

MUNICIPALITY OF ENGCOBO



ANNUAL BUDGET 2009/2010

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Budget Resolutions

1. Council presiding on the 26 May 2009 resolves that:
 - 1.1. Operating revenue by source reflected in Budget statement 2
 - 1.2. Operating expenditure by vote reflected in Budget statement 2
 - 1.3. Capital expenditure by vote and associated funding reflected in Budget statement 2
 - 1.4. All supporting schedules, tables, charts and annexures;
be approved as appropriated for the budget year 2009/2010; and indicative for the two projected outer years 2010/2011 and 2011/2012.

2. Council resolves that the increment of 5.4% for 2009/10, 5.1% for 2010/11 and 4.6% for 2011/12 on property rates, other tariffs and charges reflected in Budget statement 2 are approved for the annual budget for year 2009/2010.

3. Council resolves that the measurable performance objectives for revenue reflected in reconciliation of IDP are approved for the budget year 2009/2010.

4. Council resolves to adopt the revised Integrated Development Plan

Approved By:

.....
Cllr. L Jiyose
Mayor

.....
Date

SUMMARY BY THE MAYOR

Medium capacity municipalities such as Engcobo Local Municipality were required to comply with the budgetary provisions of the Municipal Finance Management Act 56 of 2003.

This document is therefore the second high level budget that is developed to comply with the said Act. The format of the budget has been stipulated in Circular 28 of National Treasury Guidelines. This circular states Votes, Sub Votes, GFS functions and Standard Items as the most appropriate way to report in accordance with the international standards of reporting. Our Budget Treasury Office staff has spent many hours preparing this document that will make this Council proud and also introduce a new process to enhance sound financial management in this municipality.

MFMA REFORM PROCESS

The MFMA brought about major changes to municipal financial management in South Africa.

To align the Council's structure with the MFMA the following policies were developed and also implemented:

- Supply Chain Management Structure including delegations and the terms of reference of the various committees;
- Fixed Asset Management policy compliant with **GAMAP/GRAP**;
- Financial Policy including budget approval, credit control and indigent support, cash management and investments, rates and tariffs;
- Fraud Prevention Policy.
- Debt collection and credit control policy.
- Rates and tariff policy

The Council is required to convert our annual financial statements to comply with **General Recognized Accounting Practices** in the 2008/2009 financial year and this is a major project.

MUNICIPAL SERVICES

The Accounting Officer dealt with Budget Statement 1 with the various aspects that influence service delivery both positively and negatively.

I must emphasize that financial constraints in the budget is of serious concern which is further influenced by the low level of economic activity in the municipality as it is not favorably positioned to absorb the impact of the local fallout from the global economic crisis. This needs us to critically strive to balance our spending with the revenue we receive.

Our population of 148,719 people is spread over 2,258 hectares in some 322 villages. Service delivery is therefore exceptionally difficult and costly to achieve. It is estimated that the cost to provide service at RDP levels by 2014 will amount to a half billion rand.

SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN

After the adoption of this annual budget, our administration will immediately respond by preparing the SDBIP's and linking the budget to the Performance Management System to comply with legislation. 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

CONCLUSION

Kindly allow me to convey my appreciation to the Accounting Officer and his staff for long hours and hard work that they have invested in this budget collecting and consolidating data, analyzing it to ensure maximum linkage with the IDP and the general economic trends. Their dedication is sincerely appreciated.

We have been elected by our community to deliver the services that they so urgently need, to develop a sound and effective administration and generally commit ourselves to the promises made during the election campaign.

The Budget

Executive Summary

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 Engcobo Municipal Council by the end of March for the financial year beginning July 1, 2008 and ending June 30.

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 Engcobo 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.

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. The council has not yet considered the writing off of the bad debts.
- **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:
 - Rates 5.4% increase
 - Refuse Collection 5.4% increase
 - Water & Sanitation 5.4% increase

Operating Expenditures

- **Employee salaries** and related expenses are increased by the level indicated by correspondence from SALGA. This amount to a **12% 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 R2 Million over the adopted budget in the current 2008/09 budget.
- **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 **17.7 million**. Major items include the allocation of almost **R15.5Million** in conditional capital grants and allocated to the municipality. 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 **R1 Million**) are funded by conditional grants that specify exactly what the money can be expended on.

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 Engcobo Budget.

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

Summary of Estimates of Revenue by Vote

Operating Revenue by Vote	2007/2008 Audited Actual R'000	MTREF Current Year		Medium Term Revenue & Expenditure Framework		
		2008/2009	Adj. Budget R'000	2009/2010	2010/2011	2011/2012
		Approv. Budget R'000		Budget Year	Budget Year+1	Budget Year+2
				R'000	R'000	R'000
Municipal Council	0	8,024,000	1,274,000	0	0	0
Office of the Accounting Officer	214,791	5,069,000	5,978,747	0	0	0
Budget & Treasury Office	2,766,424	6,611,000	5,939,485	40,311,163	49,340,328	54,130,697
Infrastructure	2,225,886	4,097,000	4,218,836	83,336,399	87,586,555	91,615,537
Community Services	2,209,430	11,763,000	11,590,595	2,311,368	2,429,248	2,540,993
Corporate Services	4,780	0	3,699,910	170,144	0	0
TOTAL FOR VOTES	7,421,311	35,564,000	32,701,573	126,129,074	139,356,131	148,287,227

OPERATING REVENUE BY SOURCE

REVENUE BY SOURCE	MTREF Current Year			Medium Term Revenue & Expenditure Framework		
	2007/2008 Audited Actual	2008/2009 Approv. Budget	Adj. Budget	2009/2010 Budget Year	2010/2011 Budget Year+1	2011/2012 Budget Year+2
	R'000	R'000	R'000	R'000	R'000	R'000
Property Rates	0	1,426,849	1,426,849	1,337,163	1,405,358	1,470,005
Water	1,598,343	2,869,000	2,839,302	1,918,593	2,016,441	2,109,198
Sewerage / Sanitation	623,958	549,000	548,622	759,806	798,556	835,290
Refuse	533,648	821,000	820,785	613,970	645,282	674,965
Libraries	203	2,000	2,020	1,315	1,382	1,446
Interest & Invest Income	0	400,000	400,000	470,000	493,970	516,693
Rent of facilities & Equip	0	94,343	94,343	95,340	100,202	104,812
Pound Fees	0	0,000	0	52,500	55,178	57,716
Swimming Pool	880	2,000	2,020	300	315	330
Licencing	250,930	333,170	333,170	1,200,000	1,261,200	1,319,215
Testing of vehicles	0	3,198,154	3,198,154	209,000	219,659	229,763
Traffic	1,664,698	300,000	300,000	113,500	119,289	124,776
Other	42,046	408,000	1,652,020	65,330,587	68,483,626	71,633,872
Grants and Subsidies	25,384,913	24,262,000	24,262,000	38,504,000	47,441,000	52,144,000
TOTAL REVENUE	30,099,619	34,261,920	35,879,285	110,606,074	123,041,458	131,222,079

Summary of Estimates of Expenditure by Vote

Schedule 2 Operating Expenditure by Vote	MTREF Current Year			Medium Term Revenue & Expenditure Framework		
	2007/2008 Audited Actual	2008/2009 Approv. Budget	Adj. Budget	2009/2010 Budget Year	2010/2011 Budget Year+1	2011/2012 Budget Year+2
	R'000	R'000	R'000	R'000	R'000	R'000
Municipal Council	1,890,362	6,954,000	6,231,071	6,843,267	7,192,273	7,523,118
Office of the Accounting Officer	2,060,656	2,339,000	3,398,855	4,508,508	4,738,442	4,956,411
Budget & Treasury Office	4,229,770	5,237,000	5,545,453	7,354,387	7,729,461	8,085,016
Infrastructure	8,169,523	7,933,000	7,995,008	7,008,586	7,366,024	7,704,861
Community Services	6,671,957	7,678,000	8,616,012	7,704,600	8,097,535	8,470,021
Corporate Services	7,075,166	4,004,000	4,072,464	9,429,491	9,910,395	10,366,273
TOTAL FOR VOTES	30,097,434	34,145,000	35,858,863	42,848,840	45,034,130	47,105,700

Summary of Estimates of Capital Expenditure by Vote

Schedule 3	Capital Expenditure by Vote	MTREF			Medium Term Revenue & Expenditure Framework		
		Current Year			2009/2010 Budget Year	2010/2011 Budget Year+1	2011/2012 Budget Year+2
		2007/2008 Audited Actual	2008/2009	Adj. Budget			
		R'000	Approv. Budget R'000	R'000			
Municipal Council	0	400,000	400,000	0	0	0	
Office of the Accounting Officer	0	70,000	70,000	0	0	0	
Budget & Treasury Office	0	0.000	0	60,000	0	0	
Infrastructure	6,433,000	11,512,000	11,512,000	82,842,157	86,751,807	90,742,390	
Community Services	0	150,000	150,000	115,000	120,865	126,425	
Corporate Services	0	0	0	200,000	210,200	219,869	
TOTAL FOR VOTES	6,433,000	12,132,000	12,132,000	83,217,157	87,082,872	91,088,684	

Capital Funding by Source (DoRA)

Schedule 4 Capital Funding by Source		MTREF Current Year			Medium Term Revenue & Expenditure Framework		
		2007/2008 Audited Actual R'000	2008/2009		2009/2010 Budget Year R'000	2010/2011 Budget Year+1 R'000	2011/2012 Budget Year+2 R'000
			Approv. Budget R'000	Adj. Budget R'000			
Sub-Total: National Govt.		6,433,000	11,512,000	12,132,000	83,217,157	84,146,232	85,026,958
MSIG		6,433,000	11,512,000	11,512,000	16,042,157	16,860,307	17,635,881
MIG				620,000	2,175,000	2,285,925	2,391,078
FMG							
Equitable Share							
LED							
Amt carried over - prev. years							
Other					65,000,000	65,000,000	65,000,000
Sub Total: Provincial Govt.		0	0	0	0	0	0
1							
2							
Sub Total: District Mun.		0	0	0	0	0	0
1							
2							
Total Govt. Grants & Subs.				12,132,000	83,217,157	84,146,232	85,026,958
Public Contr. & Donations							
Accum. Surplus (Own Rev.)							
External Loans							
1 Other Grants							
2							
TOTAL GRANTS & ALLOCS.		6,433,000	11,512,000	12,132,000	83,217,157	84,146,232	85,026,958

Supporting Documentation

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

Budget Process Overview

The following schedule was adopted by the Council in August 2006 and was followed in the preparation of the 2007/08 medium term budget document.

Engcobo Municipality

2009/10

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
	Item description	Due Date	Responsible Person
	July 2008		
	Review the 2007/08 Budget Process	1-31 July	CFO
	Establish process and timetable for the 2009/10 to 2011/12 Budget Development.	20-Jul-08	Mayor, CFO, Budget Mgr
	August 2008		
	COUNCIL MEETING: Budget Schedule to be tabled to the Council	26-Aug-08	MAYOR
	2007/08 Financial Statements submitted to Auditor-General	31-Aug-08	CFO
	September 2008		
	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.	05-Sep-08	CFO, Budget Mgr
	MAYORAL / STEERING COMMITTEE MEETING: - review progress and budget assumptions	05-Sep-08	CFO, Budget Mgr
	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	19-Sep-08	CFO, Budget Mgr
	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	30-Sep-08	Budget Mgr

2009/10

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
	Item description	Due Date	Responsible Person
	October 2008		
	MAYORAL / STEERING COMMITTEE MEETING: - review progress and baseline operating budget.	03-Oct-08	CFO
	Schedule individual meetings with Directorate to review baseline budget and work progress for completion of changes and supplemental requests	24-Oct-08	CFO
	Review current tariffs, receive requested changes from directorates and prepare options for consideration	31-Oct-08	CFO, Acc.
	SUBMISSION OF BASELINE BUDGETS AND SUPPLEMENTAL REQUESTS FROM DIRECTORATES: Final date for submission of all Baseline Operating Budgets, Capital Budgets and Operational plans by Directorates to the budget office.	31-Oct-08	Directorates
	November 2008		
	Draft report on proposed tariff changes for review to Budget Steering Committee delivered to CFO	05-Nov-08	CFO, Acc.
	MAYORAL / STEERING COMMITTEE MEETING: - review progress and proposed tariff report.	07-Nov-08	CFO,
	Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by directorates	28-Nov-08	CFO
	Receive audited Financial Statements and Audit report from the Auditor-General for the 2007//08 financial year	30-Nov-08	Auditor-General
	December 2008		
	MAYORAL / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND DRAFT TARRIFS.	05-Dec-08	CFO, Budget Mgr
	January 2009		
	MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	16-Jan-09	CFO,
	MAYORAL COMMITTEE MEETING: PRESENT MIDYEAR PERFORMANCE REPORT TO MAYORAL COMMITTEE: Final review of 2008/09 operating and capital budget for midyear adjustments to mayoral committee for approval to council.	23-Jan-09	Municipal Manager
	SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DIRECTORATES: Final date for submission of all Capital Budget plans by Directorates to the budget office.	23-Jan-09	All Managers
	COUNCIL MEETING: Table in a special council meeting the annual report, mid year assessment report, financial statements and audit report	26-May-09	Municipal Manager, Mayor

2009/10

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
	Item description	Due Date	Responsible Person
	February 2009		
	MAYORAL / STEERING COMMITTEE MEETING: - review progress and the DRAFT BUDGET.	06-Feb-09	CFO
	MEETING WITH DIRECTORS AND MANAGERS: Directorates to be provided with the SDBIP performance indicators from last year and asked to revise. They should also provide Key service delivery targets in conjunction with the IDP office.	13-Feb-09	CFO
	COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year	09-Dec-08	Mayor
	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	09-Dec-09	CFO
	March 2009		
	MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	06-Mar-09	CFO
	Final Date for Directorates to present SDBIP performance indicators and service delivery targets for 2009/10 for review.	13-Mar-09	Directorates
	MAYORAL / STEERING COMMITTEE MEETING: final draft operating and capital budget presented to Mayoral committee for review	20-Mar-09	CFO
	COUNCIL MEETING: Council (after consideration of the 2007/08 Annual Report) to adopt an Oversight Report.	27-Mar-09	Oversight Committee
	COUNCIL MEETING: Operating and Capital draft budget and IDP tabled to Council for consultation with the community	27-Mar-09	Mayor, Finance MEC
	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	Administrative Director
	Submit draft budgets in required form to NT, Provincial Treasury	07-Apr-09	CFO

2009/10

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE

Item description	Due Date	Responsible Person
April 2009		
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	17-Apr-09	CFO
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	Directorates
May 2009		
Hold public meetings and consultations on budget/ IDP	1 - 7 May	Speaker, Administrative Director
Final Budgets prepared taking into consideration submissions made during consultation process	13-May-09	CFO
MEETING OF MAYORAL / STEERING COMMITTEE: Approval of FINAL operating and capital budget for presentation to the full council	16-May-09	CFO
COUNCIL MEETING: IDP & Budgets for 2009/10 thru 2011/12 adopted by Council along with the Mayor's budget address	26-May-09	Mayor, Finance MEC
June 2009		
The Service Delivery and Budget Implementation Plans (SDBIP) along with the annual performance agreements for the Municipal Manager and all managers directly responsible to the MM (based on the operational plans and IDP) is to be issued to the Mayor by th	12-Jun-09	Municipal Manager
IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	12-Jun-09	CFO
MAYORAL TO APPROVE SDBIP AND PERFORMANCE AGREEMENTS within 14 days after receiving them.	28-Jun-09	MAYOR

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 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. These hearings started on the 28th April up to the 8th May. These workshops were held in every ward cluster within Engcobo Municipality. 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 treasuries, these submissions will subsequently be included in the final budget approved by council in May.

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 Engcobo. 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.

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, cash management
- Supply chain management policy

Revenue Related Policies

In February 2009 the municipality approved several revised revenue related policies. These included a revised credit control and debt collection policy.

The policies submitted for revision in with the 2009/10 tabled budget include the following:

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

The free basic services policy is written in line with national directives and recommendations and states that those households registered as indigent and has the infrastructure within the municipality will receive 50kw of electricity and 10kl of water each month free of charge for the provision of basic service.

Investment of Funds 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 2008/09 a cash management policy municipality was also adopted. This policy sets a framework for the municipality to use when considering the use of the resources. 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 1st 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

The municipality has not yet developed this policy, plans to develop it are on the pipeline.

Adjustment budget Policy

The municipality has not yet developed this policy.

Debt Management Policy

The municipality has not yet developed this policy.

Write Off Policy

The municipality has not yet developed this policy.

Arrangements Policy

The municipality has not yet developed this policy.

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.

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

Interest rates for borrowing and investment of funds

Investment income is calculated using a 9% rate for cash invested. The municipality has no borrowings that attract interest.

Rates, tariffs, charges and timing of revenue collection

The Engcobo 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.

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.

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 recommendation was made to the Chris Hani District municipality to increase the water and sanitation tariff with 5% as well. Given the history discussed above, no increases have been included for the outer years of this budget.

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 2nd. 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 – revenue by source and vote)

Collection of billed services continues to be problematic in many areas of the municipality. . These lower collection rates continue to put upward pressure on service tariffs and will require a conscience effort to address in the future. No provision for bad debts as the council is not in a financial position to finance it.

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 CHDM appointed a service provider to assist the municipality to improve the collection of the various billed services thru a revenue 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.

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 12%, for 10/11 5.1%, and for 10/11 a projected 4.6% increase.

Funding the Budget

Fiscal Overview

Over the past few years the Engcobo 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, Engcobo has faced serious financial difficulties over the past few years. Engcobo 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 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 verses a Balanced budget:

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

This new prospective requires us to analysis 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.

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.

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.

Property Rates

In light of the failure of the to implement the valuation roll in 2003 the general valuation roll used is still the 1999 valuation. The Engcobo Municipality is prepared and there currently no indication of any dispute. The interim valuation was done in October to curb the gap between the old valuation roll and implemented.

At present the only property levied with rates is the immovable property situated within the municipal are. This problem is due to the fact that the valuations that have been done on these areas date back to 1999. These 1999 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 the draft is about to go to inspection by the public.

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 **5.4%** increase in refuse tariffs across the board is scheduled. The reason for such increase is as a result of the service not breaking even.

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

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.

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.

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.

Disclosure on Implementation of MFMA & Other Legislation

The MFMA (Municipal Finance Management Act) became effective July 1st 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.

Engcobo 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 Engcobo by July 1st 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.

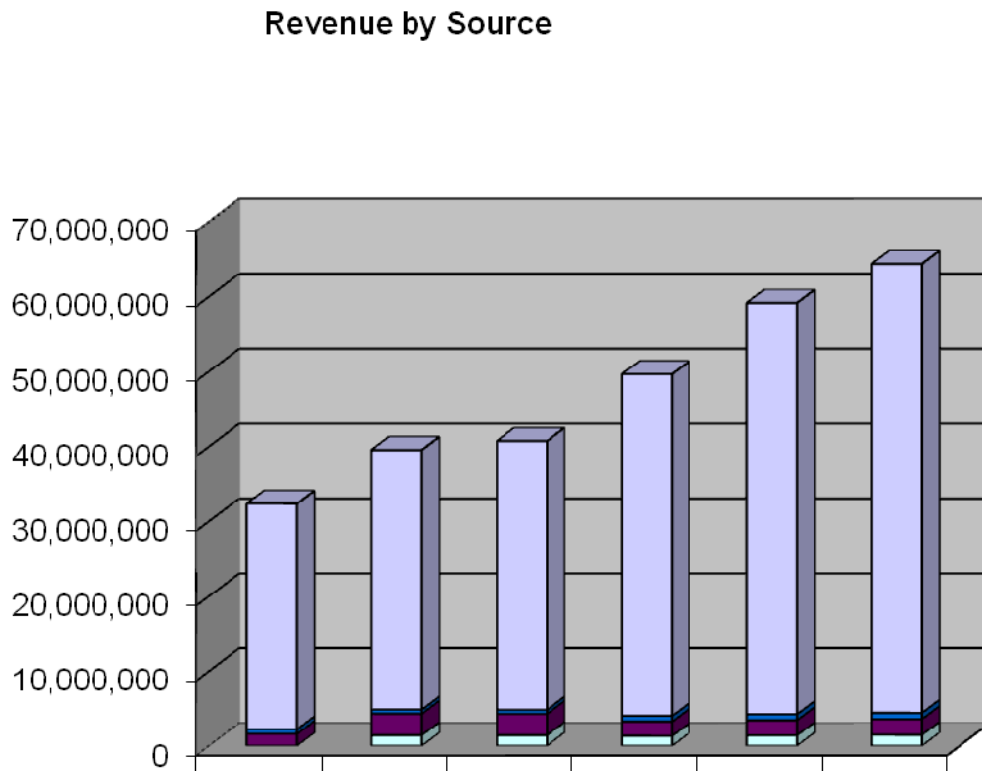
The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects). The budget must also be prepared and tabled to council much earlier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

Budget Related Charts and Explanatory Notes

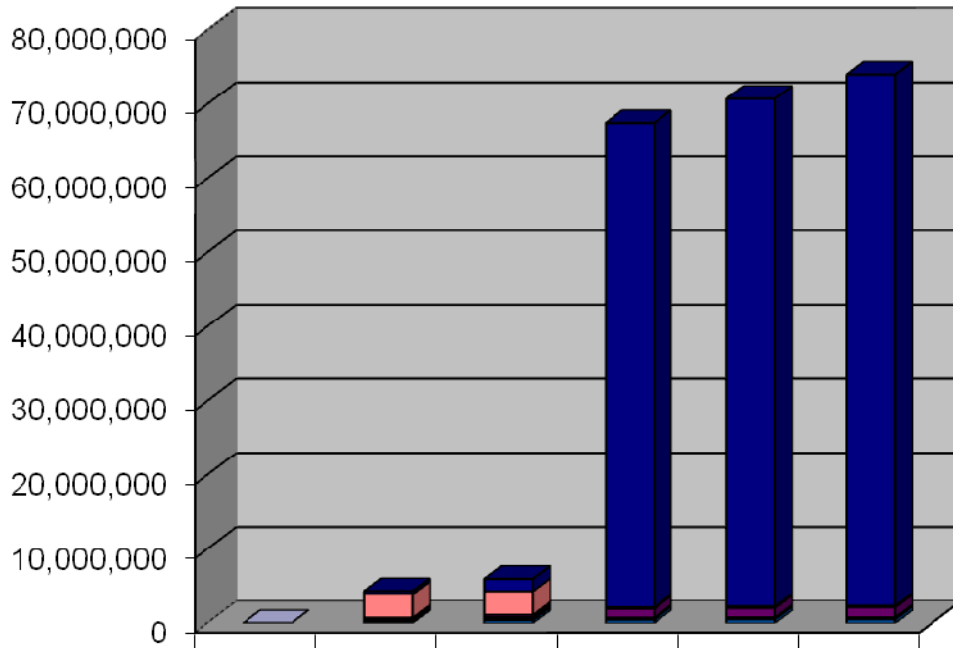
These charts tie with the budget schedules presented above and are presented to illustrate the related numerical schedule.

Chart 1 - Revenue by Source



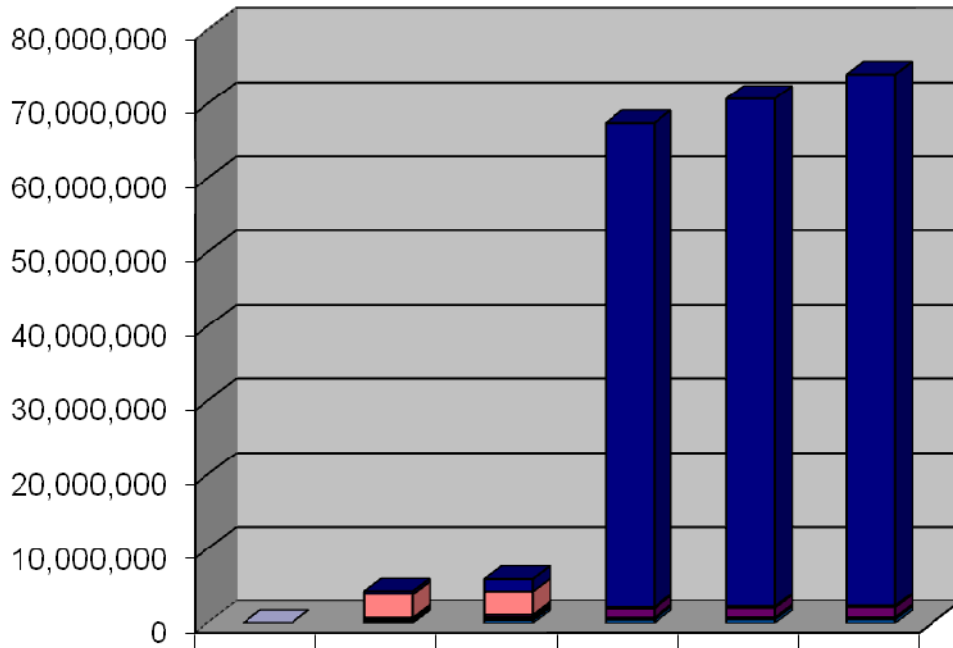
	06/07 Audited	07/08 Budget	07/08 Adj. Bud.	08/09 Budget	09/2010 Budget	2011/2012 Budget
Grants and Subsidies	30,099,61	34,665,53	35,879,28	45,606,07	54,906,27	59,952,67
Sewerage / Sanitation	623,958	549,000	548,622	759,806	798,556	835,290
Water	1,598,343	2,869,000	2,839,302	1,918,593	2,016,441	2,109,198
Property Rates	0	1,426,849	1,426,849	1,337,163	1,405,358	1,470,005

Revenue by Secondary Source



	05/06 Audited	06/07 Budget	06/07 Adj. Bud.	07/08 Budget	08/09 Budget	09/2010 Budget
■ Other		408,000	1,652,020	65,330,568	68,483,671	671,633,8
■ Testing of Vehicles		3,198,153	3,198,153	209,000	219,659	229,763
■ Licencing		333,170	333,170	1,200,000	1,261,201	1,319,21
□ Swimming Pool		2	2,020	300	315	330
■ Traffic		300,000	300,000	113,500	119,289	124,776
■ Pound Fees		0	0	52,500	55,178	57,716
□ Rent of facilities & Equip	0	94,343	94,343	95,340	100,202	104,812
■ Interest & Invest Income	0	400	400,000	470,000	493,970	516,693
□ Libraries	203	2	2,020	1,315	1,382	1,446

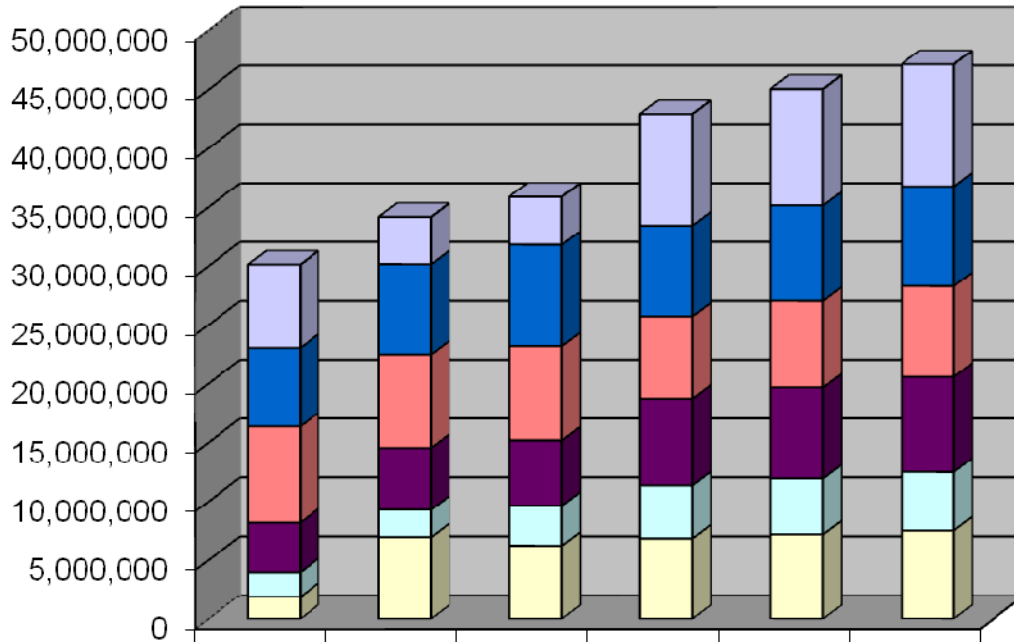
Revenue by Secondary Source



	05/06 Audited	06/07 Budget	06/07 Adj. Bud.	07/08 Budget	08/09 Budget	09/2010 Budget
■ Other		408,000	1,652,020	65,330,568	68,483,671	633,8
■ Testing of Vehicles		3,198,153	3,198,153	209,000	219,659	229,763
■ Licencing		333,170	333,170	1,200,000	1,261,201	1,319,21
□ Swimming Pool		2	2,020	300	315	330
■ Traffic		300,000	300,000	113,500	119,289	124,776
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■ Interest & Invest Income	0	400	400,000	470,000	493,970	516,693
□ Libraries	203	2	2,020	1,315	1,382	1,446

Chart 2 - Operating Expenditure by Vote

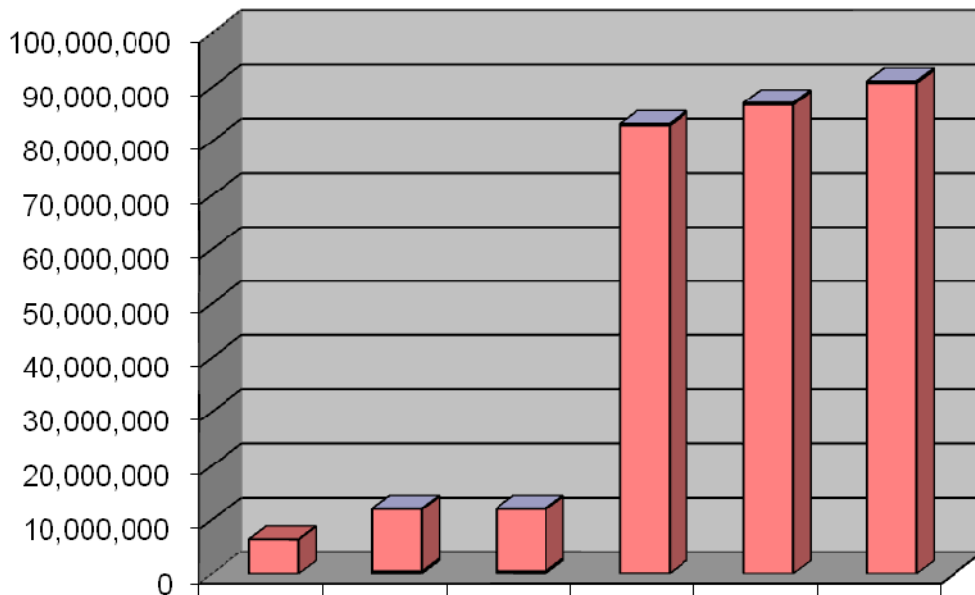
Operating Expenditure by Vote



	07/08 Audited	08/09 Budget	08/09 Adjusted Bud.	09/10 Budget	10/11 Budget	2011/2012 Budget
■ Corporate Services	7,075,166	4,004,000	4,072,464	9,429,491	9,910,395	10,366,27
■ Community Services	6,671,957	7,678,000	8,616,012	7,704,600	8,097,535	8,470,021
■ Infrastructure	8,169,523	7,933,000	7,995,008	7,008,586	7,366,024	7,704,861
■ Budget & Treasury Office	4,229,770	5,237,000	5,545,453	7,354,387	7,729,461	8,085,016
■ Office of the Accounting Officer	2,060,656	2,339,000	3,398,855	4,508,508	4,738,442	4,956,411
■ Municipal Council	1,890,362	6,954,000	6,231,071	6,843,267	7,192,273	7,523,118

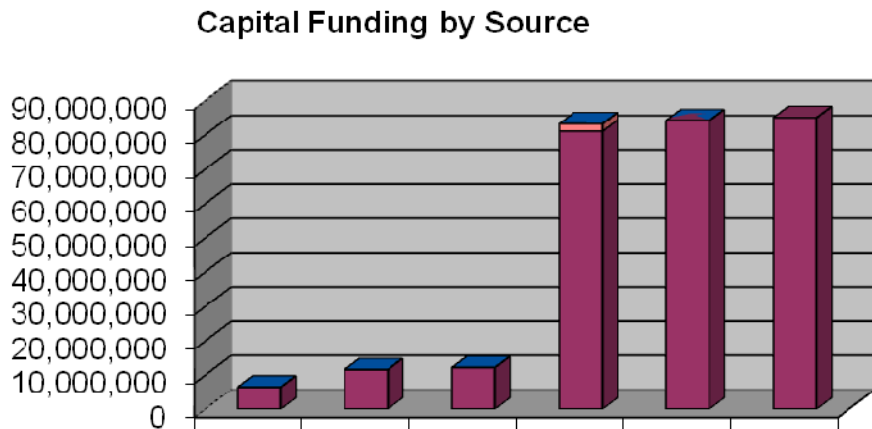
Chart 3 - Capital Expenditure by Vote

Capital Expenditure by Vote



	06/07 Audited	07/08 Budget	07/08 Adj. Bud.	08/09 Budget	09/2010 Budget	2011/2012 Budget
Corporate Services	0	0,000	0	200,000	210,200	219,869
Community Services	0	150,000	150,000	115,000	120,865	126,425
Infrastructure	6,433,0	11,512,	11,512,	82,842,	86,751,	90,742,
Budget & Treasury Office	0	0,000	0	60,000	0	0
Office of the Accounting Officer	0	70,000.	70,000	0	0	0
Municipal Council	0	400,000	400,000	0	0	0

Chart 4 - Capital Funding by Source



	06/07 Audited	07/08 Budget	07/08 Adj. Bud.	08/09 Budget	09/2010 Budget	11/2012 Budget
■ External Loans	0	0	0	0	0	0
■ Accum. Surplus (Own Rev.)	0	0	0	2,175,00	0	0
■ Public Contr. & Donations	0	0	0	0	0	0
■ Sub Total: District Mun.	0	0	0	0	0	0
■ Sub Total: Provincial Govt.	0	0	0	0	0	0
■ Sub-Total: National Govt.	6,433,00	11,512,01	12,132,06	81,042,18	84,146,23	85,026,99

- 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.

Table 4 – Investments Particulars by Type

Investment by Type	2007/2008 Audited Actual R'000	MTREF Current Year		Medium Term Revenue & Expenditure Framework	2010/2011 Budget Year+1 R'000	2011/2012 Budget Year+2 R'000
		2008/2009		2009/2010		
		Approv. Budget	Adj. Budget	Budget Year		
		R'000	R'000	R'000		
Investment Type Deposits - Banks	CALL	CALL	CALL	CALL	CALL	CALL
TOTAL INVESTMENTS	0	0	0	0	0	0

Table 4a – Investments Particulars by Maturity

Investments by Maturity	Period of Investment	Type of Investment	Expiry Date of Investment	Monetary Value	Interest to be Realised
				R'000	R'000
Name of Institution					
FNB	CALL	CALL	CALL	5,112,360	383,427
MEEG	CALL	CALL	CALL	2,000,000	112,519
TOTAL INVESTMENTS	0	0	0	7,112,360	495,946

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.

TABLE 8 - Disclosure of Salaries, Allowances and Benefits

Disclosure of Salaries, Allowances & Benefits	Salary	Social Contributions	Allowances	Performance Bonuses	Total Package
	R'000	R'000	R'000	R'000	R'000
Councillors	5,124,659	0	1,798,029	0	6,922,688
1. Mayor	356,058		131,156		487,214
2. Speaker	282,285		107,967		390,252
3. Chief Whip	106,817		44,289		151,106
4. Executive Committee	267,043		102,174		369,217
5. Comm. & Social Services	587,493		182,825		770,318
6. Corporate Services	267,043		102,174		369,217
7. Health	267,043		102,174		369,217
8. Public Safety	267,043		102,174		369,217
9. Housing	267,043		102,174		369,217
10. Part-time Councillors	2,456,791		820,922		3,277,713
Officials of the Municipality	1,917,590	0	479,398	287,638	2,684,626
1. Accounting Officer	442,520		110,630	66,378	619,528
2. Chief Financial Officer	368,766		92,192	55,315	516,273
3. SM - Infrastructure	368,767		92,192	55,315	516,274
4. SM - Community Services.	368,768		92,192	55,315	516,275
5. SM - Corporate Services	368,769		92,192	55,315	516,276
TOTAL COST - REMUNERATION	7,042,249	0	2,277,427	287,638	9,607,314

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

Summary of Total Salaries, Wages & Allowances	2007/2008 Audited Actual R'000	MTREF Current Year		Medium Term Revenue & Expenditure Framework	2010/2011 Budget Year+1 R'000	2011/2012 Budget Year+2 R'000
		2008/2009		2009/2010		
		Approv. Budget	Adj. Budget	Budget Year		
		R'000	R'000	R'000		
Councillors & P.O.B						
Basic Salaries	4,271,218	5,574.000	3,610,139	4,639,653	4,876,275	5,100,584
Pension Contributions	258,618	0.000	0	0	0	0
Medical Aid Contributions	22,560	0.000	0	0	0	0
Allowances	1,527,032	319.000	1,499,845	1,446,605	1,520,382	1,590,319
Sub Total - Councillors	6,079,428	5,893.000	5,109,984	6,086,258	6,396,657	6,690,903
Sen. Man. of the Municipality						
Basic Salaries	1,400,444	2,165.000	1,874,849	2,147,501	2,255,732	2,359,496
Pension Contributions	149,257	0.000	0	0	0	0
Medical Aid Contributions	187,420	0.000	0	0	0	0
Allowances	512,288	0.000	0	534,376	561,314	587,134
Performance Bonus	0	0.000	0	309,175	127,844	133,724
Sub Total - Senior Managers	2,249,409	2,165.000	1,874,849	2,991,052	2,944,890	3,080,354
Other Municipal Staff						
Basic Salaries	5,429,445	9,059.000	8,942,675	10,582,375	11,111,381	11,624,343
Pension Contributions	1,077,827	1,513.000	1,462,146	1,744,032	1,831,200	1,915,741
Medical Aid Contributions	437,487	1,056.000	951,366	1,075,274	1,129,064	1,416,000
Allowances	763,651	1,216.000	1,306,252	1,288,389	1,353,370	1,523,892
Overtime	624,220	60.000	320,000	662,000	442,471	462,825
Performance Bonus	0	0.000	0	0	0	0
Sub Total - Other Mun. Staff	8,332,630	12,904.000	12,982,439	15,352,070	15,867,487	16,942,800
TOTAL EMPLOYEE COSTS	16,661,467	20,962.000	19,967,272	24,429,380	25,209,033	26,714,058

TABLE 8b – Summary of Personnel Numbers (fulltime equivalents)

Summary of Personnel No.	MTREF Current Year			Medium Term Revenue & Expenditure Framework		
	2007/2008 Audited Actual	2008/2009		2009/2010	2010/2011 Budget Year+1	2011/2012
		Approv. Budget	Adj. Budget	Budget Year		Budget Year+2
	Number	Number	Number	Number	Number	Number
Municipality						
Councillors & P.O.B	31	31	31	31	31	31
Accounting Officer & Sen. Man.	3	5	4	4	4	4
Other Managers	1	0	1	1	1	1
Technical/ Professional Staff	48	109	70	70	70	70
Clerical Staff	75	37	77	78	78	78
Sub Total - Municipality	158	182	183	184	184	184
TOTAL PERSONNEL NO.	158	182	183	184	184	184

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.

Capital Expenditure by Category	MTREF Current Year			Medium Term Revenue & Expenditure Framework		
	2007/2008 Audited Actual R'000	2008/2009		2009/2010	2010/2011	2011/2012
		Approv. Budget R'000	Adj. Budget R'000	Budget Year R'000	Budget Year+1 R'000	Budget Year+2 R'000
INFRASTRUCTURE	0	7,855,000	7,855,000	81,842,157	16,965,407	17,745,815
Land & Buildings	0	0.000	0	100,000	105,100	109,935
Roads & stormwater	0	7,855,000	7,855,000	16,042,157	16,860,307	17,635,881
Water reservoirs & reticulation	0	0.000	0	0	0	0
Sanitation purification & retic.	0	0.000	0	0	0	0
Refuse sites	0	0.000	0	300,000	0	0
Other				65,400,000		
COMMUNITY	0	0.000	0	0	0	0
Community halls	0	0.000	0	0	0	0
Testing Station	0	0.000	0	0	0	0
Recreation facilities	0	0.000	0	0	0	0
LED Projects	0	0.000			0	0
HERITAGE ASSETS	0	0.000	0	0	0	0
INVESTMENT PROPERTIES	0	0.000	0	0	0	0
ECON. & COMM. ASSETS	0	0.000	150,000	1,375,000	1,382,065	1,445,640
Motor vehicles	0	0.000	0	1,100,000	1,156,100	1,209,281
Plant & equipment	0	0.000	0	0	0	0
Office equipment	0	0.000	150,000	275,000	225,965	236,359
Traffic equipment	0	0.000	0	0	0	0
SPECIALISED VEHICLES	0	0.000	0	0	0	0
Traffic vehicles	0		0		0	0
TOTAL CAPEX	0	7,855,000	8,005,000	83,217,157	18,347,472	19,191,455

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

Table 1 – Recon of IDP to Budget – Revenue

Reconciliation of IDP & Revenue Budget	Implementation & Management Plan	Current Year					
		2005/2006	2006/2007		2008/2009	2009/2010	2010/2011
		Audited Actual	Approved Budget	Adj. Budget	Budget Year	Budget Year+1	Budget Year+2
Strategic Objectives		R'000	R'000	R'000	R'000	R'000	R'000
Sustainable Services	Water	1,598,343	2,869,000	2,839,302	1,918,593	2,016,441	2,109,198
Sustainable Services	Electricity						
Sustainable Services	Sanitation	623,958	549,000	548,622	759,806	798,556	835,290
Sustainable Services	Waste Management	533,648	821,000	820,785	613,970	645,282	674,965
Sustainable Services	Health						
Sustainable Services	Community						
Infrastructure	Roads & Stormwater						
Infrastructure	Cemeteries						

Infrastructure	Housing						
Infrastructure	Sport Stadium 2010						
Infrastructure	Open Space						
Infrastructure							
Finance & Administrative Management	Support Services	43,129	502,347	1,750,403	65,480,042	68,640,703	71,798,175
Finance & Administrative Management	Integrated Planning & Dev.						
Finance & Administrative Management	Budget & Fin. Management	25,384,913	25,689,249	26,088,849	40,311,163	49,340,328	54,130,697
Finance & Administrative Management	Human Resources Mang.						
Environmental Management	Land Use Management						
Economic Development	Local Economic Develop.						
Social Development	Traditional Culture & Sport						
Social Development	Public Participation						
Community Safety & Security	Road Safety	1,915,628	3,831,324	3,831,324	1,522,500	1,600,148	1,673,754
Community Safety & Security	Fire & Rescue						
Community Safety & Security	Disaster Management						
Community Safety & Security	Public Safety						
TOTAL OPERATING REVENUE		30,099,619	34,261,920	35,879,285	110,606,074	123,041,458	131,222,079

Table 2 – Recon of IDP to Budget – Operating Expenses

Reconciliation of IDP & Expenditure Budget	Implementation & Management Plan	MTEF			Medium Term Revenue & Expenditure Framework		
		Current Year			2008/2009 Budget Year	2009/2010 Budget Year+1	2010/2011 Budget Year+2
		2005/2006 Audited Actual	2006/2007 Approved Budget	Adj. Budget			
		R'000	R'000	R'000	R'000	R'000	R'000
Sustainable Services	Water	2,189,228	2,476,000.	2,560,095	1,510,973	1,588,033	1,661,082
Sustainable Services	Electricity						
Sustainable Services	Sanitation	232,777	226,000	183,452	296,108	311,210	325,526
Sustainable Services	Waste Management	2,268,538	2,271,000.	2,782,689	2,749,311	2,889,526	3,022,445
Sustainable Services	Health						
Sustainable Services	Community	334,979	4,179,000.	4,813,146	3,842,488		

		R'000	R'000	R'000	R'000	R'000	R'000
Sustainable Services	Water	0	0	0	0	0	0
Sustainable Services	Electricity						
Sustainable Services	Sanitation				0	0	
Sustainable Services	Waste Management						
Sustainable Services	Health						
Sustainable Services	Community				75,000	0	0
Infrastructure	Roads & Stormwater	0	7,855	7,855,	82,842,157	16,860,307	17,635,881
Infrastructure	Cemeteries						
Infrastructure	Housing						
Infrastructure	Sport Stadium 2010						
Infrastructure	Open Space						
Finance & Administrative Management	Support Services				200,000	0	0
Finance & Administrative Management	Integrated Planning & Dev.						
Finance & Administrative Management	Budget & Fin. Management						
Finance & Administrative Management	Human Resources Mang.						
Environmental Management	Land Use Management						
Economic Development	Local Economic Develop.	0	0	0	0	0	0
Social Development	Traditional Culture & Sport						
Social Development	Public Participation						
Community Safety & Security	Road Safety	0	0	0		0	0
Community Safety & Security	Fire & Rescue						
Community Safety & Security	Disaster Management						
Community Safety & Security	Public Safety				100,000	0	0
TOTAL CAPITAL EXPENDITURE		0	7,855	7,855,	83,217,157	16,860,307	17,635,881

