



Lukhanji Municipality
**BUDGET STRATEGY AND
EXPENDITURE FRAMEWORK**

FOR

2010/11 – 2012/13

TABLED JUNE 10, 2010

Lukhanji Tabled Budget

1. Table of Contents

No.	Section description	Page
1	Table of Contents – Listing of Schedules, Tables and Graphs	2
2	Mayoral Budget Speech	5
3	Budget Related Resolutions	24
	The Budget	
4	Executive Summary	26
5	Budget Schedules (operating and capital)	34
6	Budget Related Charts and Explanatory Notes	45
	Supporting Documentation	
7	Budget Process Overview (including consultation process and outcomes)	49
8	Alignment of Budget with Integrated Development Plan	55
9	Budget Related Policies Overview and Amendments	62
10	Budget Assumptions	65
11	Funding the Budget (including fiscal overview and sources of funding)	69
12	Disclosure on Allocations Made by the Municipality	88
13	Disclosure on Salaries, Allowances and Benefits	88
14	Monthly Cash Flows by Source	92
15	Measurable Performance Objectives (Revenue Source & Vote)	99
16	Disclosure on Implementation of MFMA & Other Legislation	105
17	Summary of Budgets/SDBIPs – departmental/functional (internal)	106
18	Summary of Budgets and SDBIPs – entities & other external mechanisms	113
19	Summary of Detailed Capital Plan	117
A	Appendix A – Rates and Tariffs	
B	Appendix B – New and Amended Policies	

Lukhanji Tabled Budget

Listing of Schedules, Tables and Graphs

No.	Description	Page
	Total Revenues Summary Pie Chart	30
	Total Expenditures Summary Pie Chart	31
	Functional Organizational Chart	32
Table A1	Budget Summary	34
Table A2	Budgeted Financial Performance (revenue and expenditure by standard classification)	35
Table A3	Budgeted Financial Performance (revenue and expenditure by municipal vote)	36
Table A4	Budgeted Financial Performance (revenue and expenditure)	37
Table A5	Budgeted Capital Expenditure by Vote, standard classification and funding	38
Table A6	Budgeted Financial Position	39
Table A7	Budgeted Cash Flows	40
Table A8	Cash backed reserves/accumulated surplus reconciliation	41
Table A9	Asset Management	42
Table A10	Basic Service Delivery Measurement	43
Chart 1	Operating Revenue by Source	45
Chart 2	Operating Expenditure by GFS Function	46
Chart 3	Capital Expenditure by Vote	47
Chart 4	Capital Funding by Source	48
Table SA4	Reconciliation of IDP to Budget - Revenue	59
Table SA5	Reconciliation of IDP to Budget - Operating Expenditure	60
Table SA6	Reconciliation of IDP to Budget - Capital Expenditure	61
	Listing of Budget Assumptions	65
Table SA10	Funding Measurement	71
Table SA8	Performance Indicators and Benchmarks	72
Table SA15	Investment Particulars by Type	76

Lukhanji Tabled Budget

Table SA16	Investment Particulars by Maturity	77
Table SA19	Expenditures on transfers and grant programme	80
Table SA18	Transfer and Grant Receipts	81
Table SA 20	Reconciliation of transfers, grant receipts and unspent funds	82
	Listing of Cash Carryovers	84-85
Table SA17	New Borrowing	87
Table SA21	Transfers and grants made by the municipality	88
Table SA23	Disclosure of Salary, Allowance and Benefits (political office bearers/councillors/senior managers)	89
Table SA22	Summary of councillor and staff benefits	90
Table SA24	Summary of Personnel Numbers	91
Table SA25	Budgeted monthly revenue and expenditure	93
Table SA26	Budgeted monthly revenue and expenditure (municipal vote)	94
Table SA27	Budgeted monthly revenue and expenditure (standard classification)	95
Table SA28	Budgeted monthly capital expenditure (municipal vote)	96
Table SA29	Budgeted monthly capital expenditure (standard classification)	97
Table SA30	Budgeted monthly cash flows	98
Table 10	Revenues by source and Vote	100-104
	Summary of Directorates SDBIP's	107-112
Table SA34a	Capital expenditure on new assets by asset class	114-115
Table SA35	Future financial implications of the capital budget	116
	Capital expenditures by Source/Ward	117-118
	Appendix A – Rates and Tariffs	

Lukhanji Tabled Budget

2. Mayoral Budget Speech

Madam Speaker

Chief Whip of the Council

Fellow Councillors

Municipal Manager, Directors and Officials of the Council

Members of the Community

The Media

Good Morning

Madam Speaker, I stand before you with a sense of pride – pride because it is my first budget speech – pride that together we could achieve so much more in such a short space of time and pride because I was afforded the opportunity to oversee the drafting of a product that all of us will ultimately be proud of and own.

It is an honour to address this second special sitting of Council to consider the 2010/11 Budget and Integrated Development Plan (IDP). Honestly Speaking, two weeks ago, I did not think that it would at all be possible. I wanted to cancel the last sitting of Council out of sheer disappointment that the budget could not have been finalised at that stage. In hindsight though, it was actually a blessing because the extra time gave us an ideal opportunity to get the budget documentation as close to perfection as possible.

The draft 2010/2011 Budget Strategy and Expenditure Framework was tabled in Council on the 31 March this year. A lot has happened since and we were forced to do drastic and radical alterations to the draft. The document in front of you this morning therefore differs remarkably from the one you have seen at the end of March and follows an exhaustive process of aligning and balancing Council's vision with the amount of money available for the financial period.

Lukhanji Tabled Budget

That we have succeeded in attaining a balanced budget is attributable to stringent fiscal discipline as well as the commitment of the Mayoral Committee and Directors to the process. Some unpopular decisions had to be taken and robust debate was often the order of the day. These discussions mainly emanated from the Turn Around Strategy that all municipalities had to develop before the commencement of the new financial year.

Madam Speaker, in December 2009 Cabinet approved the Local Government Turnaround Strategy (LGTAS). This plan aims to restore the confidence of the majority of our people in our municipalities. It seeks to ensure a functional, responsive, accountable, effective and efficient developmental local government.

Five strategic objectives have been identified that will guide the LGTAS:

- Ensure that municipalities meet the basic service needs of communities;
- Build clean, effective, efficient, responsive and accountable local government;
- Improve the performance and professionalism in municipalities;
- Improve national and provincial policy, oversight and support; and
- Strengthen partnerships between local government, communities and civil society.

As part of the process of developing the Turn Around Strategy, we had to have an introspection into the way we have been doing things, identify weaknesses and challenges in order to change the status quo. It was both an enlightening and empowering process where we have identified challenges unique to Lukhanji. We have identified a number of challenges which includes:

Lukhanji Tabled Budget

Firstly, Financial Difficulties compounded by:

- Poor Payment levels,
- Poor Collection System
- Ever increasing Debt
- The abuse of overtime by staff
- Abuse of the Contract Worker System
- Circumvention of SCM Processes
- An evaluation roll that is not complete
- An incomplete Indigent Register, and
- Under-funded mandates

Secondly, the poor maintenance of our infrastructure which includes:

- Old Machinery and Equipment
- Poor turn-around times by the mechanical workshop
- Old and outdated infrastructure
- Poor Budgeting

Lukhanji Tabled Budget

- Poor oversight and monitoring of Service Providers (Housing, Water, etc.)

The third challenge we identified involves the many housing delivery problems that continues to beset the municipality. Among the challenges we are faced with in this regard are amongst others:

- Unallocated houses which are being vandalised.
- Unoccupied units which are turned into crime spots
- Huge backlog which currently stands in excess of 40 000 units
- Lack of infrastructure such as street lights, proper roads, etc.
- Abuse of the system which is currently the subject of an investigation by the Department of Human Settlements.

Fourthly, on the areas of Local Economic Development, the absence of an elaborated comprehensive socio economic plan and the lack of a budget with proper staffing impede on our ability to sufficiently address Local Economic Development challenges.

In the fifth place, we have also identified major challenges on the front Infrastructure Development which can mainly be ascribed to:

- Poor performance of contractors.
- Disruptions to the roads upgrade and maintenance program.
- The mismatch between the national and municipal financial year ends.
- Faulty conventional and propriety meters

Lukhanji Tabled Budget

- Lack of strategic spares
- Lack of proper equipment
- Lack of sufficient funding for maintenance High Mast Lights and declining state of street lights

Waste Management was also another area where challenges were identified. These challenges mainly arose from:

- Lack of innovation, coordination & planning
- Old equipment, plant
- Illegal Dumping
- High numbers of casual staff

The seventh challenge identified during the Turn Around Strategy Session was in the area of Parks and Recreation where it was established that:

- Library services are busy declining due to old infrastructure (buildings, IT, etc.)
- No coverage of outlying areas in respect of sportsfields, libraries, cemeteries, community parks, etc., and
- The lack of a proper developmental plan

In respect of Protection Services the identified challenges include:

- Absence of coordinated plan

Lukhanji Tabled Budget

- Abuse of overtime
- High use of casual workers
- Abuse of Service Providers and duplication of services
- Absence of dedicated Protection Services Unit

Madam Speaker, Fellow Councillors, the last challenge we identified revolves around Human Resources in general. Areas of concern encompass:

- Lack of oversight and proper representation in the field of Skills Development.
- The Organogram is not properly aligned to our IDP.
- Performance agreements are in place but not properly aligned with the IDP
- The absence of a Performance Management System unit.
- Critical vacant posts
- Employment Equity where females remain underrepresented especially at top and middle management level which is still male dominated, and
- The absence of other designated groups including the disabled.

It is against this backdrop, Madam Speaker that we had to develop a plan to address all these issues I have alluded to. As a result, the budget we presented on the 31st of March was hopelessly inadequate to address the array of problems confronting us as a Council and the institution at large. Our people want a better life and it is our duty to help them get that better life. To this end a conscious decision was taken to redraft

Lukhanji Tabled Budget

the document of 31 March in order for our budget to speak to all these issues. This was followed by extensive public participation and community consultation meetings as required by the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA).

The interactions with the communities have exposed us to the strengths, and further shortcomings and challenges and we have committed our municipality to responding to their needs wherever they are located and irrespective of their political affiliations.

Madam Speaker, the final product proposes an operating expenditure of R398.8 Million and capital expenditure to the tune of R43.2 Million. This budget has been compiled in accordance with National Treasury's requirement of multi year (three year) budgeting. In compliance with the Municipal Structures Act, our budget is aligned directly to the IDP and has taken into account realistic funding and appropriation projections for future years. The IDP also contains a comprehensive and fully funded Turn Around Strategy to address all the challenges I have raised earlier.

It is the Turn Around Strategy that will gauge our performance over the next 12 months and serve as the basis for the individual scorecards of all Section 57 Managers for the performance agreements they have to enter into before the end of July 2010. We are now in a position for the first time since the inception of the Performance Management concept to set realistic targets against which each Director can be measured.

Fellow Councillors, I have alluded earlier on the legal imperative for our Budget to be properly aligned to the IDP. With this budget we have achieved that and I would now like to focus in more detail on the budget and demonstrate its alignment with our main strategies. For the purposes of aligning our responses to the many challenges I have raised earlier, we had to first align these challenges in five functional areas of the Turn Around Strategy and as encapsulated in the IDP. These areas are:

Lukhanji Tabled Budget

- Basic Service Delivery
- Public Participation
- Financial Management
- Infrastructure Development, and
- Local Economic Development.

Madam Speaker allow me to summarise the budget allocations as per the five functional areas for the forthcoming financial year. For the sake of time, I will focus on 10 highlights in the budget. You will note, that the ten highlights speak directly to the 10 immediate priorities we set for ourselves at the beginning of my term. Full details are contained in the budget documentation.

1. As we know, Chris Hani District Municipality is the Water Services Authority and is therefore responsible for budgeting for the provisioning of water and sanitation services. The District Municipality has set a target of reducing the water backlog by 5% during the 2010/11 and Sanitation backlogs by 18% in wards 1, 2, 12, 13 and 27.

While on the subject of Water, allow me to raise the concern of residents in many rural areas who rely on the water carting system for their daily supplies. Residents are extremely unhappy with the current state of affairs and I honestly understand and comprehend their frustrations. We need to move towards providing these residents with a more sustainable and reliable sources of water and do away with the water carting system in its totality. A number of boreholes and Windmills remain unattended to and should be repaired .The natural springs and reservoirs should also be rehabilitated to reduce the dependence of residents on the water carting system. In this regard we will have to look at realigning the water carting budget, to address these issues. .

Lukhanji Tabled Budget

2. Our plan is to provide electricity to approximately 1100 new households during the forthcoming financial years to residents in Tembani, Galawater and 120 infill-areas. Electrification projects will also be undertaken in Sabata Dalindyebo & Nomzamo. We have set aside R6,2 Million for that purpose – 500 connections will be undertaken by Eskom while the remaining 600 will be done in-house.

It is also our intention to commence with our community lighting projects at the beginning of July in Nomzamo, Illinge, Ezibeleni and Whittlesea where high mast lights will be erected.

Community lighting will be provided in wards 2, 4, 7 to 10, 15 and 18 at an amount of R3,6 Million.

3. To improve our solid waste infrastructure and capacity, we allocated R2,07 Million to build a tipsite at Lesseyton and a transfer station at Illinge.
4. R6,4 Million has been allocated to rehabilitate approximately 48 km of roads in wards 1 to 8, ward 12, wards 14 to 19 and ward 27. An additional 1,4km of existing roads in wards 4,6,7,8 and 15 will be gravsealed.

An additional amount of R2,4 Million has been set aside for design and construction of the Qwabi bridge across Kuzitungu River in ward 14. A further R1,9 Million will be contributed towards the upgrade of Cathcart Road,

5. Residents in ward 2 have long been complaining about the flooding of their properties during rainy seasons. To alleviate this problem we have set aside an amount of R1,3 to upgrade the existing stormwater drainage system.
6. Madam Speaker, we have a huge housing backlog While we are making some progress in this respect, our main challenge is integrating human

Lukhanji Tabled Budget

settlement to do away from the legacy of separate development of the past and bringing mostly poor people closer to their work places. This however is a mammoth task. We also have an additional challenge of eradicating informal settlements. Application has been made to the Department of Human Settlements for the implementation of housing projects to eliminate our backlogs which is estimated cost R117,4 Million to accelerate housing delivery. An amount of R3,4 million has been allocated in this budget for housing projects in various wards throughout Lukhanji. An additional R1,3 Million has been allocated towards the formalisation of informal settlements. A total of 180 households in wards 8 and 25 will be provided with access to water and sanitation.

As far as Gwatyu farms are concerned, we need to finalise the long outstanding issue of land tenure with Land Affairs. As part of our immediate term strategy we will also have to pay attention to rehabilitate roads in the area to make the area more accessible. The lack of housing and electricity is another area that we will have to focus on and start developing plans to address these needs.

7. We have a substantial number of projects that will fall within our municipal public works category. It includes

- | | |
|--|--------------|
| - Upgrading of EX- TRC Crèches | R180 000 |
| - Construction of the Yonda community hall | R1,1 Million |
| - Construction of Ezibeleni Conference Centre | R2,5 Million |
| - Converting Mlungisi community hall into youth centre | R900 000 |
| - Upgrading Whittlesea public ablution facilities | R800 000 |

Lukhanji Tabled Budget

8. An amount of R1,4 Million has been allocated for LED related projects which include among others the Zulukama livestock improvement programme, the LED Corridor programme, Isolentsha resource group project, LTO operational costs and the Liberation heritage route programme.

The Gwatyu area also needs to be brought into our tourism development vision. The LED unit will be instructed to explore the tourism potential of the area as there are many old buildings which are vandalised and which could easily be converted into accommodation establishments.

9. We have successfully applied for funding from the Department of Environmental Affairs. An amount of R20 Million has been received for various environmentally related projects. My office has arranged to meet with officials of DEA to finalise project details during the course of next week. We will also be calling for proposals for the Recycling of Waste as part of our Waste Management Programme for providing a more sustainable service and in the interest of creating more jobs.

10. Fellow Councillors, a number of projects could not be quantified as it will mainly be funded from our operating budget. It includes:

- Updating the Indigent Register in order to cover areas not currently covered in order to extend indigent services to all areas and settlements in our area of jurisdiction. We will make extensive use of Ward Committee members to achieve this goal.
- Further capacitating Ward Committee members and further develop community participation processes by further training and assigning new responsibilities. Allowances will be increased accordingly as from 1 July 2010.

Lukhanji Tabled Budget

- The Restructuring of the municipal Security Services. We need to realign the budget in order to direct 60% of the funding towards internal operations and not more than 40% to outsourced services. In such a way we will better be able to attend to our law enforcement responsibilities like the enforcement of by-laws and general law enforcement throughout town
- The Mayoral Committee should also finalise issues in respect of the formalisation of the Fire Brigade Services including its functionality. The unit currently have no permanent staff members and funding has been allocated to start normalising the situation.
- The functioning of the Pound and Livestock Impoundment is another area that we need to look at during the forthcoming financial year. The impoundment of livestock has led to despair and hopelessness among livestock owners both within and outside Lukhanji. An audit will be conducted into the operations of the pound and an investigation be done to see whether some of the operations of the Pound cannot be integrated into our LED projects linked to livestock improvement. We further will have to enter into discussions with the Department of Transport regarding the return of the trucks and the future use by them of our facilities for the safekeeping of livestock impounded on National Roads in the interest of road safety
- Reviewing communications strategy as well as public participation strategy and the establishment of a Customer Care Unit.
- Provision has been made to fill 132 vacancies and by reducing the Contract Workers' Budget as well as contract workers vote in pursuit of eradicating casualisation and the creation of decent jobs

Lukhanji Tabled Budget

- Redraft recruitment & selection policy so as to encompass retention strategy
- Develop suspension policy
- Draft revenue enhancement plan and implementation thereof by July 2010
- Creation of additional pay points
- Implementation of incentive policy as adopted by Council on 28 May 2010
- Renaming process of public places and reburials
- The Bulhoek Heritage Site and Chris Hani Heritage Route
- Finalisation of our Rapid Response Team

Madam Speaker, there are a couple of major businesses that have closed down in recent times that has had a negative effect on households and subsequently consumer demand is likely to remain low for quite some time. Municipal debt is on the rise which is an indication that more and more of our people are facing financial constraints and I would like to believe the majority because of unemployment.

As a sphere of government, we need to do our part to stimulate the creation of jobs be it through Local Economic Development initiatives or any other vehicle at our disposal. It is for this reason that we have requested our officials to fully exploit the benefits on offer through the Department of Public Works' EPWP programmes. I am pleased to announce that through the projects I have listed, jobs equivalent to 14 871 man days will be created. *(A man day equals eight hours of work at R100 per day)*. This loosely translates into an initial 420 notional jobs.

Lukhanji Tabled Budget

Key Assumptions Underpinning the Budget

Madam Speaker, let me briefly share with Council some of the key assumptions that underpin the budget being presented today.

The municipal fiscal environment is influenced by a variety of macro economic conditions. National Treasury gives guidelines on inflation and year-on-year increases in the expenditure budget, whilst the National Energy Regulator of South Africa (NERSA) regulates electricity tariff increases; SALGA as the employer, together with the unions, influences the salary increases; and various government departments also affect municipal service delivery through the level of grants and subsidies.

The tables on pages 46 and 47 provide a comprehensive summary of all the assumptions used in preparing the budget.

Revenue Projections and Breakdown

(a) Operating Revenues

- The revenues reflected in the budget document are reflected on a “billed” basis where applicable. It often happens that billed revenue is higher than the cash actually collected for 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	26.1 million
✓ Rates	.8 million
✓ Refuse Collection	9.1 million
✓ Water & Sanitation	16.0 million
✓ Debtor’s Interest	15.2 million

Lukhanji Tabled Budget

- A detailed listing and explanation of Rates and Tariffs is included in Appendix A of the budget document.
- The Equitable Share Allocation from the National Treasury is R86,908,000 which is up from the current budget of R70,964,100.
- The operating budget anticipates an agency payment from the Chris Hani District Municipality for providing the water and sanitation service of R40,738,324 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 2010/11 amounts to R775,441.

(b) Operating Expenditures

- Employee salaries and related expenses are increased by 8% as per SALGBC directive. Councillor allowances are also anticipated to rise by the same percentage and have been budgeted to increase accordingly. In Rand terms the salary and allowance related budget will increase by about R13.1 Million over the current 2009/10 budget.
- Primary health clinics are currently budgeted at a deficit of R775,441. 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.

Lukhanji Tabled Budget

- Electricity bulk purchases are anticipated to increase by 28.9% during the 2010/11 financial year.
- All costs related to our current loans 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.

(c) Capital Budget

The capital budget utilises actually anticipated revenues, cash forward and borrowings to fund the budgeted expenditures of R43.2 million. The largest of these include the MIG grant (R22 million), the Neighbourhood Development Partnership Grant (R5 million).

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

Tariff Increases

In most instances, this part of the budget speech is not something that is liked by the majority of political parties. As the ANC we are proud to say given the major increases in salary bill and Eskom increases, over which we have little or no control,

Lukhanji Tabled Budget

we could have changed some of the figures to adhere to the plights and complains received after and during the public participation period.

Madam Speaker, the challenge in setting tariffs is finding a balance between sustainability of service provision and ensuring affordability of those services by consumers. While we are committed to maintaining tariff increases within the forecasted inflation, increases above inflation are applied to some services mainly because of the costs that have increased significantly due to a number of external factors such as increases in bulk purchases from Eskom. We acknowledge that the majority of our residents are going through difficult financial times and that is primarily why we need to expand our indigent register to bring relieve to all those in real need. We will as a result continue to provide rebates to poor **registered** households in terms of our Indigent Policy.

The proposed increases in tax and tariffs can be summarised as follows:

Electricity	28.0% increase	<i>,9% less than last year</i>
Rates	8.0% increase	<i>unchanged</i>
Refuse Collection	15.0% increase	<i>unchanged</i>
Water & Sanitation	6.0% increase	<i>1% more (CHDM)</i>

Madam Speaker, I wish to propose that the following tariffs be implemented for the Indigent and Destitute who are **registered** on our database:

Services excluding Electricity

Destitute indigents (combined income = R1050)	No Account
Indigent (combined income R 2100)	R50 p/m

Electricity for both categories

First 50 Kw/h	Free
51-100 Kw/h	Increase of 22%

Lukhanji Tabled Budget

In excess of 100Kw/h

Full 28%

Incentives for settling arrears

Madam Speaker, the Finance Directorate came up with an innovative approach to decrease the levels of household debt. We have adopted this portion of what should be part of our broader debt collection strategy. Key elements of the incentive scheme are:

- When payments are received on outstanding accounts in excess of 30 days;
 - o 25% payment on account, 25% discount on account and arrangement for balance;
 - o 26 — 35% payment on account, 35% discount on account and arrangement for balance;
 - o 36 — 45% payment on account, 45% discount on account and arrangement for balance;
 - o 46 — 50% payment on account, 50% discount;
 - o Registered Destitutes and Indigent accounts in arrears to be written off in full once the required documentation is completed.
 - o Arrangements that are made will be only for a period of 12 months based on merit.
 - o Any property sold six months after the incentive is granted, the full amount to be recovered from sale.

Lukhanji Tabled Budget

- Any property sold a year after the incentive is granted, 50% of the amount to be recovered from sale.

- Any default on accounts after this incentive provided, the full amount written off be reversed to the account and the necessary credit control and debt collection process to follow, without further notice.

Madam Speaker, I need to conclude.

It is clear in the Budget documents that our move is undeniably towards the poor. The movement is away from the fixed costs, toward the variable costs for consumers it is, simplistically stated, services that the residents have control over like water usage, property rates and electricity consumption, etc.

We have listened to the voices of our people, we have incorporated their recommendations and concerns and the administration has captured it in the budget. Let us continue listening to the voices of our people, let us as Council take a collective and united decision to invest in a better quality of life for all who live in Lukhanji. Let us accept this “pro poor” budget so that the vulnerable and the less fortunate may have a new hope, a new beginning and a brighter tomorrow.

It is with great pleasure that I present this budget for 2010/2011 for your consideration and adoption.

Madam Speaker, I formally move the adoption of the Integrated Development Plan, the 2010/11 to 2012/13 Budget Strategy and Expenditure Framework and Turn Around Strategy as well as the revised budget related policies for the Lukhanji Municipality.

I thank you.

Lukhanji Tabled Budget

Lukhanji Tabled Budget

3. Budget Related Resolutions

1. Council resolves that the annual budget of the municipality for the financial year ; and indicative for the two projected outer years 2011/12 and 2012/13 be approved as set-out in the following tables:

- 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) **Table A2.**
- 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) **Table A3.**
- 1.3. Budgeted Financial Performance (revenue and expenditure by source) **Table A4.**
- 1.4. Budgeted Capital Expenditure by vote, standard classification and funding **Table A5.**
- 1.5. Budgeted Financial Position **Table A6.**
- 1.6. Budgeted Cash Flows **Table A7.**
- 1.7. Cash Backed Reserves/accumulated surplus Reconciliation **Table A8.**
- 1.8. Asset Management **Table A9.**
- 1.9. Basic Service Delivery **Table A10.**
2. Council resolves that property rates and any other municipal taxes reflected in **appendix A** are imposed for the budget year.
2. Electricity tariffs be imposed at 28.9% approved by Nersa for bulk purchases with effect 1 July 2010.
3. Council resolves that tariffs and charges reflected in **appendix A** are approved for the budget year.
- 3.1 Council resolves that the Electricity tariffs for non-indigent consumers be approved with 28% with effect 1 July 2010.
- 3.2 Council resolves that the monthly electricity tariffs for registered indigents for the financial year be approved as follows:

First 50 Kw	Free
51-100 Kw	Increase of 22%
In excess of 100Kw	Increase of 28%
4. Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year.
5. Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2010/11.

Lukhanji Tabled Budget

6. Council resolves to adopt the amended Integrated Development Plan as submitted.
7. That the **8%** provided for salary increases for employees is maintained.
8. That indigent income levels are set at the following:

Destitute indigent	R 1050
Indigent	R 2100

Lukhanji Tabled Budget

The Budget

4 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 Lukhanji 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 2009 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 2010/11 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.

Operational Revenues are anticipated to reach **R398.8 Million** (including currently known grants received for operational expenditures); **operational expenditures** funded from cash carry forwards and operating revenues are proposed at **R398.4 Million**.

Lukhanji Tabled Budget

The Capital Budget is funded from a blend of conditional grants, proposed borrowings and cash carried forward from prior years. Capital expenditures for 2010/11 are estimated to total **R43.2 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 26.1 million
 - Rates .8 million
 - Refuse Collection 9.1 million
 - Water & Sanitation 16.0 million
 - Debtor's Interest 15.2 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 28.0% increase
 - Rates 8.0% increase
 - Refuse Collection 15.0% increase
 - Water & Sanitation 6.0% increase
- The **Equitable Share** Allocation from the National Treasury is **R86,908,000** which is up from the current budget of R70,964,100.
- The operating budget anticipates an agency **payment from the Chris Hani District Municipality** for providing the water and sanitation service of **R40,738,324 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 2010/11 amounts to **R775,441**.

Lukhanji Tabled Budget

Operating Expenditures

- **Employee salaries** and related expenses are increased by the level indicated by correspondence from SALGA. This amount to an **8% increase in 2010/11**. 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 R13.1 Million over the adjusted budget in the current 2009/10 budget.
- **Primary health clinics** are currently budgeted at a **deficit of R775,441**. 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 28.9** 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 **R43.2 million**. The largest of these include the **MIG grant (R22) million**, the **Neighbourhood Development Partnership Grant (R5 million)**.

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 **R2 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 2010/11 Lukhanji Budget.

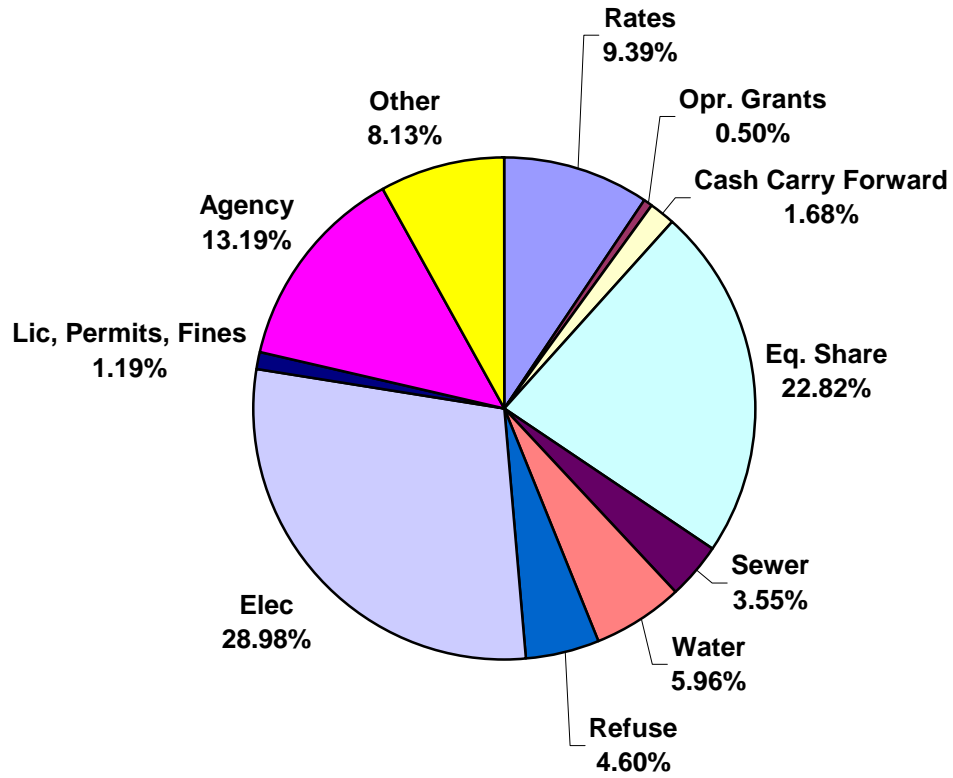
Lukhanji Tabled Budget

Executive Summary 2010/11 Tabled Budget Overview

Revenues			
Operating Budget Revenues (000's)		Capital Budget Revenues (000's)	
Assessment Rates	37 448	Loans taken by Municipality	-
Fines	504	Municipal Infrastructure Grant (MIG)	22 017
Electricity Tariffs	115 606	Neighbourhood Development Partnership Grant	5 000
Interest on Debtor Accounts	16 283	Housing Grants	-
Water Tariffs	23 758		
Sewer Tariffs	14 159		
Refuse Tariffs	18 351		
Government Grants and Subsidy:			
Equitable Share	86 908		
Operational Grants	2 000		
	88 908		
Agency Fees:			
Water and Sewer	40 738		
Primary Health	9 862		
Libraries	2 424		
	53 024		
Gain on Sale of Property	-		
Other Revenues	24 142		
	392 183		
Total Operating Revenues	392 183	Total Capital Revenues	27 017
Cash Carry Over from prior year (grants & ATTIC)	6 714	Cash Carry Over Prior Year (grants)	16 269
Total Revenue and Cash	398 897	Total Capital Revenues	43 286
Expenditures			
Operating Budget Expenditures (000's)		Capital Budget Expenditures (000's)	
Salaries, Wages, Allowances & related costs	118 560	Roads, Pavements, Bridges and Stormwater	16 033
Small Capital	-	Cemeteries	1 231
Electricity Bulk Purchases	96 312	Land and Buildings	
General Expenses	34 328	Community Lighting	7 617
Repairs and Maintenance	12 208	Community Halls	2 623
Repayment on Municipal Debt	7 590	Sportfields	1 045
Provision for Bad Debts:		Refuse Sites	2 957
Assessment Rates	751	LED Facilities	1 435
Debtor Interest	15 253	Ex TRC Chreches	177
Electricity	26 091	Housing	3 414
Water	10 294	Other	1 753
Refuse	9 189	Ezibeleni Conference Centre	2 500
Sewer	5 748	Mlungisi Youth Centre	900
	67 327	Whittlesea Public Ablution	800
Operational Grants (see detail list)	8 714	Whittlesea Walkways and Pavements	800
Municipal Services Charges	1 356		
WSSA Management Contract	52 093		
Provision for Working Capital	410		
Total Operating Budget Expenditures	398 897	Total Capital Expenditures	43 286

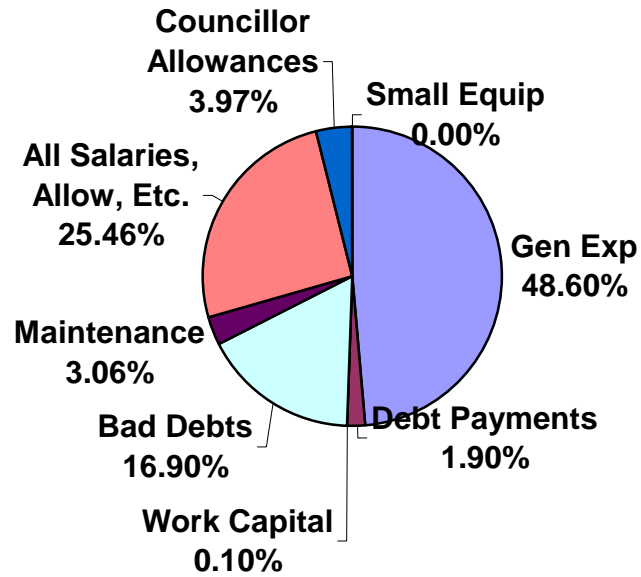
Lukhanji Tabled Budget

How the Total Operating Revenue Budget are funded (R398.8 million)

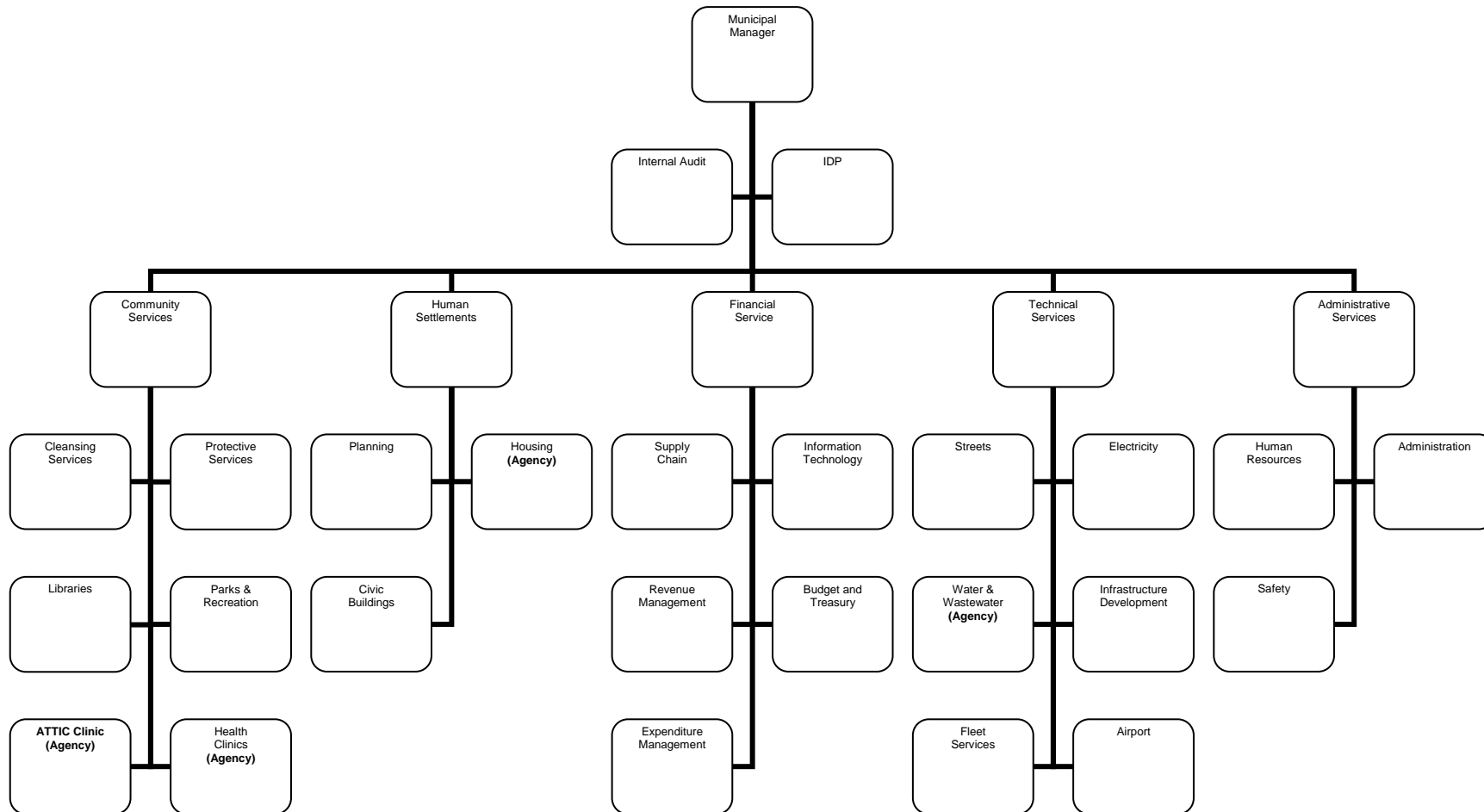


Lukhanji Tabled Budget

How the Total Budget Operating Expenditure are allocated (R398.4 million)



Lukhanji Tabled Budget



Lukhanji Tabled Budget

5 Annual Budget Tables (Operating & Capital)

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

- 5.1 - Table A1 - Budget Summary**
- 5.2 - Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**
- 5.3 - Table A3 - Budgeted Financial Performance (revenue and Expenditure by municipal vote)**
- 5.4 - Table A4 - Budgeted Financial Performance (revenue and Expenditure)**
- 5.5 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding**
- 5.6 - Table A6 - Budgeted Financial Position**
- 5.7 - Table A7 - Budgeted Cash Flows**
- 5.8 - Table A8 - Cash Backed reserves/accumulated surplus Reconciliation**
- 5.9 - Table A9 - Asset management**
- 5.10 - Table A10 - Basic Service Delivery**

Lukhanji Tabled Budget

EC134 Lukhanji - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Revenue by Vote	1									
EXECUTIVE AND COUNCIL		-	38 567	52 855	57 460	62 568	62 568	73 744	81 703	91 368
FINANCE AND ADMINISTRATION		-	86 902	59 189	57 437	64 474	64 474	63 227	64 644	67 450
PLANNING AND DEVELOPMENT		-	1 632	7 534	2 018	4 683	4 683	2 627	1 531	1 531
HEALTH		-	8 421	7 560	7 505	10 366	10 366	9 224	9 494	9 808
COMMUNITY AND SOCIAL SERVICES		-	2 049	4 273	1 321	4 577	4 577	4 503	4 533	4 568
PUBLIC SAFETY		-	8 641	9 969	20 731	11 447	11 447	11 521	11 528	11 535
SPORT AND RECREATION		-	284	644	233	208	208	194	194	194
WASTE WATER MANAGEMENT		-	12 294	12 956	13 520	13 361	13 361	14 093	14 931	15 820
WASTE MANAGEMENT		-	15 157	18 222	20 095	19 723	19 723	25 190	27 444	30 610
ROADS TRANSPORT		-	2 412	8 036	5 134	5 339	5 339	5 597	5 374	5 506
WATER		-	21 976	31 431	41 768	62 277	62 277	64 496	67 587	70 840
ELECTRICTY		-	58 057	106 747	100 225	98 365	98 365	123 479	151 795	187 428
OTHER		-	3	3	2	2	2	2	2	2
HOUSING		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	256 396	319 419	327 451	357 390	357 390	397 897	440 761	496 659
Expenditure by Vote to be appropriated	1									
EXECUTIVE AND COUNCIL		-	14 025	21 836	28 170	31 864	31 864	31 846	29 974	31 312
FINANCE AND ADMINISTRATION		-	60 817	23 677	50 728	45 435	45 435	45 429	45 411	46 840
PLANNING AND DEVELOPMENT		-	7 939	12 259	8 938	11 209	11 209	9 858	8 945	9 416
HEALTH		-	6 974	7 708	8 791	10 366	10 366	9 999	10 376	10 773
COMMUNITY AND SOCIAL SERVICES		-	8 073	8 760	9 440	9 163	9 163	10 151	10 649	11 177
PUBLIC SAFETY		-	10 584	11 645	28 042	17 783	17 783	17 570	18 319	19 138
SPORT AND RECREATION		-	6 287	6 497	7 657	7 090	7 090	8 979	9 483	9 996
WASTE WATER MANAGEMENT		-	14 040	17 254	14 975	16 199	16 199	16 930	17 843	18 807
WASTE MANAGEMENT		-	19 155	22 086	21 663	22 823	22 823	25 647	27 577	30 049
ROADS TRANSPORT		-	5 837	12 269	12 835	12 249	12 249	13 630	14 155	14 688
WATER		-	27 475	41 786	38 858	59 439	59 439	61 659	64 675	67 852
ELECTRICTY		-	69 457	110 356	96 662	113 039	113 039	145 677	174 258	214 526
OTHER		-	306	114	110	107	107	112	117	122
HOUSING		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	250 969	296 248	326 869	356 766	356 766	397 488	431 782	484 696
Surplus/(Deficit) for the year	2	-	5 426	23 171	582	624	624	410	8 979	11 963

Lukhanji Tabled Budget

EC134 Lukhanji - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source											
Property rates	2	-	26 751	28 799	30 970	34 674	34 674	34 674	37 448	40 069	42 874
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	52 223	73 604	95 215	90 663	90 663	90 663	115 606	144 112	179 745
Service charges - water revenue	2	-	21 976	21 816	23 173	22 428	22 428	22 428	23 758	25 168	26 663
Service charges - sanitation revenue	2	-	12 358	13 058	13 586	13 368	13 368	13 368	14 159	14 997	15 886
Service charges - refuse revenue	2	-	12 608	14 200	16 330	15 958	15 958	15 958	18 351	21 104	24 270
Service charges - other											
Rental of facilities and equipment			1 359	1 550	1 099	1 350	1 350	1 350	1 350	1 350	1 350
Interest earned - external investments			2 317	4 720	1 660	5 110	5 110	5 110	2 010	2 010	2 010
Interest earned - outstanding debtors			14 894	19 092	19 301	16 283	16 283	16 283	16 283	16 283	16 283
Dividends received											
Fines			159	231	160	160	160	160	504	504	504
Licences and permits			4 093	4 343	4 621	4 634	4 634	4 634	4 765	4 765	4 765
Agency services			5 688	22 840	31 381	42 398	42 398	42 398	43 436	45 117	46 875
Transfers recognised - operational			89 742	101 391	77 251	96 568	96 568	96 568	108 945	112 867	122 881
Other revenue	2	-	9 046	12 054	11 706	12 796	12 796	12 796	12 282	12 414	12 553
Gains on disposal of PPE			3 182	1 721	1 000	1 000	1 000	1 000	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	256 396	319 419	327 451	357 390	357 390	357 390	398 897	440 761	496 659
Expenditure By Type											
Employee related costs	2	-	73 288	87 062	97 947	92 088	92 088	92 088	104 136	110 094	116 406
Remuneration of councillors			9 556	11 858	13 323	13 323	13 323	13 323	14 404	15 173	15 988
Debt impairment	3		34 926	41 673	49 302	57 894	57 894	57 894	67 327	76 243	87 058
Depreciation & asset impairment	2	-	9 441	-	-	-	-	-	-	-	-
Finance charges			1 258	2 011	8 490	6 591	6 591	6 591	7 590	6 965	6 034
Bulk purchases	2	-	36 262	51 217	67 448	74 107	74 107	74 107	96 638	121 486	152 867
Other materials	8										
Contracted services			22 032	32 919	44 761	51 427	51 427	51 427	54 627	57 209	59 921
Transfers and grants			39 154	39 965	1 485	12 128	12 128	12 128	8 714	2 290	2 300
Other expenditure	4, 5	-	25 052	29 542	44 114	49 208	49 208	49 208	45 052	42 321	44 123
Loss on disposal of PPE											
Total Expenditure		-	250 969	296 248	326 869	356 766	356 766	356 766	398 488	431 782	484 696
Surplus/(Deficit)		-	5 426	23 171	582	624	624	624	410	8 979	11 963
Transfers recognised - capital											
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		-	5 426	23 171	582	624	624	624	410	8 979	11 963
Taxation											
Surplus/(Deficit) after taxation		-	5 426	23 171	582	624	624	624	410	8 979	11 963
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	5 426	23 171	582	624	624	624	410	8 979	11 963
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	5 426	23 171	582	624	624	624	410	8 979	11 963

Lukhanji Tabled Budget

EC134 Lukhanji - Table A6 Budgeted Financial Position

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
ASSETS											
Current assets											
Cash			47 168	73 374	73 998	73 998	73 998	73 998	74 408	83 387	95 350
Call investment deposits	1	-	664	707	707	707	707	707	707	707	707
Consumer debtors	1	-	36 502	43 729	72 000	72 000	72 000	72 000	87 000	90 000	105 000
Other debtors			63 515	111 538	111 538	111 538	111 538	111 538	111 538	111 538	111 538
Current portion of long-term receivables											
Inventory	2										
Total current assets		-	147 848	229 348	258 243	258 243	258 243	258 243	273 653	285 632	312 595
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	-	140 942	207 296	207 296	207 296	207 296	207 296	207 296	207 296	207 296
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		-	140 942	207 296	207 296	207 296	207 296	207 296	207 296	207 296	207 296
TOTAL ASSETS		-	288 790	436 644	465 539	465 539	465 539	465 539	480 949	492 929	519 891
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	3 443	4 455	4 274	4 274	4 274	4 274	4 043	3 409	102
Consumer deposits			7 087	7 383	7 400	7 400	7 400	7 400	7 400	7 400	7 400
Trade and other payables	4	-	70 596	110 370	110 370	110 370	110 370	110 370	110 370	110 370	110 370
Provisions											
Total current liabilities		-	81 126	122 208	122 043	122 043	122 043	122 043	121 813	121 178	117 871
Non current liabilities											
Borrowing		-	13 402	11 803	7 554	7 554	7 554	7 554	3 511	102	-
Provisions		-	44 881	51 583	51 583	51 583	51 583	51 583	51 583	51 583	51 583
Total non current liabilities		-	58 283	63 386	59 137	59 137	59 137	59 137	55 093	51 685	51 583
TOTAL LIABILITIES		-	139 409	185 594	181 179	181 179	181 180	181 180	176 906	172 863	169 454
NET ASSETS	5	-	149 380	251 051	284 360	284 360	284 360	284 360	304 043	320 066	350 437
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			149 380	251 051	284 360	284 360	284 360	284 360	304 043	320 066	350 437
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	149 380	251 051	284 360	284 360	284 360	284 360	304 043	320 066	350 437

Lukhanji Tabled Budget

EC134 Lukhanji - Table A7 Budgeted Cash Flows

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1		171 862	166 320	274 004	281 257	281 257	281 257	320 846	360 218	405 290
Government - operating	1										
Government - capital											
Interest			16 382	23 026	1 660	5 110	5 110	5 110	2 010	2 010	2 010
Dividends											
Payments											
Suppliers and employees			(177 369)	(158 015)	(267 593)	(280 152)	(280 152)	(280 152)	(314 856)	(346 284)	(389 304)
Finance charges			(1 258)	(2 114)	(1 444)	(1 444)	(1 444)	(1 444)	(2 274)	(1 612)	(942)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	9 616	29 218	6 628	4 771	4 771	4 771	5 726	14 333	17 054
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			3 182	1 721	1 000	1 000	1 000	1 000			
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables			5	5							
Decrease (increase) in non-current investments			(37)	(43)							
Payments											
Capital assets			(5 434)								
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(2 284)	1 683	1 000	1 000	1 000	1 000	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing			2 290	(821)	(7 046)	(5 147)	(5 147)	(5 147)	(5 316)	(5 353)	(5 091)
Increase (decrease) in consumer deposits			336	297							
Payments											
Repayment of borrowing				(4 172)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	2 627	(4 696)	(7 046)	(5 147)	(5 147)	(5 147)	(5 316)	(5 353)	(5 091)
NET INCREASE/(DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	37 209	37 209	47 168	73 374	73 374	73 374	73 374	73 998	74 408	83 387
Cash/cash equivalents at the year end:	2	37 209	47 168	73 374	73 956	73 998	73 998	73 998	74 408	83 387	95 350

Lukhanji Tabled Budget

EC134 Lukhanji - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash and investments available											
Cash/cash equivalents at the year end	1	37 209	47 168	73 374	73 956	73 998	73 998	73 998	74 408	83 387	95 350
Other current investments > 90 days		(37 209)	664	707	749	707	707	707	707	707	707
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	47 832	74 080	74 705	74 705	74 705	74 705	75 115	84 094	96 057
Application of cash and investments											
Unspent conditional transfers		-	20 483	23 979	23 979	23 979	23 979	23 979	23 979	23 979	23 979
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	-	(18 391)	(30 525)	(78 079)	(77 098)	(77 098)	(77 098)	(98 544)	(104 877)	(116 033)
Other provisions			5 934	11 046	11 766	11 766	11 766	11 766	12 486	13 206	13 926
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	8 026	4 500	(42 334)	(41 353)	(41 353)	(41 353)	(62 079)	(67 692)	(78 128)
Surplus(shortfall)		-	39 806	69 581	117 039	116 058	116 058	116 058	137 194	151 786	174 185

Lukhanji Tabled Budget

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 - Operating Revenue by Source

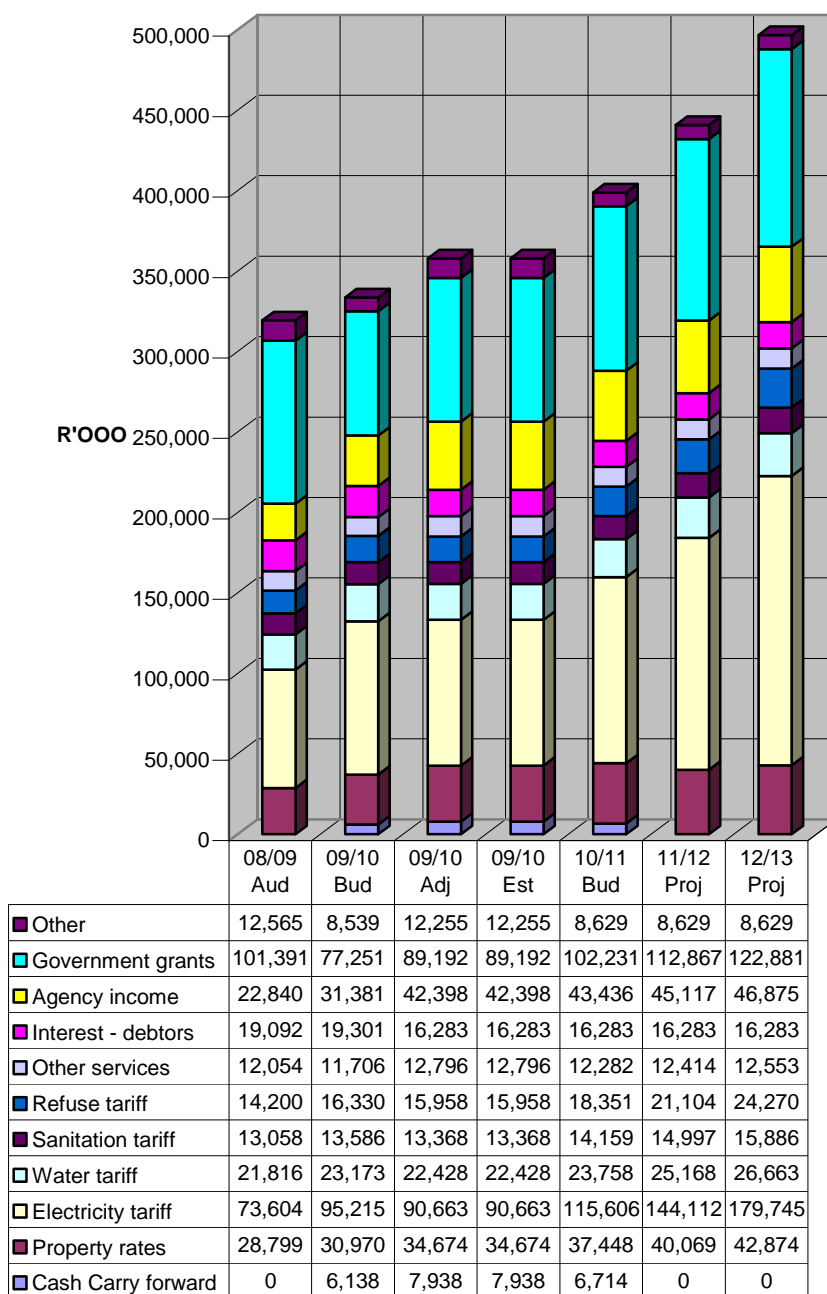
6.2 - Chart 2 - Operating Expenditures by GFS Function (Vote)

6.3 - Chart 3 - Capital Expenditure by Vote

6.6 - Chart 4 - Capital Budget by funding source

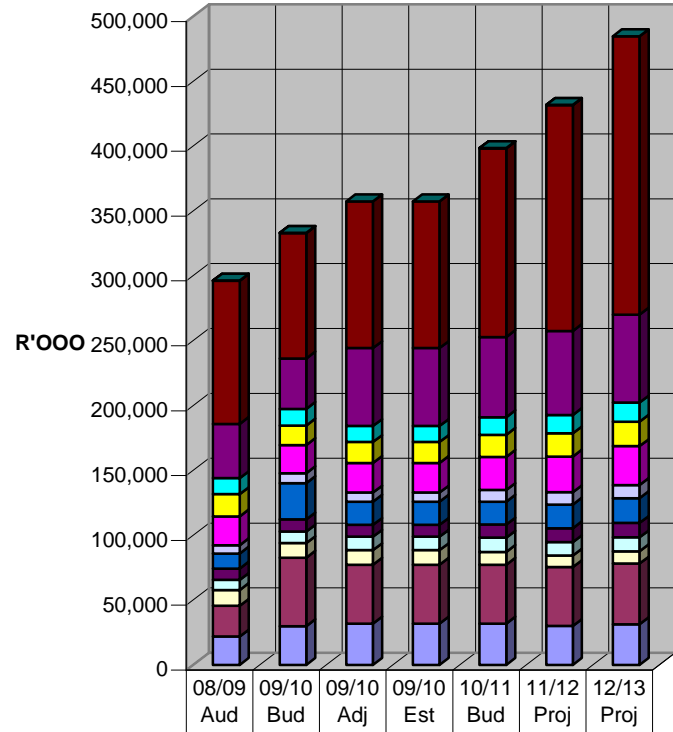
Lukhanji Tabled Budget

CHART 1 - OPERATING REVENUE BY SOURCE



Lukhanji Tabled Budget

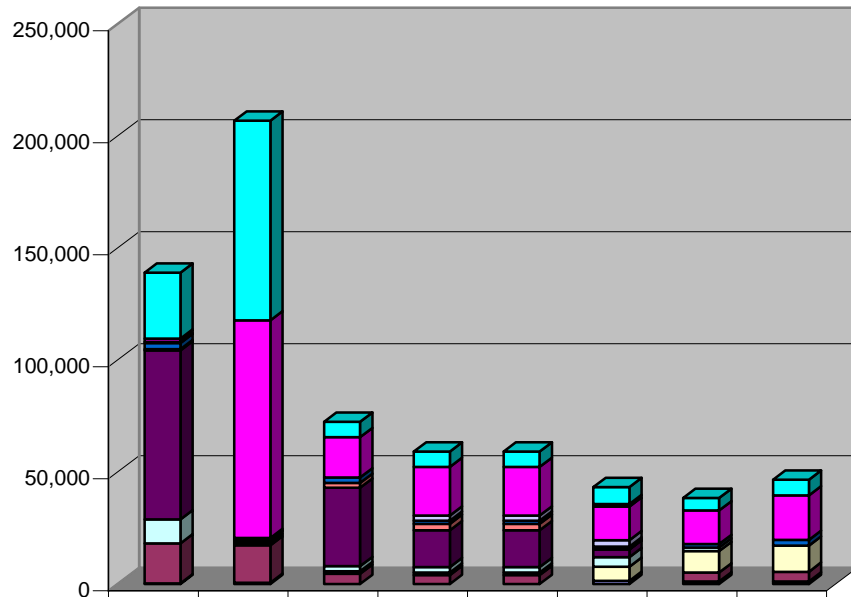
CHART 2 - OPERATING EXPENDITURE BY GFS FUNCTION



	08/09 Aud	09/10 Bud	09/10 Adj	09/10 Est	10/11 Bud	11/12 Proj	12/13 Proj
Other	114	110	107	107	112	117	122
Electricity	110,3	96,66	113,0	113,0	145,6	174,2	214,5
Water	41,78	38,85	60,00	60,00	61,65	64,67	67,85
Road Transport	12,26	12,83	12,24	12,24	13,63	14,15	14,68
Waste Water Management	17,25	14,97	16,19	16,19	16,93	17,84	18,80
Waste Management	22,08	21,66	22,82	22,82	25,64	27,57	30,04
Sport and Recreation	6,497	7,678	7,090	7,090	8,979	9,483	9,996
Public Safety	11,64	28,04	17,78	17,78	17,57	18,31	19,13
Community & Social Services	8,760	9,440	9,163	9,163	10,15	10,64	11,17
Health	7,708	8,791	10,36	10,36	10,99	10,37	10,77
Planning & Development	12,25	11,21	11,20	11,20	9,858	8,945	9,416
Finance & Admin	23,67	52,86	45,43	45,43	45,42	45,41	46,84
Executive & Council	21,83	29,87	31,86	31,86	31,84	29,97	31,31

Lukhanji Tabled Budget

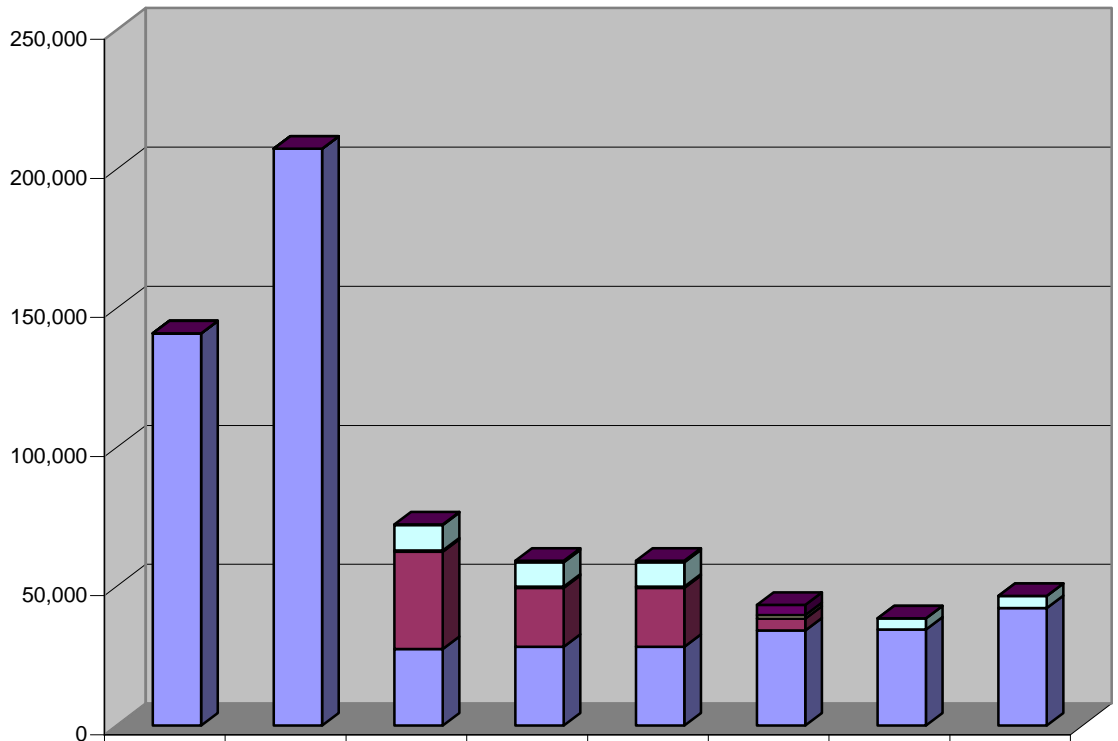
CHART 3 - CAPITAL EXPENDITURE BY VOTE



	07/08 Aud	08/09 Aud	09/10 Bud	09/10 Adj	09/10 Est	10/11 Bud	11/12 Proj	12/13 Proj
Electricity	29,467	89,167	6,823	6,861	6,861	7,617	5,700	7,000
Water	0	0	0	0	0	1,150	0	0
Road Transport	1,445	97,186	18,016	21,825	21,825	14,932	14,896	19,897
Waste Water Management	0	0	0	0	0	4	0	0
Waste Management	524	600	0	2,215	2,215	2,957	0	0
Sport and Recreation	2,758	56	2,365	1,425	1,425	1,045	1,565	2,575
Public Safety	597	308	2,125	2,878	2,878	200	0	0
Housing	75,346	1,062	35,054	16,461	16,461	3,414	0	0
Community & Social Services	10,675	1,166	2,326	2,418	2,418	4,229	1,600	0
Planning & Development	0	0	1,143	1,084	1,084	6,301	9,604	11,610
Finance & Admin	17,957	16,759	4,479	3,979	3,979	0	3,958	4,346
Executive & Council	190	509	0	0	0	1,435	1,115	1,115

Lukhanji Tabled Budget

CHART 4 - CAPITAL FUNDING BY SOURCE



	07/08 Aud	08/09 Aud	09/10 Bud	09/10 Adj	09/10 Est	10/11 Bud	11/12 Proj	12/13 Proj
■ Accumulated Surplus (Own Funds)	0	0	252	583	583	3,709	0	0
□ External Loans	0	0	9,234	8,734	8,734	0	3,958	4,346
□ District Municipality	0	0	404	384	384	1,207	0	0
■ Provincial Government	0	0	35,054	21,227	21,227	4,240	0	0
■ National Government	140,942	207,296	27,388	28,218	28,218	34,130	34,480	42,197

Lukhanji Tabled Budget

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 2009 and was followed in the preparation of the 2010/11 medium term budget document.

Lukhanji Municipality

2010/11

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE	
Item description	Due Date
July 2009	
Review the 2009/10 Budget Process	1-31 July
Establish process and timetable for the 2010/11 to 2012/13 Budget Development ⁹	20-Jul-09
August 2009	
COUNCIL MEETING: Budget Schedule to be tabled to the Council	31-Aug-09
2008/09 Financial Statements submitted to Auditor-General	31-Aug-09
September 2009	
MAYORAL/ BUDGET STEERING COMMITTEE MEETING: Mayoral committee to meet and identify strategies and guidelines for the development of the 2010/11 to 2012/13 Budgets. Committee should adopt the 'Budget Preparation and Financial Guidelines' proposed.	04-Sep-09
MAYORAL / STEERING COMMITTEE MEETING: - review progress and budget assumptions	04-Sep-09
MEETING WITH DIRECTORS AND MANAGERS: Directorates to be provided with the current Baseline Operating Medium Term Expenditure Forecasts (MTEF) 2010/11 thru 2012/13 that are to be used as a basis for the development of new Operating Medium Term Expenditure	18-Sep-09
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	30-Sep-09

Lukhanji Tabled Budget

2010/11

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE	
Item description	Due Date
October 2009	
MAYORAL / STEERING COMMITTEE MEETING: - review progress and baseline operating budget.	09-Oct-09
Schedule individual meetings with Directorate to review baseline budget and work progress for completion of changes and supplemental requests	23-Oct-09
Review current tariffs, receive requested changes from directorates and prepare options for consideration	30-Oct-09
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.	30-Oct-09
November 2009	
Draft report on proposed tariff changes for review to Budget Steering Committee delivered to CFO	05-Nov-09
MAYORAL / STEERING COMMITTEE MEETING: - review progress and proposed tariff report.	06-Nov-09
Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by directorates	27-Nov-09
Receive audited Financial Statements and Audit report from the Auditor-General for the 2008//09 financial year	30-Nov-09
December 2009	
MAYORAL / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND DRAFT TARRIFS.	04-Dec-09
January 2010	
MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	23-Jan-10
MAYORAL COMMITTEE MEETING: PRESENT MIDYEAR PERFORMANCE REPORT TO MAYORAL COMMITTEE: Final review of 2009/10 operating and capital budget for midyear adjustments to mayoral committee for approval to council.	23-Jan-10
SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DIRECTORATES: Final date for submission of all Capital Budget plans by Directorates to the budget office.	23-Jan-10
COUNCIL MEETING: Table in a special council meeting the annual report, mid year assessment report, financial statements and audit report	29-Jan-10

Lukhanji Tabled Budget

2010/11

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE	
Item description	Due Date
February 2010	
MAYORAL / STEERING COMMITTEE MEETING: - review progress and the DRAFT BUDGET.	05-Feb-09
MEETING WITH DIRECTORS AND MANAGERS: Directorates to be provided with the SDBIP performance indicators from last year and asked to revise. They should also	12-Feb-10
COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year	26-Feb-10
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	26-Feb-10
March 2010	
MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	05-Mar-10
Final Date for Directorates to present SDBIP performance indicators and service delivery targets for 2010/11 for review.	12-Mar-10
MAYORAL / STEERING COMMITTEE MEETING: final draft operating and capital budget presented to Mayoral committee for review	19-Mar-10
COUNCIL MEETING: Council (after consideration of the 2008/09 Annual Report) to adopt an Oversight Report.	31-Mar-10
COUNCIL MEETING: Operating and Capital draft budget and IDP tabled to Council for consultation with the community	31-Mar-10
Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the Annual Financial Statements, the 2008/09 audit report and any corrective action taken in response to the findings of the audit report.	31-Mar-10
Submit draft budgets in required form to NT, Provincial Treasury	31-Mar-10

Lukhanji Tabled Budget

2010/11

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE	
Item description	Due Date
April 2010	
Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	16-Apr-10
Directorates are to provide a list of Capital Projects to be rolled over for inclusion in the 2010/11 Budget to the budget office and cash balances forward for grant projects.	30-Apr-10
May 2010	
Hold public meetings and consultations on budget/ IDP	3 - 7 May
Final Budgets prepared taking into consideration submissions made during consultation process	12-May-10
MEETING OF MAYORAL / STEERING COMMITTEE: Approval of FINAL operating and capital budget for presentation to the full council	14-May-10
COUNCIL MEETING: IDP & Budgets for 2010/11 thru 2012/13 adopted by Council along with the Mayor's budget address	28-May-10
June 2010	
The Service Delivery and Budget Implementation Plans (SDBIP) along with the annual performance agreements for the Municipal Manager and all managers directly responsible	18-Jun-10
IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	18-Jun-10
MAYORAL TO APPROVE SDBIP AND PERFORMANCE AGREEMENTS within 14 days after receiving them.	28-Jun-10

Lukhanji Tabled Budget

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 2009 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 2010/11 budget process began in July 2009 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 2009 the Mayoral committee approved the budget preparation schedule and tabled that schedule to council.

During the months of September thru January 2009/10 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 February a first draft budget was prepared using all available data and in March this report was presented to the Mayoral Committee.

In February the mid year assessment was prepared and based on that report an adjustments budget was submitted to the council for approval.

In February and March 2010 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, 2010.

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.

Lukhanji Tabled Budget

DATE	WARD	AREAS	STAKEHOLDERS	VENUE	MEETING	
					WARD	VENUE
12/05/10	1	Tylden, Imvani, Birch Farm			Community	Tylden Creche Birch Farm
	3	Mtebele, Lower Machibini, Upper Machibini, Manzezulu			Community	Mtebele School
	1 & 2	Ilinge	Business People; Taxi Org; Ministers Fraternal; Farmers, SGB's; Principals Ministers Fraternal, Provincial Interom Leaders' Committee	Ilinge Community Hall		
		Ilinge			Community Meeting	Ilinge Community Hall
17/05/10	27	Toiskraal, Lesseyton, Zingquthu, Ashby Manor	Business People; Taxi Org; Taverners, Sector Police, SGB's; Principals, NGO's, CBO's Ministers Fraternal, Provincial Interom Leaders' Committee	Lessyton		Zingquthu
					Community	Lessyton
18/05/10	18 & 19	Sebata Dalindybebo, Aloevale, Victoria Park,			Community	Ashley Wyngaard
19/05/10	18,20,21	Part of Kayelitsha, Eskom, Kwa-Magxaki, Railway Houses, Part of Suntu Pika, Nomzamo Squatter Area and Squatter area between Kayelitsha and Suntu Pika, Unifound, Kayelitsha Pola-Park, Zakhele, Portion of Nomzamo	Business People; Taxi Org; Taverners, Sector Police, SGB's; Principals, NGO's, CBO's Ministers Fraternal, Provincial Interom Leaders' Committee	Skweyiya Community Hall		
					Community	Support Centre next to Lizo Ngcana
20/05/10	4, 7, 8 & 15	Unathi Mkefa, Cancele, Themba, Ezibeleni Zone 3 and Chris Hani Squatter Camp, D.D. Hall Area, Kojingi, Phakamisa, Portion of Cancele, Howard Ben-Mazwi, Ezibeleni Zone I	Business People; Taxi Org; Taverners, Sector Police, SGB's; Principals, NGO's, CBO's Ministers Fraternal, Provincial Interom Leaders' Committee	Ezibeleni Community Hall		
	22,23,24 & 25	New Brighton Location, Bongweni, White City R's and T's, Nkwana Informal Settlement, Portion of Parkvale, Section of R and T White City, Section of Bulawayo, Section of Bongweni, Section of Q and S, New Town, Bede, Thulandivile and New Rest Areas, Zwellit			Community Meeting	Skweyiya Community Hall
	6, 25 & 26	CBD, Blue Rise, Top Town, Bonkolo Basin, Bergsig, Kings Park, Westbourne, Madeira Park and Part of Silvertown	Business People; Taxi Org; RIAF/COC Lukhanji Business Forum Cooperatives, Organised Labour, Sector Departments	Town Hall		
					Community	Town Hall
21/05/10	1	Gwatyu Farm			Community	Forest Range
22/05/10	1	Tembarani			Community	Sunny Side
23/05/10	4,6,7,8 & 15	Ezibeleni area			Community	Siyavuya J S 5
24/05/10	12	Yonda, Mtwakazi, Musa, Zweledinga, Oxton, Chibini, Mbekweni, Bold Point			Community	Yonda Sheering Shed
	5				Community	
	13	Romanslaagte, Tsitsikama, Upper Didimana, Zulumema, Sisiwana, Cinezile, Nyana, Lower Lahlangubo, Upper Lahlangubo, Upper Hukuwa, Lower Hukuwa, Sautiya			Community	Lower Hujuwu Sheering Shed
	22,23,24 & 25	New Brighton Location, Bongweni, White City R's and T's, Nkwana Informal Settlement, Portion of Parkvale, Section of R and T White City, Section of Bulawayo, Section of Bongweni, Section of Q and S, New Town, Bede, Thulandivile and New Rest Areas, Zwellit			Community	Sikweyiya Community Hall
	6	Queensview Park, Laurie Dashood, Komani Park, Sandringham, Central			Community	Sunshine Village Hall
25/05/10	17	Tambo Village, Brakloof, Poplar Grove, Extension 4, Whittlesea Town			Community	Tambo Village Community Hall
	14	Kamastone Village, Lower Didimana, Lower Zangqokhwe, Upper Zangqokhwe, Mceula, Bulbook, McBride, Essam			Community	Mceula Hall
	5	Botha's Hoek, Who can Tell, Merino Walk, McBride, Slovo			Community	Thambo Village Tent
26/05/10	17	Ext 2 and Ext 4			Community	Whittlesea Primary School
	16	Ekuphumleni Township (Zone I, Zone II and Zone III)			Community	Dongwe Community Hall
	5,9,10,11	Upper Shiloh, Lower Shiloh, Longdraai, Galterwater, Koloman, Grafton, Dipala, Sbonile, Ngqini, Dyamala, Clamont, Gaines, Sada, Madakeni, Ngqobokeni, Mthabazo, Ngcamngeni, New Shiloh, Madakeni, Ngqobokeni, Mthabazo, Ngcamngeni, New Zone	Business People; Taxi Org; Taverners, Sector Police, SGB's; Principals, NGO's, CBO's Ministers Fraternal, Provincial Interom Leaders' Committee	Agricultural Hall		
27/05/10	5 & 11			Door to Door		
28/05/10						COUNCIL MEETING Sada Community Hall

Lukhanji Tabled Budget

From this plan workshops will be held in every ward cluster within the municipality during the period May thru June. 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.

8. 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.

Lukhanji Tabled Budget

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

LUKHANJI KEY PRIORITIES (KPA's) FOR 2010/2011

- I. Good Governance (IGR + Restorative Justice processes –renaming)
- II. Institutional Development & Transformation
- III. Financial viability (Clean Audit, budgeting and Revenue improvement)
- IV. Local Economic development
- V. Rural Development
- VI. Service delivery
 - a. Roads and Stormwater
 - b. Housing
 - c. Electricity
 - d. Local Tourism development
 - e. Community and recreational facilities & Amenities
 - f. Special Programmes
 - g. Water & Sanitation provision
 - h. Municipal planning

Lukhanji Tabled Budget

LUKHANJI DEVELOPMENT TARGETS FOR 2010/2011

GOOD GOVERNANCE + FINACIAL VIABILITY

- To achieve a clean audit by June 2011
- To improve turnaround time for completion of budget: adjustment by 14 February, DRAFT 10/11 budget to 31 March 2010
- To improve turn around for dealing with disciplinary cases brought before the DC to less than 60 days from date of initial charges by end 2010
- To have all our employees signing a pledge to anti-corruption program by beginning 2010/11
- To develop clear policy for restorative justice processes and renaming

INSTITUTIONAL DEVELOPMENT & TRANSFORMATION

- To revise and automate and cascade performance management
- To adopt a HR retention strategy
- To adopt revised EEP with specific targets for women, youth and disabled in our top three levels of management
- To apply for accreditation as a housing delivery agent of the department by end of 2010/11 financial year
- To fill all critical budgeted vacancies in the organogram by June 2010
- To facilitate accredited training of at least 40 officials and 8 councilors
- To facilitate training and capacity building of all ward committees

LOCAL ECONOMIC DEVELOPMENT

- To improve Agric contribution to economy by between 1% and 2.5%
- To support Local Tourism Agency
- To adopt an Agriculture and Rural development plan
- To create at least 2500 jobs through implementation of municipal public works program and EPWP by June 2010 (LED unit function is to collate data from other sections)

SERVICE DELIVERY

- To ensure that 90% of our households have safe places to dispose of their refuse and waste by end 2010/11
- To facilitate construction of 2000 low cost houses with support from EC department of Housing
- To facilitate supply of electricity to 85% of households by June 2011
- To construct 50km of new gravel road network in our rural areas by June 2011
- To maintain and or upgrade at least 25km of road surface (Tarr + Gravel) by June 2011
- To facilitate increase household access to water and sanitation services to about 95% for water and 90% for sanitation by June 2011

Lukhanji Tabled Budget

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

8.2 – Table SA4 – Reconciliation of IDP strategic objectives and Budget – Revenue

8.3 – Table SA5 – Reconciliation of IDP strategic objectives and Budget – Operating Expenditure

8.4 – Table SA6 – Reconciliation of IDP strategic objectives and Budget – Capital Expenditure

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Good Governance & Financial Viability	To achieve clean audit by 30 June 2011		-	125,469	111,770	114,898	126,107	126,107	136,689	146,347	158,817
Institutional Development & Transformation	Revise and automate and cascade performance management		-	-	274	-	934	934	281	-	-
Local Economic Development	Improve agricultural contribution to economy		-	1,632	7,534	2,018	4,683	4,683	2,627	1,531	1,531
Service Delivery	Ensure that 90% of households have safe places to dispose their refuse and waste		-	129,294	199,841	210,536	225,665	225,665	259,300	292,884	336,311
Total Revenue (excluding capital transfers and contributions)		1	-	256,396	319,419	327,451	357,390	357,390	398,897	440,761	496,659

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
Good Governance & Financial Viability	To achieve clean audit by 30 June 2011		-	71,987	42,237	74,132	71,679	71,679	72,122	70,279	72,799
Institutional Development & Transformation	Revise and automate and cascade performance management		-	2,855	3,276	4,766	5,621	5,621	5,153	5,106	5,353
Local Economic Development	Improve agricultural contribution to economy		-	7,939	12,259	8,938	11,209	11,209	9,858	8,945	9,416
Service Delivery	Ensure that 90% of households have safe places to dispose their refuse and waste		-	168,188	238,476	239,033	268,257	268,257	311,355	347,452	397,128
		1	-	250,969	296,248	326,869	356,766	356,766	398,488	431,782	484,696

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Good Governance & Financial Viability	To achieve clean audit by 30 June 2011	A		-	18,148	17,268	4,479	3,979	3,979	1,435	5,073	5,461
Institutional Development & Transformation	Revise and automate and cascade performance management	B		-	-	-	-	-	-	-	-	-
Local Economic Development	Improve agricultural contribution to	C		-	75,346	1,062	1,143	1,084	1,084	6,301	9,604	11,610
Service Delivery	Ensure that 90% of households have safe places to dispose their refuse and waste	D		-	47,448	188,967	66,710	54,083	54,083	35,549	23,761	29,472
			1	-	140,942	207,296	72,332	59,146	59,146	43,286	38,438	46,543

Lukhanji Tabled Budget

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.

Policies submitted for revision in with the 2010/11 tabled budget include :

Lukhanji Municipality Virement (Adjustment Budget) Policy
Lukhanji Municipality Arrangement Policy
Lukhanji Municipality Credit Control and Debt Collection policy

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.

Lukhanji Tabled Budget

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.

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 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

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.

Lukhanji Tabled Budget

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.

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 Budget

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.

Budget Assumptions Table 2010/11				
	Estimated 2009/10	Estimated 2010/11	Estimated 2011/12	Estimated 2012/13
1) General Inflation Factor	5.4%	5.1%	4.6%	4.6%
2) Interest Rates:				
Borrowing	14.5%	12.0%	12.0%	12.0%
Investing	12.0%	8.0%	8.0%	8.0%
3) Increases - Rates and Tariffs:				
Growth Factor	1.0%	1.0%	1.0%	1.0%
Rates	8.0%	8.0%	7.0%	7.0%
Electricity	28.9%	28.0%	25.0%	25.0%
Refuse	15.0%	15.0%	15.0%	15.0%
Water	5.0%	6.0%	6.0%	6.0%
Sanitation	5.0%	6.0%	6.0%	6.0%
4) Tax Base Growth	0.0%	0.0%	0.0%	0.0%
5) Billing Collection Rates:				
Rates	88.0%	98.0%	98.0%	98.0%
Electricity	96.0%	77.1%	77.1%	77.1%
Refuse	52.0%	49.9%	49.9%	49.9%
Water	73.0%	56.2%	56.2%	56.2%
Sanitation	64.0%	58.9%	58.9%	58.9%
Debtor Interest	7.7%	0.0%	0.0%	0.0%
6) Bulk Electricity Purchases				
Growth Factor	0.0%	0.0%	0.0%	0.0%
Bulk Cost Increases	31.3%	28.9%	25.8%	25.9%

Lukhanji Tabled Budget

Budget Assumptions Table 2010/11				
	Estimated 2009/10	Estimated 2010/11	Estimated 2011/12	Estimated 2012/13
7) Salary Increases				
Salaries	13.0%	8.0%	6.0%	6.0%
Overtime	13.0%	8.0%	6.0%	6.0%
Contract Workers	4.0%	4.0%	4.0%	4.0%
8) WSSA contract increase	5.0%	5.0%	5.0%	5.0%
9) Equitable Share Allocation	68,291,000	86,907,672	97,990,812	107,646,495
10) Water/Sanitation Subsidy (from District)	18,595,795	40,738,324	42,419,340	44,177,059
11) Water/Sanitation Net	(1,455,136)	0	0	0
12) Primary Health Clinics Allow.	5,261,000	6,682,000	6,982,000	7,331,000
13) Primary Health Clinics Deficit	(169,576)	775,411	881,654	965,165
14) ATIC Clinics Allow.	2,214,379	3,180,279	3,180,279	3,180,279
15) ATIC Clinic Deficit	-	-	-	-
16) Library Allocation	2,214,379	3,180,279	3,180,279	3,180,279
17) Library Deficit	-	-	-	-
18) Property Sales	-	-	-	-
19) Small Equipment Purchases	-	-	-	-
20) Change in # of Staff	-	-	-	-
21) New Capital Purchases	1,979,000		1,958,000	2,346,000

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 and 51 from National Treasury for the next three years when preparing this medium term budget

Lukhanji Tabled Budget

Interest rates for borrowing and investment of funds

Based on historical trends and current market analysis we have used 12% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 8% 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.

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 be 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 28.9% increase in the cost of bulk electricity, the tariffs charged to customers will increase this year by 28%. Indigent customers will be subsidized as follows:

0 – 50kw	free
51 – 100kw	22% Increase
101kw onwards	28% 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 recommendation was made to the Chris Hani District municipality to increase the water and sanitation tariff with 6% as well. Given the history discussed above, no increases have been included for the outer years of this budget.

Lukhanji Tabled 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 2009/10.

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 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 Budget

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

We have budgeted for a bulk price increase in 10/11 of 28.9% for purchases of bulk electricity for distribution and resale as per circular no. 48 and Circular 51. For the medium term we have projected 25% for 2011/12 and 25% for 2012/13 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 2010/11 salaries are projected to increase 8%, for 11/12 6.0%, and for 12/13 a projected 6.0% 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 Budget

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 2009/10 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: Table SA 10

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.

Lukhanji Tabled Budget

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 2010/11 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital.

EC134 Lukhanji Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	37,209	47,168	73,374	73,956	73,998	73,998	73,998	74,408	83,387	95,350
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	39,806	69,581	117,039	116,058	116,058	116,058	137,194	151,786	174,185
Cash year end/monthly employee/supplier payments	18(1)b	3	-	2.6	3.3	3.1	2.9	2.9	2.9	2.5	2.6	2.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	5,426	23,171	582	624	624	624	410	8,979	11,963
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	14.3%	12.4%	(7.2%)	(6.0%)	(6.0%)	12.2%	11.3%	11.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	69.8%	67.1%	106.8%	105.5%	105.5%	105%	111.9%	115.2%	109.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	27.4%	27.2%	27.3%	32.4%	32.4%	32.4%	32.0%	30.9%	29.9%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	#####	(41028050.0%)	(74.3%)	(55.2%)	(55.2%)	(55.2%)	(143.3%)	(135.2%)	(117.1%)
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	55.2%	18.2%	0.0%	0.0%	0.0%	8.2%	1.5%	7.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	#NAME?	2.2%	4.2%	5.8%	5.8%	5.8%	5.9%	4.3%	4.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Lukhanji Tabled Budget

11.2 – Financial Indicators – Table SA 8

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.

EC134 Lukhanji - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Borrowing Management											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.0%	4.6%	2.7%	1.6%	1.6%	1.6%	1.6%	0.7%	0.0%	0.0%
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.5%	2.1%	2.6%	1.8%	1.8%	1.8%	1.9%	1.6%	1.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	-114511300.0%	-41028050.0%	-74.3%	-55.2%	-55.2%	-55.2%	-143.3%	-135.2%	-117.1%
Safety of Capital											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	0.0%	93.3%	73.9%	63.7%	63.7%	63.7%	63.7%	58.2%	54.0%	48.4%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	-	1.8	1.9	2.1	2.1	2.1	2.1	2.2	2.4	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	1.8	1.9	2.1	2.1	2.1	2.1	2.2	2.4	2.7
Liquidity Ratio	Monetary Assets/Current Liabilities	-	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	117.5%	86.4%	86.4%	86.4%	86.4%	118.0%	118.1%	116.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	39.0%	48.6%	56.1%	51.4%	51.4%	51.4%	49.8%	45.7%	43.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Funding of Provisions											
Provisions not funded - %	Unfunded Provs./Total Provisions										
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	28.6%	27.3%	29.9%	25.8%	25.8%	25.8%	26.1%	25.0%	23.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	30.8%	28.4%	33.7%	28.7%	28.7%		29.1%	27.9%	26.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	4.2%	0.6%	2.6%	1.8%	1.8%	1.8%	1.9%	1.6%	1.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	6.1	131.3	49.0	49.0	49.0	129.8	144.3	163.1	186.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	78.6%	101.5%	101.8%	102.9%	102.9%	102.9%	94.2%	81.7%	74.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	2.6	3.3	3.1	2.9	2.9	2.9	2.5	2.6	2.6

Lukhanji Tabled Budget

Sources of Funding

11.3 - Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2010/11 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 R209.3 million in billed revenue for the municipality in 2010/11 and will account for an estimated R156.9 million in actual cash collection. The breakdown is as follows:

<u>Item</u>	<u>Billed (000's)</u>	<u>Cash (000's)</u>
• Property Rates	37,448	36,697
• Electricity	115,606	89,386
• Water	23,758	13,355
• Wastewater	14,159	8,309
• Refuse Collection	18,351	9,163
• Total	<u>209,323</u>	<u>156,909</u>

Property Rates

The municipality has completed the process of valuating all its properties in the jurisdiction of Lukhanji. However, we have found areas that were excluded from this process and will be rectified through the additional valuations to be performed. Also the facing in of rates also becomes a problem as it puts a financial burden on the levying of rates.

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 (R115.6 million next year). It is also the source of the single largest expenditure – bulk electricity purchases (budgeted at R95.4 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

Lukhanji Tabled Budget

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%**. The NER also approved a 1.5cent per unit sold through the 2008/09 and 2009/10 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 **6%** 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.

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 2010/11 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 R1.076 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.

Lukhanji Tabled Budget

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.

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 SA15 – Investments Particulars by Type

11.7 - Table SA16 – Investments Particulars by Maturity

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			664	707	707	707	707	707	707	707
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	664	707	707	707	707	707	707	707
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	664	707	707	707	707	707	707	707

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months			Rand thousand	
Parent municipality						
ABSA BANK		Call	CALL ACCOUNTS		707	60
Municipality sub-total					707	60
Entities						
Entities sub-total					-	-
TOTAL INVESTMENTS AND INTEREST	1				707	60

Lukhanji Tabled Budget

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 Budget

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 SA 18 - Transfers and grant receipts

Table SA 19 - Expenditure on transfers and grant programme

Table SA 20 - Reconciliation of transfers, grant receipts and unspent Funds

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

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	42,608	54,967	69,776	72,699	72,699	88,908	100,281	109,946
Equitable share			40,858	53,732	68,291	70,964	70,964	86,908	97,991	107,646
Finance Management			750	500	750	1,000	1,000	1,250	1,500	1,500
Municipal Systems Improvement			1,000	735	735	735	735	750	790	800
Provincial Government:		-	8,377	6,688	7,475	11,052	11,052	9,862	10,162	10,511
Health subsidy			8,377	6,688	7,475	11,052	11,052	9,862	10,162	10,511
Housing										
Sports and Recreation										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>Water and Sanitation Provider</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		-	50,984	61,655	77,251	83,751	83,751	98,770	110,443	120,458
Capital expenditure of Transfers and Grants										
National Government:		-	10,232	21,009	19,734	19,734	19,734	28,054	34,480	42,197
Municipal Infrastructure (MIG)			10,232	21,009	19,734	19,734	19,734	22,017	26,480	32,197
Public Works								1,037	-	-
Municipal Infrastructure (MIG)								5,000	8,000	10,000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	2,262	18,024	18,596	39,700	39,700	41,855	44,820	47,939
<i>Water and Sanitation Provider</i>			2,262	18,024	18,596	39,700	39,700	41,855	44,820	47,939
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total capital expenditure of Transfers and Grants		-	12,494	39,033	38,330	59,434	59,434	69,909	79,300	90,136
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	63,478	100,688	115,581	143,185	143,185	168,679	189,743	210,594

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		-	42,608	54,967	69,776	72,699	72,699	88,908	100,169	109,946
Equitable share			40,858	53,732	68,291	70,964	70,964	86,908	97,879	107,646
Finance Management			750	500	750	1,000	1,000	1,250	1,500	1,500
Municipal Systems Improvement			1,000	735	735	735	735	750	790	800
Provincial Government:		-	8,377	6,688	7,475	11,052	11,052	9,862	10,162	10,511
Health subsidy			8,377	6,688	7,475	11,052	11,052	9,862	10,162	10,511
Housing	4									
District Municipality:		-	2,262	20,448	18,596	42,124	42,124	44,279	47,244	50,363
Water and Sanitation Provider			2,262	18,024	18,596	39,700	39,700	41,855	44,820	47,939
Library Subsidy				2,424	-	2,424	2,424	2,424	2,424	2,424
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	53,246	82,103	95,847	125,874	125,874	143,049	157,575	170,820
<u>Capital Transfers and Grants</u>										
National Government:		-	10,232	21,009	19,734	19,734	19,734	33,054	42,480	52,197
Municipal Infrastructure (MIG)			10,232	21,009	19,734	19,734	19,734	27,017	34,480	42,197
Public Works								1,037		
Municipal Infrastructure (MIG)								5,000	8,000	10,000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	10,232	21,009	19,734	19,734	19,734	33,054	42,480	52,197
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	63,478	103,112	115,581	145,608	145,608	176,103	200,055	223,017

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			5,528	12,838		4,564	4,564	2,898		
Current year receipts			13,249	18,346	69,776	72,449	72,449	89,945	100,281	109,946
Conditions met - transferred to revenue		-	5,939	19,472	69,776	77,014	77,014	92,843	100,281	109,946
Conditions still to be met - transferred to liabilities			12,838	11,712						
Provincial Government:										
Balance unspent at beginning of the year			13,900	6,003		3,766	3,766	3,780		
Current year receipts			23,771	22,333	7,475	15,788	15,788	12,286	12,586	12,935
Conditions met - transferred to revenue		-	31,667	18,013	7,475	19,554	19,554	16,066	12,586	12,935
Conditions still to be met - transferred to liabilities			6,003	10,323						
District Municipality:										
Balance unspent at beginning of the year			77	1,140				37		
Current year receipts			1,813	195						
Conditions met - transferred to revenue		-	751	58	-	-	-	37	-	-
Conditions still to be met - transferred to liabilities			1,140	1,277						
Other grant providers:										
Balance unspent at beginning of the year			512	502						
Current year receipts			107	158						
Conditions met - transferred to revenue		-	116	(7)	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			502	667						
Total operating transfers and grants revenue		-	38,473	37,537	77,251	96,568	96,568	108,945	112,867	122,881
Total operating transfers and grants - CTBM	2	-	20,483	23,979	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year					7,654	8,484	8,484	7,113		
Current year receipts					19,734	19,734	19,734	27,017	34,480	42,197
Conditions met - transferred to revenue		-	-	-	27,388	28,218	28,218	34,130	34,480	42,197
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					3,146	7,533	7,533	4,240		
Current year receipts					31,908	13,694	13,694			
Conditions met - transferred to revenue		-	-	-	35,054	21,227	21,227	4,240	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year					404	384	384	1,207		
Current year receipts										
Conditions met - transferred to revenue		-	-	-	404	384	384	1,207	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year								3,709		
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	3,709	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	62,846	49,829	49,829	43,286	34,480	42,197
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	38,473	37,537	140,097	146,397	146,397	152,231	147,347	165,078
TOTAL TRANSFERS AND GRANTS - CTBM		-	20,483	23,979	-	-	-	-	-	-

Lukhanji Tabled Budget

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 2009/10 financial year to the 2010/11 financial year will be 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 Budget

Cash Carry Forward

DESCRIPTION OF PROJECT	ESTIMATED CASH CARRY FORWARD
Capital Grants Projects	
Consolidated Rural Areas	24,023
Libraries	182,500
Rural Water Projects	1,000,000
Ekuphumleni Housing	16,191
Enkululekweni Housing	34,005
Ezibeleni Phase II Housing	2,407
Ilinge Housing	2,562
Imvani Housing	10,107
Sabata Dalindyebo Housing	477
Tambo Village Housing	569
Ilinge Transfer Fees	55,619
Registration Fees	9,325
Interest on Housing Projects	4,120
Interest on Housing Projects	70,000
Bothas Hoek Housing	43,861
Ensam Housing	25,069
Merino Walk Housing	-18,751
Poplar Grove Housing	1,093,670
Who can Tell Housing	383,518
McBride Housing	107,263
Sabata Dalindyebo Housing	967,262
Nomzamo Housing	606,660
National Electrification Programme (urban areas)	333,461
New Rathwick Electrification	134,123
Refurbishment of MV Switchgear	3,064,849
Nature Reserve	192,261
Bulk Services Levy	452,075
Whittlesea Ext 4	471,000
Community Halls	950,000
Public Toilets	577,504
Urban Stormwater	999,968
Urban Gravel Roads-MIG	-25,644
Tar Roads Phase 3	-965,290
Urban Graveseal Roads	961,526
Sport Facilities	890,480
Cemetries	231,493
High Mast Lights	452,594
Hawker Facilities	484,788
Creches	-3,423
MIG Counterfunds	1,200,844
MIG Retention	3,700
Lesseyton Tipsite	887,147
Fire Services	200,000
Sewer hydraulic Analysis	4,447
Ezibeleni Sewer	51,489
Sabata Dalindyebo Services	16,982
Ezibeleni Bulkwater & Roads	14,596
Mlungisi Bulkwater	67,117
TOTAL CAPITAL GRANTS	16,268,541

Lukhanji Tabled Budget

Cash Carry Forward

DESCRIPTION OF PROJECT	ESTIMATED CASH CARRY FORWARD
Operating Grants Projects	
MSP funds - Staff Audit, Database Cleansing, IT	283,993
SETA Training Grant	280,997
Mendi educare Centre	12,442
Services for informal settlements	149,145
Valuation fund - Ezibeleni Township	37,068
Completion of Zoning Scheme - Lukhanji	6,007
Laurie Dashwood Park Settlement Planning	21,624
Relayout of Whittlesea 200 Erven	42,332
Survey of Laurie Dashwood Park	2,296
General Valuation - Lukhanji (with carryover)	311,039
Attic	1,000,000
HIV Prevention Grant	5,000
Shiloh Greenfields - Survey Costs	255,924
Planning of Shiloh Greenfields	199,375
Brakloof Settlement Planning	58,920
Free Basic Services	61,223
Shiloh Bede Free Basic Water	47,679
IEC	30,278
LED Project - Resource Group	715,689
Development of Small Micro Enterprise Strategy & Hawkers Support	258,489
Financial Management Grant	779,861
Municipal Systems Improvement Grant - Carryover /Unallocated:	1,351,439
CMTP - Development of interventions & related projects	766,537
Rags to Riches	31,011
Tylden Irrigation Scheme	5,945
TOTAL OPERATING GRANTS	6,714,312
GRAND TOTAL ALL GRANTS	22,982,853

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 R1,958,000 to the 2011/12 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.

Lukhanji Tabled Budget

11.15 - TABLE SA17 - New Borrowing

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

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)			4,452	3,533	2,551	2,551	2,551	1,421	-	-
Local registered stock										
Instalment Credit										
Financial Leases			8,950	8,271	5,003	5,003	5,003	2,090	102	-
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	13,402	11,803	7,554	7,554	7,554	3,511	102	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	13,402	11,803	7,554	7,554	7,554	3,511	102	-

Lukhanji Tabled Budget

12. - Table SA 21 - Disclosure on Allocations Made by the Municipality

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

EC134 Lukhanji - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Transfers to other municipalities</u>										
TOTAL TRANSFERS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-
<u>Transfers to Entities/Other External Mechanisms</u>										
TOTAL TRANSFERS TO ENTITIES/EMS'		-	-	-	-	-	-	-	-	-
<u>Transfers to other Organs of State</u>										
TOTAL TRANSFERS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-
<u>Grants to Organisations/ Groups of Individuals</u>										
TOTAL GRANTS TO ORGANISATIONS/GROUPS OF INDIVIDUALS:		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	5	-	-	-	-	-	-	-	-	-

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 SA23 - Salaries, Allowances and Benefits (Political Office bearers/councillors/senior managers)

13.2 - TABLE SA22 - Summary of councillor and staff benefits

13.3 - TABLE SA24 - Summary of Personnel Numbers

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Normal Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
Councillors	4							
Speaker	5	1	359,644		138,352			497,997
Chief Whip								-
Executive Mayor		1	449,556		168,323			617,879
Deputy Executive Mayor								-
Executive Committee		7	2,360,169		916,021			3,276,190
Total for all other councillors		44	5,934,080		2,485,298			8,419,378
Total Councillors	9	53	9,103,449	-	3,707,995			12,811,444
Senior Managers of the Municipality	6							
Municipal Manager (MM)		1	543,341	140,823	89,658	64,086		837,908
Chief Finance Officer		1	538,498	70,800	70,382	56,052		735,732
Director - Human Settlements		1	447,771	127,256	100,898	55,666		731,592
Director - Technical Services		1	424,301	165,624	86,001	55,666		731,592
Director - Community Services		1	472,015	117,910	86,001	55,666		731,592
Director - Corporate & Human Resources		1	458,067	125,066	92,793	55,666		731,592
<i>List of each official with packages >= senior manager</i>								
Head: Internal Audit & Performance Management								-
Head: Geographical Information & Policy								-
Head Office of Intergovernmental & Governance Relations								-
Total Senior Managers of the Municipality	9	6	2,883,993	747,480	525,733	342,802	-	4,500,008
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		59	11,987,442	747,480	4,233,728	342,802	-	17,311,452

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Salary			6,664	7,126	9,369	7,864	7,864	9,103	9,650	10,229
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance			2,221	2,456	3,167	2,621	2,621	3,034	3,217	3,410
Cell phone allowance			509	562	594	591	591	674	714	757
Housing allowance										
Other benefits or allowances										
In-kind benefits										
Sub Total - Councillors		-	9,394	10,144	13,130	11,076	11,076	12,811	13,580	14,395
% increase	4		-	8.0%	29.4%	(15.6%)	-	15.7%	6.0%	6.0%
Senior Managers of the Municipality	2									
Salary			1,988	2,214	2,484	2,484	2,484	2,683	2,844	3,015
Pension Contributions			398	423	486	486	486	525	557	590
Medical Aid Contributions			178	183	203	203	203	220	233	247
Motor vehicle allowance			431	431	431	431	431	465	493	523
Cell phone allowance										
Housing allowance			34	34	27	27	27	29	31	33
Performance Bonus - Normal Bonus			254	276	305	305	305	329	349	370
Other benefits or allowances			27	23	24	24	24	26	28	30
In-kind benefits										
Sub Total - Senior Managers of Municipality		-	3,309	3,584	3,961	3,961	3,961	4,278	4,534	4,806
% increase	4		-	8.3%	10.5%	-	-	8.0%	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages			43,269	48,806	61,106	58,755	58,755	66,680	70,604	74,758
Pension Contributions			6,240	6,494	8,947	8,052	8,052	10,514	11,145	11,814
Medical Aid Contributions			5,025	10,270	7,005	6,242	6,242	8,177	8,667	9,187
Motor vehicle allowance			2,149	2,220	2,566	2,606	2,606	2,399	2,371	2,341
Cell phone allowance			29	24	21	37	37	17	17	17
Housing allowance			301	320	325	280	280	166	165	163
Overtime			3,606	4,335	5,205	4,583	4,583	3,273	3,469	3,677
Leave Bonus			3,046	3,339	4,443	4,443	4,443	5,188	5,499	5,829
Other benefits or allowances			2,694	1,133	3,647	2,408	2,408	2,725	2,861	3,004
In-kind benefits										
Sub Total - Other Municipal Staff		-	66,359	76,942	93,267	87,407	87,407	99,138	104,797	110,790
% increase	4		-	15.9%	21.2%	(6.3%)	-	13.4%	5.7%	5.7%
Total Parent Municipality		-	79,062	90,670	110,357	102,444	102,444	116,227	122,911	129,992
			-	14.7%	21.7%	(7.2%)	-	13.5%	5.8%	5.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		-	79,062	90,670	110,357	102,444	102,444	116,227	122,911	129,992
% increase	4		-	14.7%	21.7%	(7.2%)	-	13.5%	5.8%	5.8%
TOTAL MANAGERS AND STAFF	5	-	69,668	80,526	97,227	91,368	91,368	103,416	109,331	115,597

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2008/9			Current Year 2009/10			Budget Year 2010/11		
Number	1	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	
Municipal Council and Boards of Municipal Entities											
		53			53			53			
	3										
Municipal employees											
	4										
	2	6		6	6		6	8		8	
	6	3		3	3		3	3		3	
		303	303	-	303	303	-	303	303	-	
		<i>Finance</i>	54	54	54	54	54	54	54	54	
		<i>Spatial/town planning</i>	54	54	54	54	54	54	54	54	
		<i>Information Technology</i>	3	3	3	3	3	3	3	3	
		<i>Roads</i>	26	26	26	26	26	26	26	26	
		<i>Electricity</i>	35	35	35	35	35	35	35	35	
		<i>Water</i>	14	14	14	14	14	14	14	14	
		<i>Sanitation</i>	22	22	22	22	22	22	22	22	
		<i>Refuse</i>	95	95	95	95	95	95	95	95	
		<i>Other</i>	272	272	272	272	272	272	272	272	
		Technicians	-	-	-	-	-	-	-	-	
		<i>Finance</i>									
		<i>Spatial/town planning</i>									
		<i>Information Technology</i>									
		<i>Roads</i>									
		<i>Electricity</i>									
		<i>Water</i>									
		<i>Sanitation</i>									
		<i>Refuse</i>									
		<i>Other</i>									
		Clerks (Clerical and administrative)	46	38	8	55	47	8	55	47	
		Service and sales workers									
		Skilled agricultural and fishery workers									
		Craft and related trades									
		Plant and Machine Operators									
		Elementary Occupations									
TOTAL PERSONNEL NUMBERS		683	613	17	692	622	17	694	622	19	
% increase			(10.2%)	(97.2%)	3,970.6%	3,558.8%	-	3,982.4%	(10.4%)	(96.9%)	
Total municipal employees headcount		5									
Finance personnel headcount		7									
Human Resources personnel headcount		7									

Lukhanji Tabled Budget

- 14 Table SA 25 - Budgeted monthly revenue and expenditure**
- Table SA 26 - Budgeted monthly revenue and expenditure
(Municipal Vote)**
- Table SA 27 - Budgeted monthly revenue and expenditure
(Standard Classification)**
- Table SA 28 - Budgeted monthly capital expenditure
(Municipal Vote)**
- Table SA 29 - Budgeted monthly capital expenditure
(Standard Classification)**
- Table SA 30 - Budgeted Monthly cash flow**

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

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	
R thousand																	
<i>Multi-year expenditure to be appropriated</i>	1																
EXECUTIVE AND COUNCIL		-	280	100	-	-	155	-	-	30	300	300	270	1,435	1,115	1,115	
FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-	-	-	-	3,958	4,346	
PLANNING AND DEVELOPMENT		-	140	400	705	1,349	745	790	705	116	675	647	30	6,301	9,604	11,610	
HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
COMMUNITY AND SOCIAL SERVICES		350	248	694	546	616	494	16	16	186	266	316	482	4,229	1,600	-	
PUBLIC SAFETY		-	100	100	-	-	-	-	-	-	-	-	-	-	200	-	
SPORT AND RECREATION		200	350	120	-	-	-	155	-	220	-	-	(0)	1,045	1,565	2,575	
WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	4	4	-	-	
WASTE MANAGEMENT		410	300	177	170	-	-	-	-	-	500	600	800	2,957	-	-	
ROADS TRANSPORT		553	1,671	1,931	910	1,080	790	790	480	340	2,346	1,378	2,664	14,932	14,896	19,897	
WATER		-	91	91	91	91	91	91	91	91	91	91	241	1,150	-	-	
ELECTRICITY		1,920	1,437	1,063	1,132	-	65	-	-	-	1,000	1,000	0	7,617	5,700	7,000	
OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
HOUSING		1,830	599	641	-	-	344	-	-	-	-	-	-	3,414	-	-	
Capital multi-year expenditure sub-total	2	5,263	5,215	5,317	3,554	3,136	2,683	1,842	1,292	983	5,178	4,332	4,491	43,286	38,438	46,543	
<i>Single-year expenditure to be appropriated</i>																	
EXECUTIVE AND COUNCIL														-	-	-	
FINANCE AND ADMINISTRATION														-	-	-	
PLANNING AND DEVELOPMENT														-	-	-	
HEALTH														-	-	-	
COMMUNITY AND SOCIAL SERVICES														-	-	-	
PUBLIC SAFETY														-	-	-	
SPORT AND RECREATION														-	-	-	
WASTE WATER MANAGEMENT														-	-	-	
WASTE MANAGEMENT														-	-	-	
ROADS TRANSPORT														-	-	-	
WATER														-	-	-	
ELECTRICITY														-	-	-	
OTHER														-	-	-	
HOUSING														-	-	-	
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	2	5,263	5,215	5,317	3,554	3,136	2,683	1,842	1,292	983	5,178	4,332	4,491	43,286	38,438	46,543	

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	280	100	-	-	155	-	-	30	300	300	270	1,435	5,073	5,461
Executive and council		-	280	100	-	-	155	-	-	30	300	300	270	1,435	1,115	1,115
Budget and treasury office														-	3,958	4,346
Corporate services														-	-	-
<i>Community and public safety</i>		2,380	1,296	1,555	546	616	837	171	16	407	266	316	482	8,888	3,165	2,575
Community and social services		350	248	694	546	616	494	16	16	186	266	316	482	4,229	1,600	-
Sport and recreation		200	350	120	-	-	-	155	-	220	-	-	(0)	1,045	1,565	2,575
Public safety		-	100	100	-	-	-	-	-	-	-	-	-	200	-	-
Housing		1,830	599	641	-	-	344	-	-	-	-	-	-	3,414	-	-
Health														-	-	-
<i>Economic and environmental services</i>		553	1,811	2,331	1,615	2,429	1,535	1,580	1,185	456	3,021	2,025	2,694	21,234	24,500	31,507
Planning and development		-	140	400	705	1,349	745	790	705	116	675	647	30	6,301	9,604	11,610
Road transport		553	1,671	1,931	910	1,080	790	790	480	340	2,346	1,378	2,664	14,932	14,896	19,897
Environmental protection														-	-	-
<i>Trading services</i>		2,330	1,828	1,332	1,393	91	156	91	91	91	1,591	1,691	1,046	11,729	5,700	7,000
Electricity		1,920	1,437	1,063	1,132	-	65	-	-	-	1,000	1,000	0	7,617	5,700	7,000
Water		-	91	91	91	91	91	91	91	91	91	91	241	1,150	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	4	4	-	-
Waste management		410	300	177	170	-	-	-	-	-	500	600	800	2,957	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Standard	2	5,263	5,215	5,317	3,554	3,136	2,683	1,842	1,292	983	5,178	4,332	4,491	43,286	38,438	46,543

Lukhanji Tabled Budget

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 Budget

Lukhanji Municipality - Table 10 Operating Revenue by Source & Vote 2010/11 Performance Objectives re MFMA 17 3 b

Source	Vote	Source	Votes	Description	Notes
Property Rates		37,448,001	9.4%		
Finance		27,468,650		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		9,979,351		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.
Electricity from Tariffs		115,606,136	29.0%		
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		114,024,933		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		659,203		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.

Lukhanji Tabled Budget

Water From Tariffs		23,758,156	6.0%	
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	23,499,256	Water Tariffs	The charge is for the usage of water. Different categories exist for the billing of this service. An 8% 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		14,159,079	3.5%	
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	13,971,379	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 8% has been set to the service as the District Municipality is responsible for this function. S	
Refuse from Tariffs		18,389,427	4.6%	
Solid Waste Disposal	38,000	Tipping Fees	This is a cost recovery charge only.	
Refuse Removal	18,351,427	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.	

Lukhanji Tabled Budget

Grants		96,658,985	24.2%	
Allocations:				
Council	14,404,187	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.	
Finance (rates)	3,713,443	Equitable Share		
Electricity	7,394,672	Equitable Share		
Refuse	6,161,093	Equitable Share		
General	55,234,277	Equitable Share		
Various Departments	2,000,000	Conditional Grants	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.	
Various Departments	1,037,000	Conditional Grants	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.	
Various Departments	6,714,313	Conditional Grants : Cash Carry Forwards	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.	
Interest and Investment Income		2,010,000	0.5%	
Finance	2,010,000	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		1,350,323	0.3%	
Technical Service: Admin.	1,600	Rental of Property	This is a commercial utilization of land held for strategic and administrative purposes.	
Sportfields	85,385	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		
Housing: Estates	887,646	Rental of Property	This is properties that is owned by the municipality and rented at market related rates to the public.	
Civic Centers : Estates	375,542	Rental of Property	This is civic centers that are rented out to the public for functions ect.	

Lukhanji Tabled Budget

Interest From Debtors		16,282,882	4.1%	
Finance		1,162,517	Interest on Rates	This is a punitive charge to encourage people to pay their outstanding debt on time.
Finance		15,120,365	Interest on Service Charges	This is a punitive charge to encourage people to pay their outstanding debt on time.
Fines		503,830	0.1%	
Libraries		3,630	Library Fines	Penalties for late returning of books
Traffic Administration		500,000	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.
Licenses and Permits		4,764,516	1.2%	
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.		4,759,516	Licenses: Drivers	Application for new drivers licences
Income From Agency Services		55,722,192	14.0%	
Water Distribution		40,738,324	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		2,697,875	Motor Registration	This is a charge paid by the Eastern Cape Province for providing a service on behalf of the Department of Transport.
Libraries		2,423,714	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.
Health: Clinics		9,862,279	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.

Lukhanji Tabled Budget

Other		12,243,930	3.1%	
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		Sale of Erven	From the sale of surplus municipal property for Building Maintenance	
Council	8,010	Other		
Estates: Administration	30,600	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	6,647,257	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	31,900	Other	The are fees that are collected for the usage of parking bays in the town.	
Finance	58,753	Parking Meter Fees		
Refuse Removal	140,930	Other		
Cemetery	21,660	Digging of Graves	This is a cost recovery charge for digging graves for the community.	
Cemetery	856,046	Burial Fees		
Cemetery	27,859	Plot Fees	This is a cost recovery charge for supplying plots to the community.	
Fire Brigade	3,451	Fees	This is a cost recovery charge for supplying the service outside the municipal area.	
Health	30,000	Patient Retain Card	Charge to have see doctor at clinic. Control.	
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	1,435,972	Pound Fees	This is a cost recovery charge for keeping impounded animals at the pound.	
Pound and Commonage	1,133,161	Pound Sales	This charge is when impounded animals are sold on auction.	
Protective Services Control	113,811	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		
398,897,457		398,897,457	100%	

Lukhanji Tabled Budget

16 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.

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 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.

Lukhanji Tabled Budget

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 2010/11 year.

These are based on the draft SDBIP.

Lukhanji Tabled Budget

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 10/11	ANNUAL TARGET AGREED			
							YEAR - 2010/11			
							30 Sep	31 Dec	31 Mar	30 Jun
MUNICIPAL MANAGER										
GOVERNANCE	Intergovernmental Relations	To maintain effective intergovernmental relations	Participate in the District intergovernmental relations forum Establish and formalise with MoUs and partnerships with Sector Departments	Improved communication as assessed by MM on a scale of 1 very poor - 5 excellent Number of MoU actually concluded with Depts	Minutes of IGR forum meetings attended Signed MoU	4 per annum 1	1	1	1	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				
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 Mayco	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 programmes	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				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								

Lukhanji Tabled Budget

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 10/11	ANNUAL TARGET AGREED					
							YEAR - 2010/11					
							30 Sep	31 Dec	31 Mar	30 Jun		
ADMINISTRATION AND HUMAN RESOURCES												
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%		
				Number of requests granted	Annual Report submitted to HSRC	100% automatic disclosure	100%	100%	100%	100%		
		% 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%	

Lukhanji Tabled Budget

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 10/11	ANNUAL TARGET AGREED			
							YEAR - 2010/11			
							30 Sep	31 Dec	31 Mar	30 Jun
ESTATES SERVICES										
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 evens 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

Lukhanji Tabled Budget

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 10/11	ANNUAL TARGET AGREED			
							YEAR - 2010/11			
							30 Sep	31 Dec	31 Mar	30 Jun
TECHNICAL SERVICES										
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%
		To reduce number of blocked sewer lines	Develop and implement a camera inspection programme for sewer lines	% Implementation of inspection programme	Monthly Report by WSSA	100%	25%	50%	75%	100%
			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	Electrification of low income households	Number of low income households electrified	Monthly Report	500	0	0	100
		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 & Maintain stormwater channels in Sada, Ezibeleni & Munjisi 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 Budget

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 10/11	ANNUAL TARGET AGREED			
							YEAR - 2010/11			
							30 Sep	31 Dec	31 Mar	30 Jun
COMMUNITY SERVICES										
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
	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.	Attend 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 & Waste 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	Support integration of all PHC services via Lukhanji SLA	Integration status report tabled	Quarterly reports	100%	30%	50%	75%	100%	
	To facilitate provision of reliable health services and infrastructure	Implement the Lukhanji SLA and monitor compliance with its conditions	Status report tabled	Quarterly reports	100% implementation of SLA	20%	50%	80%	100%	
	To fight the spread of HIV and Aids as well as other communicable diseases	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	Participate in local JOINTS	Attend Local JOINTS meeting	Reports submitted on identified areas	Quarterly report	40%	60%	80%	100%	
	To contribute to law enforcement on the roads	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 (Bulhoek 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	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 Budget

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 10/11	ANNUAL TARGET AGREED				
							YEAR - 2010/11				
							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 link to budgeted	quarterly	Indigent household register updated and link to budgeted				Indigent household register updated and link 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%	
			2008/09 Financial statement delivered within 60 days of year end	quarterly	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	quarterly	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	quarterly	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 Budget

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 SA 34a - Capital expenditure by asset category

Table SA 35 - Future financial implications of capital budget

The following pages contain the listing of capital by category.

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	28,248	184,746	28,348	31,985	31,985	31,808	30,200	38,507
Infrastructure - Road transport		-	812	97,649	18,016	21,825	21,825	14,932	14,896	19,897
<i>Roads, Pavements & Bridges</i>			812	97,649	18,016	21,825	21,825	12,611	12,046	13,397
<i>Storm water</i>								2,321	2,850	6,500
Infrastructure - Electricity		-	26,324	86,966	6,823	6,861	6,861	7,617	5,700	7,000
<i>Generation</i>										
<i>Transmission & Reticulation</i>			26,324	86,966	5,474	5,536	5,536			
<i>Street Lighting</i>					1,350	1,325	1,325	7,617	5,700	7,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	1,112	130	3,508	3,299	3,299	9,259	9,604	11,610
<i>Waste Management</i>					2,365	2,215	2,215	2,957	-	-
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3		1,112	130	1,143	1,084	1,084	6,301	9,604	11,610
Community		-	198	-	4,451	6,721	6,721	5,474	3,165	2,575
Parks & gardens										
Sportsfields & stadia			198		2,125	1,425	1,425	1,045	1,565	2,575
Swimming pools										
Community halls					1,576	1,576	1,576	2,623	1,330	-
Libraries					212	255	255			
Recreational facilities										
Fire, safety & emergency						2,878	2,878	200	-	-
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries					285	285	285	1,231	270	-
Social rental housing	8									
Other					252	302	302	375	-	-

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	
R thousand	1										
Heritage assets		-	-	-	-	-	-	-	-	-	
Buildings	9										
Other											
Investment properties		-	-	-	35,054	16,461	16,461	3,414	-	-	
Housing development					35,054	16,461	16,461	3,414	-	-	
Other											
Other assets		-	112,495	22,550	4,479	3,979	3,979	2,589	5,073	5,461	
General vehicles	10		8,392	11,530	1,979	1,979	1,979		1,958	2,346	
Specialised vehicles											
Plant & equipment					2,000	2,000	2,000		2,000	2,000	
Computers - hardware/equipment											
Furniture and other office equipment				5,063	1,887						
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings				11,321		500			1,435	1,115	1,115
Other Land				81,676							
Surplus Assets - (Investment or Inventory)											
Other			6,044	9,134				1,155	-	-	
Agricultural assets		-	-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
Biological assets		-	-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (<i>list sub-class</i>)											
Total Capital Expenditure on new assets	1	-	140,941	207,296	72,332	59,146	59,146	43,286	38,438	46,543	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Refuse											
Fire											
Conservancy											
Ambulances											

Lukhanji Tabled Budget

EC134 Lukhanji - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2010/11 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Present value
R thousand								
Capital expenditure	1							
EXECUTIVE AND COUNCIL		1,435	1,115	1,115				
FINANCE AND ADMINISTRATION		-	3,958	4,346				
PLANNING AND DEVELOPMENT		6,301	9,604	11,610				
HEALTH		-	-	-				
COMMUNITY AND SOCIAL SERVICES		4,229	1,600	-				
PUBLIC SAFETY		200	-	-				
SPORT AND RECREATION		1,045	1,565	2,575				
WASTE WATER MANAGEMENT		4	-	-				
WASTE MANAGEMENT		2,957	-	-				
ROADS TRANSPORT		14,932	14,896	19,897				
WATER		1,150	-	-				
ELECTRICITY		7,617	5,700	7,000				
OTHER		-	-	-				
HOUSING		3,414	-	-				
		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		43,286	38,438	46,543	-	-	-	-
Future operational costs by vote	2							
EXECUTIVE AND COUNCIL								
FINANCE AND ADMINISTRATION								
PLANNING AND DEVELOPMENT								
HEALTH								
COMMUNITY AND SOCIAL SERVICES								
PUBLIC SAFETY								
SPORT AND RECREATION								
WASTE WATER MANAGEMENT								
WASTE MANAGEMENT								
ROADS TRANSPORT								
WATER								
ELECTRICITY								
OTHER								
HOUSING								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		43,286	38,438	46,543	-	-	-	-

Lukhanji Tabled Budget

GRANT / OTHER FUNDING FOR CAPITAL PROJECTS 2010/11 BY SOURCE									
Function	Sub Function	Directorate	Department	DESCRIPTION OF PROJECT	ESTIMATED BEGINNING CASH 2010/11	Original Revenue Budget 2010/11	Original BUDGET EXPEND. 2010/2011	PROJECTED EXPEND. BUDGET 2011/2012	PROJECTED EXPEND. BUDGET 2012/2013
FUNDING FROM SOURCES:									
Own Funds									
2	5	CS	1125-62	Nature Reserve	192,261		192,261		
2	5	TS	1130-06	Refurbishment of MV Switchgear	3,064,849		3,064,849		
2	5	TS	1130-20	Bulk Services Levy	452,075		452,075		
Grand Total Own Funds					3,709,185	0	3,709,185	0	0
Borrowing									
2	5	TS	1130-22	Replacement of Plant			-	2,000,000	2,000,000
2	5	TS	1130-22	Implement Fleet Replacement Program			-	1,958,000	2,346,000
Grand Total for Borrowing					0	0	0	3,958,000	4,346,000
From Eastern Cape Provincial Government:									
Housing Projects :									
6	1	HS	1160-00	Ekuphumleni Housing	16,191		16,191		
6	1	HS	1160-00	Enkululekweni Housing	34,005		34,005		
6	1	HS	1160-00	Ezibeleni Phase II Housing	2,407		2,407		
6	1	HS	1160-00	Ilinge Housing	2,562		2,562		
6	1	HS	1160-00	Imvani Housing	10,107		10,107		
6	1	HS	1160-00	Sabata Dalindyebo Housing	477		477		
6	1	HS	1160-00	Tambo Village Housing	569		569		
6	1	HS	1160-00	Ilinge Transfer Fees	55,619		55,619		
6	1	HS	1160-00	Ilinge Registration Fees	9,325		9,325		
6	1	HS	1160-00	Interest on Housing Projects	4,120		4,120		
6	1	HS	1160-00	Interest on Housing Projects	70,000		70,000		
6	1	HS	1160-00	Sabata Dalindyebo Ph 3 Project Linked	967,262		967,262		
6	1	HS	1160-00	Nomzamo Project Linked Housing	606,660		606,660		
6	1	HS	1160-00	Bothas Hoek Housing	43,861		43,861		
6	1	HS	1160-00	Ensam Housing	25,069		25,069		
6	1	HS	1160-00	Merino Walk Housing	-18,751		-18,751		
6	1	HS	1160-00	Poplar Grove Housing	1,093,670		1,093,670		
6	1	HS	1160-00	Who can Tell Housing	383,518		383,518		
6	1	HS	1160-00	McBride Housing	107,263		107,263		
Total Housing Projects					3,413,934	0	3,413,934	0	0
Other :									
12	1	TS	1130-20	Whittlesea Ext 4 Roads	471,000		471,000		-
7	1	CS	1125-18	Fire Services	200,000		200,000		-
		Tech	1130-16	Hydraulic Analysis Sewerage	4,447		4,447		
		Tech	1130-26	CMIP Project: Ezibeleni Bulkwater & Roads	14,596		14,596		
		Tech	1130-26	CMIP Project: Sabata Services	16,982		16,982		
		Tech	1130-26	CMIP Project: Ezibeleni Sewer	51,489		51,489		
		Tech	1130-26	BCIG projects: Mlungisi bulkwater	67,117		67,117		
Total Other Projects					825,631	0	825,631	0	0
Total Eastern Cape Provincial Government					4,239,565	0	4,239,565	0	0

Lukhanji Tabled Budget

GRANT / OTHER FUNDING FOR CAPITAL PROJECTS 2010/11 BY SOURCE						ESTIMATED BEGINNING CASH 2010/11	Original Revenue Budget 2010/11	Original BUDGET EXPEND. 2010/2011	PROJECTED EXPEND. BUDGET 2011/2012	PROJECTED EXPEND. BUDGET 2012/2013
WARD(s) EFFECTED	Function	Sub Function	Directorate	Department	DESCRIPTION OF PROJECT					
From National Government:										
Municipal Infrastructure Grant (MIG):										
	12	1	TS	1130-20	MIG Retention	3,700		3,700		
	12	1	TS	1130-20	MIG Counterfund	1,200,844		1,200,844		
17		1	MM	1105-00	LED Facilities	484,788	950,000	1,434,788	1,115,000	1,115,000
3		1	TS	1130-10	TRC Creches Phase 3	-3,423	180,000	176,577	280,000	
2	12	1	TS	1130-20	Lukhanji Stormwater Upgrade Ilinge	999,968	1,321,107	2,321,075	1,900,000	6,500,000
15,10	12	1	TS	1130-20	Lukhanji Sealing of Urban Gravel Roads in Ezibeleni and Whittlesea	935,882	2,500,000	3,435,882	2,500,000	7,171,750
6,16,15,18,7,4,17,3	12	1	TS	1130-20	Lukhanji Upgrading of Urban Roads	-965,290	1,901,368	936,077	1,570,000	2,130,000
13,1,5,8,2,14,12,27	12	1	TS	1130-20	Lukhanji Rehab Rural Gravel Roads & Stormwater		2,013,215	2,013,215	3,239,400	2,025,000
4,6,7,8,15	12	1	TS	1130-20	Queenstown Tar Roads		1,917,471	1,917,471	3,207,015	2,000,000
14	12	1	TS	1130-20	Qwabi Bridge over Kuzitungu River		2,181,000	2,181,000		
2,1	12	1	TS	1130-20	Ezibeleni N6 By-Pass				1,529,600	70,400
2,1	12	1	TS	1130-20	Ezibeleni Stormwater				950,000	
	8	1	CS	1125-60	Recreational Facilities	890,480		890,480		
5,9,10,11,12,13,14,16,18	5	4	CS	1125-02	New Cemetry - Whittlesea	231,493	1,000,000	1,231,493	270,000	
	11	1	CS	1125-10	Illingie Transfer Station	887,147		887,147		
2,27	11	1	CS	1125-10	Lukhanji Solid Waste : Lesseyton Tip Site & Ilinge Transfer Station		2,070,000	2,070,000		
2,9,10,4,7,8,15,18	14	1	TS	1130-06	Community Lighting in Sabata, Ezibeleni, Ilinge, Nomzamo and Whittlesea	452,594	3,632,000	4,084,594	5,700,000	7,000,000
3,12	5	3	HS	1160-20	Community Facilities (halls, clinic and telecentre)	950,000	1,095,000	2,045,000	1,330,000	
6,17,26	5	3	CS	1160-20	Public Toilets Queenstown & Whittlesea	577,504		577,504		
19	8	1	CS	1125-60	Recreational Facilities - Dumpy Adams Sportfields		155,000	155,000	1,565,000	2,575,000
	3	1	TS	1130-10	PMU Fees		1,100,839	1,100,839	1,323,985	1,609,850
Total MIG						6,645,685	22,017,000	28,662,685	26,480,000	32,197,000
Eskom										
	14	1	TS	1130-06	National Electrification Programme (urban areas)	333,461		333,461		
	14	1	TS	1130-06	New Rathwick Electrification	134,123		134,123		
Total Eskom						467,584	0	467,584	0	0
Neighbourhood Development Partnership Grant										
4,7,8,15	3	1	TS	1130-10	Ezibeleni Conference Centre		2,500,000	2,500,000		
4,18	3	1	TS	1130-10	Mlungisi Youth Centre		900,000	900,000		
5,9,10,11,12,13,14,16,18	3	1	TS	1130-10	Whittlesea Public Ablution		800,000	800,000		
5,9,10,11,12,13,14,16,18	3	1	TS	1130-10	Whittlesea Walkways and Pavements		800,000	800,000		
18,20,22,24	3	1	TS	1130-10	Construction and upgrade of Community Facilities in Mlungisi				4,000,000	
4,7,8,15	3	1	TS	1130-10	Ezibeleni 'Town' Centre				2,000,000	2,000,000
5,9-13,16	3	1	TS	1130-10	Whittlesea 'Town' Centre				2,000,000	3,900,000
18,20,22,24	3	1	TS	1130-10	Mlungisi 'Town' Centre					1,100,000
4,6-8,15	3	1	TS	1130-10	Ezibeleni Dam Recreational Area					3,000,000
Total Neighbourhood Development Partnership Grant						0	5,000,000	5,000,000	8,000,000	10,000,000
Total National Government						7,113,269	27,017,000	34,130,269	34,480,000	42,197,000
From Chris Hani District Municipality										
	3	1	TS	1130-10	Consolidated Rural Areas	24,023		24,023		
	5	1	CS	1125-46	Libraries	182,500		182,500		
	5	1	TS	1130-30	Rural Water Scheme	1,000,000		1,000,000		
Total Chris Hani District Municipality						1,206,523	0	1,206,523	0	0
GRAND TOTAL NEW AND EXISTING CAPITAL GRANTS						16,268,542	27,017,000	43,285,542	38,438,000	46,543,000