



Lukhanji Municipality  
**BUDGET STRATEGY AND  
EXPENDITURE FRAMEWORK**

**FOR**

**2009/10 – 2011/12**

**TABLED JUNE 30, 2009**

# Lukhanji Tabled 2009/10 Budget Report

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## **Lukhanji Tabled 2009/10 Budget Report**

### **2. Mayoral Budget Speech**

Honourable Speaker,  
Chairpersons of Committees  
Fellow Councillors,  
The Municipal Manager and Directors,  
Officials,  
Members from the community  
Representatives from the media,  
Ladies and Gentleman

Good Afternoon...

Before I get down to business, allow me first to express my delight in welcoming Councillor Nomhle Xulubana as the latest addition to our Council. Councillor Nomhle I am sure that you may feel a little bewildered right now, but please don't. Believe me, you will soon get the hang of things and make constructive contributions to this Council and the community at large. Please feel at home, you are among friends.

Madam Speaker, Fellow Councillors, we came together this afternoon at this special meeting to formally adopt our budget for the forthcoming financial year and to consent to the revised Integrated Development Plan for the same period. You will recall that these documents have been tabled in Council on the 31<sup>st</sup> of March as required by the MFMA. The MFMA determines that the Mayor must table the annual budget at a Council meeting at least 90 days before the start of the budget year.

In terms of the MFMA No 56/2003 Section 16, a Council of a Municipality must for each financial year approve an annual budget before the commencement of that particular financial year. As the financial year commences tomorrow questions may be raised by those not in the knowing as to why we left the adoption of the budget until this late

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stage. On behalf of the Council, I wish to offer an apology to our community and clarify why we had to wait until today to consider the budget for adoption.

Madam Speaker, perhaps it is necessary to point out that the budget policy must be well analysed, implemented and understood against the legislative background as the entire process and final budget acceptance plays a critical and influential role in an attempt to realise diverse needs. Central to this, the formulation of a municipal budget **must** take into account the government's macro-economic and fiscal policy fundamentals. This, Madam Speaker, is exactly where we became challenged in finalising this year's budget. Four influential predicaments confronted us and it includes:

**Firstly** – The National and Provincial elections. We had to wait for our new ministries to settle in and give direction on new fiscal policy to be followed. Government set five broad priorities all of which impacted on how we had to approach our priorities.

**Secondly** – The Property Rates Act. In terms of the Act, all municipalities have to develop and implement a new property rates structure with effect from 1 July 2009. This process proved to be extremely impeding towards the finalisation of the tariff structure we need to adopt today.

**Thirdly** – Salary Negotiations. A combined salary wage increase demand of 26%, among others, has been submitted by municipal unions. SALGA's Eastern Cape's proposal currently stands at 10,5%. We were hoping that a settlement would have been reached by now but unfortunately, negotiations are still continuing. We could not delay the finalisation of the budget any further so we had to work with the budget assumptions adopted earlier.

And **Fourthly** – Electricity tariff increases. Eskom applied for a 34% increase in the electricity tariff. We had a reasonable expectation that the outcome of Eskom's application would be announced before the commencement of the financial year of

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local authorities. We waited for this outcome as it would have a major impact on both the revenue and expenditure projections of the municipality. The announcement was only made by about 12 noon on Thursday whereafter the budget was finalised and printed for distribution on Friday morning.

That in short Madam Speaker, is why we are gathered here this afternoon rather than earlier in the month. Fellow Councillors we also had to take cognisance of the effects of the global economic decline that is staring all of us in the face.

Madam Speaker, economists warn that we are heading for an economic depression for the first time since the 1930's. They predict that it may result in a longer lasting recession than those ever reached in modern times. People in our province seems to be destined to be hit the hardest if one believe sentiments expressed in the weekend's newspapers. An ECDC discussion document named "*The Global recession in the Eastern Cape: Impact and Responses*", released in May, points out that we are in for a rough ride. The MEC for Finance and Economic Development, MEC Mcebisi Jonas concurred that the provincial economy is shrinking in almost every sector. What is of significance in this document, fellow Councillors, is the inference that the demand for public services and reliance on government spending will continue to grow. In response the MEC warned against the irresponsible waste of capital resources.

As a Council, I strongly feel that we must unite with our residents and business partners and with united resilience we will weather the storm. This Council must not add further to the hardship within our municipality, we must show strong leadership, we must be resolute, take hard decisions for hard times, thinking of the reason why we exist and doing our best by them - the people of the Lukhanji Municipality who we serve.

Like all local authorities and businesses we are in uncharted waters as far as our ability to predict the economic future and it is clear from our Medium Term Financial Strategy that we have difficult times ahead.

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Madam Speaker, Fellow Councillor, Ladies and Gentlemen.... it is against this backdrop that I wish to present our budget for the 2009/10 financial year.

At the outset, it should be noted, Madam Speaker, that this Budget comes at the tail end of a lengthy process of public participation. This consultation was held with communities and stakeholders across the length and breadth of Lukhanji. All of our priorities, Madam Speaker, are linked together by how we work alongside, with and for our communities. Our Ward Committee systems have now been in place for more than ten years. They have demonstrated that devolving decisions, and devolving budgets, to groups of Ward Councillors in and with their constituencies gives the greatest opportunity to truly reflect the needs and aspirations of our residents. It is therefore unfortunate to note, that in one particular area, this concept has not yet gained full buy-in and therefore the opportunity for meaningful public participation has been lost in that area. We will therefore have to be looking at finding ways of strengthening rather than weakening our local democracy in that particular area.

Today, Madam Speaker, we are called upon to accept changes in governance in order to do an even better job of serving the people of Lukhanji.

Some of these changes are painful, but necessary. We must make hard decisions and smart choices. We know what must be done: Cut overheads, find efficiencies, set priorities, and get back to basics.

We must put our finances in order and establish a foundation so as to better serve our people.

We must find ways to do things smarter, cheaper and better.

Though we face tough times, I've never been more optimistic about Lukhanji, its people, and our future. We dare not let budgetary constraints get in the way of



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strengthening basic services. We need to move forward and continue making the right choices.

Madam Speaker the budget tabled to this Council today amounts to **R333.5** Million for Operating Budget, whilst the Capital Budget amounts to **R72.3 Million**

The Operating Budget, Madam Speaker is funded from the following sources of revenue: -

Assessment Rates	8.9%
Fines	0.05%
Electricity Tariffs	28.5%
Interest on Debtor Accounts	5.7%
Water	7%
Sewer	4.07%
Refuse	4.9%
Grants and Subsidies	21%
Agency Fees	8%
Other Revenues	10%

And the remainder comes from carry overs from last year.

Madam Speaker, from the 1<sup>st</sup> of July 2009, our new property rates structure will come into effect. Property rates are an important source of revenue for the municipality and help us to achieve the developmental mandate set out in the Constitution. The implementation of the new property rates policy in Lukhanji supported by a new valuation roll has reached an advanced stage.

The final Rates Policy together is part of our agenda today for consideration and adoption of Council. The new system represents significant changes to the way in which we used to collected rates and taxes. The main features of the new system are:

- A change in the valuation basis to full market values;

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- A new valuation roll which for the first time includes all properties in the Lukhanji area; and
- A new property rates policy, requiring significant reconsideration of property tax.

The provisional general valuation roll contains the market value of all properties in Lukhanji according to Section 46 of the Act. The valuation roll contains 33 856 entries with a total market value of almost R9 billion as at 1 July 2009. This represents a dramatic increase on the total rates base of the previous general valuation roll. The main reason for this significant increase is the fact that the combined market value – including both land and improvements was determined according to full market value.

Madam Speaker, allow me now to summarise how this budget will be funded and briefly touch on how the funds will be expended.

The Capital Budget is funded from loans taken by the Municipality in the amount of R9,2 million, the Municipal Infrastructure Grant at an amount of R19,734, Housing Grants in the amount of R32 million and carry overs from last year in the amount of R11,5 million.

Madam Speaker we have tried hard to restrict any budget growth this year to essential based items, the bulk of which are driven by contractual and legal requirements. 38.7% of our Operational expenditures have been allocated for Salaries, Allowances & related costs while 23.61% of our expenditure will go towards bulk purchases of electricity and 20.63% towards general expenses and maintenance and 17.06% towards repayment of debt, operating grants and WSSA management contract. As I have stated earlier, we are still awaiting the ruling from SALGA on the salary increases. We have in the mean time made provision for a 13% increase and any positive or negative results from SALGA will be reported to this Council and the budget will be amended accordingly or it will be re-prioritised

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As far as the capital expenditure is concerned, R17 million will be spent on the rehabilitation of Roads, Pavements, Bridges and Stormwater, R5,5 million on Electricity Reticulation, R1,3 million on community lighting and 1,6 million on Community Halls. An amount of R 2,1 million has been included in this budget to continue with the upgrading of our sports fields while an amount of approximately R4 million will go towards a fleet replacement programme and the acquisition of new plant and equipment. Housing projects to be implemented in the new financial year will amount to R35 million.

Madam Speaker, I now turn to the proposed tariff increases.

The Council, through prudent financial management, has a reasonable level of reserves to begin the next financial year with enough cash to pay our creditors and still maintain some level of cash reserves but we will need to work together to agree on a major savings programme to balance our budget from 2010/11 onwards.

We are very aware of the impact that the economic down turn is having nationally - we are hearing of job losses on a daily basis and want to do our very best to minimise any further financial pressures on our residents. With this in mind, Madam Speaker we propose the following:

- Electricity 28.9% increase
- Rates as per the new categories I will reveal later on
- Refuse Collection 15.0% increase
- Water & Sanitation 5.0% increase

With regard to electricity Madam Speaker, NERSA approved an increase of 31,3%. It is indeed a steep increase and will without any doubt have a severe impact on all of us especially our poor. We need to shield our indigents against the effects these increases will have and therefore the following subsidies will apply.

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- Consumers who uses between 0 – 50kw will not pay.
- Those who consumes between 51 – 100kw will face a 15% increase, and
- Those who uses 101 kw and more will have to pay the full tariff.

Regarding the rates increases, Madam Speaker we should bear in mind that properties across Lukhanji has been grouped in different categories.

- Properties falling in the Agricultural Category will for example pay 0,001338c in the rand while
- Businesses will pay – 0,006688c in the rand
- Educational – 0,00535c in the rand
- Public Services Infrastructure – 0,001338c
- Residential properties - 0,00535c , and
- Vacant land - 0,0235c in the rand.

In addition we propose a R15 000 value exclusion from all residential property, aimed at introducing a fair and equitable system of rating but also address those property owners that cannot afford to pay.

This tariff review, fellow Councillors, is done within the environment of an increasing demand on limited and fast depleting resources

Ward Councillors, you are very well aware that there are various rebates that are offered to assist those who have limited means to pay such as pensioners, indigents, unemployed, etc. Please advise those members in your constituencies who fall within these categories to make use of the avenues available to assist them in coping with their hardships.

May I, in conclusion Madam Speaker, thank the CFO and Budget and Treasury Manager and all other Officials involved in producing these budget documents, and their assistance to us in producing our budget. Can I also place on record my appreciation of the work done by Councillor Xoseni and members of the Finance

## **Lukhanji Tabled 2009/10 Budget Report**

Committee, for the guidance, advice and assistance offered to the officials on these budget proposals.

Madam Speaker, it now gives me great pleasure to move acceptance of the 2009/10 Integrated Development Plan including the budget and ask Council for the adoption of recommendations 1 to 11 on pages 6 and 7 of the budget document.

I thank you.

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### 3. Budget Related Resolutions

1. Council resolves that the annual budget of the municipality for the financial year 2009/10; and indicative for the two projected outer years 2010/11 and 2011/12 be approved as set-out in the following schedules:

- 1.1. Operating revenue by source reflected in **schedule 1**.
- 1.2. Operating expenditure by vote reflected in **schedule 2**.
- 1.3. Council resolves that multi-year capital appropriations by vote and associated funding reflected in **schedules 3 and 4** be approved.
- 1.4. Capital funding by source reflected in **schedule 4**.
2. Council resolves that property rates and any other municipal taxes reflected in **appendix A** are imposed for the budget year 2009/10.
  - 2.1 Electricity tariffs be imposed at 31.3% approved by Nersa for bulk purchases with effect 1 July 2009.
  - 2.2 Electricity tariffs for non-indigent consumers be increased with 28.9% with effect 1 July 2009.
  - 2.3 Monthly electricity for registered indigents for the 2009/10 financial year be as follows:

First 50 Kw	Free
51-100 Kw	Increase of 15%
In excess of 100Kw	Increase of 28.9%

3. Council resolves that tariffs and charges reflected in **appendix A** are approved for the budget year 2009/10.
4. Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year 2009/10.
5. Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2009/10.
6. Council resolves to adopt the amended Integrated Development Plan as submitted.
7. Council notes the supplemental information supplied in **appendix B**.
8. That the **13%** provided for salary increases for employees is maintained.
9. That indigent income levels are set at the following:

Destitute indigent	R 1010
Indigent	R 2020

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10. That provision be made in the draft Property Rates Policy to continue with the existing practice to continue with the levying of an Infrastructure levy on properties which will be exempted from the payment of property rates, as permitted in sections 11(2) and 11(3) of the Municipal Property Rates Act No 6 of 2004 and the phase in of property rates.
11. That specific percentages/figures be included in the draft Property Rates policy in respect of exemptions, reductions and rebates as contemplated in section 15 of the Municipal Property Rates Act No 6 of 1994.

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## The Budget

### 4 Executive Summary

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The Municipal Finance Management Act (MFMA) and the related Circulars that have been distributed by the National Treasury require that the Mayor table a three year medium term budget strategy and expenditure framework to the Lukhanji Municipal Council by the end of March 2009 for the financial year beginning July 1, 2009 and ending June 30, 2011. The first year of this expenditure framework (2008/09) constitutes the recommended budget for adoption for the coming financial year.

The tabled budget is to be taken out to the public for consultation and then with all revisions be brought back to the entire municipal council for approval before the beginning of the new financial year as required in the MFMA. This final budget to be brought back to council will incorporate any of the submissions and changes that are deemed required by the Mayor.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include: 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source; 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote'; 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects). There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Mayoral Committee over the past months. In August of 2008 the Mayoral committee approved a set of assumptions and forecasts that were then used to prepare 'baseline' budgets. These 'baseline' budgets formed the basis for operating budget discussions and these were given to the Directors to review and revise within given guidelines. These revised baseline budgets returned by the directors then formed the basis for the draft budget that was built upon the key assumptions and decisions (*see section 10 for a discussion of budget assumptions*).

The budget and financial policies used to develop this budget are focused on making Lukhanji financially sustainable in the long run. One of the biggest challenges facing the municipality in the near future is maintaining an operating year end cash balance to allow for positive operating cash flows and unexpected contingencies. We must not only have sufficient cash available to pay all the creditors that we owe as required by the MFMA but also to allow for a cash reserve to even out sporadic cash flows during the operating year. We have worked diligently toward this goal over the past few years and have finally reached the point where we anticipate beginning the next financial year with enough cash to pay our creditors and still maintain some level of cash reserves.

As presented, the Budget for 2009/10 balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving toward our goal of maintaining an operating cash reserve of 30 days.



## Lukhanji Tabled 2009/10 Budget Report

**Operational Revenues** are anticipated to reach **R333.5 Million** (including currently known grants received for operational expenditures); **operational expenditures** funded from cash carry forwards and operating revenues are proposed at **R333 Million**.

**The Capital Budget** is funded from a blend of conditional grants, proposed borrowings and cash carried forward from prior years. Capital expenditures for 2009/10 are estimated to total **R72.3 Million** for a variety of projects and purchases.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

### **Operating Revenues**

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Allocations for bad debt** include the following amounts.
  - Electricity 11.3 million
  - Rates 1.2 million
  - Refuse Collection 7.8 million
  - Water & Sanitation 11.1 million
  - Debtor's Interest 17.7 million
- **Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:
  - Electricity 28.9% increase
  - Rates 8.0% increase
  - Refuse Collection 15.0% increase
  - Water & Sanitation 5.0% increase
- The **Equitable Share** Allocation from the National Treasury is **R68,291,000** which is up from the current budget of R53,063,000.
- The operating budget anticipates an agency **payment from the Chris Hani District Municipality** for providing the water and sanitation service of **R6,680,754 in the Lukhanji Municipal Area**. This amount is based on the model we have used for the past three years.
- The anticipated agency fees from the province are set at levels that reflect preliminary provincial funding levels. In the case of the Primary Health Clinics these levels do not fund the anticipated expenditures and thus must be subsidized from operating revenues from other areas. This subsidy from operating revenues for 2009/10 amounts to **R1,455,248**.

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## Operating Expenditures

- **Employee salaries** and related expenses are increased by the level indicated by correspondence from SALGA. This amounts to a **13% increase in 2009/10**. Council salaries are also budgeted to increase this same amount. In addition, all positions are budgeted to be filled for the entire year except where contract workers are used in the place of a vacancy. In Rand terms the salary and allowance related budget increased by almost R18.2 Million over the adopted budget in the current 2008/09 budget.
- **Primary health clinics** are currently budgeted at a **deficit of R1,455,248**. This means that the provincial allocation to Lukhanji is under the anticipated actual expenditures for next year by this amount. This amount uses an anticipated increase in provincial funding levels for clinics based on correspondence received.
- **Electricity bulk purchases** are anticipated to **increase by 34%** for next year.
- All costs related to our current **DBSA loan** and the repayment for **past fleet purchases** are fully funded in this budget. In addition, the budget makes appropriations for the repayment of **new debt** for capital acquisitions including the fleet replacement program, maintenance of the electricity reticulation, and other capital items. A complete listing is included in the budget document.
- An amount of **R1.500,000** has been allocated in the operating budget for normal street maintenance and repairs material
- **No amount** is included in the operating budget for the purchase of small equipment and machinery.

## Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues, cash forward and borrowings to fund the budgeted expenditures of **R72.3 million**. Major items include the allocation of almost **R62.4 Million** in conditional capital grants and housing subsidies allocated to the municipality. The largest of these include the **MIG grant (R27.3 million)**, the **Housing grants (R35 million)**.

In addition to conditional capital grants, the municipality has budgeted for the use of debt funding and loans totalling **R9.2 million** to finance the fleet purchases for the next year, improve electricity reticulation and other items. A complete listing is included within the budget document.

## Other items in the operating budget

Included in the appendix is a separate listing of various conditional grants/other funded items and programs included within the operating budget. Most of these items (amounting to some **R9.9 Million**) are funded by conditional grants that specify exactly what the money can be expended on.

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## Conclusion

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for consideration and review.

As with any such endeavour, preparation of this document required the participation and time of many individuals. Appreciation and thanks are expressed to all those involved in making this possible.

The table and charts below show the percentage makeup of the revenue and expenditures for the 2009/10 Lukhanji Budget.

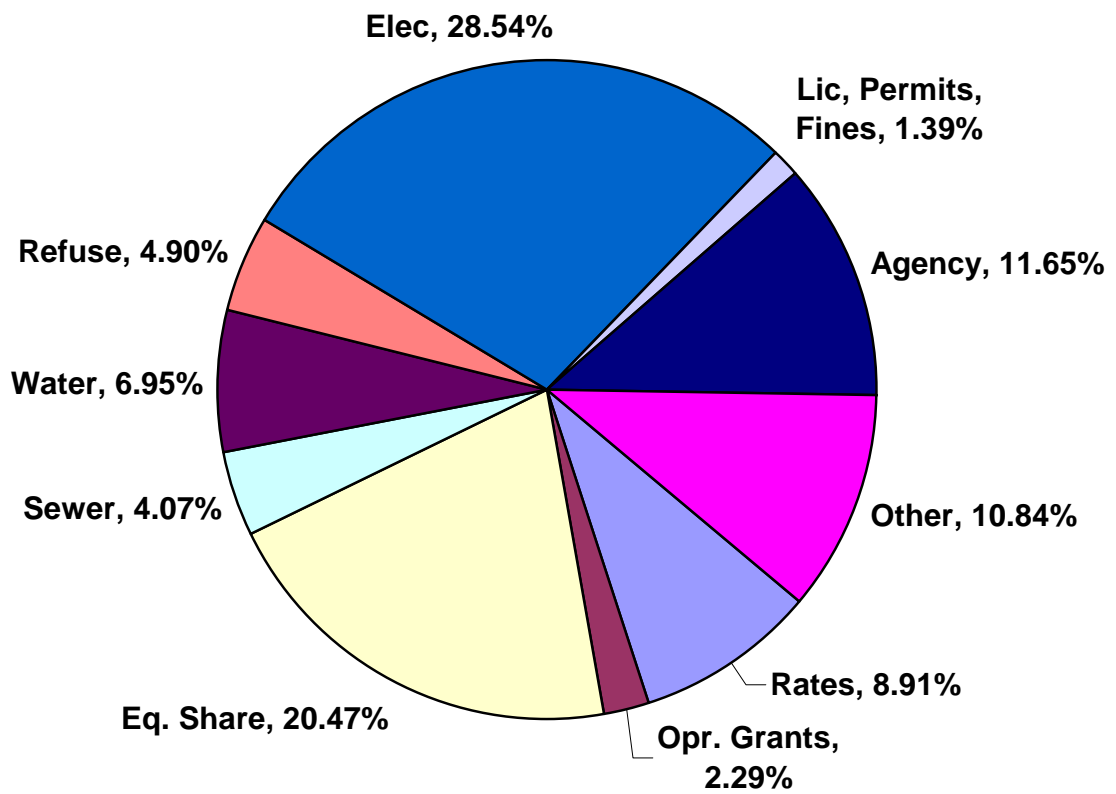
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## Executive Summary 2009/10 Tabled Budget Overview

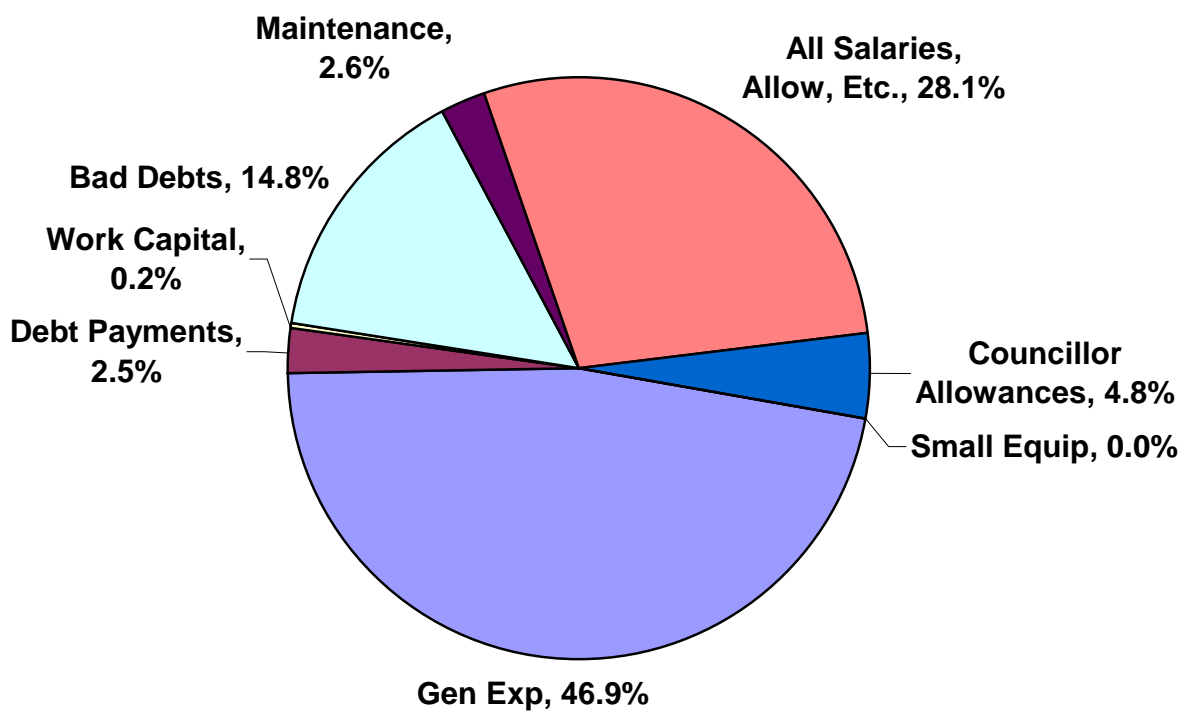
<b>Revenues</b>			
<b>Operating Budget Revenues (000's)</b>		<b>Capital Budget Revenues (000's)</b>	
Assessment Rates	29,729	Loans taken by Municipality	9,234
Fines	160	Municipal Infrastructure Grant (MIG)	19,734
Electricity Tariffs	95,215	Housing Grants	31,908
Interest on Debtor Accounts	19,301		
Water Tariffs	23,173		
Sewer Tariffs	13,586		
Refuse Tariffs	16,330		
Government Grants and Subsidy:			
Equitable Share	68,291		
Operational Grants	1,485		
	<u>69,776</u>		
Agency Fees:			
Water and Sewer	18,596		
Primary Health	7,475		
	<u>26,071</u>		
Gain on Sale of Property	1,000		
Other Revenues	33,112		
	<u>327,451</u>		
<b>Total Operating Revenues</b>	<b>327,451</b>	<b>Total Capital Revenues</b>	<b>60,876</b>
Cash Carry Over from prior year (grants)	6,138	Cash Carry Over Prior Year (grants)	11,456
<b>Total Revenue and Cash</b>	<b>333,590</b>	<b>Total Capital Revenues</b>	<b>72,332</b>
<b>Expenditures</b>			
<b>Operating Budget Expenditures (000's)</b>		<b>Capital Budget Expenditures (000's)</b>	
Salaries, Wages, Allowances & related costs	110,050	Roads, Pavements, Bridges and Stormwater	17,316
Small Capital	-	Electricity Retriculation	5,474
Electricity Bulk Purchases	67,122	Land and Buildings	500
General Expenses	49,937	Community Lighting	1,350
Repairs and Maintenance	8,696	Community Halls	1,576
Repayment on Municipal Debt	8,490	Sportfields	2,125
Provision for Bad Debts:		Fleet Replacements	1,979
Assessment Rates	1,207	Refuse Sites	2,365
Debtor Interest	17,759	Housing Projects	35,054
Electricity	11,377	Plant and Equipment	2,000
Water	6,265	Other	2,593
Refuse	7,831		
Sewer	4,865		
	<u>49,302</u>		
Operational Grants (see detail list)	7,623		
Other Expenditures	5,196		
WSSA Management Contract	26,593		
Provision for Working Capital	582		
<b>Total Operating Budget Expenditures</b>	<b>333,590</b>	<b>Total Capital Expenditures</b>	<b>72,332</b>

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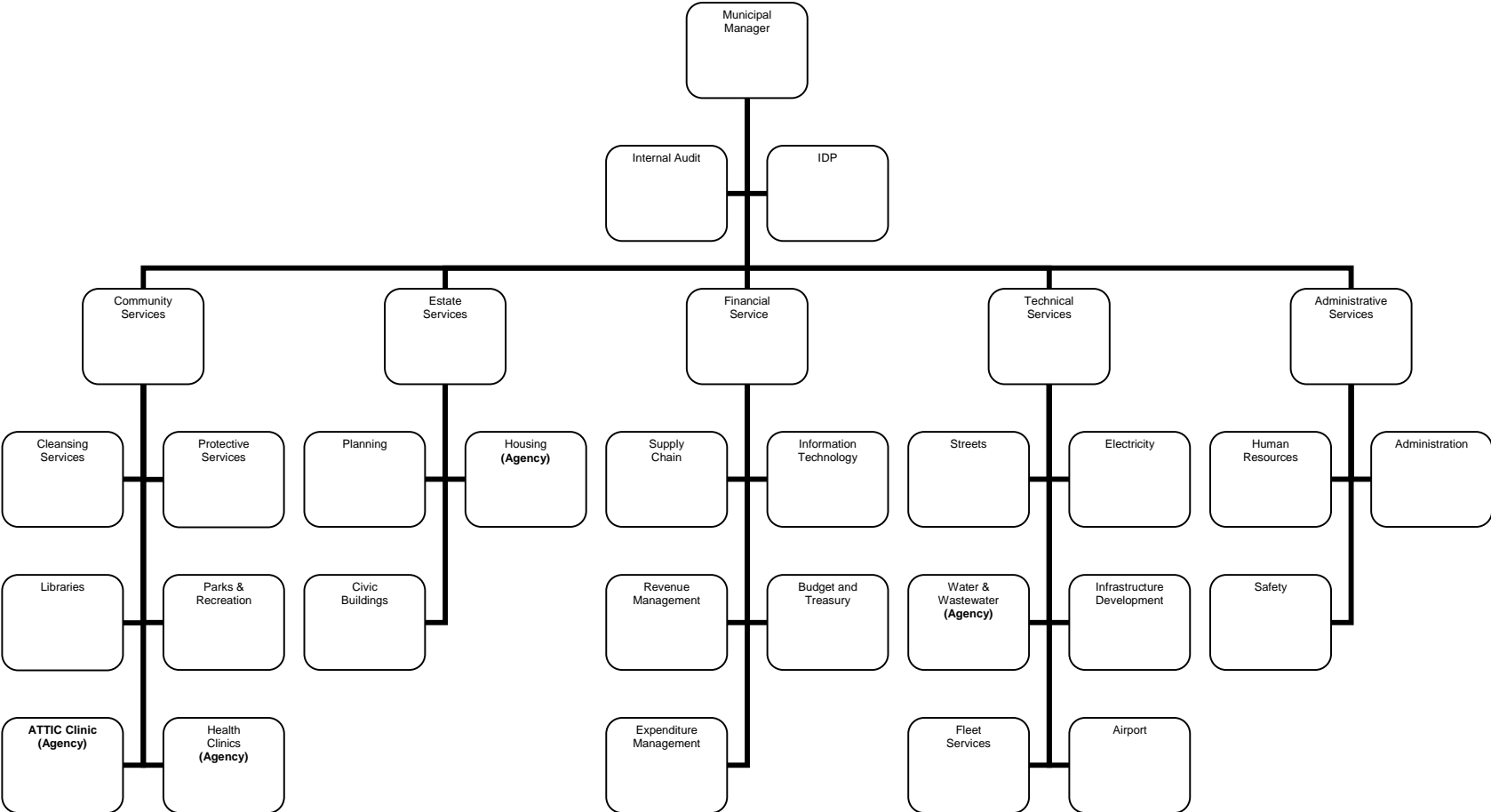
### How the Total Operating Revenue Budget are funded (R333.5 million)



## How the Total Budget Operating Expenditure are allocated(R333 million)



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## **Lukhanji Tabled 2009/10 Budget Report**

### **5 Budget Schedules (Operating & Capital)**

These budget schedules are to be approved by resolution of Council and are contained in the following pages:

**5.1 - Schedule 1 - Revenue by Source**

**5.2 - Schedule 2 - Operating Expenditure by Vote**

**5.3 - Schedule 3 - Capital Expenditure by Vote**

**5.4 - Schedule 4 - Capital Funding by Source**



# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SCHEDULE 1  REVENUE BY SOURCE	Preceding Year 2007/08  Audited Actual R'000  A	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
		Approved Budget R'000  B	Adjusted Budget R'000  C	Full Year Forecast R'000  D	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
					Budget R'000  E	Budget R'000  F	Budget R'000  G
<u>Operating Revenue by Source</u>							
<b>CASH CARRY FORWARD</b>		6,942	7,161	7,161	<b>6,138</b>	0	0
Property rates	26,751	28,676	28,676	28,676	<b>30,970</b>	33,138	35,457
Service charges - electricity revenue from tariff billings	53,236	69,717	75,766	75,766	<b>95,215</b>	109,315	125,530
Service charges - water revenue from tariff billings	21,976	22,718	22,773	22,773	<b>23,173</b>	23,173	23,173
Service charges - sanitation revenue from tariff billings	12,358	13,068	12,893	12,893	<b>13,586</b>	13,586	13,586
Service charges - refuse removal from tariff billings	12,608	13,340	14,284	14,284	<b>16,330</b>	17,473	18,696
Service charges - other	9,096	10,943	12,388	12,388	<b>11,706</b>	11,836	11,971
Rental of facilities and equipment	1,359	1,126	1,126	1,126	<b>1,099</b>	1,099	1,099
Interest earned - external investments	4,633	1,510	1,710	1,710	<b>1,660</b>	1,660	1,660
Interest earned - outstanding debtors	14,894	13,455	19,546	19,546	<b>19,301</b>	19,301	19,301
Fines	159	242	242	242	<b>160</b>	160	160
Licenses and permits	4,093	3,862	4,621	4,621	<b>4,621</b>	4,621	4,621
Income for agency services	12,918	18,791	28,835	28,835	<b>38,857</b>	39,619	40,141
Government grants & subsidies	40,858	52,071	55,856	55,856	<b>69,776</b>	86,457	94,472
Gain on disposal of property plant and equipment	3,182	447	1,247	1,247	<b>1,000</b>	0	0
<b>Total Revenue By Source</b>	<b>218,119</b>	<b>256,908</b>	<b>287,124</b>	<b>287,124</b>	<b>333,590</b>	<b>361,437</b>	<b>389,867</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SCHEDULE 2 OPERATING EXPENDITURE BY VOTE (GFS FUNCTION)	Preceding Year 2007/08	Current Year 2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	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
<b>Executive &amp; Council</b>							
Administration : Council General	16,216	15,753	17,600	17,600	24,378	23,410	24,764
Municipal Manager	3,432	7,270	7,461	7,461	5,497	4,866	5,194
<b>Finance &amp; Admin</b>							
Administration & Human Resources	3,966	4,536	4,727	4,727	5,623	5,123	5,439
Estate Services	1,226	1,064	1,066	1,066	900	902	905
Financial Services	27,824	37,376	41,930	41,930	43,040	44,418	46,711
Technical Services	8,473	7,889	3,089	3,089	3,298	3,537	3,751
<b>Planning &amp; Development</b>							
Estate Services	4,516	6,085	6,257	6,257	8,546	6,225	6,630
Technical Services	2,143	2,584	2,542	2,542	2,672	2,907	3,116
<b>Health</b>							
Community Services	6,814	7,573	8,781	8,781	8,791	9,329	9,804
<b>Community &amp; Social Services</b>							
Community Services	6,241	6,438	6,733	6,733	7,160	7,737	8,250
Estate Services	1,740	2,064	2,229	2,229	2,280	2,454	2,609
<b>Public Safety</b>							
Community Services	12,712	13,144	15,921	15,921	28,042	29,246	30,323
<b>Sport and Recreation</b>							
Community Services	6,192	6,824	6,914	6,914	7,678	8,303	8,884
<b>Waste Management</b>							
Community Services	15,008	16,163	20,778	20,778	21,663	23,386	25,045
<b>Waste Water Management</b>							
Technical Services	10,755	10,545	12,770	12,770	14,975	15,575	16,169
<b>Road Transport</b>							
Technical Services	6,874	10,370	12,276	12,276	12,835	13,457	14,053
<b>Water</b>							
Technical Services	21,603	30,659	36,189	36,189	38,858	40,419	42,016
<b>Electricity</b>							
Technical Services	51,965	66,475	75,885	75,885	96,662	113,384	133,269
<b>Other</b>							
Technical Services	306	130	130	130	110	118	126
<b>OPERATING EXPENDITURE BY VOTE</b>	<b>208,004</b>	<b>252,942</b>	<b>283,278</b>	<b>283,278</b>	<b>333,008</b>	<b>354,797</b>	<b>387,057</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SCHEDULE 3 CAPITAL EXPENDITURE BY VOTE (GFS FUNCTION)	Preceding Year 2007/08	Current Year 2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	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
<b>Finance &amp; Admin</b>							
Financial Services	0	500	500	500	500	0	0
Technical Services	1,885	0	0	0	3,979	3,958	4,346
<b>Planning &amp; Development</b>							
Estate Services	0	50	17	17	0	0	0
Technical Services	2,141	1,060	1,076	1,076	1,143	1,101	0
<b>Community &amp; Social Services</b>							
Estate Services	0	0	0	0	0	0	0
Community Services	0	806	857	857	2,326	2,391	0
<b>Housing</b>							
Technical Services	12,460	22,004	24,599	24,599	32,755	0	0
Estate Services	13,954	47,081	17,481	17,481	2,299	0	0
<b>Public Safety</b>							
Community Services	0	100	2,700	2,700	0	0	0
<b>Sport and Recreation</b>							
Community Services	0	1,545	1,545	1,545	2,125	2,850	0
<b>Waste Management</b>							
Community Services	220	3,405	3,357	3,357	2,365	0	0
Technical Services	0	0	0	0	0	0	0
<b>Waste Water Management</b>							
Technical Services	0	0	0	0	0	0	0
<b>Road Transport</b>							
Technical Services	13,604	20,683	20,564	20,564	18,016	13,300	19,860
<b>Water</b>							
Technical Services	0		3,000	3,000	0	0	0
<b>Electricity</b>							
Technical Services	507	4,300	4,430	4,430	6,823	5,375	3,000
<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>44,771</b>	<b>101,534</b>	<b>80,126</b>	<b>80,126</b>	<b>72,332</b>	<b>28,975</b>	<b>27,206</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SCHEDULE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2007/08	Current Year 2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	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
<b>National Government</b>							
Amounts allocated / gazetted for that year	13,604	15,252	15,302	15,302	19,734	22,017	19,860
Amounts carried over from previous years		5,293	3,769	3,769	7,654	0	0
<b>Total Grants &amp; Subsidies - National Government</b>	<b>13,604</b>	<b>20,545</b>	<b>19,071</b>	<b>19,071</b>	<b>27,388</b>	<b>22,017</b>	<b>19,860</b>
<b>Provincial Government</b>							
Amounts allocated / gazetted for that year	26,414	65,470	40,842	40,842	31,908	0	0
Amounts carried over from previous years		9,123	8,976	8,976	3,146	0	0
<b>Total Grants &amp; Subsidies - Provincial Government</b>	<b>26,414</b>	<b>74,593</b>	<b>49,819</b>	<b>49,819</b>	<b>35,054</b>	<b>0</b>	<b>0</b>
<b>District Municipality</b>							
Amounts allocated for that year		0	34	34	0	0	0
Amounts carried over from previous years		461	464	464	404		
<b>Total Grants &amp; Subsidies - District Municipalities</b>	<b>0</b>	<b>461</b>	<b>497</b>	<b>497</b>	<b>404</b>	<b>0</b>	<b>0</b>
<b>Total Government Grants &amp; Subsidies</b>	<b>40,018</b>	<b>95,598</b>	<b>69,386</b>	<b>69,386</b>	<b>62,846</b>	<b>22,017</b>	<b>19,860</b>
<b>Public Contributions &amp; Donations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Accumulated Surplus (Own Funds)</b>	<b>0</b>	<b>435</b>	<b>432</b>	<b>432</b>	<b>252</b>	<b>0</b>	<b>0</b>
<b>External Loans</b>	<b>4,753</b>	<b>5,500</b>	<b>10,307</b>	<b>10,307</b>	<b>9,234</b>	<b>6,958</b>	<b>7,346</b>
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE<sup>3</sup></b>	<b>44,771</b>	<b>101,534</b>	<b>80,126</b>	<b>80,126</b>	<b>72,332</b>	<b>28,975</b>	<b>27,206</b>

## **Lukhanji Tabled 2009/10 Budget Report**

### **6 Budget Related Charts and Explanatory Notes**

These charts tie with the budget schedules presented above and are presented to illustrate the related numerical schedule.

#### **6.1 - Chart 1 - Revenue by Source**

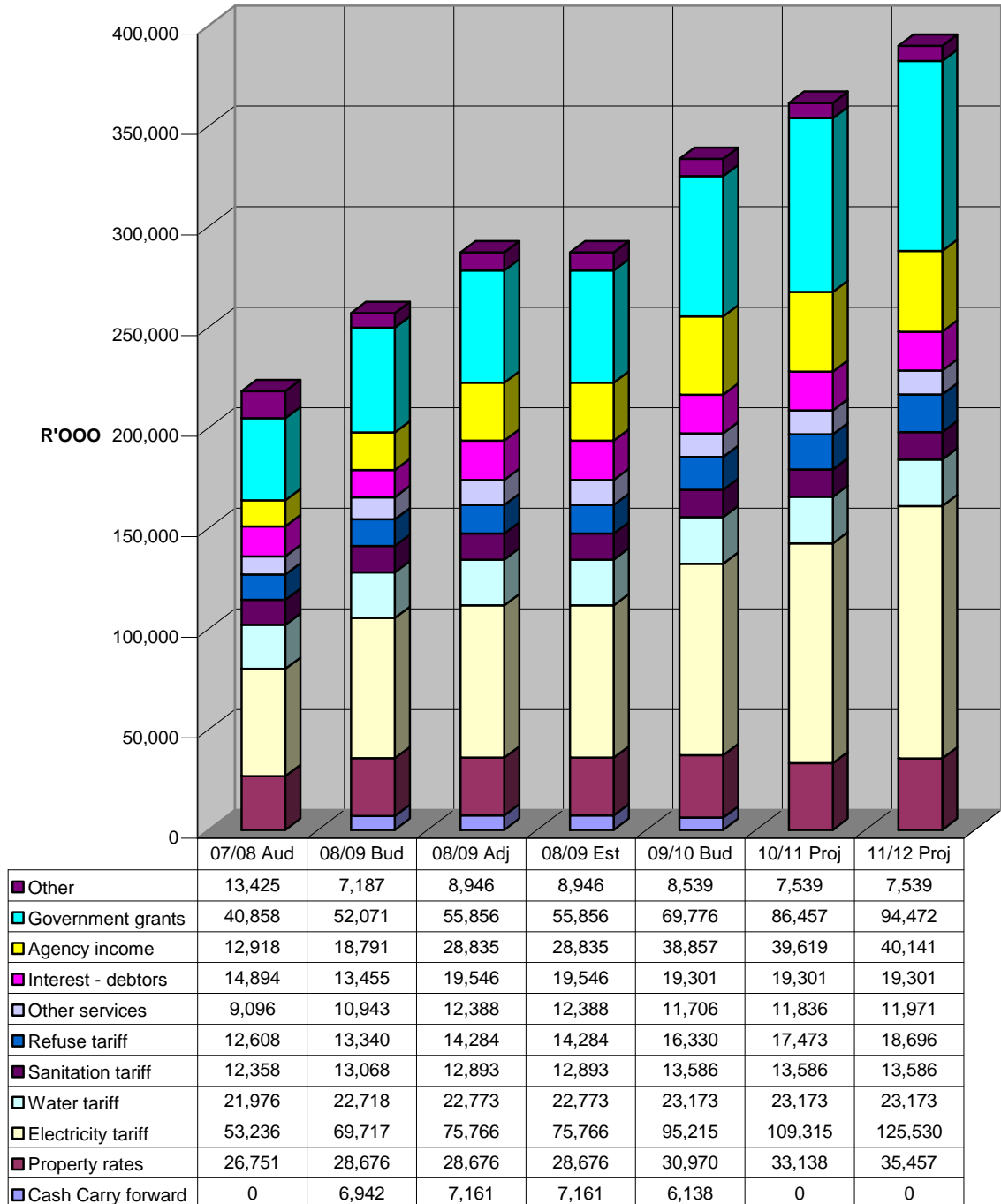
#### **6.2 - Chart 2 - Operating Expenditure by Vote**

#### **6.3 - Chart 3 - Capital Expenditure by Vote**

#### **6.4 - Chart 4 - Capital Funding by Source**

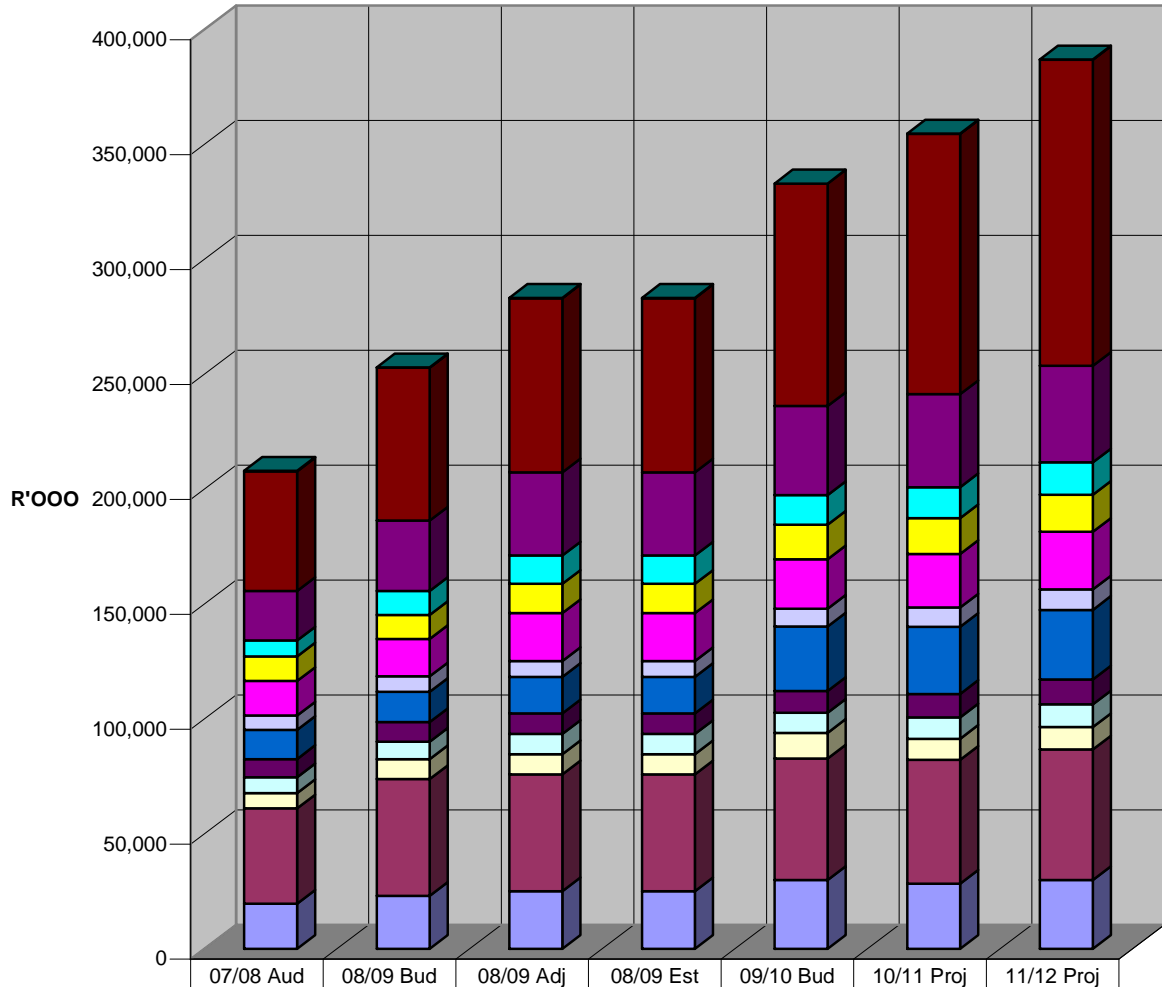
# Lukhanji Tabled 2009/10 Budget Report

CHART 1 - OPERATING REVENUE BY SOURCE



# Lukhanji Tabled 2009/10 Budget Report

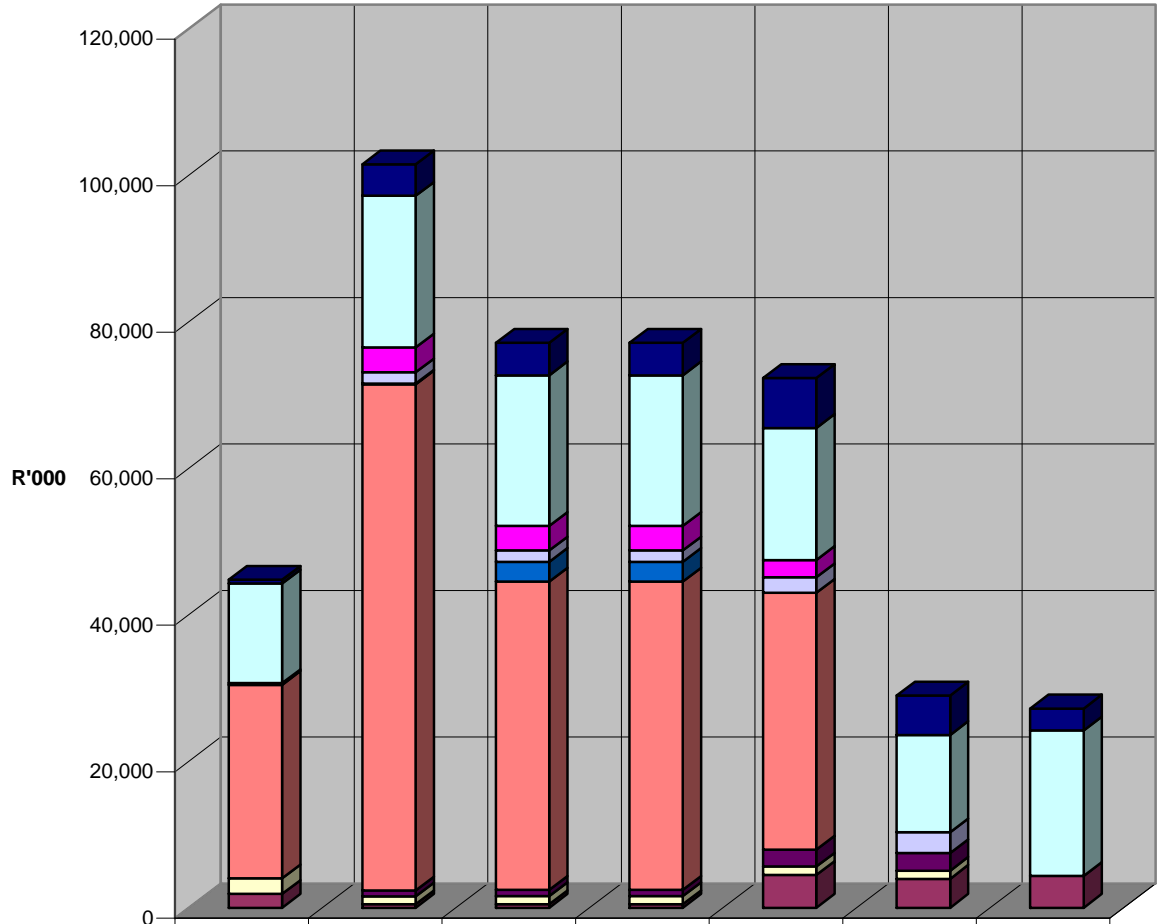
CHART 2 - OPERATING EXPENDITURE BY GFS FUNCTION



	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
Other	306	130	130	130	110	118	126
Electricity	51,965	66,475	75,885	75,885	96,662	113,384	133,269
Water	21,603	30,659	36,189	36,189	38,858	40,419	42,016
Road Transport	6,874	10,370	12,276	12,276	12,835	13,457	14,053
Waste Water Management	10,755	10,545	12,770	12,770	14,975	15,575	16,169
Waste Management	15,008	16,163	20,778	20,778	21,663	23,386	25,045
Sport and Recreation	6,192	6,824	6,914	6,914	7,678	8,303	8,884
Public Safety	12,712	13,144	15,921	15,921	28,042	29,246	30,323
Community & Social Services	7,981	8,501	8,962	8,962	9,440	10,191	10,858
Health	6,814	7,573	8,781	8,781	8,791	9,329	9,804
Planning & Development	6,659	8,669	8,800	8,800	11,218	9,132	9,746
Finance & Admin	41,488	50,865	50,812	50,812	52,861	53,981	56,806
Executive & Council	19,648	23,024	25,061	25,061	29,876	28,276	29,958

# Lukhanji Tabled 2009/10 Budget Report

CHART 3 - CAPITAL EXPENDITURE BY VOTE

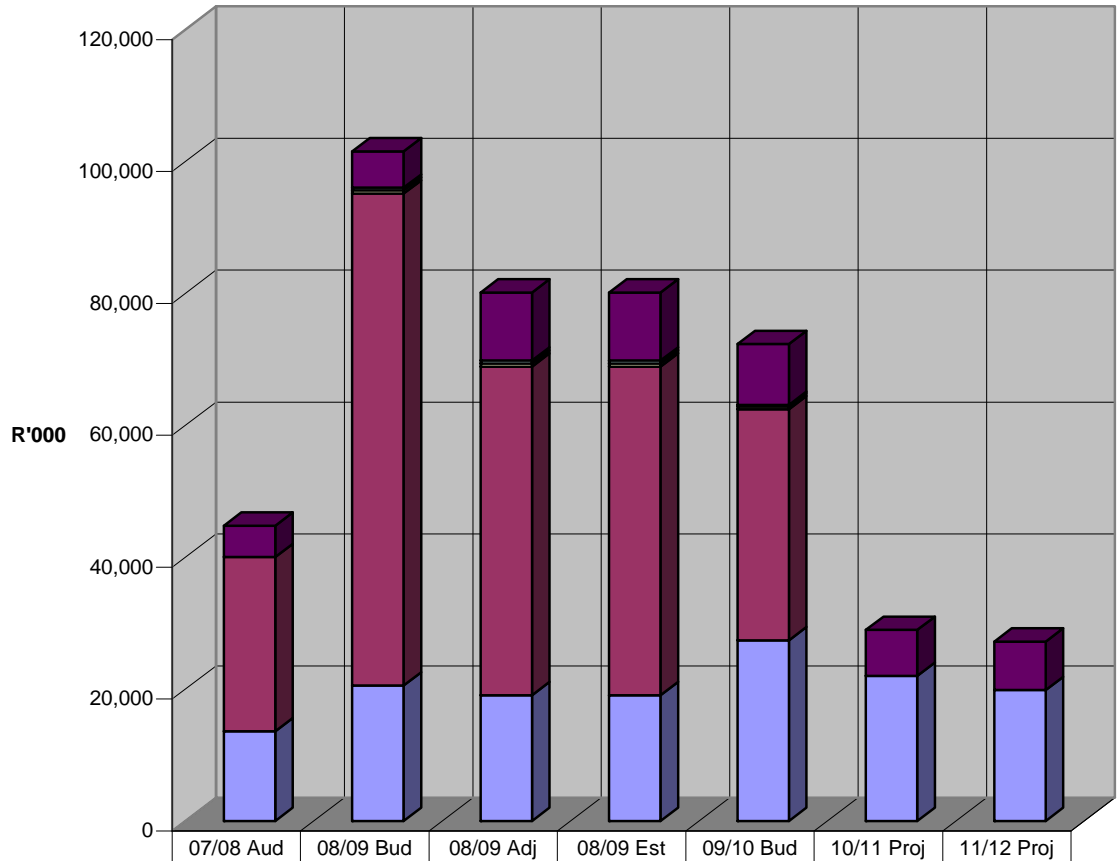


	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
■ Electricity	507	4,300	4,430	4,430	6,823	5,375	3,000
■ Road Transport	13,604	20,683	20,564	20,564	18,016	13,300	19,860
■ Waste Water Management	0	0	0	0	0	0	0
■ Waste Management	220	3,405	3,357	3,357	2,365	0	0
■ Sport and Recreation	0	1,545	1,545	1,545	2,125	2,850	0
■ Public Safety	0	100	2,700	2,700	0	0	0
■ Housing	26,414	69,085	42,080	42,080	35,054	0	0
■ Community & Social Services	0	806	857	857	2,326	2,391	0
■ Planning & Development	2,141	1,060	1,093	1,093	1,143	1,101	0
■ Finance & Admin	1,885	500	500	500	4,479	3,958	4,346



# Lukhanji Tabled 2009/10 Budget Report

CHART 4 - CAPITAL FUNDING BY SOURCE



	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
■ External Loans	4,753	5,500	10,307	10,307	9,234	6,958	7,346
□ Accumulated Surplus	0	435	432	432	252	0	0
□ Grants : District Municipality	0	461	497	497	404	0	0
■ Grants : Provincial Government	26,414	74,593	49,819	49,819	35,054	0	0
■ Grants : National Government	13,604	20,545	19,071	19,071	27,388	22,017	19,860

## Lukhanji Tabled 2009/10 Budget Report

### Supporting Documentation

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

#### 7. Budget Process Overview

The following schedule was adopted by the Council in August 2008 and was followed in the preparation of the 2009/10 medium term budget document.

### Lukhanji Municipality

#### 2009/10

<b>KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE</b>	
<b>Item description</b>	<b>Due Date</b>
<b>July 2008</b>	
Review the 2007/08 Budget Process	1-31 July
Establish process and timetable for the 2009/10 to 2011/12 Budget Development.	20-Jul-08
<b>August 2008</b>	
<b>COUNCIL MEETING: Budget Schedule to be tabled to the Council</b>	31-Aug-08
2007/08 Financial Statements submitted to Auditor-General	31-Aug-08
<b>September 2008</b>	
<b>MAYORAL/ BUDGET STEERING COMMITTEE MEETING: Mayoral committee to meet and identify strategies and guidelines for the development of the 2009/10 to 2011/12 Budgets. Committee should adopt the 'Budget Preparation and Financial Guidelines' proposed.</b>	05-Sep-08
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress and budget assumptions</b>	05-Sep-08
<b>MEETING WITH DIRECTORS AND MANAGERS: Directorates to be provided with the current Baseline Operating Medium Term Expenditure Forecasts (MTEF) 2009/10 thru 2011/12 that are to be used as a basis for the development of new Operating Medium Term Expenditure</b>	19-Sep-08
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	30-Sep-08

## Lukhanji Tabled 2009/10 Budget Report

2009/10

<b>KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE</b>	
<b>Item description</b>	<b>Due Date</b>
<b>October 2008</b>	
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress and baseline operating budget.</b>	03-Oct-08
Schedule individual meetings with Directorate to review baseline budget and work progress for completion of changes and supplemental requests	24-Oct-08
Review current tariffs, receive requested changes from directorates and prepare options for consideration	31-Oct-08
<b>SUBMISSION OF BASELINE BUDGETS AND SUPPLEMENTAL REQUESTS FROM DIRECTORATES:</b> Final date for submission of all Baseline Operating Budgets, Capital Budgets and Operational plans by Directorates to the budget office.	31-Oct-08
<b>November 2008</b>	
Draft report on proposed tariff changes for review to Budget Steering Committee delivered to CFO	05-Nov-08
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress and proposed tariff report.</b>	07-Nov-08
Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by directorates	28-Nov-08
Receive audited Financial Statements and Audit report from the Auditor-General for the 2007//08 financial year	30-Nov-08
<b>December 2008</b>	
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND DRAFT TARRIFS.</b>	05-Dec-08
<b>January 2009</b>	
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.</b>	16-Jan-09
<b>MAYORAL COMMITTEE MEETING: PRESENT MIDYEAR PERFORMANCE REPORT TO MAYORAL COMMITTEE:</b> Final review of 2008/09 operating and capital budget for midyear adjustments to mayoral committee for approval to council.	23-Jan-09
<b>SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DIRECTORATES:</b> Final date for submission of all Capital Budget plans by Directorates to the budget office.	23-Jan-09
<b>COUNCIL MEETING:</b> Table in a special council meeting the annual report, mid year assessment report, financial statements and audit report	30-Jan-09

## Lukhanji Tabled 2009/10 Budget Report

2009/10

<b>KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE</b>	
<b>Item description</b>	<b>Due Date</b>
<b>February 2009</b>	
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress and the DRAFT BUDGET.</b>	06-Feb-09
<b>MEETING WITH DIRECTORS AND MANAGERS:</b> Directorates to be provided with the SDBIP performance indicators from last year and asked to revise. They should also	13-Feb-09
<b>COUNCIL MEETING:</b> Table in a special council meeting the adjustments budget for mid-year	27-Feb-09
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	27-Feb-09
<b>March 2009</b>	
<b>MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.</b>	06-Mar-09
Final Date for Directorates to present SDBIP performance indicators and service delivery targets for 2009/10 for review.	13-Mar-09
<b>MAYORAL / STEERING COMMITTEE MEETING:</b> final draft operating and capital budget presented to Mayoral committee for review	20-Mar-09
<b>COUNCIL MEETING: Council (after consideration of the 2007/08 Annual Report) to adopt an Oversight Report.</b>	31-Mar-09
<b>COUNCIL MEETING:</b> Operating and Capital draft budget and IDP tabled to Council for consultation with the community	31-Mar-09
Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the Annual Financial Statements, the 2007/08 audit report and any corrective action taken in response to the findings of the audit report.	31-Mar-09
Submit draft budgets in required form to NT, Provincial Treasury	31-Mar-09

## Lukhanji Tabled 2009/10 Budget Report

**2009/10**

<b>KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE</b>	
<b>Item description</b>	<b>Due Date</b>
<b>April 2009</b>	
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	17-Apr-09
Directorates are to provide a list of Capital Projects to be rolled over for inclusion in the 2009/10 Budget to the budget office and cash balances forward for grant projects.	30-Apr-09
<b>May 2009</b>	
Hold public meetings and consultations on budget/ IDP	1 - 7 May
Final Budgets prepared taking into consideration submissions made during consultation process	13-May-09
<b>MEETING OF MAYORAL / STEERING COMMITTEE:</b> Approval of FINAL operating and capital budget for presentation to the full council	16-May-09
<b>COUNCIL MEETING: IDP &amp; Budgets for 2009/10 thru 2011/12 adopted by Council along with the Mayor's budget address</b>	29-May-09
<b>June 2009</b>	
The Service Delivery and Budget Implementation Plans (SDBIP) along with the annual performance agreements for the Municipal Manager and all managers directly responsible	12-Jun-09
IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	12-Jun-09
MAYORAL TO APPROVE SDBIP AND PERFORMANCE AGREEMENTS within 14 days after receiving them.	28-Jun-09

## **Lukhanji Tabled 2009/10 Budget Report**

### ***Political Oversight***

The Budget is a political document. Although most of the technical preparation of the document is performed by staff, the budget is, in accordance with the MFMA, the Mayor's document. The Mayor and the Mayoral committee were involved with the budget at every step.

In July 2008 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

### ***Budget Development Overview***

The 2009/10 budget process began in July 2008 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Mayoral Committee also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2008 the Mayoral committee approved the budget preparation schedule and tabled that schedule to council.

During the months of September thru November 2008 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

Concurrent with this process various committees were appointed to review and make recommendations on the municipalities various budget related policies.

At the end of November a first draft budget was prepared using all available data and in early December this report was presented to the Mayoral Committee.

In March the mid year assessment was prepared and based on that report an adjustments budget is submitted today for approval by council.

In February 2009 a draft budget was presented to the Mayoral along with a list of recommendations for items such as tariff increases and miscellaneous items. This final budget was prepared in conformance with

## Lukhanji Tabled 2009/10 Budget Report

circular 28 from National Treasury and is now being tabled to the entire council on March 31, 2009.

After being tabled to the council, the budget and IDP documents will be submitted to the National and Provincial Treasuries and made available to the public at all libraries and in city offices as well as being placed on the municipality's website.

A formal consultation schedule was developed by the Administrative Services Directorate in conjunction with the Speaker. This schedule appears below.

### DRAFT BUDGET AND IDP PUBLIC HEARINGS

WARD	COUNCILLOR	VENUE	DATE	TIME
11	SIXABAYI	Nqobokeni Shearing Shed	11/05	10:00 AM
03	BOOI	Machibini -Tele-Centre	12/05	10:00 AM
01+02	MALMAN, MPOLO	Ilinge Comm Hall	12/05	15:00 PM
18/19	SKWEYIA	Ashley Wyngaard Comm Hall	13/05	17:30 PM
02	MALMAN	Forest Range Farm-Gwatyu	13/05	10:AM
27	NDLEBE	Toiskraal Comm Hall	14/05	10:00 AM
06,25 +26	IRLAM,TWAKU BREAKFAST	Town Hall	14/05	17:30 PM
05	MNYENGEZA	Shiloh School	15/05	10:00 AM
04,06,07, 08	EZIBELENI	Comm Hall	17/05	14:00 PM
18,20 21	MFENYANA, TSOTETSI, FIKIZOLO	Support Centre	18/05	17:30 PM
13	KEDAMA	Romanslaagte	18/05	10: 00 AM
22,23 24,25	MLUNGISI	Mzingisi Skweyiya Comm Hall	19/05	17:30 PM
18	FIKIZOLO	Who- Can- Tell	19/05	14:00 PM
16	DONDOLO	Ekuphumleni Comm Hall	20/05	17:00 PM

## Lukhanji Tabled 2009/10 Budget Report

14	MVANA	Bulhoek Shearing Shed	20/05	10:am
12	PAMBANI	Yonda	21/05	10:00 AM
9+10	ADOONS / BOKUVA	Sada Comm Hall	26/05	15:00PM
17	NDAMANE	EXT.4	27/05	15:00 PM

From this plan workshops will be held in every ward cluster within the municipality during the period May. These consultative meetings will be attended by Mayoral Committee members, Ward Councillors, municipal officials and ward committee members. Both verbal and written submissions are encouraged at these meetings and will be recorded and maintained in the Administrative Services Directorate.

From these public consultations submissions are to be received and reviewed by the Mayor. Along with consultative inputs from the national and provincial treasurers, these submissions will subsequently be included in the final budget approved by council in June.



# Lukhanji Tabled 2009/10 Budget Report

## Alignment of Budget with Integrated Development Plan

*Each year the IDP must be reviewed as required by the Municipal Systems Act and MFMA. It should be reviewed in terms of performance in achieving outcomes and outputs, since the current financial position and the future fiscal outlook for the municipality will have a direct bearing on delivery. The review should ensure that the plans are still within the financial capacity of Lukhanji. This section should give readers a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The intention is not to attach the IDP as an annexure or to repeat everything in the IDP. However, it is critical that the user of the budget documentation obtains a good high-level overview of the IDP and be referred to the detailed IDP documentation.*

## Vision

Lukhanji Municipality to be a municipality of choice, that seeks to work closely with its people to promote governance, economic growth and sustainable delivery of services.

## Mission

To strive for financial and administrative stability while providing effective, affordable, sustainable integrated development in order to achieve socio economic upliftment, stability and growth.

## Value

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:

- Good Governance
- Accountability
- Public Participation
- People Development
- Teamwork
- Integrity
- Tolerance
- Honesty
- Responsibility
- Trust

## OBJECTIVES & STRATEGIES

The following tables outline key objectives and strategies identified for implementation in 2008/9.

## Lukhanji Tabled 2009/10 Budget Report

### *Finance, Governance & Admin Cluster*

KPA	OBJ NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
Functional Administration	01	To ensure stable and functional administration	By implementing adopted organogram & filling all budgeted vacant positions by June 2009	1 FG&A 01
			By implementing and enforcing compliance with Batho Pele principles	2 FG&A 01
			By maintaining good customer relations	3 FG&A 01
			By continuously training and skilling of staff in core competencies identified in the work place skills plan	4 FG&A 01
Intergovernmental Relations	02	To maintain effective intergovernmental	By revitalising the intergovernmental forum	1 FG&A 02

## Lukhanji Tabled 2009/10 Budget Report

KPA	OBJ NO.	OBJECTIVE	STRATEGY	STRAT EGY CODE
		relations	By establishing partnerships with strategic institutions and organisations (private and public) for effective growth and development of the municipality	2 FG&A 02
Good Governance	03	To maintain reputation of the organisation and ensure good governance practice	By developing and implementing municipal code of good governance procedure's manual	1 FG&A 03
Policies & By-laws	04	To develop local Policies & by-laws and implement them	By identifying critical areas needing by-laws and commissioning their development and implementation	1 FG&A 04
			By building capacity to enforce existing by-laws	2 FG&A 04
			By updating and implementing the indigent policy	3 FG&A 04

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KPA	OBJ NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
Public Participation	05	To ensure effective public participation and encourage people centred and people driven municipal processes of planning and decision making	By supporting the work of Community Development Workers (CDWs)	1 FG&A 05
			By training and supporting of ward committees and councillors	2 FG&A 05
			Empower representative forum to continuously engage in effective municipal debates on key development planning issues	3 FG&A 05
			By developing a clear communication strategy and implementing it	4 FG&A 05
Financial viability	06	To ensure sound financial systems and compliant practices at all times	By developing and implementing effective revenue raising and collection strategy	1 FG&A 06

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KPA	OBJ NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
			By developing and implementing strict financial control systems in line with GAMAP /GRAP (MFMA) requirements	2 FG&A 06
			By Performing financial accountability oversight and monitor expenditure to ensure strict compliance with budget	3 FG&A 06
			By revising the valuation roll in line with Property Rates Act to cover the entire municipality and linking it to the billing system	4 FG&A 06
			By budgeting innovatively and enforcing strict compliance with adopted 2008/9 budget	5 FG&A 06
			By producing and implementing revised tariffs in line with adopted 2008/9 budget	6 FG&A 06

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KPA	OBJ NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
Support to Council political leadership	07	To provide effective support to council processes and its political structures	By providing dedicated administrative support to council meetings, committees, political offices of Mayor, Speaker and others	1 FG&A 07
Work Place Skills Plan	08	To develop and implement a work place skills plan by December 2008	By drafting and adopting the strategy by December 2008	1 FG&A 08
Equity Plan	09	To ensure that our organisation is transformed and reflects local demographics in its staffing composition	By setting clear transformation targets and implementing an employment equity plan	1 FG&A 09
			By introducing clear targets for senior management staffing and monitoring them via our recruitment strategy	2 FG&A 09

## Lukhanji Tabled 2009/10 Budget Report

KPA	OBJ NO.	OBJECTIVE	STRATEGY	STRAT EGY CODE
Institutional design	10	To revise our institutional arrangements in line with assigned powers and functions requirements	By reviewing the organogram and implementing the adopted revisions by March 2009	1 FG&A 10

## Lukhanji Tabled 2009/10 Budget Report

### *Economic Development & Planning Cluster*

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Local Economic Development	11	To support and promote SMMEs development	By finalising and implementing LED strategy to guide municipal interventions in economic development	1 ED&P 11
			By establishing partnerships with strategic institutions in order to mobilise needed resources for economic development and capacity building	2 ED&P 11
			By building capacity and training of LED officers in the municipality	3 ED&P 11
			By developing and implementing as part of LED strategy, a clear targeted investment framework	4 ED&P 11
			By facilitating implementation of poverty alleviation programmes by sector departments and other agencies	5 ED&P 11



## Lukhanji Tabled 2009/10 Budget Report

KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
	12	To diversify local economy and improve value chain support	By conducting inventory of sectoral performance as part of the LED strategy	1 ED&P 12
			By promoting value chain activities in the agricultural and manufacturing products	2 ED&P 12
			By promoting agricultural development	3 ED&P 12
Unemployment	13	To contribute to unemployment and job creation	By creating short terms jobs through the implementation of our infrastructure projects and facilitation of EPWP labour intensive delivery programme	1 ED&P 13
Trade and Markets	14	To regulate, support and manage local markets and street traders	By developing and enforcing relevant by-laws to regulate and manage street trading and informal market	1 ED&P 14
			By formalising informal street trading / hawkers	2 ED&P 14
			By identifying and linking local producers to relevant markets as part of the strategy	3 ED&P 14

## Lukhanji Tabled 2009/10 Budget Report

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Local Tourism	15	To establish potential and grow sector contribution to GDP	By developing and implementing a local tourism plan	1 ED&P 15
Fencing	16	To mobilise resources for fencing of open lands, arable lands, and public facilities	By lobby for joint resources from sector departments and implementing fencing projects	1 ED&P 16
Municipal Planning	17	To ensure building of capacity for effective planning and implementation of our programmes	By training of our staff to manage planning and implementation of committed programmes	1 ED&P 17
			By annually revising and adopting IDP before 31 March of the financial year	2 ED&P 17
			By annually revising and adopting municipal budget before 31 March of the financial year	3 ED&P 17
			By continually revising and implementing PMS	4 ED&P 17
			By continually revising and implementing SDF	5 ED&P 17
			By continually revising and implementing SDBIPs	6 ED&P 17

## Lukhanji Tabled 2009/10 Budget Report

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Environmental Management	18	To ensure effective management of the environment	By developing internal capacity and lobbying support and resources from other government spheres for Air quality management, state of environment reporting and processing of EIAs	1 ED&P 18
			By developing an environmental sector strategy aimed at preventing soil erosion and control of alien vegetation before December 2008	2 ED&P 18
Housing & Land Reform	19	To facilitate delivery of different mix of housing development	By developing and implementing a housing sector plan to guide implementation of housing development before 31 March 2009	1 ED&P 19
			By facilitating the processing of applications for housing subsidies on behalf of local beneficiaries	2 ED&P 19
			By lobbying land affairs to support the planning, implementation of land reform, survey and housing projects in our areas	3 ED&P 19

## Lukhanji Tabled 2009/10 Budget Report

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Billboards and advertising	20	To regulate placing and erection of billboards and advertising on public areas	By developing inventory and database of advertisers and package information to attract investments through the usage of local billboards along streets and major roads	1 ED&P 20

### *Community Services & Social Needs Cluster*

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Disaster Management (Fire fighting)	21	To ensure effective management and prevention of fires in all areas of the municipality	By lobbying resources from province and district municipality for setting up of fire fighting division	1 CS&SN 21
			By employing fire fighting rangers	2 CS&SN 21
Pounds	22	To provide and manage pounds for the control of stray animals	By maintaining existing pounds and ensuring safe keeping of animals found astray on our roads and public spaces	1 CS&SN 22
Special Programmes	23	To implement special programmes	By developing operational plans and implement accordingly	1 CS&SN 23

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<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Refuse & Waster collection	24	To provide reliable, efficient, affordable and sustainable service to residents and businesses	By upgrading and regularly maintaining current fleet of working equipment / assets	1 CS&SN 24
			By expanding service coverage to peri-urban and rural areas needing the service	2 CS&SN 24
			By investigating alternative ways of managing waste and promoting recycling of renewable materials (bottle, plastic, glass etc)	3 CS&SN 24
Cleansing	25	To ensure regular maintenance and cleaning of streets and public places	By ring fencing the cleansing function with health and hygiene promotion function	1 CS&SN 25
			By recruiting and deploying cleaners to sweep streets and public places under supervision of Community Services Department	2 CS&SN 25
Municipal Health	26	To regulate premises selling food and liquor	By enforcing compliance with local by-laws and liquor licensing requirements	1 CS&SN 26

## Lukhanji Tabled 2009/10 Budget Report

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
	27	To issue and regulate licensing of dogs	By issuing & enforcing compliance with licensing requirements	1 CS&SN 27
	28	To conduct health and hygiene promotion	By undertaking awareness programmes as part of sanitation roll-out programmes	1 CS&SN 28
			By lobbying for funding from the district allocation of Municipal Health & Sanitation funds	2 CS&SN 28
Health Service	29	To facilitate provision of reliable health services and infrastructure	By implementing the SLA and cooperating with District Health office to maintain existing infrastructure and service levels	1 CS&SN 29
			By influencing and supporting the Provincial Health Department to implement commitment made for Lukhanji via SLA and IGF	2 CS&SN 29
	30	To fight the spread of HIV and Aids as well as other communicable	By coordinating together with the district health office the activities of the local Aids Council	1 CS&SN 30

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<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
		diseases	By support initiatives by municipal structures and other local agencies including ward committees to increase awareness campaigns	2 CS&SN 30
Education	31	To facilitate provision of infrastructure for education and training	By influencing department of education to implement commitments made in their 2007/8 budget for Lukhanji areas via IGF	1 CS&SN 31
	32	To provide early child development support	By supporting, establishing and providing institutions that offer early childhood education and learning – crèches	1 CS&SN 32
	33	To lobby for the development of a local skills development centre	By lobbying for funding from external donors and department of education	1 CS&SN 33
Cemeteries	34	To provide reliable and sufficient space for safe burial in all our areas	By providing effective cemetery service support and maintaining existing facilities	1 CS&SN 34

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KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
			By auditing current cemeteries and installing a functional identification or numbering system for graves	1 CS&SN 34
Public Safety & Traffic	35	To contribute to the reduction of crime	By participating in policing forums (Community Policing Forum & Transport Forum)	1 CS&SN 35
	36	To contribute to law enforcement on the roads	By enforcing compliance with traffic regulations and issuing penalties for contraventions	1 CS&SN 36
Sports, amenities and access to social facilities	37	To facilitate construction and maintenance of sports and recreation amenities	By influencing department of Arts, Sports & Culture to deliver on commitments made for Lukhanji areas in 2007/8	1 CS&SN 37
	38	To ensure provision and maintenance of public parks and amenities	By planning for allocation of land to parks and other amenities	1 CS&SN 38
			By maintaining existing parks, sports amenities owned by the municipality	2 CS&SN 38



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<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Public transport	39	To facilitate smooth provision of public transportation service	By facilitating provision of public transport facilities and management of routes by operators	1 CS&SN 39

### *Technical services cluster*

<b>KPA</b>	<b>OBJ. NO.</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>STRATEGY CODE</b>
Water	40	To facilitate 2% reduction in current backlogs by June 2009	By lobbying the district to accelerate delivery of basic water service and infrastructure in all our areas to reduce backlog by 2% in June 2009	1 TS 40
	41	To facilitate management of water demand	By implementing water demand management strategies and public education in line with Chris Hani WSDP	1 TS 41
Sanitation	42	To facilitate 3% reduction in current backlogs by June 2009	By lobbying the district to accelerate delivery of basic sanitation service and infrastructure and to reduce backlog by 3% in June 2009	1 TS 42
	43	To eradicate bucket system in line with National policy by	To lobby funds from Chris Hani for the eradication of bucket system and conversion into	1 TS 43

## Lukhanji Tabled 2009/10 Budget Report

KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
		December 2008	either VIP or full water borne in the case of urban areas	
Electricity	44	To facilitate 3% reduction in current backlogs by June 2011	By lobbying Eskom to accelerate delivery of basic electricity service and infrastructure in all our areas	1 TS 44
			By providing street lighting and high mast lights in peri-urban and rural areas	2 TS 44
	45	To facilitate supply of reliable electricity service to residents and businesses	By providing and maintaining household connections while influencing Eskom to supply local businesses with reliable service via IGF	1 TS 45
			By promoting investments in alternative supply sources like solar and windmill based power energy	2 TS 45
			By promoting and supporting initiatives to curb cable theft via education campaigns	3 TS 45
	Roads & stormwater	46	To ensure provision of effective and sustainable roads and stormwater service construction and maintenance	By constructing access roads leading to community facilities and major settlements via our MIG allocations
By constructing and maintaining stormwater channels				2 TS 46

## Lukhanji Tabled 2009/10 Budget Report

KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
			By lobbying other agencies like Public Works, Roads & Transport to construct, maintain and upgrade local access roads in line with their 2007/8 – 2008/9 budget commitments	3 TS 46
Telecommu nication	47	To facilitate and ensure construction & maintenance reliable telecommunication network and systems	By lobbying telecommunication service providers like Telkom, Cell C, MTN and Vodacom to provide necessary infrastructure for network coverage in all Lukhanji areas	1 TS 47
			By installing functional ICT infrastructure within the municipality	2 TS 47
Municipal Public Works	48	To ensure construction and maintenance of municipal buildings	By budgeting, planning and executing building construction projects (buildings, bridges and maintenance) using internal funds, skill and machinery	1 TS 48
Building control & Regulations	49	To regulate and control erection of building structures in line with local by-laws and planning schemes	By developing and enforcing compliance with building control by laws and town planning schemes	1 TS 49

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### INTRODUCING THE CLUSTER CONCEPT

In order to improve effective realisation of the vision captured in our IDP, a clustering approach to its implementation was adopted. In terms of this approach tasks needed to be conducted will be organised and concentrated into clusters so as to maximise use of limited capacity in delivering IDP programmes. Through these clusters, it is envisaged that relevant sector departments and partner agencies will be able to participate in the municipalities efforts in a more structured and focused way.

The following clusters will be utilised for organising and implementing IDP programmes in 2008 and beyond.

1. Finance, Governance and Administration
2. Economic Development and Planning
3. Community Services and Social Needs
4. Technical services

Each cluster will be convened by a relevant head of department appointed for this purpose and tasked to facilitate the drafting of a cluster programme and ensure that the cluster meets and discuss relevant issues at least once every quarter.

### FUNCTIONAL AREAS BY CLUSTERS

Based on the situation analysis and discussions at steering committee and representative forum level, the following are key functions for Lukhanji. Note that functions are listed at programme level which implies that in each key functional area, a set of projects will emerge. While the municipality prioritized its top ten KPAs all functions still need to be resourced and performed.

#### ***Finance, Governance & Admin Cluster***

- a) Functional administration & Governance
- b) Intergovernmental Relations
- c) Policies & By-laws
- d) Public participation
- e) Support to council political leadership and CDWs
- f) Financial viability
- g) Budgeting

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- h) Financial reporting and credit control
- i) Property valuation and billing
- j) Financial policies
- k) HR policies
- l) Indigent policy
- m) Work Place Skills plan
- n) Equity plan and Transformation

### ***Economic Development & Planning cluster***

- a) Local Economic development
- b) Poverty alleviation (linked to LED, indigent policy and special programmes)
- c) Markets
- d) Street trading
- e) Local Tourism
- f) Fencing
- g) Environmental Management
- h) Municipal planning
- i) Housing & Settlement planning
- j) Integrated Development Planning
- k) Performance Management System
- l) Spatial Development Framework

### ***Community services and Social Needs cluster***

- a) Disaster Management - Fire fighting
- b) Municipal Health – Health & Hygiene promotion
- c) Special Programmes (including Aids, Disabled, Youth & Women)
- d) Education – early childhood & adult learning programmes
- e) Cemeteries

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- f) Cleansing
- g) Waste Management- Refuse removal & transfer stations
- h) Pound Management
- i) Public Safety & Traffic
- j) Public spaces and Parks
- k) Amenities - Sports & Recreation facilities
- l) Community facilities (Halls, pay points, libraries, Museums etc)
- m) Licensing of dogs
- n) Control of liquor selling outlets
- o) Control and inspection of food selling outlets
- p) Public transport
- q) Street lighting

### ***Technical Services cluster***

- a) Water supply provision
- b) Sanitation service provision
- c) Electricity
- d) Roads and Stormwater
- e) Telecommunication
- f) Municipal Public Works
- g) Facilitation of EPWP implementation

### ***LUKHANJI TOP TEN KEY PRIORITIES (KPAs)***

- I. Governance & Functional administration
- II. Financial viability
- III. Local Economic development
- IV. Roads and Stormwater
- V. Housing
- VI. Electricity
- VII. Community facilities & Amenities
- VIII. Special Programmes
- IX. Water & Sanitation provision
- X. Municipal planning

## **Lukhanji Tabled 2009/10 Budget Report**

### **Consideration of service delivery and funding for services**

Lukhanji Local Municipality (code EC134) was established on 5 December 2000 when the name was changed from the Queenstown Municipality and six transitional councils were combined into one Municipal legal entity as published by Notice no. EC63, Gazette no. EC 827 on 14 December 2000.

The six transitional councils were:

- Queenstown Transitional Local Council (TLC) (combined Queenstown, Mlungisi and eZibeleni)
- Queenstown Transitional Rural Council (TRC)
- A portion of Cacadu / Glen Grey TRC
- Hewu TRC
- Whittlesea / Sada TLC
- A portion of Cathcart TRC

Before 1990, Queenstown was a regional town in South Africa situated between the western border of the Transkei and the Northern border of Ciskei, housing many people who were forcefully removed to the western area of Lukhanji, .eg. the RA60 area, to create areas for commercial farms, e.g. the central south-eastern area south of Queenstown. Therefore, the Lukhanji Municipal area is built up of urban areas where most people reside with farm lands around, and large rural areas with small urban and rural villages where unemployment cause approximately 85% of the population to be under poverty line.

Since 1990, many businesses close to Queenstown closed down or moved out of the area which made matters worse and today, this is one of the poorest areas which exclaims the need for socio-economic development.

Activities of people are guided by opportunities in this area, e.g. mainly agriculture and business and the need is very high for all three legs of sustainable development or service delivery, i.e. for infrastructure, socio-economic and municipal capacity development.

Although most of the development funding is dedicated to eradicate the backlogs in service delivery, most ongoing services of the Municipality is still delivered only in the big urban centres, e.g. Queenstown and Whittlesea.

Although backlogs are relatively well addressed especially for housing, water and sanitation, roads; and the estimated levels for basic development services is between approximately 70% and 75%, there is still a vast number of rural communities still untouched by service delivery. While Lukhanji Municipality is relatively well equipped to implement capital projects without delay, attention is required from a long list of delegated functions – not all delivered and maintenance of the existing infrastructure (and the Municipal institutional capacity), especially in the big urban areas, lacks behind. Not enough pro-active planning is done to assure expansion of and opportunities for new capital development initiatives.

The water service authority is the Chris Hani District Municipality with head office also in Queenstown.

The Municipality manages 5 clinics and service level agreements exist with Dept of Health and with Housing and Local Government.

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Main sources for infrastructure development are the MIG and equitable share as published in the DORA. Because the area has such a large section of indigent population not able to pay for any services, the revenue generated is basically applied to salaries and internal maintenance of ongoing operations, e.g. service delivery in areas where it was always received.

Funding for Municipal operations is guided mainly by current status quo, e.g. the current level of service provision, the current capacity and any short-term planned improvements of operations.

Grant funding is generally applied to basic services, e.g.:

- housing projects
- rural and urban gravel road maintenance
- installation of pre-paid meters
- Services for informal settlements
- Storm water maintenance
- Solid waste management, e.g. transfer stations and a solid waste site
- Development of new areas with electrification
- Fencing and some small amounts for maintenance of municipal facilities, e.g. sport and recreation

Many plans exist to improve the internal Municipal Capacity e.g.:

- Development of IDP/LED section
- Improvement of systems, policies and operations for improved financial and performance management
- Improvement of information, e.g. GIS and management information and reporting systems
- Improvement of public participation

The current planned expenditure of other Government Departments for the next financial year is approximately R130 million.



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*The tables contained in the following pages attempt to align the draft budget with the IDP.*

8.2 – Table 1 – Recon of IDP to Budget – Revenue

8.3 – Table 2 – Recon of IDP to Budget – Operating Expenses

8.4 – Table 3 – Recon of IDP to Budget – Capital Expenses

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SUPPORTING TABLE 1  RECONCILIATION OF IDP & BUDGET - REV		Preceding Year 2007/08	Current Year 2008/09			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 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
						Budget R'000 E	Budget R'000 F	Budget R'000 G
Strategic Objective	Action Plan							
& Democratic Development	Executive and Council	38,567	45,274	46,568	46,568	59,168	73,378	81,143
& Democratic Development	Financial Management	49,231	48,542	55,314	55,314	58,163	59,320	61,890
& Democratic Development	Human Resources Management	0	260	253	253	857	0	0
& Democratic Development	Technical Management	283	285	285	285	285	285	285
Social and Economic Development & Poverty Alleviation	Planning and Development	1,632	1,018	1,518	1,518	1,518	1,518	1,518
Infrastructure Development	Property Services	643	1,795	1,821	1,821	3,330	550	550
Infrastructure Development	Fleet Management	20	0	0	0	0	0	0
Infrastructure Development	Primary Health	8,421	7,278	9,601	9,601	7,505	7,741	7,741
Infrastructure Development	Libraries	59	58	58	58	58	58	58
Infrastructure Development	Community Halls	544	424	424	424	424	424	424
Infrastructure Development	Community	1,446	764	1,083	1,083	840	840	840
Infrastructure Development	Public Safety	8,641	8,341	9,726	9,726	20,731	20,742	20,751
Infrastructure Development	Sport and Recreation	284	305	300	300	254	233	233
Infrastructure Development	Waste Management	15,157	17,024	18,218	18,218	20,095	21,239	22,462
Infrastructure Development	Water and Sewer Management	34,270	45,508	53,111	53,111	55,288	55,815	56,337
Infrastructure Development	Roads	2,412	5,791	5,791	5,791	5,134	5,254	5,380
Infrastructure Development	Electricity	56,509	71,417	80,490	80,490	99,940	114,040	130,255
<b>TOTAL OPERATING REVENUE</b>		<b>R 218,119</b>	<b>R 254,085</b>	<b>R 284,560</b>	<b>R 284,560</b>	<b>R 333,590</b>	<b>R 361,437</b>	<b>R 389,867</b>

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## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 20

SUPPORTING TABLE 2		Preceding Year 2007/08	Current Year 2008/09			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 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F
Strategic Objective	Action Plan							
& Democratic Development	Executive and Council	19,648	23,024	25,061	22,564	29,876	28,276	29,958
& Democratic Development	Financial Management	27,824	37,376	41,930	35,605	43,040	44,418	46,711
& Democratic Development	Human Resources Management	3,966	4,536	4,727	6,169	5,623	5,123	5,439
& Democratic Development	Technical Management	3,722	4,569	4,833	4,098	5,271	5,682	6,047
Social and Economic Development & Poverty Alleviation	Planning and Development	6,659	8,669	8,800	8,963	11,218	9,132	9,746
Infrastructure Development	Property Services	1,226	1,064	1,066	1,310	900	902	905
Infrastructure Development	Fleet Management	8,473	7,889	3,089	6,602	3,298	3,537	3,751
Infrastructure Development	Primary Health	6,814	7,573	8,781	7,674	8,791	9,329	9,804
Infrastructure Development	Libraries	2,326	2,534	2,434	2,389	2,868	3,117	3,338
Service Delivery and Infrastructure Development	Community Halls	1,740	2,064	2,029	2,228	2,280	2,454	2,609
Infrastructure Development	Community	4,221	4,034	4,629	4,005	4,402	4,738	5,037
Infrastructure Development	Public Safety	12,712	13,144	15,921	13,058	28,042	29,246	30,323
Infrastructure Development	Sport and Recreation	6,192	6,824	6,914	6,541	7,678	8,303	8,884
Infrastructure Development	Waste Management	15,008	16,163	20,778	15,627	21,663	23,386	25,045
Infrastructure Development	Water and Sewer Management	32,357	41,204	48,958	30,699	53,833	55,994	58,185
Infrastructure Development	Roads	6,874	10,370	12,276	9,356	12,835	13,457	14,053
Infrastructure Development	Electricity	48,242	61,906	71,052	46,329	91,391	107,702	127,221
<b>TOTAL OPERATING EXPENDITURE</b>		<b>R 208,004</b>	<b>R 252,942</b>	<b>R 283,278</b>	<b>R 223,217</b>	<b>R 333,008</b>	<b>R 354,797</b>	<b>R 387,057</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2008, 2009 and 2010

SUPPORTING TABLE 3  RECONCILIATION OF IDP & BUDGET - CAPEX		Preceding Year 2007/08	Current Year 2008/09			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 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F
Strategic Objective	Action Plan							
Service Delivery and Infrastructure Development	Community	0	806	857	857	2,326	2,391	0
Service Delivery and Infrastructure Development	Finance & Admin	0	500	500	500	500	0	0
Service Delivery and Infrastructure Development	Sport and Recreation	0	1,545	1,545	1,545	2,125	2,850	0
Service Delivery and Infrastructure Development	Public Safety	0	100	2,700	2,700	0	0	0
Service Delivery and Infrastructure Development	Roads	13,604	20,683	20,564	20,564	18,016	13,300	19,860
Service Delivery and Infrastructure Development	Electricity	507	4,300	4,430	4,430	6,823	5,375	3,000
Service Delivery and Infrastructure Development	Waste Management	220	3,405	3,357	3,357	2,365	0	0
Service Delivery and Infrastructure Development	Housing	26,414	69,085	42,080	42,080	35,054	0	0
Service Delivery and Infrastructure Development	Wastewater Management	0	0	0	0	0	0	0
Service Delivery and Infrastructure Development	Water Management	0	0	3,000	3,000	0	0	0
Service Delivery and Infrastructure Development	Fleet Management	1,885	0	0	0	3,979	3,958	4,346
Social and Economic Development & Poverty Alleviation	Planning and Development	2,141	1,110	1,093	1,093	1,143	1,101	0
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>R 44,771</b>	<b>R 101,534</b>	<b>R 80,126</b>	<b>R 80,126</b>	<b>R 72,332</b>	<b>R 28,975</b>	<b>R 27,206</b>

## Lukhanji Tabled 2009/10 Budget Report

### 9 Budget Related Policies Overview and Amendments

The **detailed policies** are not included in the budget documentation, however they are available on request to councillors and are to be made publicly available when the budget is tabled for consultation, tabled for consideration of approval and finally approved.

This section attempts to give a **broad overview** of the budget policy framework and highlight the amended policies to be approved by council resolution.

Budget related policies include, but are not limited to:

- Revenue related policies (tariffs, credit control, revenue collection, indigents, etc)
- Free basic services including levels, households benefiting and cost
- Investment of funds, reserves, borrowing and cash management
- Supply chain management policy
- Adjustment budgets, and unforeseen and unavoidable expenditure

#### ***Revenue Related Policies***

In 2007/08 the municipality approved several revised revenue related policies. These included a revised credit control and debt collection policy.

No policies are submitted for revision in with the 2009/10 tabled budget

#### ***Credit Control and Debt Collection Policy***

This policy lays out the framework and the principles by which the municipality deals with those citizens that either want to connect to the municipal services or fall into arrears on the municipal services for which they are provided service.

This policy sets out the application process, the billing process and the mechanism to be used when performing the debt collection function.

#### ***Free Basic Services***

No revisions to free basic services are planned for this financial year. The free basic services policy is written in line with national directives and recommendations and states that those households registered as indigent within the municipality will receive 50kw of electricity and 10kl of water each month free of charge for the provision of basic service.

## **Lukhanji Tabled 2009/10 Budget Report**

### ***Investment of Funds, borrowing and cash management***

In accordance with the MFMA, this past financial year the council adopted a 'cash and investment policy' setting out various principles and reporting requirements for the municipality's investments.

During 2007/08 a debt management policy that sets out the debt policy of the municipality was also adopted. This policy sets a framework for the municipality to use when considering the use of debt for a project. This policy also sets self imposed limits on both the total amount of debt that can be issued by the municipality and the amount required each year for annual debt servicing.

### ***Supply Chain Management Policy***

The MFMA required the municipality to adopt and implement a new supply chain policy by January 1<sup>st</sup> of 2006. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA.

### ***Unforeseen and Unavoidable Expenditure Policy***

In accordance with the MFMA the council passed a policy to be used in the municipality when unforeseen and unavoidable expenditures become needed. This policy delegates certain powers and responsibilities onto the Mayor and Municipal Manager and requires all such expenditures to be tabled before council in an adjustment budget as soon as possible.

### ***Adjustment budget Policy***

A policy relating to adjustment budgets was adopted by council in during the 2006/07 budget process. This policy sets out the method and authority for proposing adjustments budgets to council during the financial year.

### ***Debt Management Policy***

A Debt Management Policy was adopted by council in 2007/08. This policy is meant to establish guidelines for the issuance, use of or budgeting of debt instruments within the municipality.

## **Lukhanji Tabled 2009/10 Budget Report**

### ***Write Off Policy***

The municipality has many old and uncollectible accounts still within its active billing system.

This write off policy (adopted in 2007/08) establishes guidelines and authorization levels and criteria to be used when writing off those debtor accounts that are deemed uncollectible.

### ***Arrangements Policy***

This policy (adopted in 2007/08) creates the framework to guide staff in entering into arrangements for payment with municipal customers that have problems paying their accounts.

The policy differentiates between indigent, domestic and business type customers. The policy also basis repayment schedules based upon the income levels of households and sets guidelines to use when dealing with indigents.

## Lukhanji Tabled 2009/10 Budget Report

### 10 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

<b>Budget Assumptions Table 2009/10</b>				
	<b>Estimated 2008/09</b>	<b>Estimated 2009/10</b>	<b>Estimated 2010/11</b>	<b>Estimated 2011/12</b>
<b>1) General Inflation Factor</b>	<b>6.2%</b>	<b>5.4%</b>	<b>5.1%</b>	<b>4.6%</b>
<b>2) Interest Rates:</b>				
<b>Borrowing</b>	<b>14.5%</b>	<b>14.5%</b>	<b>14.5%</b>	<b>14.5%</b>
<b>Investing</b>	<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>
<b>3) Increases - Rates and Tariffs:</b>				
<b>Growth Factor</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Rates</b>	<b>6.2%</b>	<b>8.0%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Electricity</b>	<b>35.0%</b>	<b>28.9%</b>	<b>15.0%</b>	<b>15.0%</b>
<b>Refuse</b>	<b>6.2%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>6.0%</b>
<b>Water</b>	<b>6.2%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Sanitation</b>	<b>6.2%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>4) Tax Base Growth</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>5) Billing Collection Rates:</b>				
<b>Rates</b>	<b>78.0%</b>	<b>96.0%</b>	<b>96.0%</b>	<b>96.0%</b>
<b>Electricity</b>	<b>94.0%</b>	<b>88.0%</b>	<b>88.0%</b>	<b>88.0%</b>
<b>Refuse</b>	<b>54.0%</b>	<b>52.0%</b>	<b>52.0%</b>	<b>52.0%</b>
<b>Water</b>	<b>63.0%</b>	<b>73.0%</b>	<b>73.0%</b>	<b>73.0%</b>
<b>Sanitation</b>	<b>78.0%</b>	<b>64.0%</b>	<b>64.0%</b>	<b>64.0%</b>
<b>Debtor Interest</b>	<b>8.6%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
<b>6) Bulk Electricity Purchases</b>				
<b>Growth Factor</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Bulk Cost Increases</b>	<b>35.9%</b>	<b>31.3%</b>	<b>20.0%</b>	<b>20.0%</b>



## Lukhanji Tabled 2009/10 Budget Report

	Estimated 2008/09	Estimated 2009/10	Estimated 2010/11	Estimated 2011/12
7) Salary Increases				
Salaries	8.3%	13.0%	10.0%	8.0%
Overtime	8.3%	13.0%	10.0%	8.0%
Contract Workers	4.0%	13.0%	8.0%	8.0%
8) WSSA contract increase	5.0%	5.0%	5.0%	5.0%
9) Equitable Share Allocation	50,038,000	68,291,000	84,457,000	92,182,000
10) Water/Sanitation Subsidy (from District)	9,722,476	18,595,795	18,122,691	19,644,634
11) Water/Sanitation Net	(4,304,805)	(1,455,136)	178,765	1,847,806
12) Primary Health Clinics Allow.	5,034,000	5,261,000	5,497,000	5,497,000
13) Primary Health Clinics Deficit	(294,365)	1,455,248	1,735,093	2,199,952
14) ATIC Clinics Allow.	2,214,379	2,214,379	2,214,379	2,214,379
15) ATIC Clinic Deficit	-	(169,576)	(147,931)	(136,985)
16) Property Sales	-	1,000,000	-	-
17) Small Equipment Purchases	718,000	-	-	-
18) Change in # of Staff	-	4	-	-
19) New Capital Purchases	5,500,000	9,234,000	6,958,000	7,346,000

### General inflation outlook and its impact on the municipal activities

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 48 from National Treasury for the next three years when preparing this medium term budget

## Lukhanji Tabled 2009/10 Budget Report

### Interest rates for borrowing and investment of funds

Based on historical trends and current market analysis we have used 14.5% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 12% rate for cash invested.

### Rates, tariffs, charges and timing of revenue collection

The Lukhanji Municipality is still in the process of performing new valuations on property within the municipality. As a result of this, current valuations use property values sometimes dating back many years. Because of the uncertainty of when the new valuation roles will be completed we have conservatively used a zero percent increase in values for property. Rates are set to increase by +-8% representing the CPIX and also depending on the new valuations.

A costing study was conducted in 2005/06 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. As a result of this study a new costing model was developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model is reflected in the proposed tariffs for the municipality this year.

Refuse charges are set to increase 15% this year. This is as a result of the service not breaking even or running at a loss. This will have to increased over a number of years to ensure that the service is fully funded.

Electrical service is dependent on bulk electric purchases from ESKOM. As a result of the 31.3% increase in the cost of bulk electricity, the tariffs charged to customers will increase this year by 28.9%. Indigent customers will be subsidized as follows:

0 – 50kw	free
51 – 100kw	15% Increase
101kw onwards	28.9% Increase

The municipality performs the water and sanitation services under an agency contract with the Chris Hani District Municipality. The district must approve all tariff increases relating to the water and sanitation function. A resolution taken by the Chris Hani District municipality indicates that the water and sanitation tariff must increase with 5% as well. Given the history discussed above, no increases have been included for the outer years of this budget.

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### **Growth or decline in tax base of the municipality**

The municipality has continued to experience challenges in completing the valuation of property within the municipality. For purposes of this budget the property valuations and methods of billing unvalued property remains the same as in 2008/09.

Until a new valuation roll can be presented for approval we are using a zero growth factor. The municipality will also need to take into account the valuation roll that will be available on April 2<sup>nd</sup>. Until then the municipality has budgeted for a flat rate that is currently levied on non rated properties. The municipality will not be in a position to balance the budget if valuations are to be implemented in all its areas as a result of the flat rate that will falling away and many properties could be exempted from paying rates. The impact on this will however only be known after the valuation roll is received and calculations are done.

### **Collection rates for each revenue source and customer type**

*(for more detail see section 15 – revenue by source and vote)*

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts has been increased substantially over the past several years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscience effort to address in the future.

Collection rates for services that are billed to the community are usually very different than the amount actually billed for a particular service. This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality began a project plan last year to improve the collection of the various billed services thru a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the credit control and debt collection policy was revised last year and a debtor's write off and arrangements policies were also added to the mix. The adoption of these policies is only one part of a multi prong approach to address this issue.

## **Lukhanji Tabled 2009/10 Budget Report**

### **Price movements on specifics e.g. bulk purchases of water and electricity, fuel etc**

We have budgeted for a bulk price increase in 09/10 of 31.3% for purchases of bulk electricity for distribution and resale as per circular no. 48. For the medium term we have projected 20% for 2010/11 and 20% for 2011/12 respectively.

### **Average salary increases**

When we include councillor allowances, salaries and related expenses make up almost half of the operating budget. This salary related expenses are increased each year by bargaining agreements controlled by SALGA.

Salaries for municipal workers are projected to increase steadily over the medium term budget forecast. For 2009/10 salaries are projected to increase 13%, for 10/11 10.0%, and for 10/11 a projected 8.0% increase.

## **11 Funding the Budget**

### **Fiscal Overview**

Over the past few years the Lukhanji Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

The MFMA requires many things from the municipality in this respect. Some of these items include: 1) Payment of all creditors within 30 days; 2) using only realistically expected actual revenues and non-committed cash surpluses to fund the budget; 3) discontinue the use of short term borrowing (bank overdraft) to fund operating expenses; and 4) ensuring that all required reserve funds are 'cash backed'.

Primarily from a cash point of view, Lukhanji has faced serious financial difficulties over the past few years. Lukhanji is not alone. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are the solutions. Over the past years the municipality has been required

## **Lukhanji Tabled 2009/10 Budget Report**

to take on large numbers of employees, a large borrowing debt and a large population that simply do not have the income to pay the rates and tariffs required.

These conditions have resulted in overall low collection rates for services billed, growing pressure on salaries to become a greater and greater portion of the operating budget and finally, cash strapped bank accounts. The past few years the municipality has ended each fiscal year with a large bank overdraft and large creditor balance. The MFMA will not allow this to continue. The municipality was mandated to eliminate this situation before the end of the 2007/08 financial year.

It is to this end the municipality has continued to focus its attention toward the past few years. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will end 2008/09 with enough cash at the end of the financial year to pay all of its creditors. This, however, must not be the end.

The municipality must strengthen its credit control and debt collection efforts. We must evaluate every area of operations and ask ourselves if we are doing things in the most efficient and effective way. We must make sure that those organs of state for which we supply agency functions pay for those functions in their entirety so that local Rand can be used to pay for the local services that we are required to perform.

Probably most important, we must be willing to change. We cannot continue to do things the way that we always have done them in the past.

New challenges always bring with them new opportunities. We must find those opportunities that present themselves and use them to better our municipality.

### **Funded versus a Balanced budget:**

The implementation of the MFMA changes the perspective of the budget from a 'funds' perspective where the emphasis is on balancing funds going out to funds coming in to a more dynamic accounting perspective.

This new perspective requires us to analyse the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements.

Although we show revenues on an accrual basis we must ensure that revenues used to fund the budget are realistically anticipated to be collected.

## **Lukhanji Tabled 2009/10 Budget Report**

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has followed these principles and the directions put forth in NT circulars 41 and 42 concerning both the budget process and funding of a municipal budget.

We have made full disclosure on all revenues using accrual methods and all cash that is available has been shown where it is legally committed to be spent.

Cash flow for the 2009/10 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital.

### **11.2 – Financial Indicators**

The municipality is in the process of developing useful performance indicators that will be both meaningful and useful for detecting financial problems and trends that need to be investigated. These indicators are not available at this time but will be made public once finalized.

# Lukhanji Tabled 2009/10 Budget Report

## Sources of Funding

### 11.3 - Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2009/10 financial year are contained in **appendix A**. In this section we will highlight only the major changes proposed. We will concentrate on the four major tariffs of the municipality along with the property rates.

These five revenue sources will account for an almost R179.2 million in billed revenue for the municipality in 2009/10 and will account for an estimated R147.3 million in actual cash collection. The breakdown is as follows:

<b>Item</b>	<b>Billed (000's)</b>	<b>Cash (000's)</b>
• Property Rates	30,970	29,763
• Electricity	95,215	83,709
• Water	23,173	16,799
• Wastewater	13,586	8,620
• Refuse Collection	16,330	8,499
• <b>Total</b>	<b><u>179,274</u></b>	<b><u>147,390</u></b>

### Property Rates

In light of the failure of the contractor in 2005/06 to comply with tender requirements no general valuation roll for the Lukhanji Municipality is prepared and we are now faced with a major crisis.

At present the only property levied with rates is the immovable property situated within the former Queenstown municipal area. The areas situated within Ezibeleni, Mlungisi and Whittlesea/Sada do not have rates levied at present but are instead charged a flat infrastructure rate. This problem is due to the fact that the valuations that have been done on these areas date back to 1998. These 1998 valuations were totally rejected by the relevant communities.

The municipality faces a vacuum as the vast majority of its rateable property portfolio is levied on old evaluations and only a small percentage of the portfolio has actual rates levied.

It is critical to the municipality that the general valuation for the municipality be completed as soon as possible. The municipality has appointed service providers to complete the general valuation and it is expected that the draft

## Lukhanji Tabled 2009/10 Budget Report

valuation roll will be available April 2nd. This process has a huge impact on the 2009/10 budget.

As shown in appendix A levied rates are proposed to be increased by **8%** this budget year.

### Electricity Tariffs

The single largest revenue source for the municipality is the electricity tariff (R95.2 million next year). It is also the source of the single largest expenditure – bulk electricity purchases (budgeted at R67.1 million next year).

The vast majority of domestic users of the municipal electrical distribution system are using a 'pre-paid' meter system. Using this system the municipality is able to collect the tariff charge 'up front' and eliminate all bad debts associated with these customers. This is the reason that the collection rate from the electricity tariff is so high compared to other tariffs that are billed in the conventional way.

Some 3199 customers (including domestic, commercial and industrial) are billed via a conventional meter. As can be seen in the rates listed in appendix A the charge to these customers is broken down into several components including fixed component and several usage based components.

The initial tariff increase put forth in the budget for electricity is **28.9%**. The NER also approved a 1.5cent per unit sold through the 2008/09 financial year. This amount must be ring-fenced and be utilized for future refurbishment of the Electrical network.

### Water and Wastewater Tariffs

Lukhanji delivers water and wastewater services in the capacity of an agent of the Chris Hani District Municipality. As such, the budget and any tariff increases are to be done in consultation with the district.

As of this time we are requesting a **5%** increase in both water and sanitation rates.

Currently the wastewater tariffs are billed to customers with water borne sewer connections based on the number of sewer connection points. Households are assumed and only charged for one connection point while commercial and industrial users are billed for the actual number of points that they have. Wastewater is an annual charge and may be paid annually or in monthly instalments if the rates and taxes of the relevant erf are also paid in monthly instalments.



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Water is billed monthly based on usage with higher usage resulting in a higher charge. An availability charge is payable on all property where a connection to the water network is possible but not utilized.

All current/proposed water and wastewater tariffs are listed in appendix A.

### **Refuse Collection**

Refuse collection tariffs are 'use based' fees that are based on factors such as the category of the customer and the number of removals required.

For 2009/10 a **15%** increase in refuse tariffs across the board is scheduled. The reason for such increase is as a result of the service not breaking even. The service will be operating at a R1.4 million loss in the next financial year if 100% expenditure is incurred. It is hoped that this shortfall will be even out over a three year period.

The listing of proposed refuse tariffs is included in appendix A.

### **11.4 - Savings and efficiencies**

The budget must be fully funded and be able to fund the required reserves with cash per the MFMA. To meet this goal the municipality will need to continue to find savings and operating efficiencies in municipal operations. Currently the municipality has to place constraints on the expenditure accounts in certain areas of operation. The municipality also has plans to investigate the elimination of certain areas and operations that are not core functions of the municipality.

Other areas of operations being examined include; the implementation of the credit control and debt collection policy of the municipality; and addressing a major issue concerning a tremendous amount of extremely old and very difficult to collect debtors on the active billing system. The old hard to collect accounts in this billing system need to be purged and 'cleaned' to a separate collection system that is then contracted out to the private sector for processing. This will allow the limited staff to focus on more current debtors; those with a higher likelihood of collection.

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### **11.5 - Investments – cash backed accumulated surplus**

*This section documents particulars of existing investments and predicted levels of investments based on future strategies. The portfolio of investments should also be compliant with the MFMA, regulations and investment framework.*

The following tables are included to show details concerning the municipality's investments.

### **11.6 - Table 4 – Investments Particulars by Type**

### **11.7 - Table 4a – Investments Particulars by Maturity**

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## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 4	Preceding Year 2007/08	Current Year 2008/09			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 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F
<b>INVESTMENT PARTICULARS BY TYPE</b>							
<u>Investment Type</u>							
Securities - National Government Listed Corporate Bonds							
Deposits - Banks	43,146	1,142	1,142	1,142	868	900	572
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							
<b>TOTAL INVESTMENTS</b>	<b>43,146</b>	<b>1,142</b>	<b>1,142</b>	<b>1,142</b>	<b>868</b>	<b>900</b>	<b>572</b>

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## LUKHANJI MUNICIPALITY

### Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

<b>SUPPORTING TABLE 4a</b> <b>INVESTMENT PARTICULARS BY MATURITY</b>	<b>Period of Investment</b>	<b>Type of Investment</b>	<b>Expiry date of Investment</b>	<b>Monetary Value R'000</b>	<b>Interest to be Realised R'000</b>
<u>Name of Institution / Investment ID</u>  Absa Bank	Call	Projects	Call	61,709	5,000
				<b>61,709</b>	<b>5,000</b>

## **Lukhanji Tabled 2009/10 Budget Report**

### **11.8 - Grant allocations**

*The following is a listing of grants included within the budget and a brief description of each.*

#### **MUNICIPAL INFRASTRUCTURE GRANT**

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads in line with the MIG policy framework. Municipalities must adhere to the labour intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress.

#### **NATIONAL ELECTRIFICATION PROGRAMME**

This fund is allocated to municipalities to provide capital subsidies to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

Conditions include that the amounts must be accounted for through regular reporting, all benefits must be passed to end users, ring fence the electricity function, safely operate and maintain the infrastructure and also adhere to the labour intensive construction method.

#### **MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME**

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that a activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act.

## **Lukhanji Tabled 2009/10 Budget Report**

### **LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT**

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and ongoing review, revision and submission of implementation plans to address weaknesses in financial management.

### **LOCAL GOVERNMENT SUPPORT GRANT**

This grant is allocated to strengthen the capacity of municipalities, integrated planning and good governance, facilitate land and Infrastructure development and promotion of sustainable local economic and rural development as well as free basic services.

Conditions include proper utilization of the funds for which it is allocated and regular reporting in terms of the Division of Revenue Act.

### **11.9 - TABLE 5 - Government grant and subsidies allocations**

The table on the following page gives a detail listing of the allocations that the municipality anticipates receiving.

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

### Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 5	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year	Budget Year +1	Budget Year +2
GOVERNMENT GRANTS & SUBSIDIES - ALLOCATIONS <sup>1</sup>	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
<b><u>National Grant Allocations<sup>2</sup></u></b>							
1. Municipal Infrastructure Grant (MIG)	8,865	15,252	15,252	15,252	19,734	22,017	19,860
2. National Electrification Programme			50	50			
3. Municipal System Improvement Program	1,000	735	735	735	735	750	790
4. Financial Management Grant	750	500	500	500	750	1,250	1,500
5. Develop Integrated Spatial Info Sys. (CMTP)		548	548	548			
<b>Sub Total - National Grant Allocations</b>	<b>10,615</b>	<b>17,035</b>	<b>17,085</b>	<b>17,085</b>	<b>21,219</b>	<b>24,017</b>	<b>22,150</b>
<b><u>Provincial Grant Allocations<sup>2</sup></u></b>							
1. Spatial Planning	629						
2. Roads & Transport Grant		5,000	5,000	5,000			
3. Housing	22,673	60,470	33,140	33,140	31,908		
4. SETA Training Grant	207	250	250	250			
5. Mlungisi Sport Stadium			250	250			
6. Emergency Fire Vehicles			2,700	2,700			
<b>Sub Total - Provincial Grant Allocations</b>	<b>23,509</b>	<b>65,720</b>	<b>41,340</b>	<b>41,340</b>	<b>31,908</b>	<b>0</b>	<b>0</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 5	Preceding Year 2007/08	Current Year 2008/09	Current Year 2008/09		Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Approved Budget R'000 B	Full Year Forecast R'000 D	Budget Year 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F	Budget Year +2 2011/12 Budget R'000 G
<b>GOVERNMENT GRANTS &amp; SUBSIDIES - ALLOCATIONS<sup>1</sup></b>							
<b><u>District Municipal Allocations<sup>3</sup></u></b>							
1. Rural Areas (IDP)	50			125			
2. HIV Grant				15			
3. Cleanup Campaign				300			
4. Development of performance Contracts	80			70			
5. Computerized Library System	269			34			
<b>Sub Total - District Municipality Allocatio</b>	<b>1,814</b>	<b>0</b>	<b>544</b>	<b>544</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Municipal Grant Allocations<sup>3</sup></u></b>							
1. Fleet Replacement Programme	1,885				1,979	1,958	2,346
2. Electricity Asset Financing	507	2,500	3,655		4,755	3,000	3,000
3. Own Funding Projects			25				
4. Community Projects		750	650		500		
5. Refuse Projects	220	2,250	2,202	1,963			
6. Water Vehicles			3,000	3,000			
7. Purchase Plant for MIG	2,141		800				
8. Plant Replacement Program					2,000	2,000	2,000
<b>Sub Total - Municipal Grant Allocations</b>	<b>4,753</b>	<b>5,500</b>	<b>10,333</b>	<b>4,963</b>	<b>9,234</b>	<b>6,958</b>	<b>7,346</b>
<b>TOTAL GRANT ALLOCATIONS</b>	<b>40,691</b>	<b>88,255</b>	<b>69,301</b>	<b>63,932</b>	<b>62,361</b>	<b>30,975</b>	<b>29,496</b>



## **Lukhanji Tabled 2009/10 Budget Report**

### **11.10 - Contributions and donations**

Municipalities must budget for anticipated contributions and or donations. These could be in the form of cash or in kind. An example of an in kind contribution is infrastructure assets donated to the municipality free of charge by a developer as part of a residential development scheme. Municipalities must consider the financial and service delivery consequences of receiving contributions and donations. For example, the receipt of an infrastructure asset will require ongoing repairs and maintenance of the asset to maintain agreed service levels and standards. The revenue implications should also be considered. In the above example of a new residential development there should also be new rates and taxes on the new residential properties. Whether the new rates and taxes etc are set at levels sufficient to cover the ongoing costs of the new infrastructure is a policy decision for the council.

The municipality anticipates **no contributions and or donations** for the coming budget years.

### **11.11 - Sale of assets**

All disposals of municipal assets is controlled by requirements put forth in the MFMA. Lukhanji anticipate selling of certain portions of surplus vacant land this financial year. The revenue from this will be utilized for once off maintenance to properties and the cost thereof has been budgeted.

### **11.12 - Carry over**

Provision for the carryover of cash from unfinished programs and projects from the 2008/09 financial year to the 2009/10 financial year is included in the final budget presented for approval. These funds were allocated to a specific purpose in previous financial years but for a variety of reasons the project will not be completed by the end of the financial year.

The following table lists the anticipated cash from operational and capital grant projects that is projected to be brought forward to the new budget year.

## Lukhanji Tabled 2009/10 Budget Report

### Cash Carry Forward

DESCRIPTION OF PROJECT	ESTIMATED CASH CARRY FORWARD FROM DIRECTORATES
<b>Capital Grants Projects</b>	
Consolidated Rural Areas	194,720
Libraries	212,498
Nature Reserve	252,459
Ekuphumleni Housing	49,864
Enkululekweni Housing	33,586
Ezibeleni Phase II Housing	2,304
Ilinge Housing	447
Imvani Housing	127,470
Sabata Dalindyebo Housing	214,730
Tambo Village Housing	-5,568
Ilinge Transfer Fees	12,822
Registration Fees	10,886
Interest on Housing Projects	271,000
Nomzamo Project Linked Housing	93,323
Bothas Hoek Housing	39,638
Ensam Housing	35,215
Merino Walk Housing	50,341
Poplar Grove Housing	1,257,570
Who can Tell Housing	747,782
McBride Housing	205,016
National Electrification Programme (urban areas)	718,672
Rehab Roads & Stormwater Ext 4 Whittlesea	1,832,000
LED Facilities	200,000
Mig Counterfunding	375,800
Mig Retention	127,300
Urban Tar Roads	2,290,022
Urban & Rural Gravel Roads-MIG	791,862
Stormwater Drains-MIG	624,448
Lesseyton & Ilinge Tipsite	465,000
Recreational Facilities	225,077
MIG Subtotal	4,396,409
<b>TOTAL CAPITAL GRANTS</b>	<b>11,456,284</b>

## Lukhanji Tabled 2009/10 Budget Report

### Cash Carry Forward

DESCRIPTION OF PROJECT	ESTIMATED CASH CARRY FORWARD FROM DIRECTORATES
<b>Operating Grants Projects</b>	
Capacity Building for Ward Committees	42,768
Develop Perf Contracts for Managers	152,979
	326,314
<b>Municipal Systems Improvement Grant - Carryover /Unallocated:</b>	
Ward Council & Committee Train on IDP	50,000
IDP process to link to budget and PMS and IDP Training	50,000
IDP Printing and CD's	40,000
Update situational analysis and strategic & objectives	101,500
PMS implementation (consultant)	197,668
Complete GRAP changeover	350,000
Revenue mgmt grant	133,938
Staff EXCEL Training	20,000
Ward Committee Training	2,120
Train Community Development Workers	23,201
Shiloh Greenfields - Survey Projects	266,447
Planning of Shiloh Greenfields (500 Erven)	208,466
Brakkloof Settlement Planning	61,164
Brakkloof - Survey Projects	2,234
Mendi Educare Centre	25,278
Services Informal Settlements	325,386
MLungisi Stadium - BRFU	20,651
SETA Training Grant	152,581
Preparation of Structure Plan 3	109,355
Valuation fund - Ezibeleni Township	83,468
Relayout of Ezibeleni Township	718
Completion of Zoning Scheme - Lukhanji	17,423
Laurie Dashwood Park Settlement Planning	48,081
Relayout of Whittlesea 200 Erven	61,485
Survey of Laurie Dashwood Park	33,505
General Valuation - Lukhanji (with carryover)	293,111
Revise Rates Policy and New valuation roll	743,236
Free Basic Services	70,057
<b>Financial Management Grant</b>	701,966
MSP funds - Staff Audit, Database Cleansing, IT	636,250
<b>CMTF - Development of interventions &amp; related projects</b>	650,304
IDP Review	43,664
Rags to Riches	42,262
Ezibeleni & Khayalitsha Brickmaking	18,856
Tylden Irrigation Scheme	31,930
<b>TOTAL OPERATING GRANTS</b>	<b>6,138,366</b>
<b>GRAND TOTAL ALL GRANTS</b>	<b>17,594,650</b>

## **Lukhanji Tabled 2009/10 Budget Report**

### **11.13 - Proposed Future Revenue Sources**

Each year when preparing the budget, thought should be given to proposed future revenue sources that could be introduced. This section will highlight these, their potential impact on future budgets and any potential issues.

The largest single potential revenue source for the municipality is the collection of billed tariffs and rates. In addition, the completion of the valuation of property within the municipality is critical to the financial future.

Both of these items will be given top priority in the coming financial year in hopes of development strategies and plans to implement improvements in the future.

### **11.14 - Borrowing**

Lukhanji Municipality has moved the provision in its capital budget for the replacement of the municipal fleet to a value of R1,979,000 to the 2009/10 financial year to balance the budget and will be reviewed when the mid-year assessment is done. The fleet of the municipality is in such a state that there is an immediate need for the replacement of much of its ageing fleet (most of the fleet is in excess of 20 years old). This ageing fleet affects both the expense of repairs and maintenance to keep the fleet running and also the delivery of service because of increasing down time as a result of breakages. The municipality will be looking to finance this loan over a five year period and to purchase new vehicles in line with the adopted fleet replacement program.

In addition to the above, the municipality plans to issue R2,000,000 in debt to finance the purchase of new plant and R3,600,000 for electric reticulation and R1,655,000 for other capital (listed in the detail).

### **11.15 - TABLE 6 - New Borrowing**

The table on the following page outlines anticipated borrowings for the year.

## Lukhanji Tabled 2009/10 Budget Report

### LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 6  NEW BORROWING	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	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
Fleet Replacement Programme	1,885				1,979	1,958	2,346
Electricity Asset Financing	507	2,300	3,455		4,755	3,000	3,000
Finance Projects		500	500		500		
Plant Replacement Programme		350	350		2,000	2,000	2,000
Refuse Projects	220	2,250	2,202	1,963			
Pound Projects		100	0				
Plant For Mig Projects	2,141		800				
Water Vehicles			3,000	3,000			
<b>NEW BORROWING</b>	<b>4,753</b>	<b>5,500</b>	<b>10,307</b>	<b>4,963</b>	<b>9,234</b>	<b>6,958</b>	<b>7,346</b>

## **Lukhanji Tabled 2009/10 Budget Report**

### **12. - Table 7 - Disclosure on Allocations Made by the Municipality**

The municipality currently does not make any allocations to other municipalities so this table is not included.

### **13 Disclosure on Salaries, Allowances and Benefits**

The tables on the following pages give the required listings of salaries, Allowances, and personnel as required by the MFMA.

#### **13.1 - TABLE 8 - Disclosure of Salaries, Allowances and Benefits**

#### **13.2 - TABLE 8a - Summary of total Salaries, Wages, Allowances, etc.**

#### **13.3 - TABLE 8b – Summary of Personnel Numbers (fulltime equivalents)**

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

### Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

<b>SUPPORTING TABLE 8</b>	<b>Salary</b>	<b>Social Contributions<sup>4</sup></b>	<b>Allowances</b>	<b>Bonuses</b>	<b>Total Package</b>
<b>DISCLOSURE OF SALARIES, ALLOWANCES &amp; BENEFITS</b>	<b>Rand ('000) per annum</b>	<b>Rand ('000) per annum</b>	<b>Rand ('000) per annum</b>	<b>Rand ('000) per annum</b>	<b>Rand ('000) per annum</b>
<b><u>Councillors</u></b>					
Executive Mayor	440		165		605
Speaker	352		135		487
Councillor Fulltime (4)	1,319		512		1,831
Other Councillors (47)	7,258		2,949		10,207
<b><u>Officials of the Municipality</u></b>					
Municipal Manager (MM)	468	106	84	55	713
Chief Finance Officer	492	73	55	52	672
Director : Administration	428	105	84	51	668
Director : Technical Services	372	168	77	51	668
Director : Community Services	428	105	84	51	668
Director : Estates	418	115	84	51	668
<b>TOTAL COST OF REMUNERATION TO MUNICIPALITY</b>	<b>11,975</b>	<b>672</b>	<b>4,229</b>	<b>311</b>	<b>17,187</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 8a  SUMMARY OF TOTAL SALARIES, WAGES, ALLOWANCES etc	Preceding Year 2007/08	Current Year 2008/09			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 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F	Budget Year +2 2011/12 Budget R'000 G
	<u>Councillors (Political Office Bearers plus Other)</u>						
Basic Salaries	6,663	7,163	8,291	8,291	9,369	10,306	10,924
Pension Contributions					0	0	0
Medical Aid Contributions					0	0	0
Allowances	2,730	3,312	3,328	3,328	3,954	4,330	4,867
<b>Sub Total - Councillors</b>	<b>9,393</b>	<b>10,475</b>	<b>11,619</b>	<b>11,619</b>	<b>13,323</b>	<b>14,636</b>	<b>15,791</b>
<u>Senior Managers of the Municipality (s 57 of Systems Act)</u>							
Basic Salaries	1,988	2,297	2,221	2,221	2,606	2,867	3,039
Pension Contributions	398	359	424	424	467	514	545
Medical Aid Contributions	178	99	183	183	187	206	218
Allowances	487	555	487	487	486	487	516
Performance Bonus - Normal Bonus	255	274	274	274	311	316	335
<b>Sub Total - Senior Managers of Municipality</b>	<b>3,306</b>	<b>3,584</b>	<b>3,589</b>	<b>3,589</b>	<b>4,057</b>	<b>4,389</b>	<b>4,652</b>
<u>Other Municipal Staff</u>							
Basic Salaries	38,277	47,455	42,294	42,294	60,984	66,608	71,664
Pension Contributions	6,240	8,034	7,108	7,108	8,966	9,863	10,662
Medical Aid Contributions	5,025	6,518	5,704	5,704	7,021	7,724	8,346
Allowances	3,299	4,074	3,902	3,902	6,055	4,673	4,748
Overtime	3,606	2,815	4,953	4,953	5,205	5,726	6,184
Leave Bonus	3,045	3,795	3,795	3,795	4,437	4,907	5,306
<b>Sub Total - Other Municipal Staff</b>	<b>59,492</b>	<b>72,691</b>	<b>67,757</b>	<b>67,757</b>	<b>92,670</b>	<b>99,500</b>	<b>106,910</b>
<b>TOTAL EMPLOYEE COSTS</b>	<b>72,191</b>	<b>86,750</b>	<b>82,965</b>	<b>82,965</b>	<b>110,050</b>	<b>118,525</b>	<b>127,354</b>



# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 8b	Preceding Year 2007/08	Current Year 2008/09			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 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F
<b>SUMMARY OF PERSONNEL NUMBERS (Full Time Equivalent)</b>							
Councillors (Political Office Bearers plus Other)	53	53	53	53	53	53	53
Senior Managers including Municipal Manager (s 57 of Systems Act)	6	6	6	6	6	6	6
Other Managers							
Technical / Professional Staff							
Other Staff (clerical, labourers etc)	660	660	660	660	662	662	662
<b>TOTAL PERSONNEL NUMBERS</b>	<b>719</b>	<b>719</b>	<b>719</b>	<b>719</b>	<b>721</b>	<b>721</b>	<b>721</b>

## **Lukhanji Tabled 2009/10 Budget Report**

### **14 Table 9 - Monthly Cash Flows by Source**

The table on the following pages presents a monthly cash flow for the municipality over the next financial year.

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2007, 2008 and 2009

SUPPORTING TABLE 9	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
MONTHLY CASH FLOWS	July	August	September	October	November	December	January	February	March	April	May	June	Full Year	Full Year	Full Year
	2009	2009	2009	2009	2009	2009	2010	2010	2010	2010	2010	2010	2009/10	2010/11	2011/12
	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
<b>Cash Operating Receipts by Source</b>															
<b>Cash Balance brought forward</b>	17,595												17,595		
Property rates	1,577	2,831	2,533	6,263	1,697	1,577	1,963	2,495	2,020	2,052	2,495	2,261	29,763	28,168	30,488
Property rates - penalties imposed and collection charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service charges - electricity	6,700	7,527	5,048	9,179	6,700	6,700	7,527	6,700	5,874	6,700	7,527	7,527	83,709	96,103	110,356
Service charges - water	1,178	1,344	1,011	1,677	1,344	1,344	1,511	1,677	1,344	1,344	1,511	1,511	16,799	16,799	16,799
Service charges - sanitation	690	861	519	1,117	690	605	690	690	690	775	690	605	8,620	8,620	8,620
Service charges - refuse	595	765	595	850	680	680	680	765	765	680	850	595	8,499	9,094	9,731
Service charges - other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regional Service Levies - turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regional Service Levies - remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental of facilities and equipment	44	44	44	44	44	44	44	44	44	44	44	44	532	532	532
Interest earned - external investments	138	138	138	138	138	138	138	138	138	138	138	138	1,660	1,660	1,660
Interest earned - outstanding debtors	108	185	93	262	154	93	139	108	93	139	108	62	1,542	1,542	1,542
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fines	13	13	13	13	13	13	13	13	13	13	13	13	160	160	160
Licenses and permits	385	385	385	385	385	385	385	385	385	385	385	385	4,621	4,621	4,621
Income for agency services	1,065	1,065	8,567	1,065	1,065	6,352	1,065	1,065	6,352	1,065	1,065	9,061	38,857	39,619	40,141
Grants - operating (incl. grants from other municipalities)	1,485	0	0	0	0	0	0	0	0	0	0	0	1,485	2,000	2,290
Grants - capital (incl. grants from other municipalities)	0	298	7,456	5,231	298	7,456	5,231	298	12,389	298	298	12,389	51,642	22,017	19,860
Equitable Share Grant	22,764	0	0	0	22,764	0	0	22,764	0	0	0	0	68,291	84,457	92,182
Other Revenues	985	935	935	935	935	935	935	935	935	935	935	935	11,275	11,384	11,510
Property Sales	83	83	83	83	83	83	83	83	83	83	83	83	1,000		
<b>Cash Operating Receipts by Source</b>	<b>R 55,406</b>	<b>R 16,475</b>	<b>R 27,421</b>	<b>R 27,245</b>	<b>R 36,993</b>	<b>R 26,406</b>	<b>R 20,406</b>	<b>R 38,162</b>	<b>R 31,127</b>	<b>R 14,654</b>	<b>R 16,143</b>	<b>R 35,610</b>	<b>R 346,048</b>	<b>R 326,775</b>	<b>R 350,490</b>
<b>Other Cash Receipts by Source</b>															
New Loans Raised	0	0	9,234	0	0	0	0	0	0	0	0	0	9,234	6,958	7,346
Receipts from old outstanding debtors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Etc (list each source)															
<b>Total Cash Receipts by Source</b>	<b>R 55,406</b>	<b>R 16,475</b>	<b>R 36,655</b>	<b>R 27,245</b>	<b>R 36,993</b>	<b>R 26,406</b>	<b>R 20,406</b>	<b>R 38,162</b>	<b>R 31,127</b>	<b>R 14,654</b>	<b>R 16,143</b>	<b>R 35,610</b>	<b>R 355,282</b>	<b>R 333,733</b>	<b>R 357,836</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

SUPPORTING TABLE 9	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
MONTHLY CASH FLOWS	July	August	September	October	November	December	January	February	March	April	May	June	Full Year	Full Year	Full Year	
	2009	2009	2009	2009	2009	2009	2010	2010	2010	2010	2010	2010	2009/10	2010/11	2011/12	
	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	
<b>Cash Operating Payments by Type</b>																
Employee related costs	8,061	8,061	8,061	8,061	8,561	8,061	8,061	8,061	8,061	8,061	8,061	8,061	97,227	104,439	112,157	
Remuneration of Councillors	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	13,323	14,636	15,791	
Collection costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Repairs and maintenance	725	725	725	725	725	725	725	725	725	725	725	725	8,696	8,795	8,899	
Interest paid	93	92	347	86	84	81	80	74	302	71	68	66	1,444	1,444	1,444	
Bulk purchases - Electricity	8,735	8,735	6,721	4,708	4,708	4,708	4,037	4,037	4,037	4,037	4,708	8,064	67,233	80,657	96,766	
Bulk purchases - Water	18	18	18	18	18	18	18	18	18	18	18	18	215	215	215	
Bulk purchases - Sewer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Contracted services	1,018	1,018	1,018	1,018	1,018	1,018	1,018	1,018	1,018	1,018	1,018	1,018	12,215	12,215	12,215	
Grants and subsidies paid - other municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants and subsidies paid - other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Etc (list each type)	8,954	5,114	5,334	5,334	5,334	5,334	5,334	5,334	5,334	5,334	5,334	5,334	67,411	68,759	71,236	
<b>Cash Operating Payments by Type</b>	<b>R 28,714</b>	<b>R 24,873</b>	<b>R 23,334</b>	<b>R 21,059</b>	<b>R 21,557</b>	<b>R 21,054</b>	<b>R 20,382</b>	<b>R 20,376</b>	<b>R 20,604</b>	<b>R 20,373</b>	<b>R 21,041</b>	<b>R 24,395</b>	<b>R 267,763</b>	<b>R 291,160</b>	<b>R 318,723</b>	
<b>Other Cash Payments by Type</b>																
Capital Expenditure	2,867	3,088	3,067	11,610	6,910	6,072	6,845	6,926	7,645	5,945	5,604	5,753	72,332	28,975	27,206	
Loans repaid	336	337	868	560	563	565	567	573	1,037	576	578	487	7,046	8,722	10,490	
Operating Conditional Grant Payments	672	1,147	1,214	393	378	1,068	315	310	751	148	98	1,130	7,623	2,000	2,290	
<b>Total Cash Payments by Type</b>	<b>R 32,588</b>	<b>R 29,444</b>	<b>R 28,483</b>	<b>R 33,623</b>	<b>R 29,408</b>	<b>R 28,760</b>	<b>R 28,108</b>	<b>R 28,185</b>	<b>R 30,037</b>	<b>R 27,041</b>	<b>R 27,322</b>	<b>R 31,765</b>	<b>R 354,765</b>	<b>R 330,858</b>	<b>R 358,709</b>	
<b>NET INCREASE / (DECREASE) IN CASH &amp; INVESTME</b>	<b>R 22,819</b>	<b>R -12,968</b>	<b>R 8,172</b>	<b>R -6,378</b>	<b>R 7,584</b>	<b>R -2,354</b>	<b>R -7,702</b>	<b>R 9,977</b>	<b>R 1,089</b>	<b>R -12,388</b>	<b>R -11,178</b>	<b>R 3,844</b>	<b>R 518</b>	<b>R 2,875</b>	<b>R -873</b>	

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### **15 Measurable Performance Objectives (Revenue Source and Vote)**

Provided in the following pages are summaries of annual measurable performance objectives for each vote. Also included is revenue by source and vote in Table 10. Annual performance objectives must be converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

#### **15.1 Table 10 – Revenues by Source and Vote**

The following pages contain the listing of revenue by Source and Vote.

# Lukhanji Tabled 2009/10 Budget Report

## Lukhanji Municipality - Table 10 Operating Revenue by Source & Vote 2009/10 Performance Objectives re MFMA 17 3 b

Source	Vote	Source	Votes	Description	Notes
<b>Property Rates</b>		<b>30,969,916</b>		<b>9.5%</b>	
	Finance		20,488,735	Assessment Rates	The two aspects to Assessment Rates include collection and expansion. Specific targets need to be set for collection in each ward and customer group. Expansion will include an increase in the actual rate of 8% and concluding the evaluation process in th
	Finance		1,241,041	Building Clause	This charge is usely raised on vacant land sold and the developers has to develop the property in a certain timeframe. The municipality is able to raise rates as determined in this clause until valuation is complete. The increase in tariff is set at 8%.
	Finance		9,240,140	Infrastructure Improvement Rate	This charge is a flat rate that is raised in areas where no valuation exists on properties. The increase in tariff is set at 8%. All the valuation of properties in the Lukhanji area needs to be undertaken in this financial year.
<b>Electricity from Tariffs</b>		<b>95,214,736</b>		<b>29.1%</b>	
	Electric Distribution		129,000	Availability Charges	The charge is levied when vacant land is sold but the owner did not connect to main services of the municipality. Encourage the owner to develop their properties and pay for actual usages.
	Electric Distribution		793,000	Electric Connection fees / other	This service fee is charged once off when new connection are done to properties. Payment is basic for the meter and cabling to main source.
	Electric Distribution		94,001,736	Electricity Tariffs	We do calculations of tariffs on consumption and growth as well as payment trends on the service. NER gives a guideline as to what % may be increased. Deloitte's were requested to do a full study and presentation on this tariff as it show a huge surplus a
	Electric Distribution		291,000	Electricity Reconnection / Tamper Fees	This is a charge that is payable when services to the property were disconnected due to non payment or a person has tampered with that service. Encourage to debtors to settle their accounts before hand.

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Water From Tariffs		23,172,519	7.1%	
Water Distribution	108,900	Availability Charges	The charge is levied when vacant land is sold but the owner did not connect to main services of the municipality. Encourage the owner to develop their properties and pay for actual usages.	
Water Distribution	150,000	Water Connection Fees	This service fee is charged once off when new connection are done to properties. Payment is basic for the meter and piping to main source.	
Water Distribution	22,913,619	Water Tariffs	The charge is for the usage of water. Different categories exist for the billing of this service. An 5% increase has been set to the service as the District Municipality is responsible for this function. No metering exist in Whittlesea and needs to be add	
Sanitation From Tariffs		13,586,181	4.1%	
Sewerage Disposal	101,700	Availability Charges	The charge is levied when vacant land is sold but the owner did not connect to main services of the municipality. Encourage the owner to develop their properties and pay for actual usages.	
Sewerage Disposal	20,000	Sewer Connection Fees	This service fee is charged once off when new connection are done to properties. Payment is basic for the meter and piping to main source.	
Sewerage Disposal	66,000	Septic Tanks	This service fee is charged when septic tanks need to be pumped out.	
Sewerage Disposal	13,398,481	Sewer Tariffs	The charge is applicable to properties that has sewer connections to their property. Different categories exist for the billing of this service. An increase of 5% has been set to the service as the District Municipality is responsible for this function. S	
Refuse from Tariffs		16,367,993	5.0%	
Solid Waste Disposal	38,000	Tipping Fees	This is a cost recovery charge only.	
Refuse Removal	16,329,993	Refuse Removal Fees	The charge is for the removal of refuse at properties. Different categories exist for the billing of this service depending on the number of removals. The tariff increase has been set at 15% due to the fact that the function is not breaking even.	

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Grants		69,776,000	21.3%	
<b>Allocations:</b>		13,322,831	Equitable Share	This is covered by the Division of the Revenue Act. The municipality administers this grant to fund the supply of free basic services to the indigent and other target groups in accordance with the spirit of this grant.
Council				
Finance (rates)		3,713,443	Equitable Share	Conditional Grants are awarded to the municipality from the national and provincial government for specific purposes. The money must be spent as required by conditions set forth in the award.
Electricity		4,721,572	Equitable Share	
Refuse		3,586,563	Equitable Share	
General		42,946,591	Equitable Share	
Various Departments		1,485,000	Conditional Grants	
Interest and Investment Income		1,660,000	0.5%	
Finance		1,660,000	Interest on Bank Acct and Investments	This is for having positive funds available in the municipal bank account and the investment of surplus cash.
Rentals		1,098,500	0.3%	
Technical Service: Admin.		1,600	Rental of Property	This is a commercial utilization of land held for strategic and administrative purposes.
Sportfields		124,000	Rental of Property	This is a cost recovery charge for the utilization of sporting facilities by the community.
Pound and Commonage		150	Rental of Property	This is properties that is owned by the municipality and rented at market related rates to the public.
Housing: Estates		550,250	Rental of Property	
Civic Centers : Estates		422,500	Rental of Property	This is civic centers that are rented out to the public for functions ect.



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<b>Interest From Debtors</b>		<b>19,300,535</b>	<b>5.9%</b>	
Finance		1,162,517	Interest on Rates	This is a punitive charge to encourage people to pay their outstanding debt on time.
Finance		18,138,018	Interest on Service Charges	This is a punitive charge to encourage people to pay their outstanding debt on time.
<b>Fines</b>		<b>159,830</b>	<b>0.0%</b>	
Libraries		3,630	Library Fines	Penalties for late returning of books
Traffic Administration		156,000	Traffic Fines	These are penalties that are imposed for dangerous behaviour on the roads.
Finance		200	Parking Fines	These are penalties that are imposed for the community not paying for the provision of parking bays.
<b>Licenses and Permits</b>		<b>4,620,516</b>	<b>1.4%</b>	
Community Services: Admin.		5,000	Licenses: Trading	This is a fee charged to do business on the street in certain marked zones.
Community Services: Admin.		4,615,516	Licenses: Drivers	Application for new drivers licences
<b>Income From Agency Services</b>		<b>38,856,546</b>	<b>11.9%</b>	
Water Distribution		18,595,795	Contribution from Chris Hani	The municipality is doing the service on behalf of the District Municipality and the shortfall is to be funded by them.
Traffic Administration		12,785,372	Motor Registration	This is a charge paid by the Eastern Cape Province for providing a service on behalf of the Department of Transport.
Health: Clinics		7,475,379	Allocation from Province	These are fees allocated to the municipality from the Eastern Cape Provincial Government to cover some cost of the municipality for the providing the service on their behalf.

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Other	12,668,100	3.9%	
Council	183,000	Community Levy	This is charged to all households to replace the levies usually charged for providing fire services and replacing Dog Tax fee.
Council	1,000,000	Sale of Erven	From the sale of surplus municipal property for Building Maintenance
Council	8,010	Other	
Estates: Administration	18,000	Other	
Technical Service: Admin.	34,550	Other	
Technical Service: Admin.	279,000	Building Plan Fees	This is a cost recovery charge only and will grow due to building activity.
Streets	82,000	Connection Fees: Private Works	This is a cost recovery charge only for doing private works for the community.
Infrastructure Develop. Unit	6,532,656	Project Fees	This is cost recovery charge for managing projects on behalf of other spheres of government.
Finance	90,000	Commission on Stop orders	
Finance	81,900	Other	The are fees that are collected for the usage of parking bays in the town.
Finance	86,000	Parking Meter Fees	
Refuse Removal	170,930	Other	
Cemetery	61,000	Digging of Graves	This is a cost recovery charge for digging graves for the community.
Cemetery	615,677	Burial Fees	
Cemetery	92,000	Plot Fees	This is a cost recovery charge for supplying plots to the community.
Fire Brigade	50,000	Fees	This is a cost recovery charge for supplying the service outside the municipal area.
Libraries	53,670	Miscellaneous Fees	
Nature Reserve	62,400	Gate Fees	This is a cost recovery charge for entering the Game reserve.
Parks and Recreation	43,000	Miscellaneous Fees	
Pound and Commonage	21,000	Grazing Fees	This is a cost recovery charge for feeding impounded animals at the pound.
Pound and Commonage	1,499,318	Pound Fees	This is a cost recovery charge for keeping impounded animals at the pound.
Pound and Commonage	643,000	Pound Sales	This charge is when impounded animals are sold on auction.
Protective Services Control	105,089	WSSA contribution	This is a cost recovery charge for providing a 24hrs response centre to the community.
Traffic Administration	712,000	Roadworthy Certificates	This is a cost recovery charge when people are testing their vehicles for roadworthyness.
Traffic Administration	143,900	Miscellaneous Fees	
	327,451,372	327,451,372	100%

## **Lukhanji Tabled 2009/10 Budget Report**

### **16 Disclosure on Implementation of MFMA & Other Legislation**

The MFMA (Municipal Finance Management Act) became effective July 1<sup>st</sup> of 2004. Most of the requirements of the act took effect immediately; however, various delays were given to certain sections of the act based on the 'capacity' of the municipality as was determined by National Treasury. All local municipalities were classified as either a high, medium or low capacity municipality with each level given different implementation dates for the various delayed sections.

Lukhanji is classified as a medium capacity municipality and was required to meet the implementation dates put forth for medium capacity municipalities.

A MFMA implementation plan was developed to assist the municipality in implementing the required changes by the deadlines given. With only a few exceptions all sections of the MFMA were required to be implemented by Lukhanji by July 1<sup>st</sup> of 2006.

Many of the major changes required by the act have already been implemented by the municipality. Some of these include adoption and implementation of a new supply chain policy and establishment of a supply chain unit, the establishment of a budget and treasury office within the finance directorate, the adoption of various policies and procedures including policies for cash and investments, delegations within the organization, establishment of a new audit committee, policy on unforeseen and unexpected expenditures and other administrative requirements.

The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects). The budget must also be prepared and tabled to council much earlier than was previously required (by March 31<sup>st</sup>) and must be voted on in its final form before the end of May.

Much of the implementation of the MFMA involves new and sometimes complex budgetary and financial reporting requirements. Detailed monthly budgetary reports must be delivered to the Mayor along with quarterly performance indicators. The Mayor is required to make quarterly reports to the council on all aspects of the budgets implementation and any problems that need to be addressed. A mid year performance report is to be delivered to council along with recommendations on needed mid year adjustments that need to be made. Annual, quarterly and monthly reports are required to be delivered to National Treasury in very specific formats. All of these reporting requirements are already being met.

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### **17 Budgets and SDBIPs – Departmental / Functional (internal)**

A summary of each functional SDBIP within each directorate is provided in the following pages showing the information set out in MFMA Circular 13 under the section “Format of Departmental SDBIPs”:

- Purpose (outcomes);
- Service delivery description (outputs);
- Resources utilised (inputs);
- Inputs to detailed sector capital plans; and
- The link between performance measures in the SDBIP and performance contracts.

The summary of the Directorate SDBIP contain in the following pages gives performance targets and indicators for the 2009/10 year.

These are based on the draft SDBIP.

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SECTION 17 - SUMMARY of Directorate SDBIP											
Key Priority Area (KPA)	Sub-result areas	Objective	Project to be implemented	Key Performance Indicator (KPI)	Measurement Source and Frequency	Annual Target 09/10	ANNUAL TARGET AGREED				
							YEAR - 2009/10				
							30 Sep	31 Dec	31 Mar	30 Jun	
<b>MUNICIPAL MANAGER</b>											
GOVERNANCE	Intergovernmental Relations	To maintain effective intergovernmental relations	Participate in the District intergovernmental relations forum	Improved communication as assessed by MM on a scale of 1 very poor - 5 excellent	Minutes of IGR forum meetings attended	4 per annum	1	1	1	1	
			Establish and formalise with MoUs and partnerships with Sector Departments	Number of MoU actually concluded with Depts	Signed MoU	1	0	0	0	1	
	Policies & By-laws	To review existing Policies & by-laws and publicise for by-in and effective implement	Develop by-laws and publicise	Develop by-law for property rates and by-law for roads, traffic and safety	Develop by-law for property rates and by-law for roads, traffic and safety	Promulgated by-laws					4 by-laws completed
	Public Participation	To ensure effective public participation and encourage people centred and people driven municipal processes of planning and decision making	Develop and adopt a communication strategy	Communication strategy in place	council records	Strategy adopted					Strategy adopted
FINANCIAL VIABILITY	Risk Management	To ensure sound financial systems and compliant practices at all times	Develop and adopt Risk Management Plan	Risk management plan developed	quarterly	Risk management plan developed					Risk management plan developed
LOCAL ECONOMIC DEVELOPMENT	Local Economic Development	To implement existing LED strategy	Lobby resources to implement existing LED Strategy	number of funding received from funders to implement strategy	Funding agreements with funders - annually	2 funds received by March 2010	10%	60%	75%	Funding agreements with funders - annually	
			Develop SMME SUPPORT Strategy	Strategy in place March 2010	SMME strategy- annually	Strategy adopted by council	10%	60%	75%	SMME strategy- annually	
			Facilitate establishment of partnerships for Economic Development	Number of partnerships concluded with MOUs or agreements	MOUs-annually	3 partnerships	10%	60%	75%	MOUs-annually	
			Appoint an SMME officer in the LED section	SMME Officer appointed	Contract signed with SMME officer	Officer appointed by March 2010	10%	60%	75%	Contract signed with SMME officer	
			Appoint Agric development officer	Agric development officer appointed	contract signed with Agric officer	Officer appointed by March 2010	10%	60%	75%	contract signed with Agric officer	
			Support department and DM initiatives for revitalization of Shiloh irrigation scheme	participation in the implementation structures and processes	Reports and minutes of scheme trust - quarterly	Have representation in the scheme trust	10%	60%	75%	Reports and minutes of scheme trust - quarterly	
	Unemployment & Poverty alleviation	To reduce unemployment and create job opportunities	To facilitate linkages with PMU (EPWP) for short term job creation and monitoring	Quarterly reports on job creation obtained from PMU	PMU Reports - quarterly	Report on job creation numbers tabled to Mayo	10%	60%	75%	PMU Reports - quarterly	
	Trade and Markets	To regulate, support and manage local markets and street traders	Support informal traders with creation of market places (EG. STALLS) & link to services	Marketplace infrastructure installed in relevant wards	number of market place infrastructure launched - annually	Selling stalls, refuse bins and ablution facilities installed	10%	60%	75%	number of market place infrastructure launched - annually	
			Facilitate market linkages for local produce via partnership arrangements	Status report on implementation of partnership agreement by SMME officer	Reports and minutes of partnership meetings- Quarterly	Status reports submitted to Led Manager	10%	60%	75%	Reports and minutes of partnership meetings- Quarterly	
	Local Tourism	To establish potential and grow sector contribution to GDP	Review local Tourism sector Plan by March 2010	Revised tourism plan in place	Tourism plan	Revised plan adopted by March 2010	TOR for revision of the plan	75% revised plan	Revised plan adopted by March 2010	Tourism plan	
Recruit and appoint Tourism officer			Tourism officer appointed	Contract signed with Tourism Officer	officer appointed by March 2010	10%	75%	officer appointed by March 2010	Contract signed with Tourism Officer		
SERVICE DELIVERY	Municipal Planning	To ensure building of capacity for effective planning and implementation of our	Prepare, review, adopt & implement IDP	Revised IDP completed by March 2009	IDP document - Yearly	Reviewed IDP adopted by council by June 2009	Process plan	75% Revised plan	Draft tabled to council	Final IDP	
			Review, Adopt and implement PMS	Revised 09/10 scorecards	quarterly					Revised 2010/11 scorecards	
	Special Programmes	To coordinate and implement special programmes	Establish a special programmes desk / forum within the LM								
	Primary Health Service	To fight the spread of HIV and Aids as well as other communicable diseases	Promote HIV/Aids awareness and hold workshops in all wards								

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SECTION 17 - SUMMARY of Directorate SDBIP											
Key Priority Area (KPA)	Sub-result areas	Objective	Project to be implemented	Key Performance Indicator (KPI)	Measurement Source and Frequency	Annual Target 09/10	ANNUAL TARGET AGREED				
							YEAR - 2009/10				
							30 Sep	31 Dec	31 Mar	30 Jun	
<b>ADMINISTRATION AND HUMAN RESOURCES</b>											
GOVERNANCE	Functional Administration	To ensure stable and functional administration	Recruit & appoint for all budgeted posts in 2009/10	% of funded vacancies filled	Monthly reports to Admin Committee	100%	15%	75%	80%	100%	
			Develop and adopt an HR retention strategy	Staff retention policy developed	Monthly report to Municipal Manager	Adoption of staff retention policy (100%)	10%	Draft strategy (75%)	Adoption of staff retention policy (100%)	0%	
			Improve the safety of the workplace environment	No. of workplace fatalities	Monthly reports to Admin Committee	0%	0%	0%	0%	0%	
			Draft, and submit annual report within 7 months of year-end	Annual Report tabled in Council	Annual Report	100%	0%	0%	100%	0%	
				Oversight Report Adopted	Oversight Report	100%	0%	0%	100%	0%	
			Develop access to information manual in order to facilitate access to municipal information to the public	Number of requests granted	Annual Report submitted to HSRC	100% automatic disclosure	100%	100%	100%	100%	
	Safeguarding all municipal information and documentation	% compliance with the Archive Act	Records Manual	100%	100%	100%	100%	100%			
Public Participation	To ensure effective public participation and encourage people centred and people driven municipal processes of planning and decision making	Train all ward committees in key municipal functions	number of ward committees trained	Progress reports to Admin Committee	27				27		
INSTITUTIONAL DEVELOPMENT & TRANSFORMATION	Good Governance	To provide effective support to council processes and its political structures	Drafting, Printing and Circulation of agendas	Time taken to circulate Council agendas to all stakeholders before a meeting	Quarterly reports on Standing Committee, Mayoral Committee, Directors & Council agendas distributed	4 days for Standing Committee, 1 day for Mayoral Committee and Directos and 7 days for Council agendas	4 days for Standing Committee, 1 day for Mayoral Committee and Directos and 7 days for Council agendas	4 days for Standing Committee, 1 day for Mayoral Committee and Directos and 7 days for Council agendas	4 days for Standing Committee, 1 day for Mayoral Committee and Directos and 7 days for Council agendas	4 days for Standing Committee, 1 day for Mayoral Committee and Directos and 7 days for Council agendas	
			Preparation and Circulation of reports/ information/ minutes after a meeting	Time taken to make available information after a meeting	Weekly reports to Mayoral Committee on Committee meetings	7 days after meeting	7 days	7 days	7 days	7 days	
			Convene at least 1 Council meeting per quarter in terms of S37(c) of the Structures Act	% of Council meetings taking place as scheduled	Council agendas	8 per annum	2	2	3	1	
			Develop electronic resolution tracker and database	Time taken to populate the electronic resolutions database	Electronic Resolutions database	7 days after meeting	7days	7 days	7 days	7 days	
	Human Resource Development	Transform organisational culture to be developmentally orientated	Develop Training programmes for staff to address gaps identified during skills audit	Number of training programmes developed and staff identified to attend courses	Quarterly skills development implementation plans submitted to LGWSITA	4 per annum (incl. Annual report)	1	1	1	1	
			Review and Implement the Workplace Skills Plan	Implement the existing plan	% progress on WSP implementation	Monthly Report	100%	10%	60%	75%	100%
			Review and implement the Employment Equity Plan	Develop, adopt and implement EEP	% progress on EEP implementation	Monthly Report	100%	10%	60%	75%	100%
		Monitor and regularly report on equity targets adopted	% of new appointments who are HDIs	monthly reports	100%	100%	100%	100%	100%		

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SECTION 17 - SUMMARY of Directorate SDBIP										
Key Priority Area (KPA)	Sub-result areas	Objective	Project to be implemented	Key Performance Indicator (KPI)	Measurement Source and Frequency	Annual Target 09/10	ANNUAL TARGET AGREED			
							YEAR - 2009/10			
							30 Sep	31 Dec	31 Mar	30 Jun
<b>ESTATES SERVICES</b>										
SERVICE DELIVERY	Municipal Planning	To ensure building of capacity for effective planning and implementation of our programmes	Review, adopt & implement SDF	Revised SDF	Annually	Revised SDF				Revised SDF
			Implementation of Town Planning Scheme (Whittlesea)	No of rezoning applications attended to	Reports to Estates Committee	40%	10%	15%	10%	5%
			Implementation of Town Planning Scheme (Greater Queenstown)	No of rezoning applications attended to	Reports to Estates Committee	100%	50%	20%	10%	20%
	Housing & Land Reform	To facilitate delivery of different mix of housing development	Implement existing Housing sector plan to guide our interventions	Sector plan adopted by council	Annually	Sector plan adopted by council	30%	30%	30%	Sector plan adopted by council
			Facilitate delivery of mix housing working closely with Breaking New Ground Partners	Number of housing units delivered	quarterly	MOU between Standard Bank, Province & Municipality in place	5%	20%	55%	100%
			Manage, Administer, Control & Maintain existing rental stock	Amount in rands utilised to maintain and upgrade existing stock	quarterly	20%	5%	5%	5%	5%
			Facilitate transfer of land to Lukhanji and implement RDP housing projects	Number of ervens actually serviced	quarterly	300 depended on allocation of funding from Province	0	0	150	150
			implement Rectification Programme in Illinge, Ezibeleni (Ellen Dee), Ezibeleni Ph2, Whittlesea Ext 4	No of houses reconstructed/ refurbished/ repaired	Quarterly reports to Estates Committee	1150 units out of 2802 units that need to be attended to	290	270	290	300
			Selling of residential and commercial sites for development	No of business and residential sites sold	Minutes of Bid Adjudication Committee	Business = 3 Residential = 30	0 7	2 9	1 8	0 6
			Construction of Houses	Number of houses constructed in Sabata Dalinyebo and Nomzamo	Quarterly progress reports to Esates Committee	Sabata = 210 Nomzamo = 200	75 50	50 25	50 75	25 50

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SECTION 17 - SUMMARY of Directorate SDBIP										
Key Priority Area (KPA)	Sub-result areas	Objective	Project to be implemented	Key Performance Indicator (KPI)	Measurement Source and Frequency	Annual Target 09/10	ANNUAL TARGET AGREED			
							YEAR - 2009/10			
							30 Sep	31 Dec	31 Mar	30 Jun
<b>TECHNICAL SERVICES</b>										
SERVICE DELIVERY	Water	Efficient water resource management	Reduce % unaccounted for water	% reduction of water losses	Monthly Report by WSSA	5%	1%	3%	4%	5%
			Replace all disfunctional meters	Number off meters replaced	Monthly Report by WSSA	100	25	50	75	100
		Well maintained and operated water services infrastructure	Implement Revenue protection measures	Number of physical meter audits undertaken	Monthly Report by WSSA	1500	400	900	1250	1500
			Develop and implement an annual water treatment plant maintenance plan	% Implementation of maintenance plan	Monthly Report by WSSA	100%	25%	50%	75%	100%
			Develop an annual ROMP maintenance plan	% Implementation of maintenance plan	Monthly Report	100%	25%	50%	75%	100
			Ensure 100% of households in rural settlements are a max. of 200meters from stand pipes	% Of households that meets the 200meter standard	Quartely Report	95%	90%	93%	94%	95%
	Sanitation	Well maintained and operated waste water services infrastructure	Develop and implement an annual waste water treatment plant maintenance plan	% Implementation of maintenance plan	Monthly Report by WSSA	100%	25%	50%	75%	100%
			Develop and implement a camera inspection programme for sewer lines	% Implementation of inspection programme	Monthly Report by WSSA	100%	25%	50%	75%	100%
		To reduce number of blocked sewer lines	Reduce % unaccounted for water	% reduction of water losses	Monthly Report by WSSA	5%	1%	3%	4%	5%
	Electricity	To facilitate supply of reliable electricity service to residents and businesses	Upgrade of Ezibeleni Electrical Network Zone 1	Rand Value invested	Financial Report Monthly	R3.6Mil	R0	R0	R2	R3.6
			Replacement of obsolete 11Kv switchgear & equipment	Rand value invested	Financial Report Monthly	R2Mil	R0	R0	R2Mil	R2Mil
			To reduce the number of high voltage outages annually	Reduction in high voltage outages	Monthly outage report	175	60	115	150	175
		Ensure functioning of all streetlights in accordance with available budget	Replacement of disfunctioning streetlights and highmast fittings	% reduction in disfunctional streetlight and highmast fittings	Monthly Report	30%	2%	15%	25%	30%
			Facilitate the reduction of electrification backlog	Number of low income households electrified	Monthly Report	500	0	0	100	500
		Provide community lighting in all low income settlements	To invest R1Mil in low income areas on the installation of Highmast lighting	Rand value invested	Financial Report Monthly	R1Mil	R0	R0	R500,000	R500,000
			To reduce electricity losses	Curb the number of Tampered and illegal connections to the network	% reduction in electrical losses	Financial Report Monthly	13%	2%	7%	10%
		Replace all disfunctional meters		Number of disfunctional meters replaced	Financial Report Monthly	200	15	50	150	200
		Implement Revenue protection measures		Number of physical meter audits undertaken	Monthly report	1500	250	600	1000	1500
		Roads & stormwater	To ensure provision of effective and sustainable roads and stormwater service construction and maintenance	Rehabilitate gravel roads in both rural and urban areas	No. of KM's Regraveled	Monthly Report	60 km's	15	30	45
	Seal existing gravel roads in Ezibeleni and Ekuphumleni			Km's of sealed roads	Tender Document	2 km's	0	0	1	2
	Upgrade & Maintains stormwater channels in Sada, Ezibeleni & Mlungisi areas			Percentage of completed channels	Tender Document	1	0	0.1	0.6	1
	Implement phase 4 Ezibeleni stormwater canal project			Km's of completed channels	Tender Document	1 km	0	0	0	1 km
	Rehabilitate tar roads in Queenstown			Kilometers of Tar Roads Rehabilitated	Tender Document	500 meters	0	0	0	500 meters
	Municipal Public Works	To ensure construction and maintenance of municipal buildings	Develop and implement creation, maintenance and rehabilitation programme for all municipal public works	Percentage work orders completed	Monthly Report	100%	100%	100%	100%	100%
	Fleet Management	To manage and maintain municipal fleet	Develop and Implement Vehicle and plant fleet replacement programme	% Implementation of programme	Fleet replacement Programme	100%	0%	100%	100%	100%
			Ensure availability of fleet at all times	% Availability of fleet	Monthly report by fleet manager	95%	95%	95%	95%	95%
Provide building plan approval facility within the Municipality			Number of building plans approved within 30 days of application	Monthly Report	300	75	75	75	75	
Billboards and advertising	To regulate placing and erection of billboards and advertising on public areas	Compile inventory of advertising contracts held by LLM and revise in line with tariffs and policies	Number of illegal Billboards and signs erected	Billboard Inventory Schedule	0%	0%	0%	0%	0%	
Building control & Regulations	To regulate and control erection of building structures in line with local by-laws and planning schemes	Controll illegal construction of structures and encroachments within the Municipal area	% of illegal structures and encroachments casses successfully resolved	Monthly Report	100%	100%	100%	100%	100%	
		Provide building inspections at various stages of construction period	% Of site inspections done per month	Monthly report	100%	100%	100%	100%	100%	



# Lukhanji Tabled 2009/10 Budget Report

SECTION 17 - SUMMARY of Directorate SDBIP											
Key Priority Area (KPA)	Sub-result areas	Objective	Project to be implemented	Key Performance Indicator (KPI)	Measurement Source and Frequency	Annual Target 09/10	ANNUAL TARGET AGREED				
							YEAR - 2009/10				
							30 Sep	31 Dec	31 Mar	30 Jun	
FINANCIAL SERVICES											
GOVERNANCE	Policies & By-Laws	To review existing Policies & By-laws and publicise for by-in and effective implementation	Update, verify and link Indigent Policy to municipal budget by December 2009	Indigent household register updated and linkd to budgeted	quartely	Indigent household register updated and linkd to budgeted				Indigent household register updated and linkd to budgeted	
FINANCIAL VIABILITY	Supply Chain Management	To ensure sound financial systems and compliant practices at all times	Implement and Administar the Supply Chain Management function of the municipality	% progress in the annual review of Supply Chain Management Policy	council records	100%	5%	20%	75%	100%	
	% procurements are done according the Supply Chain Management Policy			monthly reports	100%	100%	100%	100%	100%		
	Financial reporting		Timely and correct reporting of information relating to the municipal finances and budgets	Percentage of all required reports submitted as per regulations	monthly reports	100%	100%	100%	100%	100%	100%
				2008/09 Financial statement delivered within 60 days of year end	quartely	2008/09 Financial statement delivered within 60 days of year end	2008/09 AFS GRAP compliant				
	Budget & Expenditure		Prepare and produce DRAFT municipal budget	Draft budget is tabled to Council by 31 March	quartely	Tabled by 31 March				Tabled by 31 March	
				Budget & Expenditure	Adjustment budget prepared and submitted to Council by 25 January	Annually	Adjustment budget				Adjustment budget
	Asset Management		Develop and implement MFMA compliant asset register	% progress towards MFMA compliant asset register completed	All requirements met	100%	20%	50%	75%	100%	
	Revenue		To provide for timely and correct billing and collection of municipal debtors	Provision of timely and correct billing and collection of municipal debtors	Ensure that the credit control and debt collection policy of the Council is implemented	monthly	100%	40%	50%	80%	100%
				Revise tariffs according to updated valuation roll	Revise tariff with budget revision	quartely	All relevant tariffs revised				All relevant tariffs revised
				To develop and implement revenue enhancement and collection strategy	% progress towards revenue enhancement and collection strategy development	monthly	100%	35%	50%	75%	100%
SERVICE DELIVERY	Municipal Planning	To ensure building of capacity for effective planning and implementation of our programmes	Review, adopt & implement budget	Completed budget 2010/11	Annually	Final budget 2010/11	process plan		Adjustment budget 09/10	Final budget 2010/11	
			Review, Adopt and implement SDBIPs	Revised SDBIP completed	Annually	Final SDBIP 10/11				Final SDBIP 10/11	

# Lukhanji Tabled 2009/10 Budget Report

SECTION 17 - SUMMARY of Directorate SDBIP											
Key Priority Area (KPA)	Sub-result areas	Objective	Project to be implemented	Key Performance Indicator (KPI)	Measurement Source and Frequency	Annual Target 09/10	ANNUAL TARGET AGREED				
							YEAR - 2009/10				
							30 Sep	31 Dec	31 Mar	30 Jun	
<b>COMMUNITY SERVICES</b>											
LOCAL ECONOMIC DEVELOPMENT	Trade and Markets	To regulate, support and manage local markets and street traders	Review, workshop and enforce street trading by-law	Number of wards workshoped on suite of municipal by-laws	Attendance registers of wards and workshop reports	27 wards				Attendance registers of wards and workshop reports	
SERVICE DELIVERY	Disaster Management (Fire fighting)	To ensure effective management and prevention of fires in all areas of the municipality	Review of the CHDM Disaster Management Plan	Participate in the review of the CHDM disaster management plan.	Attendant meetings scheduled by CHDM	100%	100%	100%	100%	100%	
			Establish a Disaster management forum	Form a structure and action plan in place	Quarterly meetings	Forum established	10%	40%	65%	100%	
			Train fire fighters	Ensure that all retained fire fighters are trained in the use of the equipment etc	Record of trainings done	All new fire fighters trained	30%	55%	70%	100%	
	Pounds	To provide and manage pounds for the control of stray animals	Ensure that the pound is operated in terms of the legislation.	Compliance to the requirement of the legislation.	Quarterly inspections	100% compliance	25%	50%	75%	100%	
	Refuse & Waster collection	To provide reliable, efficient, affordable and sustainable service to residents and businesses	Implement integrated waste management plan projects	Number of waste management projects implemented	Monthly reports	All waste management projects implemented	20%	50%	70%	100%	
	Cleansing	To ensure regular maintenance and	Clean streets, public places and buildings	Ensure regular cleaning of streets and public places.	Monthly reports	Quarterly	55%	70%	80%	100%	
	Primary Health Service	To conduct health and hygiene promotion	To facilitate provision of reliable health services and infrastructure	Support integration of all PHC services via Lukhanji SLA	Integration status report tabled	Quarterly reports	100%	30%	50%	75%	100%
				Implement the Lukhanji SLA and monitor compliance with its conditions	Status report tabled	Quarterly reports	100 implementation of SLA	20%	50%	80%	100%
				Participate and support activities of the local Aids council	Status report tabled	Quarterly reports	Full participation in all activities of Local Aids Council	100%	100%	100%	100%
	Cemeteries	To provide reliable and sufficient space for safe burial in all our areas	(i) Provide support service of cemeteries in identified areas (ii) Strengthen maintenance efforts at Mlungisi, Ezibeleni and Whittlesea Cemeteries	Status report on cemetery services	Quarterly reports	100%	40%	60%	75%	100%	
	Fencing	To mobilise resources for fencing of open lands, arable lands, and public facilities	To facilitate fencing of public spaces and properties (including lands)	BP for fencing of public places developed and forwarded to funders	quarterly	BP developed				BP developed	
	Public Safety & Traffic	To contribute to the reduction of crime	To contribute to law enforcement on the roads	Participate in local JOINTS	Attend Local JOINTS meeting	Reports submitted on identified areas	Quarterly report	40%	60%	80%	100%
				Enforce compliance with traffic regulations on strategic roads and concentration points	Law enforcement duties performed.	Monthly traffic reports to Standing Committee	Report to each Standing committee	3	2	2	3
	Sports, amenities and access to social facilities	To ensure provision and maintenance of public parks and amenities		Create and maintain amenities and community facilities	All parks and public amenities maintained	Monthly reports to Standing Committee	12 reports	3	3	3	3
				Maintain the hexagon recreation zone	Hexagon kept in a neat state	Monthly reports to Director: Community Services	12 reports	3	3	3	3
Environmental Management	To ensure effective management of the environment and conservation		Support implementation of DEAT project (Bullhoek Massacre Heritage site)	Attend Committee meetings as arranged by DEAT	Annually	Support the annual event					
			Participate in the implementation of DEAT project (Bonkolo Dam)	Attend Project Advisory Committee meetings	Annually	Progress report in terms of the time frames	Quarterly report	Quarterly report	Quarterly report	Quarterly report	
Public transport	To facilitate smooth provision of public transportation service	Lobby funds to develop and coordinate Queenstown intermodal transport interchange terminus	Funding obtained for new taxi rank	Quarterly progress reports to Standing Committee	Taxi facilities created as part of other developments, eg. Shopping centres	0	0	0	1		

## Lukhanji Tabled 2009/10 Budget Report

### 18 Budgets and SDBIPs - Entities & Other External Mechanisms

The municipality has no entities.

### 19 Summary of Detailed Capital Plans

*Detailed capital plans, aligned to national and provincial sector plans, will be contained in the SDBIP as per MFMA Circular No 13. These should be summarised and referenced here. The detailed plans must be submitted to National Treasury with the budget documentation. Capital programmes should be approved as an overall comprehensive capital budget to ensure that projects can be executed in terms of the implementation plans. The summary of the detailed capital plan should reflect:*

- *Information by programme and municipal ward*
- *The source of the funding for the capital programme*

#### 19.2 – Table 11 - Capital expenditure by asset category

The following pages contain the listing of capital by category.

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

### Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

TABLE 11  CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	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
<b>INFRASTRUCTURE</b>	<b>40,525</b>	<b>95,783</b>	<b>68,805</b>	<b>68,805</b>	<b>63,903</b>	<b>19,776</b>	<b>22,860</b>
Land and Buildings		500	500	500	500		
Roads, pavements, bridges and stormwater	13,604	21,743	21,640	21,640	18,016	13,300	19,860
Water Reservoirs and reticulation							
Car parks, bus terminals and taxi ranks							
Electricity reticulation	507	3,300	3,430	3,430	5,474	3,000	3,000
Sewerage purification and reticulation							
Housing	26,414	69,085	42,080	42,080	35,054		
Street lighting					1,350	2,375	
Refuse sights		1,155	1,155	1,155	2,365		
Gas							
Other					1,143	1,101	
<b>COMMUNITY</b>	<b>2,361</b>	<b>2,851</b>	<b>2,657</b>	<b>2,657</b>	<b>4,451</b>	<b>5,241</b>	<b>0</b>
Establishment of parks & gardens							
Sportsfields							
Community halls					1,576	1,615	
Libraries		271	291	291	212		
Recreation facilities		1,545	1,545	1,545	2,125	2,850	
Clinics							
Museums & art galleries							
Other	2,361	1,035	821	821	537	776	

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

Medium Term Revenue and Expenditure Framework - 2009, 2010 and 2011

TABLE 11 CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	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
HERITAGE ASSETS	0	0	0	0		0	0
INVESTMENT PROPERTIES	0	0	0	0		0	0
<b>OTHER ASSETS</b>	<b>0</b>	<b>1,000</b>	<b>6,700</b>	<b>6,700</b>	<b>3,979</b>	<b>3,958</b>	<b>4,346</b>
Other motor vehicles		1,000	4,000	4,000	1,979	1,958	2,346
Plant & equipment					2,000	2,000	2,000
Office equipment							
Abattoirs							
Markets							
Airports							
Security measures							
Other			2,700	2,700			
<b>SPECIALISED VEHICLES</b>	<b>1,885</b>	<b>1,900</b>	<b>1,964</b>	<b>1,964</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refuse	1,885	1,900	1,964	1,964			
Fire							
Conservancy							
Ambulances							
Buses							
<b>TOTAL CAPITAL EXPENDITURE<sup>1</sup></b>	<b>44,771</b>	<b>101,534</b>	<b>80,126</b>	<b>80,126</b>	<b>72,332</b>	<b>28,975</b>	<b>27,206</b>

# Lukhanji Tabled 2009/10 Budget Report

## GRANT / OTHER FUNDING EXPENDITURES FOR CAPITAL PROJECTS 2009/10 BY SOURCE

WARD(s) EFFECTED	Function	Sub Function	Directorate	Department	DESCRIPTION OF PROJECT	New- N Existing- E	Source Location	ESTIMATED BEGINNING CASH	Revenue Budget 2009/10	EXPEND BUDGET 2009/10	PROJECTED EXPEND. BUDGET 2010/2011	PROJECTED EXPEND. BUDGET 2011/2012
<b>FUNDING FROM OTHER SOURCES:</b>												
<b>Debt Issuance:</b>												
ALL	2	1	Fin	1115-00	Create new payment points in Municipality	N	Debt		200,000	200,000		
ALL	2	1	Fin	1115-00	Upgrade of Budget & Treasury Offices	N	Debt		300,000	300,000		
ALL	2	5	Tech	1130-22	Replacement of Plant	N	Debt		2,000,000	2,000,000	2,000,000	2,000,000
7	14	1	Tech	1130-06	Zone 2 Electric Distribution System Improvements	N	Debt		3,600,000	3,600,000	2,000,000	2,000,000
ALL	14	1	Tech	1130-06	Purchase Strategic Spares for Electric System	N	Debt		1,155,000	1,155,000	1,000,000	1,000,000
ALL	2	5	Tech	1130-22	Implement Fleet Replacement Program	N	Debt		1,979,000	1,979,000	1,958,000	2,346,000
ALL	5	7	Comm	1125-52	Nature Reserve Fund		Internal	252,459		252,459		
<b>Grand Total Other Funding</b>								252,459	9,234,000	9,486,459	6,958,000	7,346,000
<b>From Eastern Cape Provincial Government:</b>												
16	6	1	Estate	1130-10	Ekuphumleni Housing	E	EC Housing	49,864		49,864		
25	6	1	Estate	1130-10	Enkululekweni Housing	E	EC Housing	33,586		33,586		
4	6	1	Estate	1130-10	Ezibeleni Phase II Housing	E	EC Housing	2,304		2,304		
2	6	1	Estate	1130-10	Illinge Housing	E	EC Housing	447		447		
1	6	1	Estate	1130-10	Imvani Housing	E	EC Housing	127,470		127,470		
18	6	1	Estate	1130-10	Sabata Dalindyebo Housing	E	EC Housing	214,730		214,730		
17	6	1	Estate	1130-10	Tambo Village Housing	E	EC Housing	-5,568		-5,568		
1	2	6	1	Estate	1130-10	Illinge Transfer Fees	E	EC Housing	12,822		12,822	
1	2	6	1	Estate	1130-10	Illinge Registration Fees	E	EC Housing	10,886	2,288,250	2,299,136	
ALL	6	1	Tech	1130-10	Interest on Housing Projects	E	EC Housing	271,000		271,000		
18	6	1	Estate	1130-10	Sabata Dalindyebo Project Linked Housing	N	EC Housing		10,630,209	10,630,209		
20	18	6	1	Tech	1130-10	Nomzamo Project Linked Housing	N	EC Housing	93,323	18,000,000	18,093,323	
6	6	1	Estate	1130-10	Quality Coffins Project Linked Housing	N	EC Housing		989,568	989,568		
18	6	1	Tech	1130-10	Bothas Hoek Housing	E	EC Housing	39,638		39,638		
14	6	1	Tech	1130-10	Ensam Housing	E	EC Housing	35,215		35,215		
18	14	6	1	Tech	1130-10	Merino Walk Housing	E	EC Housing	50,341		50,341	
17	6	1	Tech	1130-10	Poplar Grove Housing	E	EC Housing	1,257,570		1,257,570		
18	6	1	Tech	1130-10	Who can Tell Housing	E	EC Housing	747,782		747,782		
14	6	1	Tech	1130-10	McBride Housing	E	EC Housing	205,016		205,016		
<b>Total Eastern Cape Provincial Government</b>								3,146,427	31,908,027	35,054,454	0	0

# Lukhanji Tabled 2009/10 Budget Report

WARD(s) EFFECTED	Function	SubFunction	Directorate	Department	DESCRIPTION OF PROJECT	New- N Existing- E	Source/Location	ESTIMATED BEGINNING CASH	Revenue Budget 2009/10	EXPEND BUDGET 2009/10	PROJECTED EXPEND. BUDGET 2010/2011	PROJECTED EXPEND. BUDGET 2011/2012
					<b>From National Government:</b>							
					<i>Municipal Infrastructure Grant (MIG):</i>							
17		12	1	Tech	1130-20	N	NT MIG	1,832,000		1,832,000		
ALL		12	1	Tech	1130-20	N	NT MIG	375,800		375,800		
17		12	1	Tech	1130-20	N	NT MIG	127,300		127,300		
15	9, 10, 16	12	1	Tech	1130-20	N	NT MIG	0	1,600,000	1,600,000		
ALL		12	1	Tech	1130-20	N	NT MIG	200,000	500,000	700,000	475,000	
13	12.2.7.11	12	1	Tech	1130-10	N	NT MIG	3,591		3,591		
1	2	12	1	Tech	1130-20	N	NT MIG	624,448		624,448		
6		12	1	Tech	1130-20	N	NT MIG	2,290,022	2,375,000	4,665,022	4,750,000	
ALL		12	1	Tech	1130-20	N	NT MIG	791,862	4,900,000	5,691,862	6,650,000	19,860,000
4	9	12	1	Tech	1130-20	N	NT MIG		2,400,000	2,400,000	1,425,000	
4	19	8	1	Comm	1125-60	N	NT MIG	225,077	1,900,000	2,125,077	1,900,000	
9	10	5	4	Comm	1125-02	E	NT MIG		285,000	285,000	776,000	
17		11	1	Tech	1125-10	E	NT MIG					
2		11	1	Tech	1125-10	N	NT MIG					
22		11	1	Tech	1125-10	N	NT MIG	465,000	1,900,000	2,365,000		
2		14	1	Tech	1130-06	N	NT MIG		1,349,600	1,349,600	2,375,000	
3	12	5	3	Estate	1160-20	N	NT MIG		950,000	950,000	1,140,000	
6		5	3	Estate	1160-20	E	NT MIG		625,750	625,750	475,000	
24		8	1	Comm	1125-60	N	NT MIG				950,000	
ABOVE		3	1	Tech	1130-10	N	NT MIG		948,650	948,650	1,101,000	
					<b>Total MIG</b>			6,935,100	19,734,000	26,669,100	22,017,000	19,860,000
ALL		14	1	Tech	1130-06	N	NT DME	718,672		718,672		
					<b>National Electrification Programme (urban areas)</b>							
					<b>Total National Government</b>			7,653,773	19,734,000	27,387,773	22,017,000	19,860,000
					<b>From Chris Hani District Municipality</b>							
ALL		3	1	Tech	1130-10	E	CHD misc	191,129		191,129	0	0
ALL		5	1	Comm	1125-46		CHD misc	212,498		212,498	0	0
					<b>Total District</b>			403,627	0	403,627	0	0
					<b>GRAND TOTAL NEW AND EXISTING CAPITAL GRANTS</b>			11,456,285	60,876,027	72,332,312	28,975,000	27,206,000

## **Lukhanji Tabled 2009/10 Budget Report**

### **20 - Budgeted Financial Statements**

(Note: the municipality has not yet completed the conversion to GRAP and the attached financial statements are not fully GRAP compliant.)



# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

<b>Budgeted Statement of Cash Flows</b>	<b>Budget Year 2009/10</b>	<b>Budget Year 2010/11</b>	<b>Budget Year 2011/12</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other	R 344,388	R 325,115	R 348,830
Cash paid to suppliers and employees	R -273,943	R -291,716	R -319,569
Cash generated from (utilised in) operations	R 70,446	R 33,399	R 29,260
Dividends received	R -		
Interest received	R 1,660	R 1,660	R 1,660
Interest paid	R -1,444	R -1,444	R -1,444
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>R 70,662</b>	<b>R 33,615</b>	<b>R 29,477</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	R -72,332	R -28,975	R -27,206
Proceeds on disposal of property, plant and equipment	R -	R -	R -
Increase in investment properties	R -		
(Increase)/decrease in non-current receivables	R -		
Decrease in call investment deposits	R -		
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>R -72,332</b>	<b>R -28,975</b>	<b>R -27,206</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised	R 9,234	R 6,958	R 7,346
New loans (repaid)	R -7,046	R -8,722	R -10,490
Increase in consumer deposits	R -		
Decrease /(increase) in short-term loans	R -		
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>R 2,188</b>	<b>R -1,764</b>	<b>R -3,144</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>R 518</b>	<b>R 2,875</b>	<b>R -873</b>
Cash and cash equivalents at the beginning of the year	R -	R 518	R 3,393
Cash and cash equivalents at the end of the year	R 518	R 3,393	R 2,520

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

<b>Budgeted Statement of Financial Performance</b>		Budget Year 2009/10	Budget Year 2010/11	Budget Year 2011/12
		R'000	R'000	R'000
<b>REVENUE</b>				
Property rates		R 29,729	R 31,810	R 34,037
Property rates - penalties imposed and collection charges		R -	R -	R -
Service charges		R 161,251	R 176,711	R 194,377
Rentals of facilities and equipment		R 1,099	R 1,099	R 1,099
Interest earned - external investments		R 1,660	R 1,660	R 1,660
Interest earned - outstanding debtors		R 19,301	R 19,301	R 19,301
Fines		R 160	R 160	R 160
Licences and permits		R 4,621	R 4,621	R 4,621
Income for agency services		R 38,857	R 39,619	R 40,141
Government Grants and subsidies		R 69,776	R 86,457	R 94,472
Other income		R -	R -	R -
Gains on disposal of property, plant and equipment		R -	R -	R -
<b>Total Revenue</b>		<b>R 326,451</b>	<b>R 361,437</b>	<b>R 389,867</b>
<b>EXPENDITURE</b>				
Employee related costs		R -	R -	R -
Remuneration of Councilors		R 97,227	R 104,439	R 112,157
Bad Debts		R 49,302	R 51,641	R 54,280
Depreciation		R -	R -	R -
Repairs and maintenance		R -	R -	R -
Interest Paid		R 8,696	R 8,795	R 8,899
Bulk purchases		R 68,677	R 82,101	R 98,210
Contracted services		R -	R -	R -
General Expenses		R 80,734	R 39,053	R 39,052
<b>Total Expenditure</b>		<b>R 304,636</b>	<b>R 286,030</b>	<b>R 312,598</b>
<b>SURPLUS / (DEFICIT)</b>		<b>R 21,816</b>	<b>R 75,407</b>	<b>R 77,269</b>
Share of surplus (deficit) of associate accounted for under the equity method		R -	R -	R -
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>R 21,816</b>	<b>R 75,407</b>	<b>R 77,269</b>

# Lukhanji Tabled 2009/10 Budget Report

## LUKHANJI MUNICIPALITY

<b>Budgeted Statement of Financial Position</b>		<b>Estimated</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
		<b>June 30, 2009</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2012</b>
		<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net assets</b>		<b>R 109,865</b>	<b>R 140,089</b>	<b>R 195,332</b>	<b>R 243,053</b>
Housing Development Fund		R -	R -	R -	R -
Capital replacement reserve		R -	R -	R -	R -
Capitalisation reserve		R -	R -	R -	R -
Government Grant reserve		R 30,000	R 35,000	R 30,000	R 25,000
reserves		R 2,492	R 2,492	R 2,492	R 2,492
Self-insurance reserve		R -	R -	R -	R -
Revaluation reserve		R -	R -	R -	R -
Accumulated Surplus/(Deficit)		R 77,373	R 102,597	R 162,840	R 215,561
Government Grants and subsidies		R -	R -	R -	R -
<b>Non-current liabilities</b>		<b>R 14,331</b>	<b>R 15,259</b>	<b>R 13,495</b>	<b>R 10,351</b>
Long-term liabilities		R 14,331	R 15,259	R 13,495	R 10,351
Non-current provisions		R -	R -	R -	R -
<b>Current liabilities</b>		<b>R 28,431</b>	<b>R 31,706</b>	<b>R 33,722</b>	<b>R 35,990</b>
Consumer deposits		R 7,100	R 7,000	R 7,000	R 7,500
Provisions		R 7,500	R 8,000	R 8,000	R 8,000
Creditors		R 9,700	R 10,000	R 10,000	R 10,000
Unspent conditional grants and receipts		R -	R -	R -	R -
VAT		R -	R -	R -	R -
Short-term notes		R -	R -	R -	R -
Bank overdraft		R -	R -	R -	R -
Current portion of long-term liabilities		R 4,131	R 6,706	R 8,722	R 10,490
<b>Total Net Assets and Liabilities</b>		<b>R 152,627</b>	<b>R 187,054</b>	<b>R 242,549</b>	<b>R 289,394</b>
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>R 91,392</b>	<b>R 101,392</b>	<b>R 126,392</b>	<b>R 141,392</b>
Property, plant and equipment		R 46,392	R 76,392	R 96,392	R 106,392
Investment property		R -	R -	R -	R -
Investments		R 45,000	R 25,000	R 30,000	R 35,000
Long-term receivables		R -	R -	R -	R -
<b>Current assets</b>		<b>R 61,235</b>	<b>R 85,662</b>	<b>R 116,157</b>	<b>R 148,002</b>
Inventory		R -	R -	R -	R -
Consumer debtors		R 55,000	R 72,000	R 87,000	R 105,000
Other debtors		R -	R -	R -	R -
Current portion of long-term debtors		R 235	R -	R -	R -
Call investment deposits		R -	R -	R -	R -
Bank balances and cash		R 6,000	R 13,662	R 29,157	R 43,002
<b>Total Assets</b>		<b>R 152,627</b>	<b>R 187,054</b>	<b>R 242,549</b>	<b>R 289,394</b>