems Improvement Grant | 0 | 0 | 23,600 | 23,600 | 0 | 0 | 0 |
| Minicipal Infrastructure Grant | 0 | 1,250 | 550 | 550 | 1,250 | 1,250 | 0 |
| National Electrification Programme | 77,046 | 73,405 | 73,405 | 73,405 | 95,921 | 102,379 | 106,986 |
| Eradication of Bucket Sanitation Programme | 4,089 | 5,000 | 5,000 | 5,000 | 0 | 0 | 0 |
| | 0 | 4,950 | 4,950 | 4,950 | 0 | 0 | 0 |
| Sub Total - National Grant Allocations | 294,664 | 253,924 | 320,424 | 320,273 | 285,672 | 324,583 | 349,009 |
| <u>Provincial Grant Allocations²</u> | | | | | | | |
| Government Contribution Personal Health Services | 12,049 | 8,559 | 8,559 | 8,559 | 8,250 | 8,621 | 8,621 |
| Government Contribution Environmental Health | 260 | 357 | 357 | 357 | 3,844 | 4,514 | 4,515 |
| Government Contribution AIDS | 0 | 0 | 1,000 | 1,000 | 1,000 | 1,045 | 1,092 |
| Government Contribution Pharmacy | 0 | 98 | 98 | 98 | 106 | 106 | 106 |
| Sub Total - Provincial Grant Allocations | 12,309 | 9,014 | 10,014 | 10,014 | 13,200 | 14,286 | 14,334 |
| <u>Municipal Grant Allocations³</u> | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total - Municipal Grant Allocations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Grant Alloc'ns | 306,973 | 262,938 | 330,438 | 330,287 | 298,872 | 338,869 | 363,343 |

| Supporting Table 6 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--------------------------|---------------------------|------------------------------|-------------------------------|-------------------------------|--|--------------------------------------|---|
| | | Audited Actual R'000 A | Approved Budget R'000 B | Adjusted Budget R'000 C | Full Year Forecast R'000 D | Budget Year 2006/07 R'000 E | Budget Year +1 2007/08 R'000 F |
| - None | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - | | | | | | | |
| NEW BORROWING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Column Definitions:

- A. The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- B. The original budget approved by council for the 2005/06 budget year.
- C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- E. The amount to be appropriated for the 2006/07 budget year.
- F. The indicative projection for 2007/08.
- G. The indicative projection for 2008/09.

Notes:

Use separate line for each new borrowing.

| Supporting Table 7 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------------------|----------------------------------|----------------------------------|-------------------------------------|--|------------------------------|------------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| Grant Allocations | Audited Actual R'000 A | Approved Budget R'000 B | Adjusted Budget R'000 C | Full Year Forecast R'000 D | Budget R'000 E | Budget R'000 F | Budget R'000 G |
| - <u>Allocations to Other Municipalities</u> ¹ - NONE | | | | | | | |
| TOTAL ALLOCATIONS TO MUNICIPALITIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - <u>Allocations to Entities & Other External Mechanisms</u> ² - Centlec | | 30,486 | 30,486 | 30,486 | 31,910 | 33,346 | 34,847 |
| TOTAL ALLOCATIONS TO ENTITIES ETC | | 30,486 | 30,486 | 30,486 | 31,910 | 33,346 | 34,847 |
| - <u>Allocations to Other Organs of State</u> ³ - NONE | | | | | | | |
| TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - <u>Allocations to Other Organisations</u> ⁴ - Central Agricultural Society - SPCA - SMMe Support Centre | 6 243 580 | 6 258 680 | 6 258 680 | 6 258 680 | 7 271 991 | 7 283 1036 | 7 295 1082 |
| Total Allocations to other Organisations | 829 | 31,430 | 31,430 | 31,430 | 33,179 | 34,672 | 36,231 |

| Supporting Table 8 | Salary | Social Contributions⁴ | Allowances | Performance Bonuses | Total Package |
|--|-----------------------|---|-----------------------|----------------------------|-----------------------|
| Disclosure of Salaries, Allowances and Benefits | Rand ('000) pa | Rand ('000) pa | Rand ('000) pa | Rand ('000) pa | Rand ('000) pa |
| <u>Councillors</u> | | | | | |
| Executive mayor | 287 | 55 | 110 | 0 | 452 |
| Speaker | 230 | 47 | 96 | 0 | 373 |
| Mayoral executive committee (10) | 2,150 | 440 | 920 | 0 | 3,510 |
| Chief whip | 215 | 44 | 92 | 0 | 351 |
| Other councillors (74) | 5,402 | 1,702 | 1,554 | 0 | 8,658 |
| <u>Officials of the Municipality</u> | | | | | |
| City manager | 769 | 22 | 239 | 182 | 1,212 |
| Chief operating officer | 764 | 1 | 177 | 167 | 1,109 |
| Executive director finance | 601 | 138 | 98 | 150 | 987 |
| Executive director infrastructural services | 722 | 1 | 156 | 157 | 1,036 |
| Executive director community & social development | 559 | 134 | 96 | 141 | 930 |
| Executive director corporate services | 673 | 1 | 84 | 136 | 894 |
| <u>Centlec (Pty) Ltd (100% ownership and control)</u> | | | | | |
| Chairperson | 0 | 0 | 216 | 0 | 216 |
| Deputy chairperson | 0 | 0 | 144 | 0 | 144 |
| Members (4) | 0 | 0 | 336 | 0 | 336 |
| Chief Executive Officer (CEO) | 541 | 1 | 306 | 133 | 981 |
| Chief financial officer | 514 | 110 | 136 | 117 | 877 |
| Executive manager engineering | 363 | 90 | 147 | 0 | 600 |
| Total Cost of Remuneration to Municipality | 13,790 | 2,786 | 4,907 | 1,183 | 22,666 |

Notes:

1. Total package must equal the total cost to the municipality.
2. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality.
3. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MFMA s 57).
4. Social contributions include pensions, medical aid, etc.
5. List each entity where municipality has an interest and state percentage ownership and control.

| Supporting Table 8a | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------------|-------------------------|---------|---------|---|---------------------------|---------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | | | | | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 |
| Summary of Total Salaries, Wages, Allowances etc | A | B | C | D | E | F | G |
| - <u>Councillors (Political Office Bearers plus Other)</u> | | | | | | | |
| Basic Salaries | 6,983 | 8,241 | 8,241 | 8,284 | 8,653 | 9,042 | 9,449 |
| Pension Contributions | 930 | 1,236 | 1,236 | 1,244 | 1,323 | 1,382 | 1,444 |
| Medical Aid Contributions | 156 | 157 | 157 | 157 | 166 | 173 | 181 |
| Allowances | 2,409 | 2,690 | 2,690 | 2,772 | 3,618 | 3,782 | 3,952 |
| Sub Total - Councillors | 10,478 | 12,324 | 12,324 | 12,457 | 13,760 | 14,379 | 15,026 |
| <u>Senior Managers of the Municipality (s 57 of Systems Act)</u> | | | | | | | |
| Basic Salaries | 4,173 | 4,461 | 4,461 | 4,088 | 4,292 | 4,486 | 4,687 |
| Pension Contributions | 284 | 285 | 285 | 196 | 206 | 215 | 225 |
| Medical Aid Contributions | 102 | 63 | 63 | 101 | 106 | 111 | 116 |
| Allowances | 828 | 933 | 933 | 850 | 893 | 933 | 975 |
| Performance Bonus | 882 | 1,078 | 1,078 | 1,078 | 1,132 | 1,183 | 1,236 |
| Sub Total - Senior Managers of Municipality | 6,269 | 6,820 | 6,820 | 6,313 | 6,629 | 13,918 | 14,545 |
| <u>Other Municipal Staff</u> | | | | | | | |
| Basic Salaries | 247,857 | 314,612 | 314,612 | 246,606 | 295,233 | 299,855 | 313,367 |
| Pension Contributions | 33,540 | 40,911 | 40,911 | 41,079 | 43,153 | 45,094 | 47,124 |
| Medical Aid Contributions | 9,852 | 13,545 | 13,545 | 12,685 | 13,319 | 13,918 | 14,545 |
| Allowances | 23,139 | 24,673 | 24,673 | 54,732 | 57,469 | 60,055 | 62,757 |
| Overtime | 14,866 | 10,385 | 10,385 | 18,523 | 19,449 | 20,324 | 21,239 |
| Performance Bonus | 1,914 | 2,105 | 2,105 | 2,397 | 2,517 | 2,630 | 2,748 |
| Sub Total - Other Municipal Staff | 331,168 | 406,231 | 406,231 | 376,021 | 431,139 | 441,876 | 461,780 |
| <u>Board Members of Entities</u> | | | | | | | |
| Basic Salaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Supporting Table 8a | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------------|-------------------------|----------------|----------------|---|---------------------------|---------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | | | | | Audited Actual R'000 | Approved Budget R'000 | Adjusted Budget R'000 |
| | A | B | C | D | E | F | G |
| Summary of Total Salaries, Wages, Allowances etc | | | | | | | |
| Pension Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Medical Aid Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Allowances | 602 | 600 | 600 | 696 | 731 | 764 | 798 |
| Board Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total - Board Members of Entities | 602 | 600 | 600 | 696 | 731 | 764 | 798 |
| <u>Senior Managers of Entities</u> | | | | | | | |
| Basic Salaries | 646 | 1,417 | 1,417 | 1,418 | 1,489 | 1,556 | 1,626 |
| Pension Contributions | 87 | 158 | 158 | 158 | 166 | 173 | 181 |
| Medical Aid Contributions | 16 | 44 | 44 | 43 | 45 | 47 | 49 |
| Allowances | 768 | 589 | 589 | 589 | 618 | 646 | 675 |
| Performance Bonus | 211 | 294 | 294 | 250 | 263 | 274 | 287 |
| Sub Total - Senior Managers of Entities | 1,728 | 2,502 | 2,502 | 2,458 | 2,581 | 2,697 | 2,818 |
| <u>Other Staff of Entities</u> | | | | | | | |
| Basic Salaries | 36,512 | 28,109 | 28,109 | 37,173 | 39,031 | 40,788 | 42,623 |
| Pension Contributions | 5,506 | 6,879 | 6,879 | 6,861 | 7,204 | 7,528 | 7,867 |
| Medical Aid Contributions | 2,385 | 2,991 | 2,991 | 2,941 | 3,088 | 3,227 | 3,372 |
| Allowances | 4,148 | 3,837 | 3,837 | 9,964 | 10,462 | 10,933 | 11,425 |
| Overtime | 3,144 | 951 | 951 | 3,250 | 3,413 | 3,566 | 3,727 |
| Performance Bonus | 0 | 85 | 85 | 87 | 91 | 95 | 100 |
| Sub Total - Other Staff of Entities | 51,695 | 42,852 | 42,852 | 60,276 | 63,290 | 66,138 | 69,114 |
| | | | | | | | |
| Total Employee Costs | 401,940 | 471,329 | 471,329 | 458,221 | 518,129 | 539,773 | 564,081 |

| Supporting Table 8b | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------------|-------------------------|---------------------|------------------------|---|---------------------------|---------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| Summary Of Personnel Numbers (Full Time Equivalent) | Audited Actual No. | Approved Budget No. | Adjusted Budget No. | Full Year Forecast No. | Budget No. | Budget No. | Budget No. |
| <u>Municipality</u> Councillors (Political Office Bearers plus Other) | 87 | 87 | 87 | 87 | 90 | 90 | 90 |
| Senior Managers including Municipal Manager (s 57 of Systems Act) | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Other Managers | 97 | 104 | 104 | 104 | 104 | 104 | 104 |
| Technical / Professional Staff | 179 | 175 | 175 | 175 | 180 | 180 | 180 |
| Other Staff (clerical, labourers etc) | 3351 | 3323 | 3323 | 3323 | 3341 | 3401 | 3395 |
| Sub Total - Municipality | 3721 | 3696 | 3696 | 3696 | 3722 | 3782 | 3776 |
| <u>Entities</u> Board Members | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Senior Managers including CEO | 2 | 3 | 3 | 3 | 5 | 5 | 5 |
| Other Managers | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Technical / Professional Staff | 89 | 87 | 87 | 87 | 93 | 97 | 95 |
| Other Staff (clerical, labourers etc) | 374 | 370 | 370 | 370 | 380 | 380 | 380 |
| Sub Total - Entities | 474 | 469 | 469 | 469 | 488 | 492 | 490 |
| Total Personnel Numbers | 4195 | 4165 | 4165 | 4165 | 4210 | 4274 | 4266 |

Column Definitions:

- A. The audited actual for 2004/05 as per the audited financial statements. If audit figures are not available for 2004/05, pre audit figures must be provided with a note stating these are pre audit.
- B. B. The numbers as per the original budget approved by council for the 2005/06 budget year.
- C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.
- E. The number to be included in the 2006/07 approved budget.
- F. The indicative projection for 2007/08.
- G. The indicative projection for 2008/09.

Notes:

1. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

| Supporting Table 9 | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Monthly Cash Flows | Jul 2006 | Aug 2006 | Sept 2006 | Oct 2006 | Nov 2006 | Dec 2006 | Jan 2007 | Feb 2007 | Mar 2007 | Apr 2007 | May 2007 | Jun 2007 | Full Year 2006/07 | Full Year 2007/08 | Full Year 2008/09 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| <u>Cash Operating Receipts by Source</u> | | | | | | | | | | | | | | | |
| Opening Balance | 65,500 | 62,194 | 125,038 | 117,177 | 104,621 | 148,965 | 126,804 | 103,498 | 137,092 | 94,631 | 52,825 | 19,519 | 68,500 | -11,892 | -29,236 |
| Property rates | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 18,288 | 219,452 | 228,230 | 237,359 |
| Service charges - electricity | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 41,254 | 495,043 | 514,844 | 535,438 |
| Service charges - water | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 16,941 | 203,296 | 211,428 | 219,885 |
| Service charges - sanitation | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 6,651 | 79,815 | 83,008 | 86,328 |
| Rental of facilities and equipment | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 7,076 | 84,910 | 88,731 | 92,280 |
| Interest earned - external investments | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 34,733 | 36,296 | 37,929 |
| Interest earned - outstanding debtors | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 15,914 | 16,630 | 17,379 |
| Fines | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 531 | 6,369 | 6,655 | 6,955 |
| Licenses and permits | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 12,433 | 12,992 | 13,577 |
| Income for agency services | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 9,212 | 9,627 | 10,060 |
| Grants - operating (incl. grants from other municipalities) | 0 | 67,650 | 0 | 0 | 67,650 | 0 | 0 | 67,650 | 0 | 0 | 0 | 0 | 202,950 | 236,489 | 256,357 |
| Grants - capital (incl. grants from other municipalities) | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 7,993 | 95,921 | 102,379 | 106,986 |
| Rental stock | 683 | 683 | 683 | 683 | 683 | 683 | 683 | 683 | 683 | 683 | 683 | 683 | 8,190 | 8,559 | 8,944 |
| Trade and special refuse removals | 402 | 402 | 402 | 402 | 402 | 402 | 402 | 402 | 402 | 402 | 402 | 402 | 4,825 | 5,042 | 5,269 |
| Sale of erven | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 3,200 | 3,344 | 3,494 |
| Building plan fees | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 2,910 | 3,041 | 3,178 |
| Commission market | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 9,700 | 10,137 | 10,593 |
| Entrance fees | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 1,436 | 1,501 | 1,568 |
| Grave plots | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 2,499 | 2,611 | 2,729 |
| Reconnection of water | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 950 | 993 | 1,037 |
| Electricity disconnections | 183 | 183 | 183 | 183 | 183 | 183 | 183 | 183 | 183 | 183 | 183 | 183 | 2,200 | 2,299 | 2,402 |
| Cash Operating Receipts by Source | 107,751 | 175,401 | 107,751 | 107,751 | 175,401 | 107,751 | 107,751 | 175,401 | 107,751 | 107,751 | 107,751 | 107,751 | 1,495,957 | 1,584,835 | 1,659,748 |
| Other Cash Receipts by Source | | | | | | | | | | | | | | | |
| Contribution Centlec | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 65,000 | 67,295 | 70,281 |
| Other direct revenue | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 | 49,560 | 51,542 | 53,604 |
| Receipts from old outstanding debtors | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 5,262 | 63,144 | 55,255 | 35,416 |

| Supporting Table 9 | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget | Budget |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Monthly Cash Flows | Jul 2006 | Aug 2006 | Sept 2006 | Oct 2006 | Nov 2006 | Dec 2006 | Jan 2007 | Feb 2007 | Mar 2007 | Apr 2007 | May 2007 | Jun 2007 | Full Year 2006/07 | Full Year 2007/08 | Full Year 2008/09 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Total Cash Receipts by Source | 122,559 | 190,209 | 122,559 | 122,559 | 190,209 | 122,559 | 122,559 | 190,209 | 122,559 | 122,559 | 122,559 | 122,559 | 1,673,661 | 1,758,928 | 1,819,049 |
| Cash Operating Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 43,177 | 518,129 | 541,445 | 565,810 |
| Remuneration of Councillors | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 1,147 | 13,760 | 14,379 | 15,026 |
| Repairs and maintenance | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 7,702 | 92,424 | 99,818 | 107,803 |
| Bulk purchases - Electricity | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 25,281 | 303,370 | 318,539 | 332,873 |
| Bulk purchases - Water | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 12,917 | 155,001 | 164,301 | 174,159 |
| Contracted services | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 2,315 | 27,776 | 29,998 | 32,398 |
| Fuel | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 1,327 | 15,926 | 16,643 | 17,641 |
| Insurance | 642 | 642 | 642 | 642 | 642 | 642 | 642 | 642 | 642 | 642 | 642 | 642 | 7,709 | 8,056 | 8,418 |
| Telephone | 609 | 609 | 609 | 609 | 609 | 609 | 609 | 609 | 609 | 609 | 609 | 609 | 7,305 | 7,634 | 7,977 |
| Advertising | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 1,901 | 1,987 | 2,076 |
| Grants and subsidies paid | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 5,792 | 6,053 | 6,325 |
| General expenses | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 7,493 | 89,916 | 96,210 | 102,945 |
| Audit fees | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 2,396 | 2,504 | 2,616 |
| Bank charges | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 3,862 | 4,036 | 4,217 |
| Hire equipment | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 6,022 | 6,293 | 6,576 |
| Postage | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 4,388 | 4,585 | 4,792 |
| Printing and Stationary | 639 | 639 | 639 | 639 | 639 | 639 | 639 | 639 | 639 | 639 | 639 | 639 | 7,673 | 8,018 | 8,379 |
| Cash Operating Payments by Type | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 105,279 | 1,263,350 | 1,330,498 | 1,400,033 |
| Other Cash Payments by Type | | | | | | | | | | | | | | | |
| Capital Expenditure | 20,586 | 22,086 | 24,286 | 29,836 | 40,586 | 38,586 | 40,586 | 51,336 | 58,886 | 59,086 | 50,586 | 50,836 | 487,283 | 442,354 | 373,560 |
| Loans repaid | 0 | 0 | 855 | 0 | 0 | 855 | 0 | 0 | 855 | 0 | 0 | 855 | 3,420 | 3,420 | 3,420 |
| Total Cash Payments by Type | 125,865 | 127,365 | 130,420 | 135,115 | 145,865 | 144,720 | 145,865 | 156,615 | 165,020 | 164,365 | 155,865 | 156,970 | 1,754,053 | 1,776,272 | 1,777,013 |
| Net Increase / (Decrease) in Cash and Investments | -3,306 | 62,844 | -7,861 | -12,556 | 44,344 | -22,161 | -23,306 | 33,594 | -42,461 | -41,806 | -33,306 | -34,411 | -80,392 | -17,344 | 42,036 |
| Surplus/(Deficit) end of Period | 62,194 | 125,038 | 117,177 | 104,621 | 148,965 | 126,804 | 103,498 | 137,092 | 94,631 | 52,825 | 19,519 | -14,892 | -11,892 | -29,236 | 12,800 |

| Supporting Table 10 | Unit of Measurement | Annual Target |
|---|--|---|
| Annual Measurable Performance Objectives | | 2006/07 |
| Department - Municipal Managers Office Vote: Executive and Council Budget consultation meetings held Produce municipal booklet Performance agreements and contracts signed General ward meetings per ward etc | No. of meetings Booklet produced in Sept No. of contracts signed on time No. of meetings | 12 1 6 4 |
| Department - Corporate Services Vote: Finance & Administration Employee reward system developed Job descriptions developed for all staff etc | Completed in November Completed in September | 1 1 |
| Department - Planning and Development Vote: Planning & Development City plan reviewed and published Building inspections conducted etc | Completed in October No. of building inspections | 1 500 |
| Department - Community Services Vote: Community & Social Services New libraries built etc | No. of new libraries built | 1 |
| Department - Technical Services Vote: Electricity New Electricity connections Percentage of HH that meet agreed service levels Percentage of HH that meet agreed service standards Percentage of electricity losses Employment through job creation schemes Employment through job creation schemes Vote: Water New Water connections Percentage of water losses Percentage of HH that meet agreed service levels Percentage of HH that meet agreed service standards | No. of new electricity connections HH achieving agreed levels / total HH achieving agreed stds / total KW billed / KW used by muni No. temporary jobs created No. permanent jobs created No. of new water connections KL billed / KL used by muni HH achieving agreed levels / total HH achieving agreed stds / total | 4000 95% 100% 15 200 50 2000 20 95% 100% |
| Vote: Road Transport km of new road for prev unserviced areas etc | No. of kilometers | 400 |
| Vote: Waster Management Percentage of HH with no rubbish disposal | No. of HH without / total HH | 15% |
| Vote: Waste Water management Percentage of HH with no toilet provision | No. of HH without / total HH | 12% |
| Department - Chief Finance Officer Vote: Finance & Administration Percentage of property valuations disputed Percentage of creditors payments on time etc | No. disputed / total No. No. Paid on Time / total No. | 10% 100% |

| Table 11 | Preceding Year 2004/05 | Current Year 2005/06 | | | Medium Term Revenue and Expenditure Framework | | |
|--|------------------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | | Budget Year 2006/07 | Budget Year +1 2007/08 | Budget Year +2 2008/09 |
| | | | | | Budget | Budget | Budget |
| Capital Expenditure by Category | Audited Actual | Approved Budget | Adjusted Budget | Full Year Forecast | Budget | Budget | Budget |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | A | B | C | D | E | F | G |
| INFRASTRUCTURE | 224,855 | 247,726 | 271,326 | 260,178 | 382,262 | 308,909 | 260,340 |
| Land and Buildings | 12,503 | 11,237 | 11,237 | 10,731 | 20,891 | 4,997 | 5,363 |
| Roads, pavements, bridges and stormwater | 64,471 | 79,057 | 102,657 | 99,099 | 151,001 | 153,209 | 94,683 |
| Water Reservoirs and reticulation | 32,741 | 28,435 | 28,435 | 27,155 | 30,526 | 27,281 | 15,403 |
| Car parks, bus terminals and taxi ranks | 0 | 1,000 | 1,000 | 955 | 3,000 | 5,000 | 5,000 |
| Electricity reticulation | 33,591 | 51,885 | 51,885 | 49,550 | 59,961 | 69,216 | 88,212 |
| Sewerage purification and reticulation | 58,681 | 42,362 | 42,362 | 40,456 | 95,198 | 39,828 | 41,206 |
| Housing | 1,413 | 9,500 | 9,500 | 9,073 | 10,585 | 0 | 0 |
| Street lighting | 7,850 | 8,150 | 8,150 | 7,783 | 8,400 | 8,778 | 9,173 |
| Refuse sights | 2,831 | 1,100 | 1,100 | 1,051 | 2,700 | 600 | 1,300 |
| Gas | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 10,774 | 15,000 | 15,000 | 14,325 | 0 | 0 | 0 |
| COMMUNITY | 3,889 | 8,116 | 8,116 | 7,751 | 96,233 | 102,611 | 72,226 |
| Establishment of parks & gardens | 1,386 | 2,223 | 2,223 | 2,123 | 3,018 | 2,769 | 1,178 |
| Sportsfields | 773 | 2,760 | 2,760 | 2,636 | 87,475 | 85,254 | 63,698 |
| Community halls | 462 | 785 | 785 | 750 | 330 | 0 | 0 |
| Libraries | 0 | 158 | 158 | 151 | 535 | 215 | 0 |
| Recreation facilities | 518 | 1,125 | 1,125 | 1,074 | 2,250 | 6,313 | 3,850 |
| Clinics | 689 | 1,020 | 1,020 | 974 | 2,625 | 8,060 | 3,500 |
| Museums & art galleries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 61 | 45 | 45 | 43 | 0 | 0 | 0 |
| HERITAGE ASSETS | 219 | 5,250 | 5,250 | 5,014 | 5,250 | 10,105 | 12,000 |
| INVESTMENT PROPERTIES | 0 | 800 | 800 | 764 | 2,500 | 2,000 | 2,000 |
| OTHER ASSETS | 18,551 | 15,315 | 15,315 | 14,626 | 41,836 | 35,499 | 33,576 |
| Other motor vehicles | 4,152 | 3,512 | 3,512 | 3,354 | 11,603 | 5,502 | 3,405 |
| Plant & equipment | 10,725 | 8,523 | 8,523 | 8,139 | 12,788 | 16,399 | 15,828 |
| Office equipment | 3,381 | 1,370 | 1,370 | 1,308 | 2,327 | 53 | 38 |
| Abattoirs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Markets | 0 | 150 | 150 | 143 | 675 | 150 | 150 |
| Airports | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Security measures | 293 | 1,760 | 1,760 | 1,681 | 14,443 | 13,395 | 14,155 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SPECIALISED VEHICLES | 5,507 | 261 | 261 | 249 | 16,067 | 6,512 | 13,079 |
| Refuse | 1,817 | 0 | 0 | 0 | 9,000 | 1,900 | 2,000 |
| Fire | 2,816 | 261 | 261 | 249 | 7,022 | 4,112 | 9,870 |
| Conservancy | 186 | 0 | 0 | 0 | 0 | 500 | 959 |
| Ambulances | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buses | 688 | 0 | 0 | 0 | 45 | 0 | 250 |
| Electricity | | | | | | | |
| Total Capital Expenditure¹ | 253,021 | 277,468 | 301,068 | 288,582 | 544,148 | 465,636 | 393,221 |

STATEMENT OF FINANCIAL PERFORMANCE

| Expenditure | Budget 2005/06 | Budget 2006/07 | Budget 2007/08 | Budget 2008/09 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| Salaries and Allowances | 458,403,910 | 436,526,103 | 454,495,472 | 474,963,816 |
| Social Contributions | 1,800 | 81,602,510 | 85,277,278 | 89,117,492 |
| Total Salary Related Costs | 458,405,710 | 518,128,613 | 539,772,750 | 564,081,308 |
| Remuneration of Councillors | 12,923,040 | 13,760,150 | 14,379,376 | 15,026,473 |
| General Expenditure | 297,186,570 | 349,269,415 | 384,385,517 | 410,978,762 |
| Bulk Purchases | 421,443,660 | 458,370,920 | 478,997,610 | 500,552,504 |
| Contracted Services | 21,018,070 | 27,775,660 | 29,025,735 | 32,742,203 |
| Collection Costs | 0 | 0 | 0 | 0 |
| Grants | 5,559,240 | 5,792,440 | 6,053,080 | 6,625,460 |
| Interest External Borrowings | 2,057,190 | 1,906,850 | 1,743,930 | 1,579,440 |
| Repairs and Maintenance | 97,261,640 | 92,424,214 | 95,756,250 | 100,740,357 |
| Inter Departmental Charges | 19,633,180 | 21,334,190 | 22,413,540 | 23,548,060 |
| Inter Departmental Recoveries | -19,633,180 | -12,784,230 | -13,155,580 | -13,779,000 |
| Services Rendered to Centlec | 12,980,540 | 23,597,199 | 24,659,073 | 25,768,731 |
| Other Adjustments and Transfers | 23,130,020 | 16,801,910 | 17,558,060 | 19,348,160 |
| Other Adjustments and Transfers | -21,908,420 | 0 | 0 | 0 |
| Depreciation | 128,718,550 | 139,280,500 | 131,586,700 | 125,167,111 |
| Bad Debt Reserve | 6,833,990 | 8,850,000 | 9,433,250 | 14,020,251 |
| Leave Provision | 1,160,570 | 1,218,620 | 1,273,471 | 2,330,781 |
| Less: Amounts Charged out | -32,105,320 | -77,704,543 | -82,416,001 | -86,397,528 |
| Total Expenditure | 1,434,665,050 | 1,588,021,908 | 1,661,466,760 | 1,742,333,073 |

| Revenue | Budget 2005/06 | Budget 2006/07 | Budget 2007/08 | Budget 2008/09 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Property Rates | -214,718,600 | -231,001,670 | -255,789,960 | -264,727,290 |
| Service Charges | -759,242,960 | -808,917,200 | -864,569,826 | -909,680,396 |
| Operating Grants and Subsidies | -179,582,560 | -202,951,120 | -238,507,390 | -258,465,110 |
| Capital Grants and Subsidies | -2,650,500 | -2,813,070 | -2,939,660 | -3,071,940 |
| Fines | -4,959,410 | -6,337,360 | -6,868,670 | -7,041,725 |
| Interest Earned - External Investments | -27,261,980 | -34,732,839 | -37,485,817 | -40,272,679 |
| Interest Earned - Outstanding Debtors | -21,134,500 | -15,834,622 | -17,929,770 | -16,726,260 |
| Rent Facilities and Equipment | -11,685,810 | -12,433,210 | -11,753,970 | -12,284,210 |
| Licences and Permits | -460,160 | -528,290 | -511,780 | -533,470 |
| Agency Services | -7,758,270 | -9,212,340 | -8,071,055 | -8,431,087 |
| Profit on Sale of Assets | 0 | -20,000 | -20,900 | -21,841 |
| Other Income | -184,596,430 | -217,993,378 | -246,531,790 | -264,062,864 |
| Total Revenue | -1,414,051,180 | -1,542,775,099 | -1,690,980,587 | -1,785,318,871 |

| Summary | Budget 2005/06 | Budget 2006/07 | Budget 2007/08 | Budget 2008/09 |
|--|-------------------|-------------------|--------------------|---------------------|
| Expenditure | 1,434,665,050 | 1,588,021,908 | 1,661,466,760 | 1,742,333,073 |
| Revenue | -1,414,051,180 | -1,542,775,099 | -1,690,980,587 | -1,785,318,871 |
| Deficit for the Year | 20,613,870 | 45,246,809 | -29,513,827 | -42,985,798 |
| Surplus Previous Year (Expected) | -27,739,600 | -27,883,810 | -58,263,130 | -99,103,910 |
| (Surplus)/Deficit end of the Year | -7,125,730 | 17,362,999 | -87,776,957 | -142,089,708 |
| Plus: Water Surplus | | 779,410 | 1,066,500 | 12,554,780 |
| Plus: Electricity Surplus | | 41,833,720 | 79,307,410 | 118,467,415 |
| Rates and General Account Deficit/(Surplus) | | 59,976,129 | -7,403,047 | -11,067,513 |

MANGAUNG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION

| | Actual 2004/05 | Estimated Year End 2005/06 | Budget 2006/07 | Indicative Budget 2007/08 | Indicative Budget 2008/09 |
|--|----------------------|-------------------------------|----------------------|------------------------------|------------------------------|
| COMMUNITY WEALTH AND LIABILITIES | | | | | |
| Community Wealth | | | | | |
| Housing Development Fund | 63,965,885 | 58,208,955 | 52,970,149 | 48,203,000 | 44,347,000 |
| Reserves | 1,268,731,329 | 1,319,480,582 | 1,422,203,909 | 1,506,033,000 | 1,581,335,000 |
| Unappropriated Surplus/(Accumulated Deficit) | 37,901,703 | 7,125,730 | 16,213,360 | 34,745,380 | 23,891,420 |
| Total Community Wealth | 1,370,598,917 | 1,384,815,267 | 1,491,387,418 | 1,588,981,380 | 1,649,573,420 |
| Non-Current Liabilities | | | | | |
| Trust Fund | 6,618,876 | 7,082,197 | 7,648,773 | 8,261,000 | 8,922,000 |
| Long-Term Liabilities | 19,031,651 | 17,699,435 | 16,460,475 | 15,308,000 | 14,236,000 |
| Non-Current Provisions | - | - | - | - | - |
| Total Non-Current Liabilities | 25,650,527 | 24,781,632 | 24,109,248 | 23,569,000 | 23,158,000 |
| Current Liabilities | | | | | |
| Consumer Deposits | 39,388,461 | 43,327,307 | 46,793,492 | 50,537,000 | 54,580,000 |
| Provisions | 21,514,138 | 23,665,552 | 26,032,107 | 28,635,000 | 31,499,000 |
| Creditors | 252,784,136 | 262,895,501 | 270,782,366 | 284,321,484 | 298,537,558 |
| Conditional Grants and Receipts | - | - | - | - | - |
| Bank Overdraft | - | - | - | - | - |
| Current Portion of Long-Term Liabilities | 1,407,177 | 1,006,221 | 1,116,905 | 1,262,000 | 1,413,000 |
| Total Current Liabilities | 315,093,912 | 330,894,581 | 344,724,870 | 364,755,484 | 386,029,558 |
| Total Net Assets and Liabilities | 1,711,343,356 | 1,740,491,480 | 1,860,221,536 | 1,977,305,864 | 2,058,760,978 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property Plant and Equipment | 822,231,912 | 870,197,525 | 959,401,543 | 1,033,489,139 | 1,086,297,966 |
| Non-Current Investments | 8,293 | - | - | - | - |
| Non-Current Loans | 49,962,151 | 44,965,936 | 40,469,342 | 36,422,000 | 32,780,000 |
| Total Non-Current Assets | 872,202,356 | 915,163,461 | 999,870,885 | 1,069,911,139 | 1,119,077,966 |
| Current Assets | | | | | |
| Current Investments | 277,758,992 | 262,768,323 | 249,630,425 | 234,652,038 | 222,919,520 |
| Inventory | 17,349,884 | 16,482,390 | 17,141,686 | 18,342,000 | 19,626,000 |
| Consumer Debtors | 398,237,346 | 457,972,948 | 512,929,702 | 569,351,969 | 620,593,646 |
| Other Debtors | - | - | - | - | - |
| Current Portion Of Long-Term Loans | 22,620,655 | 20,358,590 | 18,322,731 | 16,490,000 | 14,841,000 |
| Cash in Bank | 123,174,123 | 67,745,768 | 62,326,107 | 68,558,718 | 61,702,846 |
| Total Current Assets | 839,141,000 | 825,328,019 | 860,350,651 | 907,394,725 | 939,683,012 |
| Total Assets | 1,711,343,356 | 1,740,491,480 | 1,860,221,536 | 1,977,305,864 | 2,058,760,978 |

ANNEXUER C

AMENDMENTS TO THE CREDIT CONTROL POLICIES AND PROCEDURES

- The Executive Director Finance may, in consultation with the City Manager and Executive Mayor, publish names of non-payers in the print media.
- The Chief Financial Officer, may in compliance with the Code of Conduct of staff members contained in the Municipal Systems Act, deduct outstanding amounts owed by employees for rates and services.
- The Council may not procure goods and services from any organizations / businesses who are in arrears for municipal rates or services, unless a proof of payment and/or a acceptable arrangement has been entered into with the Debt Collection Section of the Finance Directorate for the payment of arrears.
- The Council may not procure goods and services from any organizations/businesses whose members and/or directors whose rates and services are in arrears, unless a proof of payment and/or an acceptable arrangement has been entered into with the Debt Collection Section of the Finance Directorate for the payment of arrears.
- The Councils may not accept/approve rezoning and other land applications if there are amounts in arrears for rates or services in aspect of the property.
- The Council may disconnect electricity provision to a property if there are amounts in arrears for rates or services in aspect of the property.
- The Council will on a monthly basis distribute a list of all debtors who have not responded to the letters of demand issued by the Debt Collection Section to the responsible Ward Councillors for information purposes before the accounts are handed over to the attorneys for collection.

Financial Benchmarks

| Financial Benchmark | Basis of Calculation | 2004/05 Actual | 2005/06 Estimated | 2006/07 Estimated | 2007/08 Estimated | 2008/09 Estimated |
|---|--|----------------|-------------------|-------------------|-------------------|-------------------|
| Debt Management | | | | | | |
| Debt to Asset Ratio | Total Debt/Total Asset | 0.025 : 1 | 0.027 : 1 | 0.023 : 1 | 0.020 : 1 | 0.020 : 1 |
| Debt To Revenue | Total Debt/Annual Income | 0.014 : 1 | 0.015 : 1 | 0.014 : 1 | 0.012 : 1 | 0.012 : 1 |
| Capital charges to Operating Expenditure | Interest and Redemption/ Operating Expenditure | 0.093 : 1 | 0.094 : 1 | 0.095 : 1 | 0.095 : 1 | 0.095 : 1 |
| Safety of Capital | | | | | | |
| Debt to equity | Loans and Accounts Payable/Funds and reserves | 0.195 : 1 | 0.205 : 1 | 0.208 : 1 | 0.204 : 1 | 0.205 : 1 |
| Gearing | Funds and Reserves/ Long Term Debt | 68.44 : 1 | 56.756 : 1 | 62.341 : 1 | 68.675 : 1 | 70.031 : 1 |
| Liquidity | | | | | | |
| Current Ratio | Current Assets/ Current Liabilities | 2.663 : 1 | 2.743 : 1 | 2.741 : 1 | 2.220 : 1 | 2.110 : 1 |
| Liquid Ratio | Monetary Assets/Current Liabilities | 2.608 : 1 | 2.667 : 1 | 2.660 : 1 | 2.154 : 1 | 2.050 : 1 |
| Creditors Management | | | | | | |
| Creditors System efficiency | % of Creditors paid within terms | 99.50% | 100% | 100% | 100% | 100% |
| Other Indicators | | | | | | |
| Electricity Distribution Losses % | Total Unit Purchased less Total Unit Sold/Total Units Purchased | 9.36% | 7.90% | 7.50% | 7.00% | 7.00% |
| Electricity Distribution Losses Value | | R39 725 772 | R33 692 553 | R28 189 219 | R26 308 998 | R27 642 000 |
| Water Distribution Losses / Unmetered Consumption % | Total Unit Purchased less Total Unit Sold/Total Units Purchased | 36.60% | 33.00% | 30.00% | 28.00% | 27.00% |
| Water Distribution Losses / Unmetered Consumption Value | | R113 451 828 | R96 528 000 | R95 138 000 | R93 462 000 | R 90 183 000 |
| Revenue Management | | | | | | |
| Debtors Annual Collection Rate | Receipts for Twelve months/ Debtors Billing for twelve Months | 92.89% | 96.50% | 97.00% | 97.50% | 97.50% |
| Efficiency | | | | | | |
| Personnel cost to Operating Income | Personnel Cost/Total Revenue | 29.10% | 29.00% | 28.00% | 28.00% | 28.00% |