



DRAFT BUDGET OF  
**MAKHUDUTHAMAGA LOCAL  
MUNICIPALITY**

**2012/2013**

NB. Copies of this document can be viewed/obtained:

- At the reception of our municipal buildings
  - All public libraries of the municipality
  - At [www.makhuduthamaga.gov.z](http://www.makhuduthamaga.gov.z)
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## Abbreviations and Acronyms

BPC	Budget Planning Committee		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NGO	Non-Governmental organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
IDP	Integrated Development Strategy	PPE	Property Plant and Equipment
IT	Information Technology	PPP	Public Private Partnership
km	kilometre	RG	Restructuring Grant
DFS	Government Financial Statistics	SALGA	South African Local Government Association
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		

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1.1



## Quality Certificate

I **Moropa Mogobadi Erick**, the Acting municipal manager of **Makhuduthamaga Municipality** hereby certify that the:

- ✓ Draft Budget

For 2012/2013 and supporting documents has been prepared in accordance with Municipal Finance Management Act and regulations made under the Act, and that the Draft Budget for 2012/2013 and supporting documents are consistent with the Integrated Development Plan of the municipality

Print Name: Moropa Mogobadi Erick

Municipal Manager of **Makhuduthamaga Local Municipality (LIM473)**

Signature .....

Date .....

## 1.2 CONTACT DETAILS

### LIM473 Makhuduthamaga - Contact Information

#### A. GENERAL INFORMATION

Municipality	LIM473 Makhuduthamaga	Set name on 'Instructions' sheet
Grade	3	1 Grade in terms of the Remuneration of Public Office Bearers Act.
Province	LP LIMPOPO	
Web Address	<a href="http://www.makhuduthamaga.gov.za">www.makhuduthamaga.gov.za</a>	
e-mail Address	MogobadiM@makhuduthamaga.gov.za	

#### B. CONTACT INFORMATION

##### Postal address:

P.O. Box	PRIVATE BAG X 434
City / Town	JANE FURSE
Postal Code	1085

##### Street address

Building	STAND NO 1
Street No. & Name	PLAZA
City / Town	JANE FURSE
Postal Code	1085

##### General Contacts

Telephone number	013 265 8600
Fax number	013 265 1975

#### C. POLITICAL LEADERSHIP

Speaker:		Secretary/PA to the Speaker:	
Name	Clr. M Makaleng	Name	MAILA REGINAH
Telephone number	013 265 8600	Telephone number	013 265 1262
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Fax number	013 265 1975	Fax number	013 265 1975
E-mail address	<a href="mailto:Lejelakae@webmail.co.za">Lejelakae@webmail.co.za</a>	E-mail address	<a href="mailto:Lejelakae@webmail.co.za">Lejelakae@webmail.co.za</a>
Mayor/Executive Mayor:		Secretary/PA to the Mayor/Executive Mayor:	
Name	Clr. M.A Matlala	Name	Mrs. Lenthotse Mohlala
Telephone number	013 265 8600	Telephone number	013 265 8637
Cell number	082 343 0142	Cell number	082 294 4957
Fax number	086 630 5385	Fax number	086 630 5385
E-mail address	<a href="mailto:lenthotsem@makhuduthamaga.gov.za">lenthotsem@makhuduthamaga.gov.za</a>	E-mail address	<a href="mailto:lenthotsem@makhuduthamaga.gov.za">lenthotsem@makhuduthamaga.gov.za</a>

<b>Deputy Mayor/Executive Mayor:</b>		<b>Secretary/PA to the Deputy Mayor/Executive Mayor:</b>	
Name	N/A	Name	N/A
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
<b>D. MANAGEMENT LEADERSHIP</b>			
<b>Municipal Manager:</b>		<b>Secretary/PA to the Municipal Manager:</b>	
Name	MOROPA M.E	Name	MATLALA MOOIKIE
Telephone number	013 265 8600	Telephone number	013 265 8600
Cell number	082 378 3738	Cell number	072 736 1853
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<b>Chief Financial Officer</b>		<b>Secretary/PA to the Chief Financial Officer</b>	
Name	DIALE DOROTHY SEKGOLOLO	Name	LESHABA D.M
Telephone number	013 265 8625	Telephone number	013 265 8600
Cell number	083 446 0178	Cell number	082 820 2358
Fax number	013 265 1975	Fax number	013 265 1975 / 086 636 3115
E-mail address	<a href="mailto:amaqa.gov.za">amaqa.gov.za</a>	E-mail address	<a href="mailto:leshabad@makhuduthamaga.gov.za">leshabad@makhuduthamaga.gov.za</a>
<b>Official responsible for submitting financial information</b>			
Name	MOGANEDI R.M		
Telephone number	013 265 8622		
Cell number	072 207 7581		
Fax number	086 637 3884		
E-mail address	a.gov.za		
<b>Official responsible for submitting financial information</b>			
Name			
Telephone number			
Cell number			
Fax number			
E-mail address			
<b>Official responsible for submitting financial information</b>			
Name			
Telephone number			
Cell number			
Fax number			
E-mail address			



# **Mayor's report**



# Council resolution



## 1.5 Executive Summary

- ❖ Makhuduthamaga Local Municipality prepared the Draft Annual budget for 2012/2013 based on the municipal budget and reporting regulations Government Gazette No: 32141 dated 17 April, 2009 and in accordance with section 16, 17, 18, 19 and 21 of the municipal Finance Management Act (MFMA) and Makhuduthamaga municipality Budget Policy. The Draft Annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

### ❖ Legislative requirements

#### 1. MUNICIPAL FINANCE MANAGEMENT ACT

- The preparation and approval of the Annual Budget is regulated by section 16 and 24 of the MFMA, which states as follows:

16 (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2). In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3). Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

24 (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by council of a resolution referred to in section 17 (3) (a) (i) and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget.

(iv) approving any changes to the municipality's integrated development plan and;

(v) approving any changes to the municipality's budget related policies.

(3) the accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

➤ **National Treasury's MFMA Circular No. 51, 54, 55 and 58 were used to guide the compilation of the 2012/13 Draft Annual Budget.**

- The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:
  - The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
  - The municipality's inability to generate enough own revenue to assist the infrastructure challenges in our communities.
- The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:
  - The budget was prepared on a zero base principle and some of the operational expenses such as advertising, some contracted services and fuel expenses were prepared on an incremental base.
  - The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
  - For the 2012/2013 financial year, tariffs and property rates have not been increased.
  - There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
  - Electricity projects will only be funded by the DOE grant.

❖ **DRAFT ANNUAL BUDGET SUMMERY 2012/2013**

• **BUDGETED REVENUE**

- Our total revenue for the 2012/2013 amount to R 273,889 million. For 2013/2014 and 2014/2015 the total revenue amount to R 296,926 million and R 323,114 million respectively.
- The total revenue for 2011/2012 was R 235,410 million compared to the total revenue for 2012/2013 which amount to R 273,889 million; we therefore have an increase of **16.35%** in the 2012/2013 budget and **8.41%** and **9.06%** in the 2013/2014 and 2014/2015 respectively.

- Our total revenue for 2012/2013 is from the following sources as indicated below:

**Table 1**

<b>DRAFT BUDGET SUMMARY 2012/2013 - 2014/2015</b>				
<b>REVENUE PER SOURCE</b>	<b>Budget 2011/2012</b>	<b>Budget 2012/2013</b>	<b>Budget 2013/2014</b>	<b>Budget 2014/2015</b>
<b>GRANTS</b>				
Equitable Shares (ES)	126,339,000.00	143,213,000.00	153,818,000.00	166,931,000.00
Finance Management Grant (FMG)	1,500,000.00	1,500,000.00	1,500,000.00	1,750,000.00
Municipal Improvement Grant (MSIG)	790,000.00	800,000.00	900,000.00	950,000.00
Municipal Infrastructure Grant (MIG)	34,159,000.00	41,436,000.00	43,710,000.00	46,237,000.00
Incentive Grant: Public Works	1,492,000.00	966,000.00	0.00	0.00
Department of Energy	10,000,000.00	4,000,000.00	6,800,000.00	10,000,000.00
<b>TOTAL</b>	<b>174,280,000.00</b>	<b>191,915,000.00</b>	<b>206,728,000.00</b>	<b>225,868,000.00</b>
<b>OWN INCOME</b>				
Property Rates	41,443,710.00	41,443,710.00	45,588,081.00	50,146,889.10
Licenses and Permits	4,000,000.00	4,400,000.00	4,840,000.00	5,324,000.00
Interest Earned-External Investments	3,850,000.00	5,235,000.00	5,758,500.00	6,334,350.00
Interests on outstanding debtors	4,773,445.46	5,250,789.50	5,775,868.45	6,353,455.30
Tender Documents	500,000.00	550,000.00	605,000.00	665,500.00
Site rental	100,000.00	100,000.00	110,000.00	121,000.00
Other Income	200,000.00	200,000.00	220,000.00	242,000.00
VAT Recovery	6,263,614.00	24,794,879.77	27,301,425.34	28,771,364.00
<b>TOTAL</b>	<b>61,130,769.46</b>	<b>81,974,379.27</b>	<b>90,198,874.79</b>	<b>97,958,558.40</b>
<b>TOTAL</b>	<b>235,410,769.46</b>	<b>273,889,379.27</b>	<b>296,926,874.79</b>	<b>323,826,558.40</b>

- Our major source of revenue is government grants which contribute 74.03%, 70.04%, 69.62% and 69.75% to the total budgeted revenue for 2011/2012, 2012/2013, 2013/2014 and 2014/2015 respectively.
- Our own revenue sources combined together contribute 25.97%, 29.96%, 30.38% and 30.25 to the total budgeted revenue for 2011/2012, 2012/2013, 2013/2014 and 2014/2015 respectively.

## • TOTAL EXPENDITURE

- The total expenditure for 2012/2013 amounts to R 273,720 million. For 2013/2014 and 2014/2015, the total expenditure amounts to R 296,749 million and R 323,114 million respectively.
- The total expenditure for 2011/2012 was R 235,350 million, compared to the total expenditure for 2012/2013 which amounts to R 273,720 million; we therefore have an increase of **16.30%** in our total expenditure budget for 2012/2013 and **8.41%** and **8.88%** for 2013/2014 and 2014/2015 respectively.
- The total expenditure for 2012/2013 consists of a total Operational expenditure of **R170,358** million and total Capital Expenditure of **R103,361** million.

- Operational expenditure amounts to **62.25%** of the total expenditure budget and Capital expenditure is **37.76%**
- **Our total Operational and capital expenditure for 2012/2013 to 2014/2015 can be illustrated as follows in a tabular form:**

Table 2

<b>DRAFT BUDGET SUMMARY 2012/2013 - 2014/2015</b>				
<b>EXPENDITURE PER SOURCE</b>	<b>Budget 2011/2012</b>	<b>Budget 2012/2013</b>	<b>Budget 2013/2014</b>	<b>Budget 2014/2015</b>
<b>OPERATIONAL EXPENDITURE</b>				
Salaries, Wages and Allowances	33,120,901.61	43,631,079.12	43,785,158.05	48,562,438.21
Councillor Allowances	13,800,547.00	15,045,463.02	15,888,008.95	16,745,961.44
General Expenses	55,547,453.65	60,551,661.19	62,643,574.11	69,067,591.65
Debt impairment	29,587,544.71	29,587,544.71	31,244,447.21	32,931,647.36
Depreciation (PPE)	3,187,985.88	8,500,000.00	9,500,000.00	16,000,000.00
Repairs and Maintenance (Other Assets)	1,300,000.00	3,343,200.00	3,546,419.20	3,751,525.84
Repairs and Maintenance (Infrastructure Assets)	17,142,469.11	9,200,000.00	10,339,200.00	11,479,116.80
Repairs and Maintenance (Community Assets)	1,000,000.00	500,000.00	528,000.00	556,512.00
<b>TOTAL</b>	<b>154,686,901.96</b>	<b>170,358,948.04</b>	<b>177,474,807.53</b>	<b>199,094,793.29</b>
<b>CAPITAL EXPENDITURE</b>				
Renewal of Existing Assets: Infrastructure Assets	<b>4,053,536.79</b>	5,000,000.00	0.00	0.00
Infrastructure Assets: Roads, Bridges & Storm Water	56,378,382.82	74,320,822.87	106,473,604.28	115,800,000.00
Infrastructure Assets: Electricity	11,962,500.00	9,142,000.00	5,872,500.00	5,133,000.00
Community Assets: Park & Cemetery Development	500,000.00	1,050,000.00	0.00	0.00
Other Assets:	7,769,600.00	13,848,600.00	6,928,800.00	3,086,955.20
<b>TOTAL</b>	<b>80,664,019.61</b>	<b>103,361,422.87</b>	<b>119,274,904.28</b>	<b>124,019,955.20</b>
<b>TOTAL</b>	<b>235,350,921.57</b>	<b>273,720,370.91</b>	<b>296,749,711.81</b>	<b>323,114,748.49</b>

- **N.B** The detailed budget workings can be found on page.
- **GRANTS AND SUBSIDIES FOR 2012/2013**
- Makhuduthamaga Local Municipality was allocated the following grants for 2012/2013 as per Division of Revenue Act (DORA).

#### ✓ **CONDITIONAL GRANTS**

<b>NAME OF GRANT</b>	<b>AMOUNT FOR 2012/2013</b>
Municipal Infrastructure Grant (MIG)	R 41,436,000.00
DOE	R 4,000,000.00
Financial Management Grant (FMG)	R 1 500 000.00
Department of Public Works (Incentive grant)	R 966,000.00

Municipal Systems Improvement Grant (MSIG)	R 800,000.00
<b>Total Conditional grants</b>	<b>R 48,702,000.00</b>

✓ **OTHER GRANTS**

<b>NAME OF GRANT</b>	<b>AMOUNT FOR 2010/2011</b>
Equitable Shares (ES)	R 143,213,000.00

**1.6. DRAFT ANNUAL BUDGET TABLES (A1 to A10)**

### 1.6.1. Table A1 – Draft Annual Budget Summary

LIM473 Makhuduthamaga - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	17,956	24,520	24,047	41,444	41,444	41,444	41,444	45,588	50,147
Service charges	–	–	–	–	–	–	–	–	–	–
Investment revenue	8,575	2,194	3,048	3,500	3,850	3,850	3,850	5,235	5,759	6,334
Transfers recognised - operational	67,705	86,698	114,159	128,589	130,121	130,121	130,121	146,479	156,218	169,631
Other own revenue	22,980	3,659	8,971	22,109	15,837	15,837	15,837	35,296	38,852	41,477
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>99,259</b>	<b>110,508</b>	<b>150,699</b>	<b>178,245</b>	<b>191,252</b>	<b>191,252</b>	<b>191,252</b>	<b>228,453</b>	<b>246,417</b>	<b>267,590</b>
Employee costs	9,504	13,896	17,307	39,742	33,121	33,121	33,121	43,631	43,785	48,562
Remuneration of councillors	10,695	13,598	13,670	15,840	13,801	13,801	13,801	15,045	15,888	16,746
Depreciation & asset impairment	5,547	5,072	10,878	3,188	3,188	3,188	3,188	8,500	9,500	11,044
Finance charges	–	87	100	300	110	110	110	116	122	129
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	4,186	79,383	57,553	60,229	104,467	104,467	104,467	111,066	117,151	138,057
<b>Total Expenditure</b>	<b>29,932</b>	<b>112,036</b>	<b>99,509</b>	<b>119,300</b>	<b>154,687</b>	<b>154,687</b>	<b>154,687</b>	<b>178,359</b>	<b>186,447</b>	<b>214,538</b>
<b>Surplus/(Deficit)</b>	<b>69,327</b>	<b>(1,530)</b>	<b>51,189</b>	<b>58,945</b>	<b>36,565</b>	<b>36,565</b>	<b>36,565</b>	<b>50,094</b>	<b>59,970</b>	<b>53,051</b>
Transfers recognised - capital	–	30,330	33,401	41,659	44,159	44,159	44,159	45,436	50,510	56,237
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
	69,327	28,800	84,590	100,604	80,724	80,724	80,724	95,530	110,480	109,288
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>69,327</b>	<b>28,800</b>	<b>84,590</b>	<b>100,604</b>	<b>80,724</b>	<b>80,724</b>	<b>80,724</b>	<b>95,530</b>	<b>110,480</b>	<b>109,288</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>43,346</b>	<b>58,482</b>	<b>65,938</b>	<b>100,582</b>	<b>80,664</b>	<b>80,664</b>	<b>80,664</b>	<b>103,361</b>	<b>119,275</b>	<b>124,020</b>
Transfers recognised - capital	13,475	27,924	28,401	41,659	44,159	44,159	44,159	45,436	50,510	56,237
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	29,871	30,558	37,537	58,923	36,505	36,505	36,505	57,925	68,765	67,783
<b>Total sources of capital funds</b>	<b>43,346</b>	<b>58,482</b>	<b>65,938</b>	<b>100,582</b>	<b>80,664</b>	<b>80,664</b>	<b>80,664</b>	<b>103,361</b>	<b>119,275</b>	<b>124,020</b>
<b>Financial position</b>										
Total current assets	76,473	89,561	126,850	86,876	190,624	190,624	190,624	318,023	525,920	752,558
Total non current assets	160,373	154,219	207,445	342,991	323,073	323,073	323,073	426,434	545,709	669,729
Total current liabilities	10,408	19,516	27,274	1,005	1,005	1,005	1,005	1,040	963	1,064
Total non current liabilities	–	–	–	1,440	32,588	32,588	32,588	29,588	31,244	32,932
Community wealth/Equity	226,438	224,265	307,021	427,422	480,104	480,104	480,104	713,830	1,039,422	1,388,292
<b>Cash flows</b>										
Net cash from (used) operating	62,404	45,313	75,441	100,604	73,252	73,252	73,252	160,053	183,568	196,781
Net cash from (used) investing	(81,723)	(32,492)	(65,938)	(100,582)	(80,664)	(80,664)	(80,664)	(13,499)	(6,929)	(3,087)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>52,358</b>	<b>65,178</b>	<b>74,681</b>	<b>47,929</b>	<b>67,269</b>	<b>67,269</b>	<b>67,269</b>	<b>213,823</b>	<b>390,463</b>	<b>584,157</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	100,773	65,178	74,681	47,929	115,198	115,198	115,198	213,823	390,463	584,157
Application of cash and investments	(13,536)	19,165	17,288	(37,942)	(56,341)	(56,341)	(56,341)	(53,448)	(80,554)	(102,217)
<b>Balance - surplus (shortfall)</b>	<b>114,309</b>	<b>46,014</b>	<b>57,392</b>	<b>85,871</b>	<b>171,539</b>	<b>171,539</b>	<b>171,539</b>	<b>267,271</b>	<b>471,017</b>	<b>686,374</b>
<b>Asset management</b>										
Asset register summary (WDV)	–	–	–	179,823	179,823	179,823	283,184	283,184	402,459	526,479
Depreciation & asset impairment	5,547	5,072	10,878	3,188	3,188	3,188	8,500	8,500	9,500	11,044
Renewal of Existing Assets	–	–	–	3,000	4,054	4,054	4,054	–	–	–
Repairs and Maintenance	–	–	–	11,682	18,182	18,182	14,386	14,386	15,832	17,282
<b>Free services</b>										
Cost of Free Basic Services provided	1,800	2,000	2,500	3,000	3,000	3,000	4,000	4,000	5,000	6,000
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	39	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	9	–	–	–	–	–	–	–	–	–
Energy:	20	–	–	–	–	–	–	–	–	–
Refuse:	53	–	–	–	–	–	–	–	–	–

**1.6.2. Table A2 – Budgeted Financial Performance (Standard Classification)**

**1.6.3. Table A3 – Budgeted Financial Performance (Municipal Vote)**

**1.6.4. Table A4 – Budgeted Financial Performance (Operational Revenue and Expenditure)**

**1.6.5. Table A5 – Budgeted Capital Expenditure (By Vote & Standard Classification)**

**1.6.6. Table A6 – Budgeted Financial Position**

**1.6.7. Table A7 – Budgeted Cash Flows**

**1.6.8. Table B8 – Cash backed reserves/Accumulated surplus reconciliation**

**1.6.9. Table A9 – Asset Management**

**1.6.10. Table A10 – Basic Service delivery measurement**

**PART 2 – SUPPORTING DOCUMENTS**

**1.1 Supporting tables (SA1 to SA 37) – Annexure A**

**N.B. Other supporting tables (SA tables) are too big to fit in to the word document (A4), and therefore only tables that could fit in the document are included in the budget document. All other supporting tables (SA tables) that are not included in the document can be viewed on the soft copy of the B Schedule on our municipal website: [www.makhuduthamaga.gov.za](http://www.makhuduthamaga.gov.za)**







## **1.2 Budget Adjustment workings – Annexure B**

### **1.2.1 Adjusted Revenue Working per vote**

### **1.2.2 Adjusted Expenditure workings per vote**

## **1.3 Overview of the alignment of Annual Draft Budget with IDP (Annexure C)**

- ✓ The Draft Annual Budget for 2012/2013 was aligned to the municipality 's Integrated Development Plan for 2012/2013

## **2.4 Overview of Budget Related Policies (Annexure D)**

### **1. BUDGET POLICY**

Makhuduthamaga municipality has a budget policy in place which is intended to set out the budgeting principles which the municipality will follow in preparing each annual budget and adjustment budget, as well as the responsibilities of the chief financial officer in compiling such budget. Our adjustment budget was prepared in accordance with the policy and section 28 of the MFMA, taking in to consideration the regulations concerned in the MBRR. This policy is currently under review to ensure up to date best practice and proper municipal Finance planning and management

### **2. CREDIT CONTROL AND DEBT MANAGEMENT**

The Credit Control and Debt Management Policy of Makhuduthamaga Local Municipality was adopted in recognition of the constitutional obligations to develop the local economy and to provide acceptable service to the communities. The constitutional obligations cannot and will never be realized unless there are payments of services. The municipality has started billing for property rates as from July 2009. This policy is under review to come up with new strategies and procedures that council may have to implement to ensure that, property rates debtors pay

their accounts to insure financial sustainability of the municipality as property rates is the major source of own revenue.

### **3. SUPPLY CHAIN MANAGEMENT POLICY**

The Makhuduthamaga Local Municipality has developed and adopted Supply Chain Management Policy in 2008. It provides policy guidelines as and when the MLM procures goods or services, disposes goods no longer needed, selects contractors to provide assistance in the provision of municipal services otherwise than in Chapter 8 of the MSA applies. There is also a procedure manual that outlines how SCM policy should be implemented. This policy together with its procedure manual are currently under review to ensure up to date best practice and compliance with MFMA and regulations concerned.

### **4. Tariff Policy**

- Our municipality have a tariff policy in terms of Municipal Property Rates Act to regulate tariffs charges for property rates. This policy is under review.

### **5. Cash and Investment Policy**

- Our municipality have a cash and investment policy which is currently under review.