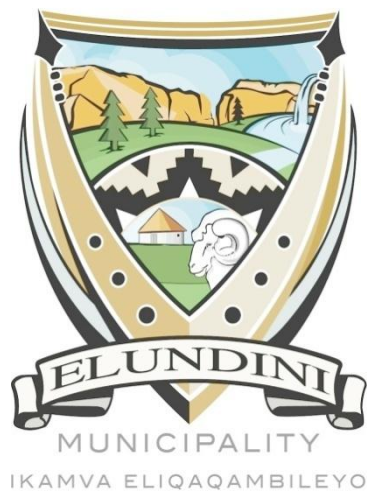


ELUNDINI LOCAL MUNICIPALITY



2011/12 – 2013/14 BUDGET

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PART 1 – ANNUAL BUDGET

1.1 Executive Mayor’s Report

The Municipality reaffirms its commitment to the achievement of the goals enshrined within the Integrated Development Plan, namely:

- Meeting basic service delivery needs of communities to improve their lives;
- Building a clean, efficient, responsive and accountable Municipality;
- Strengthening oversight over the Municipality’s service delivery and financial performance;
- Changing the socio- economic landscape by investing in Infrastructure, human resource development and promoting enterprise development;
- Strengthening partnerships between the Municipality, communities and civil society.

In the year ahead, the Municipality will further strengthen its capacity to implement the adopted Budget, so as to positively impact on the lives of residents.

**COUNCILLOR B. SALMAN
MARCH 2011**

1.2 **Budget Resolutions**

(a) The Mayor recommends that the Council resolves that:

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the Elundini Municipality for the financial year 2011/2012, and indicative allocations for the two projected outer years 2012/2013 and 2013/2014, and the multi-year and single year capital appropriations be approved as set out in the following tables:
 - a. Budgeted Financial Performance(Revenue and Expenditure by Standard Classification);[Pg 36]
 - b. Budgeted Financial Performance(Revenue and Expenditure by Municipal Vote);[Pg38]
 - c. Budgeted Financial Performance(Revenue by Source and Expenditure by Type); and[Pg39]
 - d. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.[Pg43]
2. That the financial position, cashflow, cash backed reserves/accumulated surplus, asset management and basic service delivery targets be adopted as set out in the following tables:
 - a. Budgeted Financial Position;[Pg44]
 - b. Budgeted Cash Flows;[Pg46]
 - c. Cash Backed Reserves and accumulated surplus reconciliation;[Pg48]
 - d. Asset Management; and[Pg49]
 - e. Basic Service Delivery Measurement.[Pg54]
3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, Act 56 of 2003 and sections 74 and 75A of the Local Government Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of electricity, waste services, sundry services and property rates as set out in the tariff book(Annexure "A"), that were used to prepare the estimates of revenue by source, are approved effective from 1 July 2011.
4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as set out in (Annexure "B") be approved.
5. That the budget related policies be approved as per annexure "C"
6. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in supporting table SA7 are approved as per Annexure "D"

7. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out elsewhere in the agenda be approved.

1.3 Executive Summary

The 2011/12 to 2013/14 Budget preparation commenced in August 2010 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contain new or replacement assets such as roads, vehicles, buildings, etc. The Operating Budget, which is by far the largest component of the Budget, includes the provision of services, such as electricity, refuse collection, etc.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. The Table in section 1.3.5 illustrates the link between the IDP and Budget.

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, Water Services Authority (WSA), major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 122.9 Million, which funds the continued provision of services provided by the Municipality.

The major expenditure items are employee costs (35.25%), Remuneration of Councillors (7%) materials and bulk electricity purchases (18.38%), general expenses (31.8%), repairs and maintenance (7.4%)

Funding is obtained from various sources, the major sources being service charges such as electricity, refuse collection (14.5%), property rates (9.4%), sundry related income eg. Hire of plant, interest on investments (23.1%), grants and subsidies received from National and Provincial Governments (53.%).

In order to support the 2011/12 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2011:

Property rates	-	6.0%
Electricity	-	24.21%
Refuse	-	6.0%

A provision of R 31.4 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 70.5%.

In the past as a result of limited funds, a number of important issues such as addressing maintenance backlogs, making adequate contributions to provision and reserves, staffing requirements, etc. were not fully covered. However strategies to address these issues were undertaken and as at 30 June 2010 all of the provisions were at their required levels. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service delivery. The 2011/12 Budget does make provision for increased allocations to deal with the maintenance of infrastructure.

The Assistance to the Poor Programme currently, provides the following monthly benefits to poor households in the municipality:

- Free 50 kwh Electricity
- Free basic refuse removal
- Property rates subsidy

The Elundini Local municipality has prioritized spending on the free services program and as such has prioritized allocations for the MTEF 2011/2012 in the sum of R 11.8 million increasing to R 17.4 Million in 2013/2014. The increased allocations are in alignment with the service delivery targets established aimed at accelerating access to alternative energy sources in Eskom subserviced areas, as well as Council's resolve to significantly enhance the level of households participating on the formal indigent support program.

The Capital Budget totals R 41.081 million and this is funded primarily through revenue from operations (9.4%), public contributions and donations (36.2%), Government grants (56.82%). Grants and subsidies are mainly earmarked road infrastructural projects.

Annexure A provides a summary of the capital projects included in the Capital Budget.

The Budget related policies as have been adhered to in the development of the Budget, whilst continuous monitoring of budget performance is possible through Key Performance Indicators as contained within the Service Delivery and Budget Implementation Plan.

1.3.1 TOTAL SERVICE DELIVERY PACKAGE OF THE MUNICIPALITY AND ASSOCIATED FINANCIAL IMPLICATIONS

The Municipality provides the following services:

Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue – Standard										
Governance and administration		55 909	53 824	73 529	79 707	87 570	87 570	90 189	94 634	100 109
Executive and council		223	273	98	7 250	7 250	7 250	159	169	179
Budget and treasury office		55 368	53 214	56 746	72 370	80 233	80 233	89 937	94 367	99 826
Corporate services		318	336	16 685	87	87	87	93	98	104
Community and public safety		344	610	3 046	710	775	775	925	979	1 038
Community and social services		344	592	3 024	709	773	773	923	978	1 036
Sport and recreation		–	3	4	2	2	2	2	2	2
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	15	18	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		15 242	13 022	11 514	13 964	15 676	15 676	13 030	12 740	10 809
Planning and development		1 872	284	25	1 667	2 675	2 675	41	44	46
Road transport		13 370	12 739	11 489	12 076	13 001	13 001	12 989	12 696	10 763
Environmental protection		–	–	–	221	–	–	–	–	–
Trading services		18 654	20 629	26 710	33 252	33 253	33 253	22 617	25 175	27 473
Electricity		7 976	16 657	10 416	10 927	10 927	10 927	14 459	19 711	20 865
Water		6 807	–	11 023	11 969	11 969	11 969	–	–	–
Waste water management		185	–	–	4 777	4 777	4 777	–	–	–
Waste management		3 686	3 972	5 271	5 580	5 580	5 580	8 158	5 464	6 608
Other	4	–	–	–	120	–	–	–	–	–
Total Revenue - Standard	2	90 149	88 085	114 799	127 754	137 274	137 274	126 761	133 528	139 430

Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Expenditure - Standard	-									
Governance and administration		61 888	37 754	74 451	53 650	60 781	60 781	60 920	64 389	68 215
Executive and council		9 314	11 049	11 749	15 800	20 164	20 164	18 916	20 032	21 234
Budget and treasury office		44 523	17 006	44 760	22 343	25 446	25 446	26 269	27 694	29 318
Corporate services		8 051	9 700	17 942	15 507	15 171	15 171	15 735	16 663	17 663
Community and public safety		7 116	6 605	8 021	5 907	6 821	6 821	6 529	6 914	7 329
Community and social services		4 537	3 553	4 756	1 953	2 847	2 847	2 221	2 351	2 492
Sport and recreation		2 135	2 527	2 687	3 423	3 439	3 439	3 737	3 957	4 195
Public safety		-	-	-	-	-	-	-	-	-
Housing		444	524	578	531	535	535	572	606	642
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		22 583	18 593	3 124	19 749	20 423	20 423	25 087	26 724	25 460
Planning and development		670	1 506	491	2 560	4 164	4 164	2 525	2 674	2 835
Road transport		21 913	17 087	2 633	16 512	16 259	16 259	21 831	23 275	21 804
Environmental protection		-	-	-	677	-	-	732	775	821
Trading services		21 720	22 405	13 025	37 225	36 753	36 753	30 369	35 501	37 671
Electricity		14 759	18 675	12 200	13 474	13 397	13 397	19 195	23 670	25 128
Water		3 647	-	(2 004)	11 961	10 692	10 692	-	-	-
Waste water management		1 673	-	-	3 203	3 169	3 169	-	-	-
Waste management		1 641	3 730	2 829	8 588	9 495	9 495	11 174	11 831	12 543
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	113 307	85 357	98 621	116 531	124 778	124 778	122 906	133 528	138 675
Surplus/(Deficit) for the year		(23 158)	2 728	16 178	11 224	12 496	12 496	3 856	0	755

1.3.2 EFFECT OF THE ANNUAL BUDGET

In this section the operating and capital budget are discussed.

1.3.2.1 Operating Budget

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, Water Services Authority (WSA), major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 122.9 Million, which funds the continued provision of services provided by the Municipality.

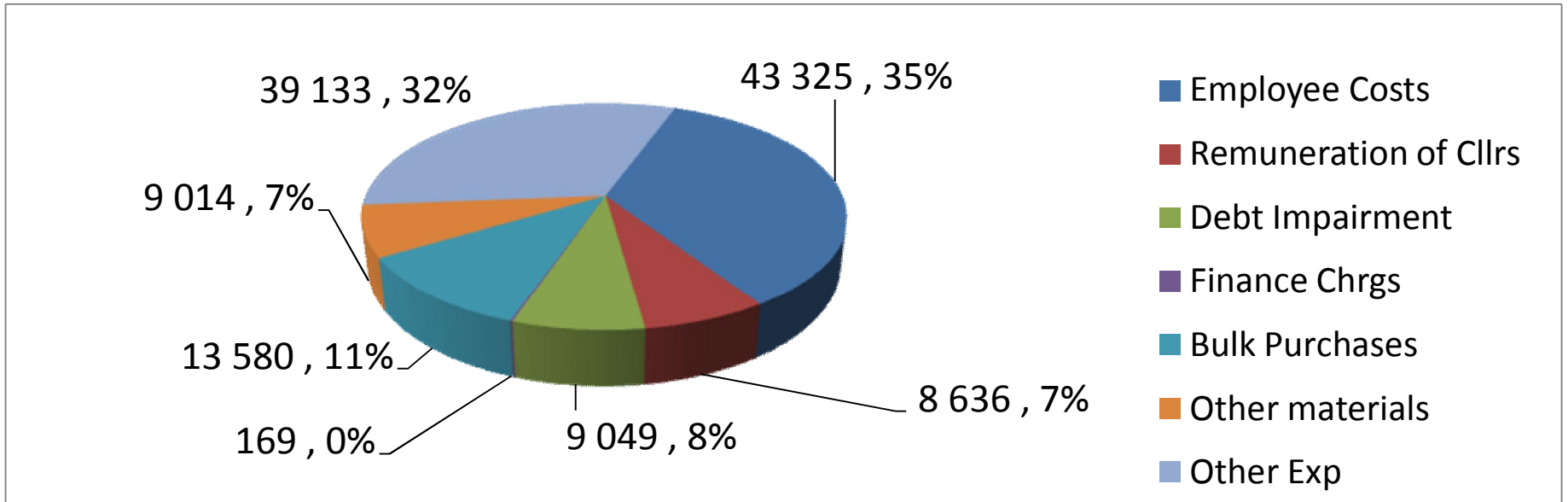
The table below reflects the MTREF allocations towards expenditures per type.

Budgeted Financial Performance (expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Expenditure By Type	-										
Employee related costs	2	27 454	29 956	36 379	44 086	44 536	44 536	-	43 325	46 035	46 605
Remuneration of councillors				7 461	7 427	7 427	7 427		8 636	9 145	9 021
Debt impairment	3			23 920	12 945	12 945	12 945		9 049	9 583	10 158
Depreciation & asset impairment	2	-	-	-	5 011	-	-	-	-	-	-
Finance charges				2 098	159	159	159		169	179	189
Bulk purchases	2	4 433	53 771	7 374	9 065	10 750	10 750	-	13 580	17 777	18 826
Other materials	8			-	6 709	5 274	5 275		9 014	9 494	10 119
Contracted services		-	-	-	2 852	2 946	2 946	-	2 237	2 370	2 512
Transfers and grants				-							
Other expenditure	4, 5	81 421	1 631	21 364	28 276	40 740	40 740	-	36 895	38 946	41 245
Loss on disposal of PPE				25							
Total Expenditure		113 308	85 357	98 620	116 530	124 778	124 778	-	122 906	133 529	138 675

The graph below reflects the componentization of the operating budget in the sum of R 122.9 Million as denoted within the budgeted statement of financial performance by expenditure type.

2011/2012 Statement of Financial Performance- Budget Expenditure



Below is a discussion of the main expenditure components:

Employee Costs

National Treasury no longer prescribes a norm for salary expenditure and instead requires Municipalities to develop a personnel expenditure ratio that is based on the nature of its functions, organizational structure, labour intensity of intensity of its operations, extent to which labour intensive components of its operations are outsourced and the composition of non personnel components of its operational expenditure. The 2011/12 budget reflects that 35% of the operational budget is allocated to salary expenditure.

Employee Costs Cont.

Comparative analysis of 2010/2011 against the budget allocation for 2011/2012 reveals a decline of R 4.9 million in salary related costs over the prior budget period, this reduction has been brought about by a Council resolution to discontinue certain operations associated with Water Services Provision on behalf of the Joe Gqabi DM effective 1 July 2011; as such no budgetary provision has been made for staff assigned to water and sanitation functioning; Billing related functioning will remain within the ambit of Elundini LM operations and a management fee structure has been negotiated at a cost of R 1.4 million per annum to Joe Gqabi DM secured via a management contract.

Bulk Purchases

Eskom has increased bulk tariffs to Municipalities by 26.71% as relates to the 2011/12 financial year. The 2010/11 budget accordingly allows for a concomitant increase for bulk power purchases from Eskom. It has been estimated, however, that energy consumption levels will reflect a negative growth of approximately 4.4%, attributable to the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy;
- The implementation of energy conservation measures; and
- The down turn in the economy and its consequential impact on industry.

Operational Sources of Funding

The Municipality receives its funding from many sources including property rates, services charges and government grants. The following table identifies the sources of funding for the current financial year 2010/2011 and the projected outer year budgets for 2012/13 to 2013/14.

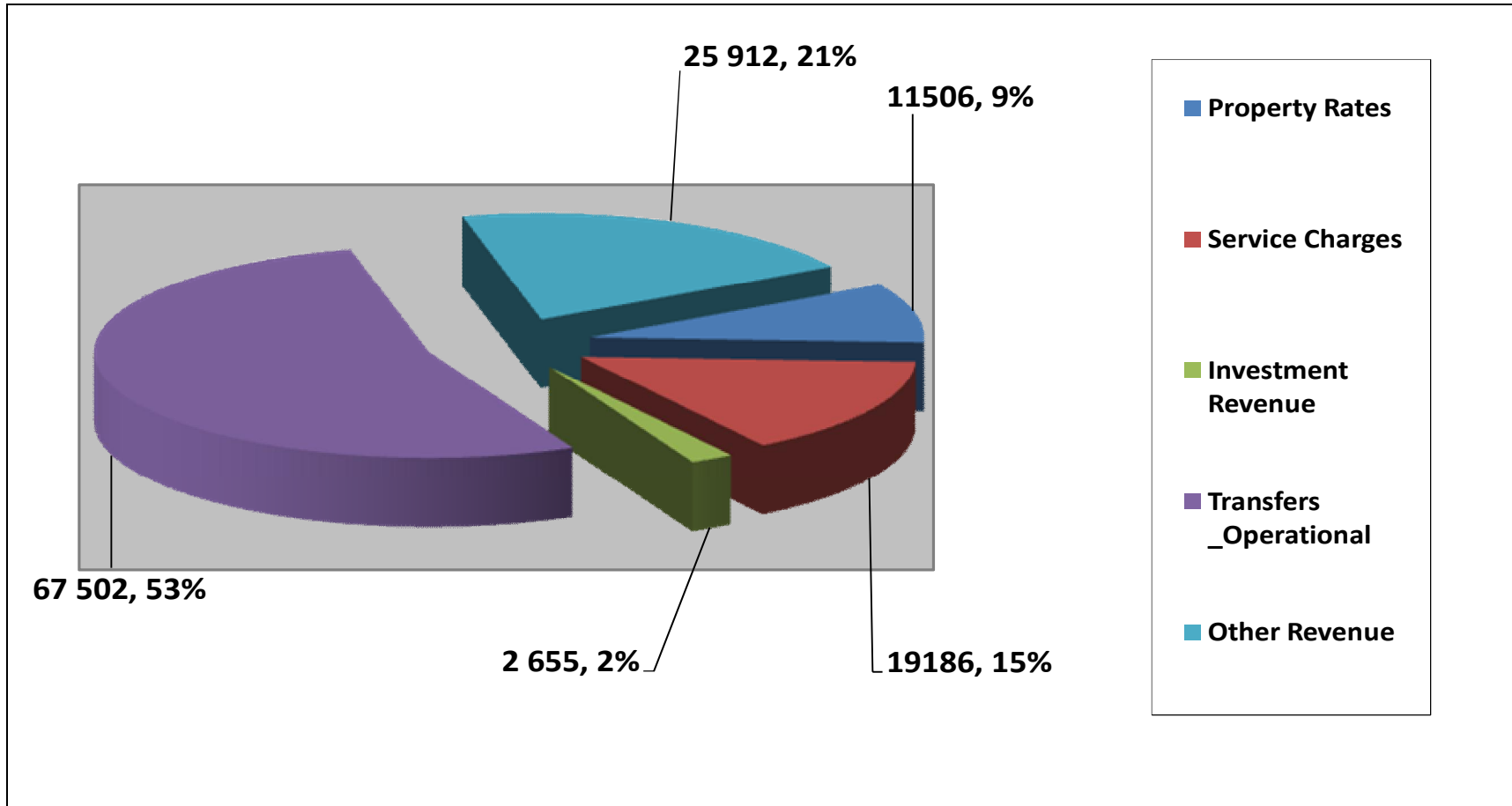
Importantly the revenue streams have been linked to CPIX and are positioned at 6% and lower, this is primarily due to negative impact that the existing tariff framework has on affordability levels within the district; importantly this decision has not materially altered the financial position or long term sustainability of Council.

Budgeted Financial Performance (revenue)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Revenue By Source											
Property rates	2	3 629	3 549	8 733	12 053	9 725	9 725	-	11 506	12 184	12 916
Property rates - penalties & collection charges									-	-	-
Service charges - electricity revenue	2	4 700	2 840	10 890	9 503	10 100	10 100	-	12 559	16 640	17 610
Service charges - water revenue	2	3 396	-	6 180	6 968	6 968	6 968	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	353	353	353	-	-	-	-
Service charges - refuse revenue	2	-	-	5 135	5 580	5 580	5 580	-	5 915	6 282	6 653
Service charges - other					-	-	-		-	-	-
Rental of facilities and equipment				735	8 671	8 671	8 670		712	754	799
Interest earned - external investments				3 420	2 500	2 500	2 500		2 655	2 812	2 980
Interest earned - outstanding debtors				5 916	150	150	150		3 552	3 761	3 987
Dividends received				609	-	-	-		-	-	-
Fines					73	73	74		78	82	87
Licences and permits					2 001	2 021	2 021		1 973	2 089	2 215
Agency services					9 326	9 326	9 325		9 903	10 487	11 117
Transfers recognised - operational		45 893	54 889	64 065	52 021	52 021	52 021		67 502	74 062	78 875
Other revenue	2	32 531	26 808	9 116	18 557	29 787	29 787	-	10 408	4 375	2 193
Gains on disposal of PPE					-				-		
Total Revenue (excluding capital transfers and contributions)		90 150	88 085	114 799	127 755	137 274	137 274	-	126 761	133 528	139 430

Below is a graph reflecting the revenue components of the budgeted statement of financial performance

2011/2012 Statement of Financial Performance- Budget Revenue



Below is a discussion of the main revenue components:

Operational Transfers

Growth within the Equitable Share of Nationally raised revenue as gazetted with the Division of Revenue Act has increased 29.76%, as compared with 2010/2011 fiscal year; the additional allocation outside of indicative allocation as furnished equate to a R 5 million increase over original estimates; the above mentioned revenue correction is a first attempt by National Government to realign the funding formula to Local Government aimed at enhancing the resource base to Local Municipalities that are rural in nature and hence have limitation within their revenue raising capacity, and to counter the effect of the cost of Governance related costs in relation to revenue raising ability.

Service Charges

Electricity service charges have increased 24.34%, as opposed to the General Price increase advocated by NERSA of 20.38%, the above-mentioned increases are primarily attributed to increased investment with Revenue Protection initiatives aimed at curbing line losses estimated at 32.4%.

Water and Sanitation related functioning has been omitted from the Budget Framework due to Council adopted position to render the Water Provider function back to the Joe Gqabi DM as the Water Service Authority effective 1 July 2011; the Elundini LM will be rendering limited financial services functioning on behalf of the WSA secured through a management contract.

Comparative Rates and Tariffs

In order to support the Operating Budget, the following increases in rates and service charges have been proposed, compared to the 2010/2011 financial year:

	2010/11	2011/12	2012/13	2012/13
	%	%	%	%
Property rates Increase	6.0	6.0	5.9	6
Electricity Increase	19.0	24.34	32.5	5.8
Refuse Increase	6.0	6.0	6.2	5.9

1.3.2.2 Capital Budget

The three year capital budget presented below has been prepared to give effect to the service delivery objectives as contained within the Integrated Development Plan.

Importantly, R 151.349 million will be invested over the 2011/2012-2013/14 MTREF in capital expansion programmes, with R 28.8 Million(4-7%-5%) of opex being invested into repairs and maintenance initiatives aimed at maintaining all assets in good operational order to maximise ROI .(See Asset Management commentary elsewhere in this report for detailed analysis around % benchmark indicators)

Importantly in terms of the audited outcome for 2009/2010, the capital budget was 77% spent, with project rollover applications in the sum of R 7.4 million approved in accordance with the Division of Revenue Act; similarly the projected level of Capital spend for 2010/2011 is anticipated to be 100%, based on indicative levels of spend contained within the section 71 in year reporting conducted to Council and Treasury.

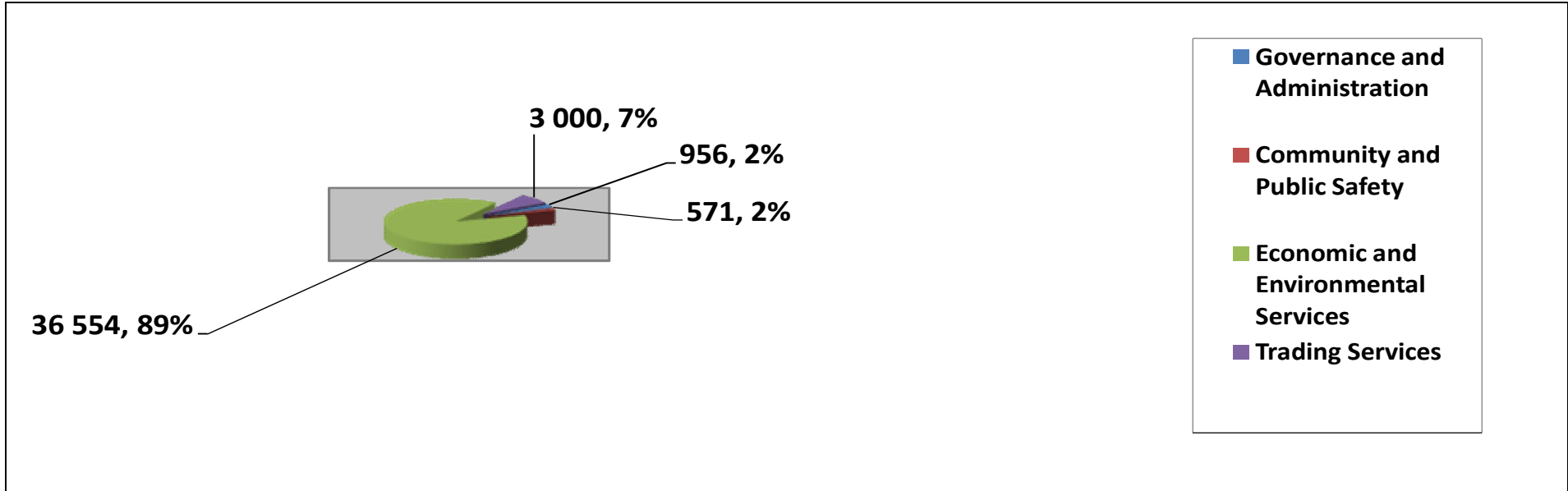
Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital Expenditure - Standard	1										
Governance and administration		14 613	1 710	4 541	8 230	10 190	10 190	-	956	1 013	1 073
Executive and council		11 097	1 710	2 365	7 100	5 300	5 300		106	112	119
Budget and treasury office		2 936		1 262	80	3 880	3 880		850	900	954
Corporate services		580		914	1 050	1 010	1 010		-	-	-
Community and public safety		-	-	5 102	1 061	7 354	7 354	-	571	605	641
Community and social services				3 825	1 040	7 184	7 184		21	22	24
Sport and recreation				475	21	170	170		550	582	617
Public safety				803		-	-				
Housing											
Health											
Economic and environmental services		2 292	4 750	31 083	20 463	34 286	34 286	-	36 554	42 060	44 453
Planning and development					717	540	540		14 893	15 771	16 717
Road transport		2 292	4 750	31 083	19 746	33 746	33 746		21 661	26 289	27 736
Environmental protection											
Trading services		2 632	8 683	9 776	-	29 041	29 041	-	3 000	3 177	17 245
Electricity		2 632	8 683			28 791	28 791		1 000	1 059	15 000
Water						-	-		-	-	-
Waste water management				41					-	-	-
Waste management				9 735		250	250		2 000	2 118	2 245
Other					-		-				

Total Capital Expenditure - Standard	3	19 537	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413
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The graphs below reflect the 2010/11 Capital Budget by Directorate.

2011/2012 Capital Budget By Directorate



Capital Source of Financing

The table denoted below provides Council with an understanding as to the basis under which the Capital expansion programmes of Council are to be financed, importantly the funding is primarily driven through the Division of Revenue Act, as well as funding agreements concluded through the Donor funding policy, which as per the 2010/2011 fiscal year netted R 47 million in public contributions towards infrastructural upgrades; similarly over the 2011/12-2013/14 MTREF and additional R 14.9 million has been secured outside of the Municipal Infrastructure Grant allocation.

Councils contribution of retained earnings towards Capital expansion programs have been curtailed within the MTREF to allow for reserves to be adequately resourced(cashback) based on the funding compliance assessment undertaken to ensure alignment with industry standards.

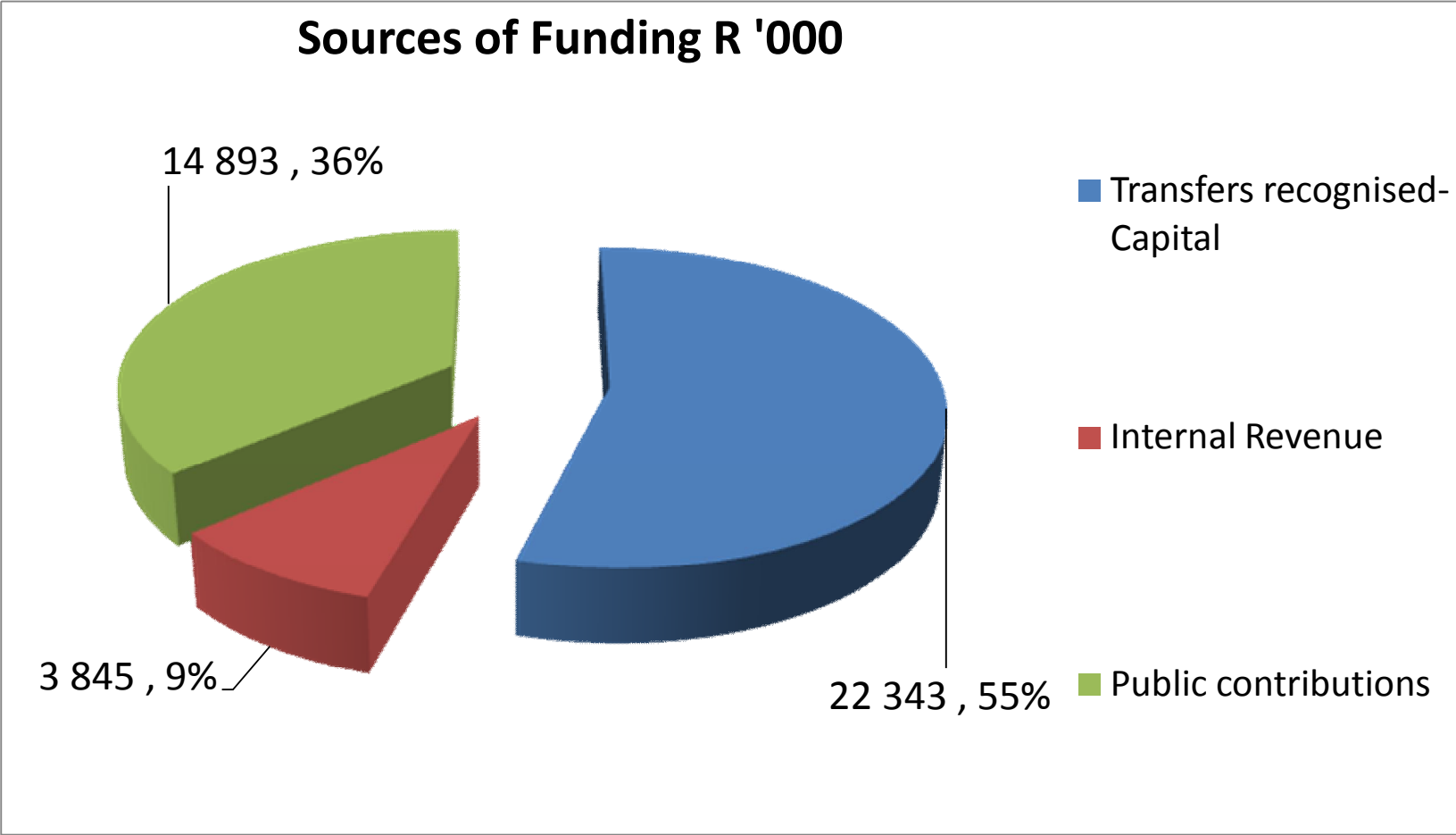
This situation has been brought about by an accelerated drive over the last 4 years towards the eradication of backlogs, that has seen a cumulative investment of over R 57 million of retained earnings being invested into Property Plant and Equipment.

Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funded by:											
National Government		13 628	10 356	17 565	17 746	17 746	17 746		22 343	25 952	42 378
Provincial Government											
District Municipality											
Other transfers and grants									-	-	-
Transfers recognised - capital	4	13 628	10 356	17 565	17 746	17 746	17 746	-	22 343	25 952	42 378
Public contributions & donations	5					49 701	49 701		14 893	15 771	16 717
Borrowing	6										
Internally generated funds		5 909	4 787	32 937	12 008	13 424	13 424		3 845	5 132	4 318
Total Capital Funding	7	19 537	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413

The Graph below denotes the capital sources of funding

2011/2012 Capital Sources of Financing



1.3.3 Funding of the Budget

Fiscal Overview

1.3.3.1 2010/11 Actual and 2011/12 Projected Financial Performance

The municipality's financial performance and position appears to be sound for the following reasons:

- Budgets are balanced, being funded from the current financial year's revenues.
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a positive cash and investments position.
- Higher than expected/modelled collection rates are being achieved.

1.3.3.1.1 Operating Budget

In the 2010/2011 financial year expenditure in the amount of R 124.7 million was fully funded from the municipality's revenues. A similar performance is projected for 2011/12 with R 122.9 million of expenditure being funded by revenue of R 126.7 million leaving a budgeted surplus of R 3.8 million which is appropriated in the Statement of Changes in Net Assets. For both financial years, the current financial year's revenues were sufficient to cover the operating expenditures.

In February 2011 it was reported to the Budget and Treasury Standing Committee that the average revenue collection rate was 80.5% of the current financial year's billings, as at the end of January 2011. The collection rate of 60% on which the 2011/12 Operating Budget is premised, is in line with the IDP target. It will assist the municipality in maintaining its financial position to support the mid-term plan in this Budget.

The Municipality has developed and implemented a Revenue enhancement strategy, it is anticipated that the gains made to date improving the collection rate from 28% in 2009/2010 to 83.05% by January 2011 will continue and result in the achievement of a consistent collection rate of 80+% within the MTREF.

1.3.3.1.2 Capital Budget

The actual capital budget spending in 2010/2011 amounted to R 80.8 Million, of which R 17.7 million was funded from National and Provincial Government grants, R 49.7 Million financed from Public Contributions and donations and the remaining R 13.4 million was funded from Council's internal sources.

The projected spending level over the 2011/12-2013/14 MTREF will result in a significant reduction within Capital expenditure, with a capital budget allocation of R 41 million being proposed for 2011/2012, financed through National Government in the sum of R 22.3 Million, Public Donations R 14.9 Million and internal reserves of R 3.84 Million.

1.3.3.2 Mid Term Outlook – 2011/12 to 2013/14

Operating Budget

The operating budget amounts to R 122.9 million for the 2011/12 financial year. It then increases to R 133.5 Million in 2012/13, and finally to R 138.6 Million in 2013/14. This growth is mainly in the following areas:

- Increased spending attributable to addressing maintenance backlogs in infrastructure;
- Increased spending on employee related costs;
- Increased spending attributable to bulk purchasing costs for electricity;
- Increased spending on Loss Management;
- Increased spending on Job Creation;
- Increased spending on Solid Waste Functioning;
- Increased spending special programmes of Council;
- Entrenchment of Public Consultation;
- Strengthening of Ward Based Committees;

Capital Budget

Over the next three financial years, 2011/2012 to 2013/14, capital spending is projected at R 41.1 million in 2011/2012, R 46.85 million in 2012/13 and R 63.41 million in 2013/14

Councils contribution of retained earnings towards Capital expansion programs have been curtailed within the MTREF to allow for reserves to be adequately resourced(cashback) based on the funding compliance assessment undertaken to ensure alignment with industry standards.

This situation has been brought about by an accelerated drive over the last 4 years towards the eradication of backlogs that has seen a cumulative investment of over R 57 million of retained earnings being invested into Property Plant and Equipment.

Due to limitations imposed on the financing model, the provisions of the Donor Support policy will be invoked to ensure that all available funding streams outside of the DORA and internal reserves are explored and maximized to sustain the commitment to eradicate service delivery related backlogs; the focus on MTREF will be Road and Stormwater networks, considering that the Electricity Distribution networks within Elundini LM's service jurisdiction have been comprehensively upgraded and rehabilitated.

The Municipality will likewise be engaging in a PPP option, and as such will be investing significantly in the waste transportation sector of operations.

Financial Ratios

The table below provides Council with the assurance that the financial modelling, underpinning the IDP is aligned to Best Operating Practice insofar as financial sustainability is concerned; the information presented also provides Council with an understanding as to the fundamental modelling provisions used to ensure a credible and implementable IDP; the analysis also aligns the IDP and Budget to National IDP regulation on financial viability.

In terms of the Measurable performance objectives and indicators presented, careful consideration and management must be given to the management of liquidity and the cost cover ratio of Council monthly over the MTREF to ensure alignment to industry norms.

On the whole the financial positioning of Council is stable as reflective within the Performance indicators and benchmarks

Ongoing issues requiring monitoring and evaluation

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or commensurate reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in respect of Council's assets . adequacy of budgetary provisions;
- Staffing requirements and the impact on the personnel expenditure target;
- Improvement of current collection rates;
- Electricity Distribution Losses;

EC141 Elundini - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Borrowing Management</u>									
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.4%	0.4%	0.3%	0.1%	0.1%	0.1%	0.0%	0.0%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	2.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	134.8%	102.0%	111.7%	55.9%	37.4%	25.2%	17.0%	12.4%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities	1.7	2.1	1.2	1.3	1.3	1.4	1.7	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	2.1	1.2	1.3	1.3	1.4	1.7	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	1.8	1.0	0.6	0.6	0.7	0.8	1.1
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		106.2%	84.2%	87.2%	87.2%	110.7%	102.2%	108.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.6%	7.7%	9.2%	19.2%	17.9%	17.3%	14.4%	11.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			0.0%	0.0%	0.0%	14.0%	15.0%	16.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Funding of Provisions</u>									
Provisions not funded - %	Unfunded Provs./Total Provisions			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Other Indicators									
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated				37.0%	37.0%	17.0%	10.0%	10.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source				35.0%	35.0%	25.0%	20.0%	15.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.5%	34.0%	31.7%	34.5%	32.4%	34.2%	34.5%	33.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.5%	40.6%	42.2%	40.3%	37.9%	44.0%	44.3%	42.9%
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%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	1.8%	4.0%	0.1%	0.1%	0.1%	0.1%
IDP regulation financial viability indicators									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.0	3.5	19.8	29.6	29.6	20.6	19.5	19.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	58.4%	105.5%	33.3%	56.9%	60.2%	71.5%	53.5%	42.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.1	7.6	5.4	2.0	2.1	2.0	1.7	1.8

1.3.4 Medium Term Revenue and Expenditure

The Projected Financial Results over the MTREF are depicted within the table below, importantly from the planned results it would be evident that a surplus has been budgeted for in the amount of R 155.2 Million over the MTREF 2011/12- 2013/14

EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source	1										
Property rates	2	3 629	3 549	8 733	12 053	9 725	9 725	-	11 506	12 184	12 916
Property rates - penalties & collection charges									-	-	-
Service charges - electricity revenue	2	4 700	2 840	10 890	9 503	9 503	9 503	-	12 559	16 640	17 610
Service charges - water revenue	2	3 396	-	6 180	6 968	6 968	6 968	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	353	353	353	-	-	-	-
Service charges - refuse revenue	2	-	-	5 135	5 580	5 580	5 580	-	5 915	6 282	6 653
Service charges - other					-	-	-		-	-	-
Rental of facilities and equipment				735	8 671	8 671	8 670		712	754	799
Interest earned - external investments				3 420	2 500	2 500	2 500		2 655	2 812	2 980
Interest earned - outstanding debtors				5 916	150	150	150		3 552	3 761	3 987
Dividends received				609	-	-	-		-	-	-
Fines					73	73	74		78	82	87
Licences and permits					2 001	2 021	2 021		1 973	2 089	2 215
Agency services					9 326	9 326	9 325		9 903	10 487	11 117
Transfers recognised - operational		45 893	54 889	64 065	52 021	52 021	52 021		67 502	74 062	78 875
Other revenue	2	32 531	26 808	9 116	18 557	30 384	30 384	-	10 408	4 375	2 193
Gains on disposal of PPE					-				-		
Total Revenue (excluding capital transfers and contributions)		90 150	88 085	114 799	127 755	137 274	137 274	-	126 761	133 528	139 430

Expenditure By Type	-										
Employee related costs	2	27 454	29 956	36 379	44 086	44 536	44 536	-	43 325	46 035	46 605
Remuneration of councillors				7 461	7 427	7 427	7 427		8 636	9 145	9 021
Debt impairment	3			23 920	12 945	12 945	12 945		9 049	9 583	10 158
Depreciation & asset impairment	2	-	-	-	5 011	-	-	-	-	-	-
Finance charges				2 098	159	159	159		169	179	189
Bulk purchases	2	4 433	53 771	7 374	9 065	9 065	9 065	-	13 580	17 777	18 826
Other materials	8			-	6 709	5 274	5 275		9 014	9 494	10 119
Contracted services				-	2 852	2 946	2 946	-	2 237	2 370	2 512
Transfers and grants				-							
Other expenditure	4, 5	81 421	1 631	21 364	28 276	42 425	42 425	-	36 895	38 946	41 245
Loss on disposal of PPE				25							
Total Expenditure		113 308	85 357	98 620	116 530	124 777	124 778	-	122 906	133 529	138 675
Surplus/(Deficit)		(23 159)	2 728	16 179	11 225	12 496	12 496	-	3 855	(0)	755
Transfers recognised - capital					18 680	18 680	18 680		23 466	28 376	43 819
Contributions recognised - capital	6	-	-	-	-	-	-	-	14 893	19 841	20 210
Contributed assets					-	49 701	49 701				
Surplus/(Deficit) after capital transfers & contributions		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784
Taxation											
Surplus/(Deficit) after taxation		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784

1.3.5 Priorities and linkages to the IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The 2011/12 to 2013/14 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation
- Outcome delivery No 9- cross cutting

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings was held throughout the municipal area to consult with the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the draft budget addresses the IDP priorities and objectives. The feedback flowing from these meetings were positive and no material amendments to the budget were undertaken.

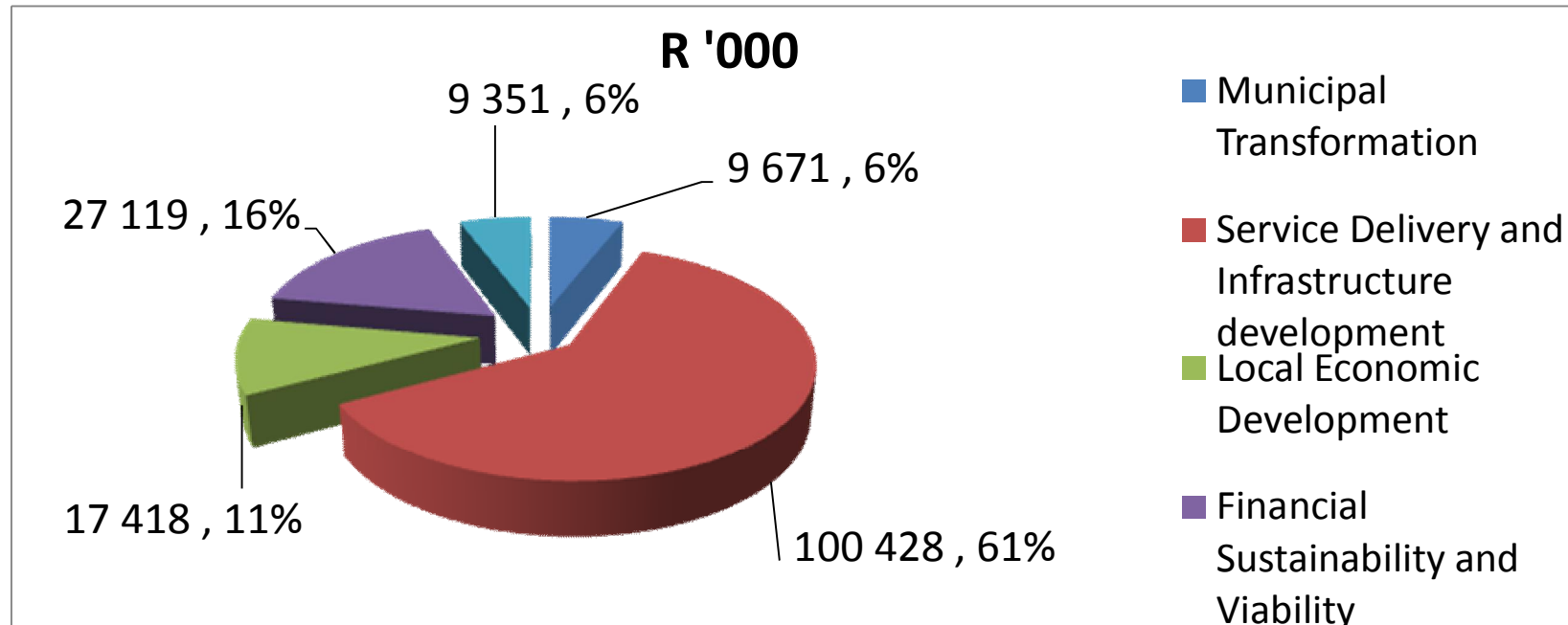
The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2011/12 Budget						
Capital Expenditure	0	25 232	14 893	850	106	41 081
Operating Expenditure	9 671	75 196	2 525	26 269	9 245	122 906
Total	9 671	100 428	17 418	27 119	9 351	163 987
2012/13 Budget						
Capital Expenditure	0	30 072	15 771	900	112	46 855
Operating Expenditure	10 241	83 128	2 674	27 694	9 791	133 528
Total	10 241	113 200	18 445	28 594	9 903	180 383
2013/14 Budget						
Capital Expenditure	0	45 623	16 717	954	119	63 413
Operating Expenditure	10 856	85 288	2 835	29 318	10 378	138 675
Total	10 856	130 911	19 552	30 272	10 497	202 088
	30 768	344 539	55 415	85 985	29 751	546 458

2011/2012 Expenditure by IDP Priority



Key amendments to IDP

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act has been guided and informed by the following principles:

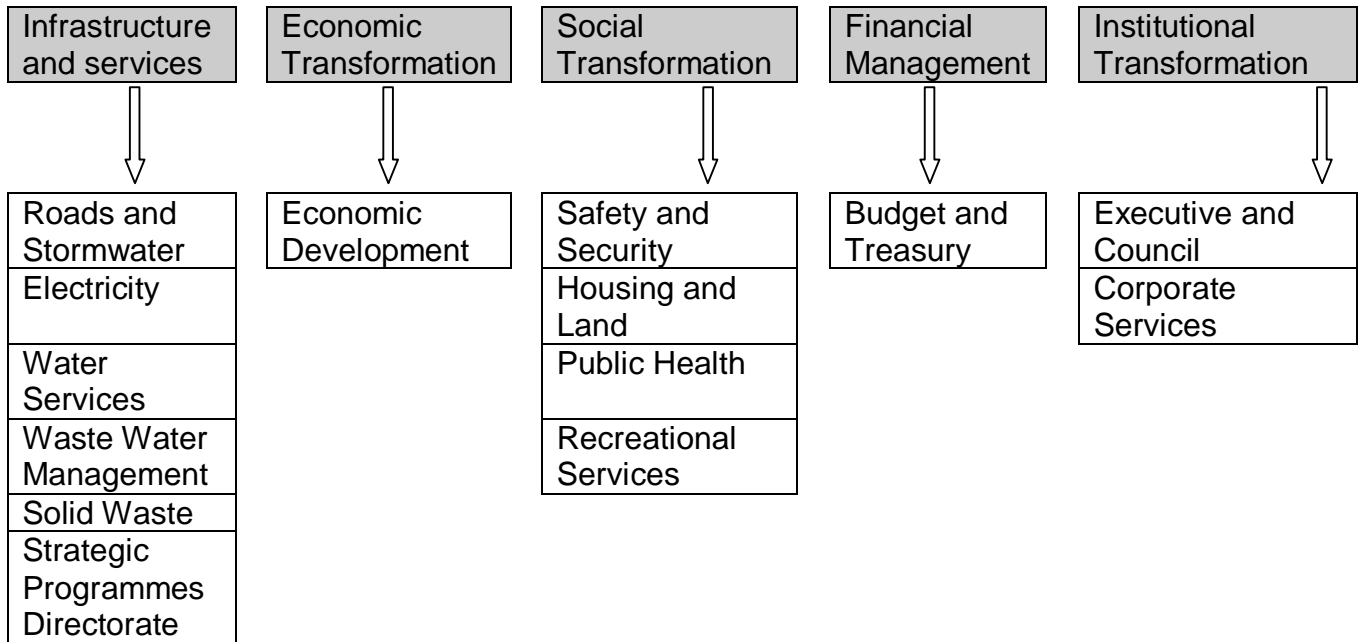
- It must support the achievement of the five strategic priorities of the Elundini LM.
- Focus on service delivery and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the SDBIP.

Alignment with National and Provincial Priorities

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities:



The above is an indication of Elundini Local Municipality alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Directors' performance agreements.

1.3.8 Amendments to Budget Related Policies

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

A review of the existing budget related policies indicated that significant changes are required at this stage. The following amended budget related policies are submitted herewith for final adoption:

- Rates Policy;
- Supply Chain Management Policy;
- Cash and Investment Policy;
- Fleet Management Policy;

New Policies for Adoption

- Borrowing Policy;
- Funding and Reserves Policy;
- Policy related to long term financial plan;
- Policy relating to infrastructural investment and capital projects;
- Budget Implementation Plan;
- Policies related to Management of losses;
- Policy on Pauper Burials;
- Policy on Lease of Property;
- Policy on Unauthorized/irregular and wasteful expenditure;
- Policy on Contingent Liabilities;
- Policy on Related Party Disclosures;
- Policy on VAT;
- Policy on GRAP Disclosures;
- Policy on journal Entries;
- Policy on Capital Commitments.

1.3.9 Budget Assumptions

The following key assumptions underpinned the preparation of the multi-year budget:

	2011/12	2012/13	2013/14
Income	%	%	%
Refuse Tariff Increase	6.0	6.2	5.9
Property Rates Increase	6.0	5.9	6.0
Electricity Tariff Increase	24.34	32.5	5.8
Revenue collection rates	60	80.0	95.0
Expenditure			
Total Expenditure Increase allowed (excluding repairs and maintenance)	6.0	6.2	5.9
Salary increase	8.2	6.2	6.0
Increase in repairs and maintenance	6.0	5.9	6.0
Increase in bulk purchase of power costs	25.8	25.9	5.9

1.4 Annual Budget Tables

The annual budget tables are included in this section.

1.4.1 Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position and cash flow, and MFMA funding compliance). The table provides a snapshot view of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Taking the aforementioned budget strategy, assumptions and principles into consideration the 2011/12 to 2013/14 Budget was arrived at as follows:

EC141 Elundini - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands										
<u>Financial Performance</u>										
Property rates	3 629	3 549	8 733	12 053	9 725	9 725	–	11 506	12 184	12 916
Service charges	8 097	2 840	22 205	22 404	22 404	22 404	–	18 474	22 922	24 263
Investment revenue	–	–	3 420	2 500	2 500	2 500	–	2 655	2 812	2 980
Transfers recognised - operational	45 893	54 889	64 065	52 021	52 021	52 021	–	67 502	74 062	78 875
Other own revenue	32 531	26 808	16 376	38 777	50 624	50 624	–	26 625	21 548	20 397
Total Revenue (excluding capital transfers and contributions)	90 150	88 085	114 799	127 755	137 274	137 274	–	126 761	133 528	139 430
Employee costs	27 454	29 956	36 379	44 086	44 536	44 536	–	43 325	46 035	46 605
Remuneration of councillors	–	–	7 461	7 427	7 427	7 427	–	8 636	9 145	9 021
Depreciation & asset impairment	–	–	–	5 011	–	–	–	–	–	–
Finance charges	–	–	2 098	159	159	159	–	169	179	189
Materials and bulk purchases	4 433	53 771	7 374	15 774	14 339	14 339	–	22 594	27 271	28 944
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	81 421	1 631	45 309	44 074	58 316	58 316	–	48 182	50 899	53 915
Total Expenditure	113 308	85 357	98 620	116 530	124 777	124 778	–	122 906	133 529	138 675
Surplus/(Deficit)	(23 159)	2 728	16 179	11 225	12 496	12 496	–	3 855	(0)	755
Transfers recognised - capital	–	–	–	18 680	18 680	18 680	–	23 466	28 376	43 819
Contributions recognised - capital & contributed assets	–	–	–	–	49 701	49 701	–	14 893	19 841	20 210

Surplus/(Deficit) after capital transfers & contributions	(23 159)	2 728	16 179	29 905	80 877	80 877	–	42 214	48 217	64 784
Surplus/(Deficit) for the year	(23 159)	2 728	16 179	29 905	80 877	80 877	–	42 214	48 217	64 784
<u>Capital expenditure & funds sources</u>										
Capital expenditure	19 537	15 143	50 502	29 754	80 871	80 871	–	41 081	46 855	63 413
Transfers recognised - capital	13 628	10 356	17 565	17 746	17 746	17 746	–	22 343	25 952	42 378
Public contributions & donations	–	–	–	–	49 701	49 701	–	14 893	15 771	16 717
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	5 909	4 787	32 937	12 008	13 424	13 424	–	3 845	5 132	4 318
Total sources of capital funds	19 537	15 143	50 502	29 754	80 871	80 871	–	41 081	46 855	63 413
<u>Financial position</u>										
Total current assets	64 737	61 171	54 757	43 005	47 191	47 191	–	43 081	38 396	37 730
Total non current assets	368	327	50 502	81 106	132 188	132 188	–	173 270	220 125	283 538
Total current liabilities	37 115	29 309	43 929	32 166	36 378	36 378	–	30 258	23 227	20 100
Total non current liabilities	267	1 737	11 617	12 326	12 410	12 410	–	13 288	14 272	15 361
Community wealth/Equity	27 724	30 452	49 714	79 619	130 591	130 591	–	172 805	221 022	285 806
<u>Cash flows</u>										
Net cash from (used) operating	39 738	11 757	24 456	17 926	59 018	59 018	–	39 825	44 984	65 731
Net cash from (used) investing	(19 536)	(15 143)	(34 006)	(29 754)	(80 871)	(80 871)	–	(41 081)	(46 855)	(63 413)
Net cash from (used) financing	(31)	(29)	(65)	(49)	(49)	(49)	–	(63)	(68)	(72)
Cash/cash equivalents at the year end	57 241	53 826	44 210	18 122	22 308	22 308	44 210	20 989	19 050	21 295
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	57 241	53 825	40 316	18 122	22 308	22 308	–	20 989	19 050	21 295
Application of cash and investments	29 999	23 431	61 849	43 454	27 767	27 767	–	14 282	9 698	9 521
Balance - surplus (shortfall)	27 242	30 394	(21 534)	(25 332)	(5 459)	(5 459)	–	6 707	9 352	11 774
<u>Asset management</u>										
Asset register summary (WDV)	71 009	84 491	50 502	81 106	132 188	132 188	173 270	173 270	220 125	283 538
Depreciation & asset impairment	–	–	–	5 011	–	–	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	1 146	1 146	1 214	1 286
Repairs and Maintenance	2 590	1 631	4 421	5 816	5 793	5 792	9 059	9 059	9 595	10 171
<u>Free services</u>										
Cost of Free Basic Services provided	–	–	10 193	11 598	11 598	11 598	11 865	11 865	14 447	17 390
Revenue cost of free services provided	–	–	9 063	9 233	9 233	9 233	12 021	12 021	14 608	17 481
<u>Households below minimum service level</u>										
Energy:	–	–	28 728	28 728	30 230	30 230	30 483	30 483	29 883	29 883
Refuse:	–	–	21 989	21 989	27 000	27 000	27 000	27 000	27 000	26 000

1.4.2 Consolidated Financial Performance 2010/11 to 2013/14

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

EC141 Elundini - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		55 909	53 824	73 529	79 707	87 570	87 570	90 189	94 634	100 109
Executive and council		223	273	98	7 250	7 250	7 250	159	169	179
Budget and treasury office		55 368	53 214	56 746	72 370	80 233	80 233	89 937	94 367	99 826
Corporate services		318	336	16 685	87	87	87	93	98	104
<i>Community and public safety</i>		344	610	3 046	710	775	775	925	979	1 038
Community and social services		344	592	3 024	709	773	773	923	978	1 036
Sport and recreation		-	3	4	2	2	2	2	2	2
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	15	18	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		15 242	13 022	11 514	13 964	15 676	15 676	13 030	12 740	10 809
Planning and development		1 872	284	25	1 667	2 675	2 675	41	44	46
Road transport		13 370	12 739	11 489	12 076	13 001	13 001	12 989	12 696	10 763
Environmental protection		-	-	-	221	-	-	-	-	-
<i>Trading services</i>		18 654	20 629	26 710	33 252	33 253	33 253	22 617	25 175	27 473
Electricity		7 976	16 657	10 416	10 927	10 927	10 927	14 459	19 711	20 865
Water		6 807	-	11 023	11 969	11 969	11 969	-	-	-
Waste water management		185	-	-	4 777	4 777	4 777	-	-	-
Waste management		3 686	3 972	5 271	5 580	5 580	5 580	8 158	5 464	6 608
<i>Other</i>	4	-	-	-	120	-	-	-	-	-
Total Revenue - Standard	2	90 149	88 085	114 799	127 754	137 274	137 274	126 761	133 528	139 430
Expenditure - Standard	-									
<i>Governance and administration</i>		61 888	37 754	74 451	53 650	60 781	60 781	60 920	64 389	68 215
Executive and council		9 314	11 049	11 749	15 800	20 164	20 164	18 916	20 032	21 234
Budget and treasury office		44 523	17 006	44 760	22 343	25 446	25 446	26 269	27 694	29 318
Corporate services		8 051	9 700	17 942	15 507	15 171	15 171	15 735	16 663	17 663
<i>Community and public safety</i>		7 116	6 605	8 021	5 907	6 821	6 821	6 529	6 914	7 329
Community and social services		4 537	3 553	4 756	1 953	2 847	2 847	2 221	2 351	2 492

Sport and recreation		2 135	2 527	2 687	3 423	3 439	3 439	3 737	3 957	4 195
Public safety		-	-	-	-	-	-	-	-	-
Housing		444	524	578	531	535	535	572	606	642
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		22 583	18 593	3 124	19 749	20 423	20 423	25 087	26 724	25 460
Planning and development		670	1 506	491	2 560	4 164	4 164	2 525	2 674	2 835
Road transport		21 913	17 087	2 633	16 512	16 259	16 259	21 831	23 275	21 804
Environmental protection		-	-	-	677	-	-	732	775	821
Trading services		21 720	22 405	13 025	37 225	36 753	36 753	30 369	35 501	37 671
Electricity		14 759	18 675	12 200	13 474	13 397	13 397	19 195	23 670	25 128
Water		3 647	-	(2 004)	11 961	10 692	10 692	-	-	-
Waste water management		1 673	-	-	3 203	3 169	3 169	-	-	-
Waste management		1 641	3 730	2 829	8 588	9 495	9 495	11 174	11 831	12 543
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	113 307	85 357	98 621	116 531	124 778	124 778	122 906	133 528	138 675
Surplus/(Deficit) for the year		(23 158)	2 728	16 178	11 224	12 496	12 496	3 856	0	755

The purpose of the format in which the budget is presented below, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Below is a classification of operating revenue and expenditure by vote. A vote is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

EC141 Elundini - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote	1									
EXECUTIVE & COUNCIL		223	273	98	7 250	7 250	7 250	159	169	179
BUDGET & TREASURY OFFICE		55 368	53 214	56 746	72 370	80 233	80 233	89 937	94 367	99 826
CORPORATE SERVICES DEPARTMENT		318	336	16 684	87	87	87	93	98	104
COMMUNITY SERVICES DEPARTMENT		2 214	1 640	3 072	4 674	3 450	3 450	3 169	3 356	3 558
TECHNICAL SERVICES DEPARTMENT		32 027	32 621	38 199	43 373	46 254	46 254	33 403	35 538	35 763
Total Revenue by Vote	2	90 149	88 085	114 799	127 754	137 274	137 274	126 761	133 528	139 430
Expenditure by Vote to be appropriated	1									
EXECUTIVE & COUNCIL		9 314	11 049	11 749	15 800	20 164	20 164	18 916	20 032	21 234
BUDGET & TREASURY OFFICE		44 523	17 006	44 760	22 343	25 446	25 446	26 269	27 694	29 318
CORPORATE SERVICES DEPARTMENT		8 051	9 700	17 942	15 507	15 171	15 171	15 735	16 663	17 663
COMMUNITY SERVICES DEPARTMENT		10 436	10 738	8 511	12 248	13 992	13 992	13 132	13 907	14 741
TECHNICAL SERVICES DEPARTMENT		40 984	36 865	15 658	50 633	50 005	50 005	48 853	55 232	55 719
Total Expenditure by Vote	2	113 308	85 357	98 620	116 531	124 778	124 778	122 905	133 528	138 675
Surplus/(Deficit) for the year	2	(23 159)	2 728	16 179	11 223	12 496	12 496	3 856	0	755

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

The following table reflect the budgeted financial performance by expenditure and income categories:

EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source											
Property rates	2	3 629	3 549	8 733	12 053	9 725	9 725	–	11 506	12 184	12 916
Property rates - penalties & collection charges									–	–	–
Service charges - electricity revenue	2	4 700	2 840	10 890	9 503	9 503	9 503	–	12 559	16 640	17 610
Service charges - water revenue	2	3 396	–	6 180	6 968	6 968	6 968	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	353	353	353	–	–	–	–
Service charges - refuse revenue	2	–	–	5 135	5 580	5 580	5 580	–	5 915	6 282	6 653
Service charges - other					–	–	–		–	–	–
Rental of facilities and equipment				735	8 671	8 671	8 670		712	754	799
Interest earned - external investments				3 420	2 500	2 500	2 500		2 655	2 812	2 980
Interest earned - outstanding debtors				5 916	150	150	150		3 552	3 761	3 987
Dividends received				609	–	–	–		–	–	–
Fines					73	73	74		78	82	87
Licences and permits					2 001	2 021	2 021		1 973	2 089	2 215
Agency services					9 326	9 326	9 325		9 903	10 487	11 117
Transfers recognised - operational		45 893	54 889	64 065	52 021	52 021	52 021		67 502	74 062	78 875
Other revenue	2	32 531	26 808	9 116	18 557	30 384	30 384	–	10 408	4 375	2 193
Gains on disposal of PPE					–	–	–		–	–	–
Total Revenue (excluding capital transfers and contributions)		90 150	88 085	114 799	127 755	137 274	137 274	–	126 761	133 528	139 430

Expenditure By Type	-										
Employee related costs	2	27 454	29 956	36 379	44 086	44 536	44 536	-	43 325	46 035	46 605
Remuneration of councillors				7 461	7 427	7 427	7 427		8 636	9 145	9 021
Debt impairment	3			23 920	12 945	12 945	12 945		9 049	9 583	10 158
Depreciation & asset impairment	2	-	-	-	5 011	-	-	-	-	-	-
Finance charges				2 098	159	159	159		169	179	189
Bulk purchases	2	4 433	53 771	7 374	9 065	9 065	9 065	-	13 580	17 777	18 826
Other materials	8			-	6 709	5 274	5 275		9 014	9 494	10 119
Contracted services				-	2 852	2 946	2 946	-	2 237	2 370	2 512
Transfers and grants				-							
Other expenditure	4, 5	81 421	1 631	21 364	28 276	42 425	42 425	-	36 895	38 946	41 245
Loss on disposal of PPE				25							
Total Expenditure		113 308	85 357	98 620	116 530	124 777	124 778	-	122 906	133 529	138 675
Surplus/(Deficit)		(23 159)	2 728	16 179	11 225	12 496	12 496	-	3 855	(0)	755
Transfers recognised - capital					18 680	18 680	18 680		23 466	28 376	43 819
Contributions recognised - capital	6	-	-	-	-	-	-	-	14 893	19 841	20 210
Contributed assets					-	49 701	49 701				
Surplus/(Deficit) after capital transfers & contributions		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784
Taxation											
Surplus/(Deficit) after taxation		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(23 159)	2 728	16 179	29 905	80 877	80 877	-	42 214	48 217	64 784

1.4.3 Capital Budget Summary

The three year capital budget presented below has been prepared to give effect to the service delivery objectives as contained within the Integrated Development Plan.

Importantly, R 151.349 million will be invested over the 2011/2012-2013/14 MTREF in capital expansion programmes, with R 28.8 Million(4-7%-5%) of opex being invested into repairs and maintenance initiatives aimed at maintaining all assets in good operational order to maximise ROI .(See Asset Management commentary elsewhere in this report for detailed analysis around % benchmark indicators)

Importantly in terms of the audited outcome for 2009/2010, the capital budget was 77% spent, with project rollover applications in the sum of R 7.4 million approved in accordance with the Division of Revenue Act; similarly the projected level of Capital spend for 2010/2011 is anticipated to be 100%, based on indicative levels of spend contained within the section 71 in year reporting conducted to Council and Treasury.

Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Table A5 seeks to meet three requirements, namely it shows:

- capital expenditure by municipal vote;
- capital expenditure by standard classification; and
- the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial governments that fund the capital budget.

EC141 Elundini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
EXECUTIVE & COUNCIL		11 097	1 710	2 365	7 100	5 300	5 300	-	106	112	119
BUDGET & TREASURY OFFICE		2 936	-	1 262	80	3 880	3 880	-	850	900	954
CORPORATE SERVICES DEPARTMENT		580	-	914	1 050	1 010	1 010	-	-	-	-
COMMUNITY SERVICES DEPARTMENT		-	-	5 102	1 778	7 894	7 894	-	15 464	16 376	17 358
TECHNICAL SERVICES DEPARTMENT		4 924	13 433	40 859	19 746	62 787	62 787	-	24 661	29 466	44 981
Capital multi-year expenditure sub-total	7	19 536	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413
Total Capital Expenditure - Vote		19 536	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413
Capital Expenditure - Standard											
Governance and administration		14 613	1 710	4 541	8 230	10 190	10 190	-	956	1 013	1 073
Executive and council		11 097	1 710	2 365	7 100	5 300	5 300	-	106	112	119
Budget and treasury office		2 936	-	1 262	80	3 880	3 880	-	850	900	954
Corporate services		580	-	914	1 050	1 010	1 010	-	-	-	-
Community and public safety		-	-	5 102	1 061	7 354	7 354	-	571	605	641
Community and social services				3 825	1 040	7 184	7 184	-	21	22	24
Sport and recreation				475	21	170	170	-	550	582	617
Public safety				803		-	-	-			
Economic and environmental services		2 292	4 750	31 083	20 463	34 286	34 286	-	36 554	42 060	44 453
Planning and development					717	540	540	-	14 893	15 771	16 717
Road transport		2 292	4 750	31 083	19 746	33 746	33 746	-	21 661	26 289	27 736
Trading services		2 632	8 683	9 776	-	29 041	29 041	-	3 000	3 177	17 245
Electricity		2 632	8 683			28 791	28 791	-	1 000	1 059	15 000
Waste management				9 735		250	250	-	2 000	2 118	2 245
Total Capital Expenditure - Standard	3	19 537	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413
Funded by:											
National Government		13 628	10 356	17 565	17 746	17 746	17 746	-	22 343	25 952	42 378
Provincial Government											
Transfers recognised - capital	4	13 628	10 356	17 565	17 746	17 746	17 746	-	22 343	25 952	42 378
Public contributions & donations	5					49 701	49 701		14 893	15 771	16 717
Borrowing	6										
Internally generated funds		5 909	4 787	32 937	12 008	13 424	13 424		3 845	5 132	4 318
Total Capital Funding	7	19 537	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413

1.4.4 Budgeted Financial Statements

The financial statements below identify the financial viability of the Municipality. It is evident from this statement that value of the Municipality is increasing and liquidity although appropriate at this point of time, will require monitoring.

1.4.4.1 Table A6 Budgeted Financial Position

The table below presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity ie. Assets readily converted to cash or liabilities immediately required to be met from cash appears first.

The financial viability of the Organisation is deemed sound as evidenced by the Statement of Financial Performance, although liquidity within the short term remains a relative challenge, it would be evident that the planned performance has been structured to ensure a progressive alignment of liquidity to international norms; please see further commentary on ratios under section Financial Ratios and benchmarking.

EC141 Elundini - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ASSETS											
Current assets											
Cash		1 961	2 736	–	258	264	264		1 000	1 000	1 000
Call investment deposits	1	55 280	51 089	44 210	17 864	22 044	22 044	–	19 989	18 050	20 295
Consumer debtors	1	6 847	6 739	10 547	24 554	24 554	24 554	–	21 947	19 186	16 259
Other debtors				–							
Current portion of long-term receivables				–							
Inventory	2	649	607	–	329	329	329		145	160	176
Total current assets		64 737	61 171	54 757	43 005	47 191	47 191	–	43 081	38 396	37 730

Non current assets											
Long-term receivables				-							
Investments				-							
Investment property				-					1	1	1
Investment in Associate				-							
Property, plant and equipment	3	368	327	50 502	80 256	131 338	131 338	-	172 419	219 274	282 687
Agricultural											
Biological											
Intangible					850	850	850		850	850	850
Other non-current assets											
Total non current assets		368	327	50 502	81 106	132 188	132 188	-	173 270	220 125	283 538
TOTAL ASSETS		65 105	61 498	105 259	124 111	179 379	179 379	-	216 351	258 521	321 268
LIABILITIES											
Current liabilities	-										
Bank overdraft	1	-	-	3 894	-	-	-	-	-	-	-
Borrowing	4	102	90	73	114	114	114	-	190	189	202
Consumer deposits		193	137	151	155	155	155		158	161	164
Trade and other payables	4	36 820	29 081	37 028	28 992	33 204	33 204	-	26 761	19 467	16 051
Provisions		-	-	2 783	2 905	2 905	2 905		3 149	3 409	3 682
Total current liabilities		37 115	29 309	43 929	32 166	36 378	36 378	-	30 258	23 227	20 100
Non current liabilities											
Borrowing		267	237	337	182	266	266	-	190	124	55
Provisions		-	1 500	11 279	12 144	12 144	12 144	-	13 098	14 148	15 306
Total non current liabilities		267	1 737	11 617	12 326	12 410	12 410	-	13 288	14 272	15 361
TOTAL LIABILITIES		37 382	31 046	55 546	44 492	48 788	48 788	-	43 546	37 499	35 461
NET ASSETS	5	27 724	30 452	49 714	79 619	130 591	130 591	-	172 805	221 022	285 806
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		27 724	30 452	49 714	79 619	130 591	130 591		172 805	221 022	285 806
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	27 724	30 452	49 714	79 619	130 591	130 591	-	172 805	221 022	285 806

1.4.4.2 Table A7 Budgeted Cash Flows

The table below depicts the projected cashflows emanating from operating activities, investing activities and financing activities and the extent to which these activities contribute to the overall increase in cash held within the organisation over the 2011/2012- 2013/14 MTREF.

The budget statement presented is of particular interest to the Organisation considering that the entire Organisational Service Delivery mandate is premised on ensuring that sufficient cash resources are maintained by the Organisation at all times to meet obligations imposed.

The Cashflow Statement presented clearly defines that the Municipality's revenue inflows are stable, furthermore Division of Revenue Act allocations are transferred in 3 tranches per annum in advance, and as such contributes significantly in providing a stable revenue resource platform from which to settle obligations.

EC141 Elundini - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		47 017	27 941	35 568	42 460	91 461	91 461		54 215	57 491	62 012
Government - operating	1	16 014	31 030	50 197	52 021	52 021	52 021	-	67 502	74 062	78 875
Government - capital	1	8 479	22 858	17 565	18 680	18 680	18 680	-	23 466	28 376	43 819
Interest		2 057	6 257	9 336	2 500	2 500	2 500	-	2 655	2 812	2 980
Dividends											
Payments											
Suppliers and employees		(33 700)	(76 210)	(88 100)	(97 634)	(105 543)	(105 543)		(107 905)	(117 643)	(121 836)
Finance charges		(128)	(119)	(110)	(101)	(101)	(101)	-	(107)	(113)	(120)
Transfers and Grants	1								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		39 738	11 757	24 456	17 926	59 018	59 018	-	39 825	44 984	65 731

CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors				-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables				-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments				-	-	-	-	-	-	-	-
Payments											
Capital assets		(19 536)	(15 143)	(34 006)	(29 754)	(80 871)	(80 871)		(41 081)	(46 855)	(63 413)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19 536)	(15 143)	(34 006)	(29 754)	(80 871)	(80 871)	-	(41 081)	(46 855)	(63 413)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-			-				-	-	-
Borrowing long term/refinancing		-			-				-	-	-
Increase (decrease) in consumer deposits					9	9	9		(2)	(2)	(3)
Payments											
Repayment of borrowing		(31)	(29)	(65)	(58)	(58)	(58)		(62)	(66)	(69)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(31)	(29)	(65)	(49)	(49)	(49)	-	(63)	(68)	(72)
NET INCREASE/ (DECREASE) IN CASH HELD		20 171	(3 415)	(9 616)	(11 877)	(21 902)	(21 902)	-	(1 319)	(1 939)	2 246
Cash/cash equivalents at the year begin:	2	37 070	57 241	53 826	29 999	44 210	44 210	44 210	22 308	20 989	19 050
Cash/cash equivalents at the year end:	2	57 241	53 826	44 210	18 122	22 308	22 308	44 210	20 989	19 050	21 295

1.4.4.3 Table A8 Cash backed reserves/accumulated surplus reconciliation

The underlying purpose of the table is to reflect the predicted cash and investments that are available at the end of a particular budget year and how those funds were used. A surplus would indicate that sufficient cash and investments is available to meet commitments, whilst a shortfall would indicate inadequate cash and investments was available to meet commitments.

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash and investments available											
Cash/cash equivalents at the year end	1	57 241	53 826	44 210	18 122	22 308	22 308	44 210	20 989	19 050	21 295
Other current investments > 90 days		(0)	(0)	(3 894)	–	–	–	(44 210)	0	0	(0)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		57 241	53 825	40 316	18 122	22 308	22 308	–	20 989	19 050	21 295
Application of cash and investments											
Unspent conditional transfers		–	–	24 108	16 680	16 680	16 680	–	8 215	8 708	9 229
Unspent borrowing									–	–	–
Statutory requirements	2										
Other working capital requirements	3	29 999	23 431	28 616	17 021	9 959	9 959	–	5 412	(385)	(1 876)
Other provisions				1 500	1 692	1 128	1 128				
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5			7 626	8 061	–	–		655	1 375	2 168
Total Application of cash and investments:		29 999	23 431	61 849	43 454	27 767	27 767	–	14 282	9 698	9 521
Surplus(shortfall)		27 242	30 394	(21 534)	(25 332)	(5 459)	(5 459)	–	6 707	9 352	11 774

1.4.5 Table A9 Asset Management

The below mentioned table is design to provide a clear guidance to the Organization of the extent to which the investment choice effected/planned, address backlog eradication, versus the replacement of existing assets within the organization, and the extent to which the organization is investing in maintenance programmes aimed at maximizing the useful of the asset.

Notably, the Organization has successfully rehabilitated/ and or replaced the entire Maclear and Ugie Electricity distribution networks over the last three financial years; the focus for the 2011/2012 MTREF is on Roads and Storm water Infrastructure to create the enabling environment to promote economic development within the region.

The Water Service Authority, Joe Gqabi DM is responsible for direct infrastructural investment within the water services infrastructure within the region, the Local Municipalities investment is critically linked to the Spatial Development Plan, that includes all sector investment nodals.

EC141 Elundini - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	369	16 459	50 502	29 754	80 871	80 871	39 935	45 641	62 126
<i>Infrastructure - Road transport</i>		2 292	370	11 771	17 746	17 746	17 746	21 343	25 951	27 378
<i>Infrastructure - Electricity</i>		2 632	130	3 422	-	28 491	28 491	1 000	1 059	15 000
<i>Infrastructure - Other</i>		36 131	8 303	9 889	200	300	300	2 700	2 859	3 031
Infrastructure		41 054	8 803	25 082	17 946	46 537	46 537	25 043	29 869	45 409
Community		8 133	47	3 680	1 041	541	541	14 893	15 771	16 717
Other assets	6	(48 819)	7 572	21 704	9 917	33 293	33 293	-	-	-
Intangibles		-	37	37	850	500	500	-	-	-
Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14

Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	1 146	1 214	1 286
Community	-	-	-	-	-	-	-	-	550	582	617
Other assets	6	-	-	-	-	-	-	-	596	632	669
Intangibles		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4										
Infrastructure - Road transport		2 292	370	11 771	17 746	17 746	17 746	21 343	25 951	27 378	
Infrastructure - Electricity		2 632	130	3 422	-	28 491	28 491	1 000	1 059	15 000	
Infrastructure - Other		36 131	8 303	9 889	200	300	300	2 700	2 859	3 031	
Infrastructure		41 054	8 803	25 082	17 946	46 537	46 537	25 043	29 869	45 409	
Community		8 133	47	3 680	1 041	541	541	15 443	16 354	17 335	
Other assets		(48 819)	7 572	21 704	9 917	33 293	33 293	596	632	669	
Intangibles		-	37	37	850	500	500	-	-	-	
TOTAL CAPITAL EXPENDITURE - Asset class	2	369	16 459	50 502	29 754	80 871	80 871	41 081	46 855	63 413	
ASSET REGISTER SUMMARY - PPE (WDV)	5										
Infrastructure - Road transport				11 771	29 517	45 482	45 482	67 143	93 432	121 168	
Infrastructure - Electricity				3 422	3 422	32 213	32 213	33 213	34 272	49 272	
Infrastructure - Other				10 207	10 407	10 207	10 207	12 907	15 766	18 853	
Infrastructure		-	-	25 400	43 346	87 902	87 902	113 263	143 470	189 293	
Community		70 573	84 055	3 680	4 721	11 034	11 034	11 605	12 210	12 851	
Other assets		436	436	21 422	32 189	32 402	32 402	47 551	63 594	80 543	
Intangibles		-	-	-	850	850	850	850	850	850	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	71 009	84 491	50 502	81 106	132 188	132 188	173 270	220 125	283 538	
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment		-	-	-	5 011	-	-	-	-	-	
Repairs and Maintenance by Asset Class	3	2 590	1 631	4 421	5 816	5 793	5 792	9 059	9 595	10 171	
Infrastructure - Road transport		2 590	1 631	4 421	1 800	800	800	2 974	3 149	3 338	
Infrastructure - Electricity		-	-	-	450	1 195	1 195	757	803	851	
Infrastructure - Water		-	-	-	1 450	1 390	1 390	-	-	-	
Infrastructure - Sanitation		-	-	-	900	900	900	-	-	-	
Infrastructure - Other		-	-	-	-	320	320	2 319	2 455	2 603	
Infrastructure		2 590	1 631	4 421	4 600	4 605	4 605	6 049	6 407	6 792	
Community		-	-	-	100	30	30	85	90	95	
Investment properties		-	-	-	-	-	-	1 450	1 536	1 628	
Other assets	6, 7	-	-	-	1 116	1 158	1 157	1 475	1 562	1 656	

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
TOTAL EXPENDITURE OTHER ITEMS		2 590	1 631	4 421	10 827	5 793	5 792	9 059	9 595	10 171
<i>% of capital exp on renewal of assets</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	2.7%	2.1%
<i>Renewal of Existing Assets as % of deprechn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		703.3%	498.2%	8.8%	7.2%	4.4%	4.4%	5.3%	4.4%	3.6%
<i>Renewal and R&M as a % of PPE</i>		4.0%	2.0%	9.0%	7.0%	4.0%	4.0%	6.0%	5.0%	4.0%

1.4.6 Table A10 Basic service delivery measurement

The table below denotes the Service delivery measurement as adopted by Council, the importance of this table signifies the impact that the Budget has on Service Delivery, considering the Organization's vested interest in gauging the effectiveness of the investment choices and the extent to which the investment choices have promote access to basic services, the migration of households on a progressive approach to enhanced service level offerings, as well as providing an understanding on what investments are being effected in the provision of alternative service delivery options eg. Solar Systems.

Similarly, the table also provides Council with an understanding as to how the policy choices made translate into the commitment of resources as part of the overall poverty alleviation programme of Council, from the analysis it would be evident that the Organization has committed R 44.1 Million over the 2011/2012- 2013/2014 towards this initiative to an estimated 9700 qualifying households within the Serviced Region.

The Elundini Local Municipality provides a basket of services to households based on the following thresholds:

- Rates R 15 000.00 rebate on rateable valuation imposed per households(all Households);
 - 100% Rebate on Rates to all Registered Indigent households;
- Electricity- a 50kwh allocation to all households earning less than R 2160.00 per month;
 - Eskom rebate structure to all indigents registered within Eskom supplied areas within region- 50 kwh;
 - Provision of a R 32 per month subsidy per household earning less than R 2160 per month(Non-Grid);
- Refuse 100% rebate to all Indigents registered as per the Indigent Support policy;
- Water -6kl rebate to all Households monthly(Administered on behalf of Joe Gqabi DM)
- Sanitation- 100% rebate on capital charges monthly to all qualifying households registered in accordance with the Indigent Support Programme

EC141 Elundini - Table A10 Basic service delivery measurement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Energy:</u>										
Electricity (at least min.service level)				0	0	1	1	1	1	1
Electricity - prepaid (min.service level)				5	5	2	2	2	2	2
<i>Minimum Service Level and Above sub-total</i>				5	5	4	4	4	4	4
Electricity (< min.service level)				1	1	1	1	4	7	9
Electricity - prepaid (< min. service level)				-	-	-	-	-	-	-
Other energy sources				28	27	29	29	26	23	21
<i>Below Minimum Service Level sub-total</i>				-	-	29	30	30	30	30
Total number of households	5			34	34	34	34	34	34	34
<u>Refuse:</u>										
Removed at least once a week				12	12	7	7	7	7	8
<i>Minimum Service Level and Above sub-total</i>				12	12	7	7	7	7	8
Removed less frequently than once a week				-	-	-	-	-	-	-
Using communal refuse dump				-	-	-	-	-	-	-
Using own refuse dump				-	22	27	27	27	27	26
Other rubbish disposal				-	-	-	-	-	-	-
No rubbish disposal				22	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>				-	-	22	27	27	27	26
Total number of households	5			34	34	34	34	34	34	34

Households receiving Free Basic Service	7										
Water (6 kilolitres per household per month)			7	7	7	7	-	-	-		
Sanitation (free minimum level service)			1	1	1	1	-	-	-		
Electricity/other energy (50kwh per household per month)			8	9	9	9	6	8	11		
Refuse (removed at least once a week)			7	7	7	7	6	6	6		
Cost of Free Basic Services provided (R'000)	8										
Water (6 kilolitres per household per month)			2 401	2 717	2 717	2 717	-	-	-		
Sanitation (free sanitation service)			595	674	674	674	-	-	-		
Electricity/other energy (50kwh per household per month)			1 959	2 278	2 278	2 278	2 927	4 982	7 356		
Refuse (removed once a week)			5 239	5 930	5 930	5 930	8 938	9 465	10 034		
Total cost of FBS provided (minimum social package)			-	-	10 193	11 598	11 598	11 598	11 865	14 447	17 390
Highest level of free service provided											
Property rates (R'000 value threshold)			15	15	15	15	15	15	15	15	
Water (kilolitres per household per month)			6	6	6	6	-	-	-	-	
Sanitation (kilolitres per household per month)			-	-	-	-	-	-	-	-	
Sanitation (Rand per household per month)			50	55	55	55	-	-	-	-	
Electricity (kwh per household per month)			50	50	50	50	50	50	50	50	
Refuse (average litres per week)			40	40	40	40	40	40	40	40	
Revenue cost of free services provided (R'000)	9										
Property rates (R15 000 threshold rebate)			1 307	1 390	1 390	1 390	1 922	2 035	2 157		
Property rates (other exemptions, reductions and rebates)			4 935	3 940	3 940	3 940	1 845	1 954	2 071		
Water			2 021	1 800	1 800	1 800	-	-	-		
Sanitation			-	-	-	-	-	-	-		
Electricity/other energy			779	695	695	695	2 783	4 819	7 105		
Refuse			21	1 407	1 407	1 407	5 472	5 800	6 148		
Municipal Housing - rental rebates			-	-	-	-	-	-	-		
Housing - top structure subsidies	6		-	-	-	-	-	-	-		
Other			-	-	-	-	-	-	-		
Total revenue cost of free services provided (total social package)			-	-	9 063	9 233	9 233	9 233	12 021	14 608	17 481

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of annual budget process

The Budget process started in August 2010 after the approval of a timetable and strategy to guide the preparation of the 2010/11 to 2012/13 Operating and Capital Budgets.

The timetable provided broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, State departments, other municipalities, business and labour, during March/April/May 2011. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled in March 2011. The Budget was tabled by the Mayor at a Council meeting to be held on 31 March 2011, following which it was submitted to National Treasury as well as being subjected to a consultation process with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, other municipalities, business, labour, National and Provincial Governments.

The consultation took place in the form of a series of public meetings in the various wards (clustering certain wards) under the direction and leadership of the Mayor and his Mayoral Committee. Taking the inputs of the aforementioned consultations into account, the Executive Mayor will table the IDP and Budget for final approval at a Council meeting to be held on 15 June 2010.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The draft budget was also considered by the Budget Task Team. The Task Team consists of Councillors of the Budget and Treasury Committee, whilst being chaired by the Portfolio Councillor. The main objective of the Budget Task Team was to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account.

The deliberations of the Budget Task Team were considered by the IDP and Budget Steering Committee under the direction of the Mayor. The purpose of the aforementioned Committee is to co-ordinate the review of the IDP and ensuring that the key service delivery priorities are addressed in the Budget.

2.1.1 IDP & Budget Timetable 2011/12 to 2013/14

The preparation of the 2011/12 to 2013/14 IDP and Budget was guided by following schedule of key deadlines as approved by Council on 17 September 2010.

INTRODUCTION

Local government elections will be occurring in 2011, from 2 March to 2 June. Due to the uncertainty about when the elections will occur, it is incumbent upon municipalities to ensure that the arrangements for the IDP and Budget continue smoothly. National Treasury released MFMA Circular No.54 on the 10th December 2010 advising municipalities to consider revising their IDP and Budget processes in line with the 2 options suggested by them. Joe Gqabi District Municipality and Elundini Local Municipality have opted for Option 1.

Option1: Outgoing Council approved 2011/12 budget

1. Current Mayor prepares a budget schedule that brings the review of the IDP and the tabling of the budget forward to late February or the beginning of March 2011
2. Community consultations on the annual budget conducted in remainder of March and early April 2011
3. Officials complete technical work on annual budget by mid-April 2011
4. Current Council approves annual budget before the end of April 2011
5. New Council implements annual budget from 1 July 2011

As a new Council is being elected, it means that a new 5 year integrated development plan will have to be adopted. In terms of the Municipal Systems Act, Chapter 5, Section 25 (1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which-

- (a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) aligns the resources and capacity of the municipality with the implementation of the plan;
- (c) forms the policy framework and general basis on which annual budgets must be based;
- (d) complies with the provisions of this Chapter; and
- (e) is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation

LEGAL CONTEXT

An Integrated Development Plan (IDP), adopted by the Municipal Council, is a key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) 32 of 2000 as:

35(1) (a) "...the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality";
(b) "...binds the municipality in the exercise of its executive authority...;

Elundini Local Municipality will develop its IDP and Budget in accordance with the requirements as set out in the Local Government: Municipal Systems Act (MSA) 32 of 2000, the Local Government:

Municipal Planning and Performance Management Regulations 2001 and the Municipal Finance Management Act 56 of 2003.

PROCESS PLAN

The MSA 28(1) states that *each municipal council ... must adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP.*

This Process Plan outlines the programme to be followed and provides details on issues specified in the Act. A Process Plan must according to MSA 29 (1):

- (a) *be in accordance with a predetermined programme specifying time-frames for the different steps;*
- (b) *through appropriate mechanisms, processes and procedures establish in terms Chapter 4, allow for –*
 - (i) *the local community to be consulted on its development needs and priorities;*
 - (ii) *the local community to participate in the drafting of the IDP; and*
 - (iii) *organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the IDP;*
- (c) *provide for the identification of all plans and planning requirements binding on the municipality in terms of national and provincial legislation; and*
- (d) *be consistent with any other matters that may be prescribed by regulation.*

BINDING PLANS & LEGISLATION

The Local Government: Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 of 2003 are specific to municipalities and are the key important legislations for the development of the IDP. Further, national sector legislations contain various kinds of requirements for municipalities to undertake planning.

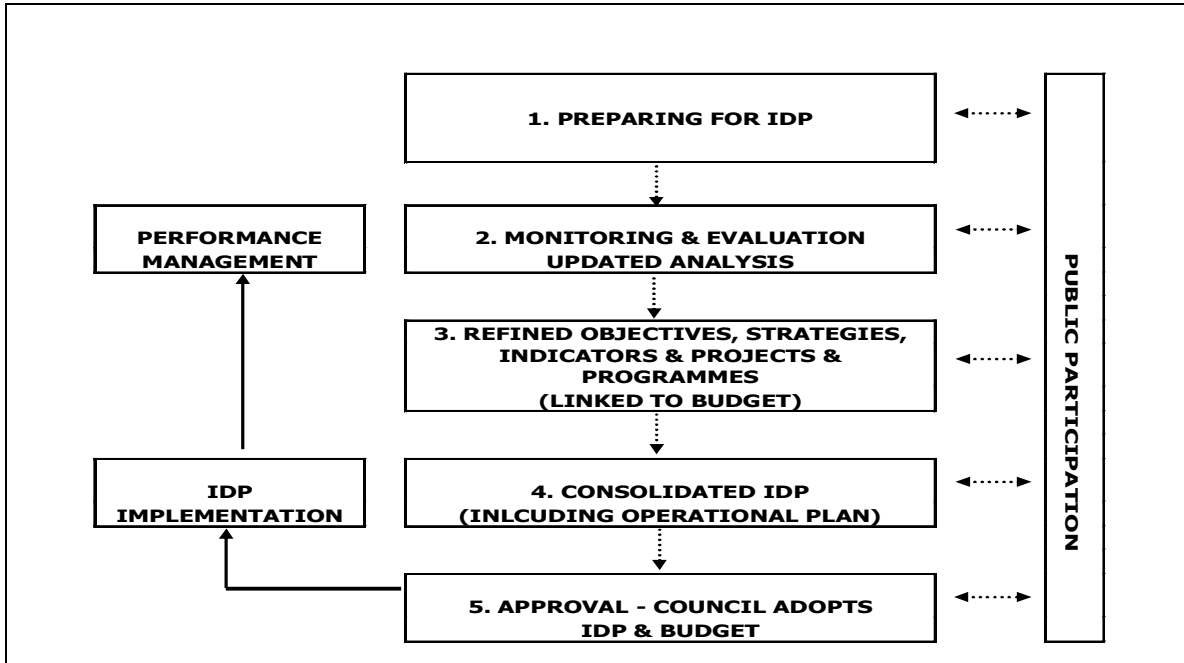
A list of National and Provincial legislation impacting on the development and review of the IDP and Budget is attached as an **Annexure**.

Some important National and Provincial guiding plans and policy documents for the IDP include the Medium-term Strategic Framework, the National Development Perspective (NSDP), the Eastern Cape Provincial Spatial Development Plan (ECPSDP), the Eastern Cape Provincial Growth and Development Plan (ECPGDP) and recently the Ukhahlamba District Growth and Development Summit (GDS).

IDP PROCESS

The IDP Process as depicted in the figure below is a continuous cycle of planning, implementation and evaluation.

ACTION PROGRAMME AND TIME FRAMES



PHASES	PERIOD	KEY EVENTS/ACTIVITIES
Preparation	July 10 . Sept 10	<ul style="list-style-type: none"> • Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process • Accounting officers and senior officials of municipality and entities begin planning for next three-year budget • Accounting officers and senior officials of municipality and entities review options and contracts for service delivery • Process Plan prepared • Submit Process Plan to EXCO: 04/08/10 • Submit the Process Plan to Council for adoption 17/09/10
Analysis	Oct 10 . Nov 10	<ul style="list-style-type: none"> • IDP process plan advertised 30 October 2010 • Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials October 2010 • IDP Rep Forum 20 October 2010

		<ul style="list-style-type: none"> • IDP Steering Committee 8 October 2010 • Ward Committee Meetings November 2010 • IDP Rep Forum 26 November 2010 • IDP Steering Committee 5 November 2010
Objectives, Strategies & Projects	Nov 30 2010- 28 February 2011	<ul style="list-style-type: none"> • Attend District IDP Rep Forum 3 December 2010 • Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements • Council finalises tariff (rates and service charges) policies for next financial year • Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 29 January) • IDP Steering Committee 03 February 2011
Integration	31 January . 28 February 2011	<ul style="list-style-type: none"> • IDP Steering Committee to discuss budget February 2011 • IDP Steering committee to prepare draft budget by 28 February 2011 • Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report • Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year • CBP rollout from January to March 2011 • Meetings with sector departments February 2011
Approval	25 March . 27 May 2011	<ul style="list-style-type: none"> • IDP Steering Committee 09 March 2011 (Budget) • DM Rep Forum 18 March 2011 • IDP Rep Forum 24 March 2011 (draft IDP & budget) • Advertise for comments & public participation 4 March 2011 . 13 May 2011 • Council interacts with public through ward meetings around budget and IDP March . April 2011 • Council Approve draft IDP & Budget 31

		<p>March 2011</p> <ul style="list-style-type: none"> • IDP Steering Committee 8 April 2011 (PMS & SDBIP) • IDP Steering Committee 15 April 2011 (PMS & SDBIP) • Council approves final budget & IDP 29 April 2011 • Final IDP Submitted to MEC for Local Government 09 May 2011 • IDP Steering committee 04 May 2011 (PMS) • IDP Rep Forum 17 May 2011 (PMS) • Summaries of the adopted IDP and Budget published for public information 10 May 2011 • SDBIP and draft performance agreements of section 56 Managers submitted to Mayor and EXCO 24 May 2011 • SDBIP and draft performance agreements of section 56 Managers approved by Council 30 June 2011 • SDBIP submitted to MEC for Local Government 1 July 2011 • DM IDP Rep Forum 12 May 2011
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PHASE 0: PREPARATION

During this phase all institutional preparations and arrangements are made to ensure that the process runs smoothly. This include among others:

- Designing an action plan/programme for the process indicating main activities and time framed;
- Assigning roles and responsibilities;
- Putting in place organizational arrangements and the procedures and mechanisms for public participation.

The key output of this phase is a Process Plan to be approved by Council.

PHASE 1: ANALYSIS

The purpose of this phase is to find out what is happening and to ensure that decisions will be based on:

- people's priority needs and problems;
- knowledge of available and accessible resources;
- proper information and understanding of the dynamics influencing the development in the municipality.

The process will involve gathering and collecting relevant information, including:

- identification of what has been achieved and the gaps with respect to previous IDPs;
- progress with the internal and external sources, for example:
 - (i) new policy legislation;

- (ii) budget information from other spheres of government and Senqu Municipality . identifying potential and available funding from all sources;
- (iii) more or improve in-depth information about the existing situation and priority issue, information about new development and trends . including information arising out of sector plans;
- (iv) input from stakeholder organizations and constituencies.

Since all Ward Committees are now in place, a ward survey using Ward Plans will be undertaken to clarify the key issues for each of the 16 wards. Consideration will need to be given as to how all of the information impacts on the priority issues, objectives and strategies.

The output of this phase will be a draft Analysis Report, wherein the prioritized/key issues for Elundini Local Municipality are identified, elaborated and discussed. This report will then be given to both the IDP Steering Committee and IDP Representative Forum Meetings.

PHASE 2: STRATEGIES

The knowledge generated by the previous phase will inform this phase. The objectives will be developed in the light of the Analysis and thereafter appropriate changes and adjustments will be made.

A Mayoral Strategic Workshop/Meeting will be held with the Executive Committee, Ward Councillors and the IDP Steering Committee to discuss among other, the following:

- the draft analysis report, including the ward survey;
- IDP objectives and strategies;

PHASE 3: PROJECTS

Phase 2 & 3 overlap in that generally projects flow from the objectives and strategy development process. Projects will be identified through interaction with ward structures and evaluated by the IDP Steering Committee and IDP Rep Forum. It is anticipated that during this phase:

- A draft operational and capital budget will be developed
- A draft organisational PMS with targets will be developed

PHASE 4: INTEGRATION

Although this phase is seen as separate in IDP methodology it is in fact continuous and occurs throughout the development of the IDP through interaction with the sector departments, possible funders, district and local municipalities and the community at large.

PHASE 5: APPROVAL

During this phase consideration will be given to the comments arising out of the public participation process and the draft IDP 2011/12 will be submitted, together with the budget, to the Council for adoption. Roadshows will be held to publicise the budget and IDP. In this phase after adoption of the final IDP and budget in May 2011, the SDBIP and performance agreements of the Section 56 Managers and Municipal Manager will be finalised and adopted in conjunction with an organisational and individual performance monitoring system.

INSTITUTIONAL ARRANGEMENTS AND ROLES & RESPONSIBILITIES

The development of the IDP and Budget involves Municipal Officials, Councillors as well as stakeholders/actors outside the Municipality. The following arrangements have been set in place to institutionalise community/ stakeholder participation and also to enable the municipality to manage the drafting of the output. Further, these organisational arrangements will provide an organised platform for the accessing of the decision making process by all the affected and interested stakeholders in the IDP Review process.

Council

The Council is chaired by the Speaker.

Council Terms of Reference

The Council shall:

- Oversee the development of the IDP
- Adopt the developed IDP
- Prepare, decide and adopt a Process Plan
- Overall management and co-ordination of plan
- Co-ordinate public participation
- Review sector plans
- Adopt and approve the IDP
- Adjust IDP in accordance with MEC's proposals
- Align IDP with key performance indicators developed by COGTA

Executive Committee

The Executive Committee is chaired by the Mayor.

Executive Committee Terms of reference

As the Senior Governing Body of the municipality, it has to:

- Decide on the Process Plan.
- Manage, co-ordinate and monitor the process and draft the IDP (or delegate to the MM)

IDP Manager

The Municipal Manager (Mr. K. Gashi) as the IDP Manager has delegated the authority of managing the IDP to the Assistant Manager IDP & PMS (Mr. S. Faku). However his will still maintain the overall responsibility for the IDP.

Terms of reference for the IDP Manager

The IDP Manager shall, in accordance with the provisions of the IDP legislation framework:

- Ensure that the District Framework is drafted and adopted by the District Municipal Council;
- Ensure that the IDP and budget process plan is drafted and adopted by Council

- Ensure that the IDP and budget are developed and adopted by Council
- Ensure that a PMS and SDBIP are developed and adopted by Council
- Manage the IDP by ensuring that all daily planning activities are performed within an efficient and effective consideration of available time; financial and human resources;
- Encourage an inclusive participatory planning process and compliance with action programme
- Facilitate the horizontal and vertical alignment of the various IDP
- Ensure that the planning process outcomes are properly documented
- Manage service providers for the IDP
- Chair the IDP Steering Committee
- Co-ordinate with various government departments and other IDP Managers to ensure that all the projects, strategies and objectives of the local municipalities and those of the district are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa.

IDP Steering Committee

The IDP Steering Committee will consist of:

- Municipal Manager
- Section 56 Managers
- Assistant Managers

Terms of reference for the IDP Steering Committee

- Provide technical and advisory support to the IDP Manager
- Perform daily planning activities including the preparation and facilitation of events; documentation of outputs and making recommendation to the IDP Manager and the Council
- Commission feasibility studies and business plans for projects
- Commission in depth studies
- Develop and implement the IDP and budget
- Develop and implement the PMS and SDBIP
- Act as the secretariat for the Representative Forum
- Provide relevant technical, sector and financial information for analyzing and determining priority issues,
- Contribute technical expertise in the consideration and finalization of strategies and identification of projects,
- Provide departmental operational and capital budgetary information,
- Be responsible for the preparation of project proposal, the integration of projects and sector programmes,
- Review sector plans
- Attend IDP & Budget Steering Committee and all other IDP & Budget related engagements, and
- Be responsible for preparing amendments to the draft IDP for submission to the Municipal Council for approval and the MEC for Local Government for alignment.

Meeting Schedule

The IDP Steering Committee will meet as per the timetable.

IDP Representative Forum

The Municipal Mayor, will chair the IDP Representative Forum. The IDP Representative Forum will consist of:

- All Councillors
- HODs (Section 56 Managers)
- 2 Reps from Ward Committees
- All CDWs
- 2 Reps from Traditional Leaders
- 1 Rep from Stakeholder representatives of organized groups
- 2 Reps from Community representatives
- Reps from Sector Depts.
- 2 Reps from Advocates for unorganized groups

IDP Representative Forum Terms of Reference

The IDP Representative Forum shall:

- Represent the interest of various constituencies in the IDP planning process
- Provide an organizational platform and mechanism for discussion, negotiation and decision making between stakeholders including the district municipality
- Provide a communication mechanism for the exchange of ideas and opinions among the various stakeholder interest groups
- Participate in the setting up of key performance indicators including the monitoring thereof in line with the adopted Performance Management System
- Monitor the performance of the planning and implementation process

OTHER ACTORS

ACTORS	ROLES AND RESPONSIBILITIES
Ward Councilors/Ward Committees (assisted by CDWs)	<ul style="list-style-type: none"> • Major link between municipality and residents • Link the planning process to their wards or constituencies • Organize public consultation and participation • Represent the ward at the IDP & Budget representative forum • Analyze ward-based issues, determine priorities, negotiate and reach consensus.
Community	<ul style="list-style-type: none"> • Represents interests, contribute knowledge and ideas to the Representative Forum • Inform interest groups, communities and organizations • Analyze issues, determine priorities, negotiate and reach consensus • Participate in designing project proposals • Discuss and comment on the draft IDP • Monitor performance in implementation • Conduct meetings with groups, communities, etc to prepare for and follow-up on relevant planning activities.

MECHANISMS AND PROCEDURES FOR COMMUNITY AND STAKEHOLDER PARTICIPATION

One of the main features about IDP and Budget Processes is the involvement of community and stakeholder organizations in the process. This ensures that the IDP addresses the real issues that are being experienced by the citizens. Both the Constitution of the Republic of South Africa, 1996 and the Municipal Systems Act of 2000 stipulate that one of the objectives of municipalities is to encourage the involvement of communities and community organizations in the matters of local government. The White Paper on Local Government also put emphasis on public participation.

Through the Municipal Systems Act participation in the decision-making processes of the municipality, participation of communities, residents and ratepayers is determined to be a right. IDP is, therefore, also emphasized as a special field of public participation.

Participation Mechanism

Provisions of MSA Chapter 4 Section 17 provide for mechanisms for participation:

- IDP Rep Forum to verify and add data
- District Municipality Rep Forum to ensure that local priorities are adequately reflected on the District IDP
- Use Ward Councillors to call meetings to keep communities informed about the IDP progress (including Ward Committees and CDWs)
- Publish annual reports on municipal progress
- Advertise in local news papers and community radios on the progress
- Develop pamphlets and booklets on IDP where necessary
- Making the IDP document available to all units and public places for public comments
- Making use of municipal website.

Appropriate Language Use

English will be used as a medium language; however, in community meetings languages that are spoken in that community will also be used.

Appropriate Venues and Transport

- Officials will be responsible for arranging venues and transport for all wards;
- Transport will be arranged for Traditional Leaders, Designated Groups and Ward Committees;
- Elundini Local Municipality will be responsible for the costs of these meetings
- Elundini Local Municipality will prepare a budget outline for IDP & Budget meetings

Mechanisms and Procedures for Alignment

The IDP Manager (Municipal Manager) and the Assistant Manager IDP & PMS of Elundini Local Municipality will be responsible for ensuring smooth co-ordination of the IDP process and its alignment with the District IDP through bilateral discussions with affected sector departments and neighboring Municipalities. Inter-Governmental Forums will also be used to ensure that beneficial alignment of programmes and projects do occur.

ANNEXURES

BINDING LEGISLATION

The Elundini Local Municipality's IDP & Budget formulation and implementation processes will be bound by the following set of legislations (the inventory in the table below is not exclusive of other applicable legislation that may be omitted for lack of information or other reasons):

NATIONAL LEGISLATION	SUMMARY/SCOPE OF LEGISLATION
GENERAL MANAGEMENT	
Constitution of the Republic of South Africa, 1996	<ul style="list-style-type: none"> To introduce the constitution and to provide for matters incidental thereto
Local Government: Municipal Systems Act 32, 2000 as amended	<ul style="list-style-type: none"> To give effect to the developmental local government+ To set principles, mechanisms and processes to promote social and economic upliftment of communities and to ensure access to affordable services for all To set a framework for planning, performance management, resource mobilization and organizational change and community participation
Local Government: Municipal Structures Act 117, 1998 as amended	<ul style="list-style-type: none"> To provide for the establishment of municipalities in accordance with the requirements relating to the categories and types of municipalities, the division of functions and powers between municipalities and appropriate electoral systems To regulate internal systems, structures and office-bearers
Local Government: Municipal Demarcation Act 27, 1998	<ul style="list-style-type: none"> To provide for the demarcation of boundaries of municipalities for the establishment of new municipalities
Promotion of Local Government Affairs Act, 1983	<ul style="list-style-type: none"> To provide for the co-ordination of functions of general interest to local authorities and of those functions of local authorities which should in the national interest be co-ordinated.
Occupational Health and Safety Act, 1993	<ul style="list-style-type: none"> To provide for occupational health and safety in the work place and the protection of persons outside the work place against hazards to health and safety arising from activities of persons at the work place
Promotion of Access to Information Act, 2000	<ul style="list-style-type: none"> To control and regulate the right of all persons to access to information
Promotion of Fair Administrative Justice Act, 2000	<ul style="list-style-type: none"> To give effect to the right to administrative action that is lawful, reasonable and procedurally fair in terms of the Constitution of the Republic of South Africa
Promotion of Equality and Prevention of Unfair Discrimination Act, 2000	<ul style="list-style-type: none"> To give effect to Section 9 read with Item 23(1) of Schedule 6 to the Constitution of the Republic of South Africa, 1996, to prevent and prohibit unfair discrimination and harassment. To promote equality and to eliminate unfair discrimination and to prevent and prohibit hate speech and to provide for matters connected therewith

FINANCE	
Local Government: Municipal Finance Management Act, 2003	<ul style="list-style-type: none"> To regulate financial management in the local sphere of government to require that all revenue, expenditure, assets and liabilities of municipalities and municipal entities are managed efficiently and effectively. To determine responsibilities of persons entrusted with local sphere financial management and to determine certain conditions and to provide for matters connected therewith
Public Finance Management Act, 1999	<ul style="list-style-type: none"> To regulate financial management in the national and provincial government and, inter alia, provincial public entities
Local Government: Municipal Property Rates Act, 2004	<ul style="list-style-type: none"> To regulate the power of a municipality to impose rates on property To make provision for fair and equitable valuation methods on properties.
TOWN PLANNING AND SPATIAL DEVELOPMENT	
Development Facilitation Act, 1995	<ul style="list-style-type: none"> To provide for IDPs, reflecting current planning and to institutionalise development tribunals for evaluation applications
Land Use Management Bill, 2002	<ul style="list-style-type: none"> To establish a uniform land use management system.
Physical Planning Act, 1991	<ul style="list-style-type: none"> To provide guidelines for the drafting of urban development plans.
ENVIRONMENT	
Environmental Conservation Act, 1989	<ul style="list-style-type: none"> To provide for environmental impact assessments and exemptions, noise control areas etc. To provide for the effective protection and controlled utilisation of the environment and for matters incidental therewith
National Environmental Management Act, 1998	<ul style="list-style-type: none"> To provide for co-operative environmental governance by establishing principles for decision making on matters affecting the environment and to provide for matters connected therewith.
ENGINEERING/TECHNICAL SERVICES	
National Water Act, 1998	<ul style="list-style-type: none"> To provide for fundamental reform of the laws relating to water resources
Water Services Act, 1997	<ul style="list-style-type: none"> To provide for the rights of access to basic water supply and sanitation, national standards and norms for tariffs and services development plans.
Regulations on Advertisements on or Visible from National Roads, 1998	<ul style="list-style-type: none"> To control all advertising on national and regional roads
SAFETY AND SECURITY	
Road Traffic Management Corporation Act, 1999	<ul style="list-style-type: none"> To provide, in the public interest, for co-operative and co-ordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters and to provide for matters connected therewith
Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998	<ul style="list-style-type: none"> To provide for the eviction of unlawful occupants of land the protection of the rights of such occupants under certain conditions
National Road Traffic Act, 1996	<ul style="list-style-type: none"> To regulate traffic on public roads, the registration and licensing of motor vehicles and drivers, including fitness requirements and incidental

	matters
National Land Transport Interim Arrangements Act, 1998	<ul style="list-style-type: none"> To make arrangements relevant to transport planning and public road transport services.
Disaster Management Act, 2002	<ul style="list-style-type: none"> To provide for an integrated, co-ordinated and common approach to disaster management by all spheres of government and related matters
Fire Brigade Services Act, 1987	<ul style="list-style-type: none"> To provide for the rendering of fire brigade services and certain conditions to the rendering of the service
HEALTH AND WELFARE	
Hazardous Substance Act, 1973	<ul style="list-style-type: none"> To control matters relating to gas, petrol and liquids
Health Act, 1977	<ul style="list-style-type: none"> To provide for the promotion of health of the inhabitants of the Republic of South Africa, for the rendering of health service To define the duties, powers and responsibilities of certain authorities which render such services and for the co-ordination of the services
National Policy for Health Act, 1990	<ul style="list-style-type: none"> To provide for control measures to promote the health of the inhabitants of the Republic of South Africa and for matters connected thereto
HUMAN RESOURCES	
Employment Equity Act, 1998	<ul style="list-style-type: none"> To promote the constitutional right of equality and the exercise of true democracy To eliminate unfair discrimination in employment To redress the effect of unfair discrimination in the work place to achieve a workforce representative of the population
Basic Conditions of Employment Act, 1997	<ul style="list-style-type: none"> To give effect to the right to fair labour practices To provide for the regulation of basic conditions of employment.
Labour Relations Act, 1995	<ul style="list-style-type: none"> To regulate the organizational rights to trade unions, the right to strike and lock-outs To promote and facilitate collective bargaining and employee participation in decision making To provide simple procedures for labour disputes
Skills Development Act, 1998	<ul style="list-style-type: none"> To provide for the implementation of strategies to develop and improve the skills of South African workforce To provide for Learnerships To regulate the employment services and the financing of skills development
Compensation of Occupational Injuries and Diseases Act, 1993	<ul style="list-style-type: none"> To regulate the categories of persons entitled to compensation for occupational injuries and diseases, and to determine the degree of disabled employees
Skills Development Levies Act, 1999	<ul style="list-style-type: none"> To provide for the imposition of a skills development levy and for matters connected therewith
ELECTRICITY	
Electricity Act, 1987	<ul style="list-style-type: none"> To provide for and regulate the supply of electricity and matters connected thereto.

2.2 Alignment of Annual Budget with Integrated Development Plan

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- Achievement of the five strategic priorities of Elunidini Local Municipality.
- Focus on service delivery of backlogs and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The 2011/12 to 2013/14 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation
- Outcomes delivery No.9- Cross cutting

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings will be held throughout the municipal area to consult with the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the draft budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

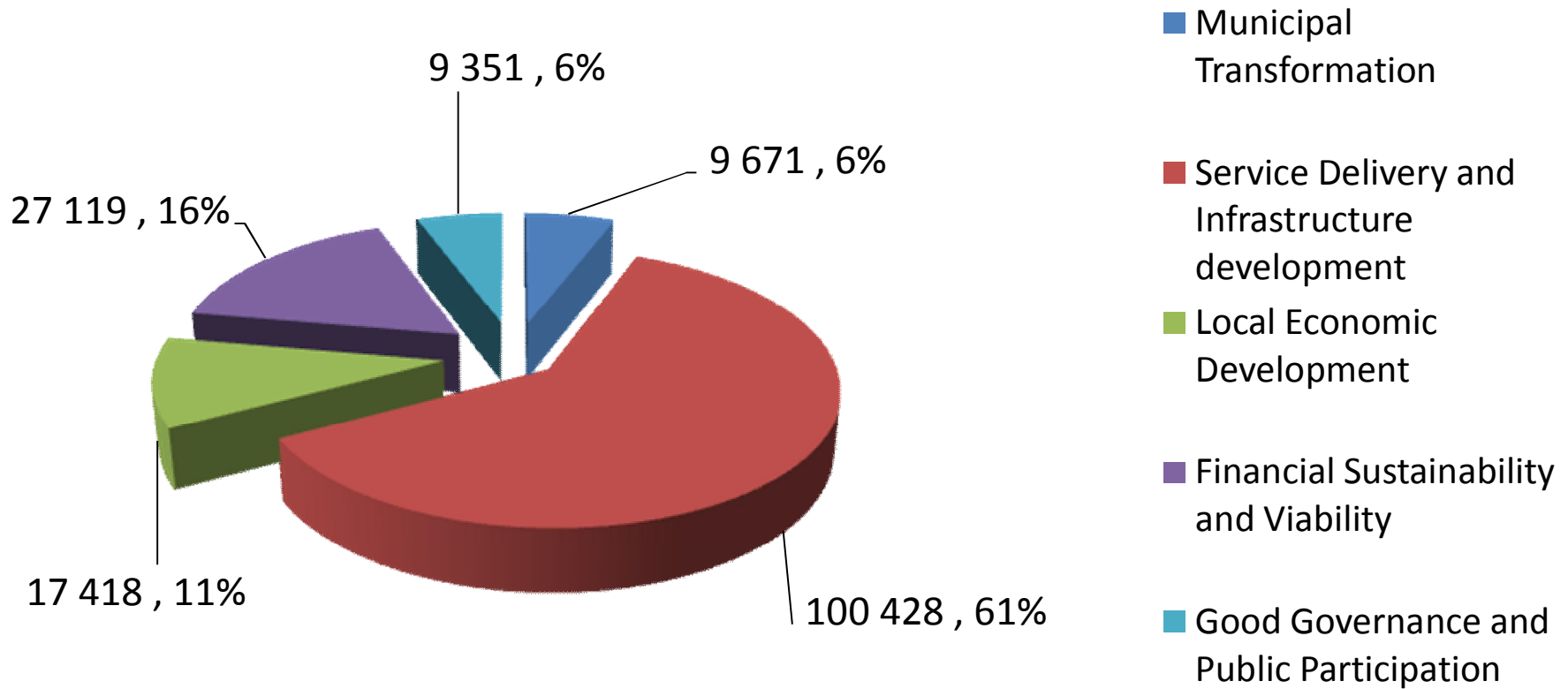
Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2011/12 Budget						
Capital Expenditure	0	25 232	14 893	850	106	41 081
Operating Expenditure	9 671	75 196	2 525	26 269	9 245	122 906
Total	9 671	100 428	17 418	27 119	9 351	163 987
2012/13 Budget						
Capital Expenditure	0	30 072	15 771	900	112	46 855
Operating Expenditure	10 241	83 128	2 674	27 694	9 791	133 528
Total	10 241	113 200	18 445	28 594	9 903	180 383
2013/14 Budget						
Capital Expenditure	0	45 623	16 717	954	119	63 413
Operating Expenditure	10 856	85 288	2 835	29 318	10 378	138 675
Total	10 856	130 911	19 552	30 272	10 497	202 088
	30 768	344 539	55 415	85 985	29 751	546 458

2011/2012 Expenditure by IDP Priority

R '000



2.3 Measurable performance objectives and indicators

This section contains the key performance indicators.

EC141 Elundini - Supporting Table SA8 Performance indicators and benchmarks

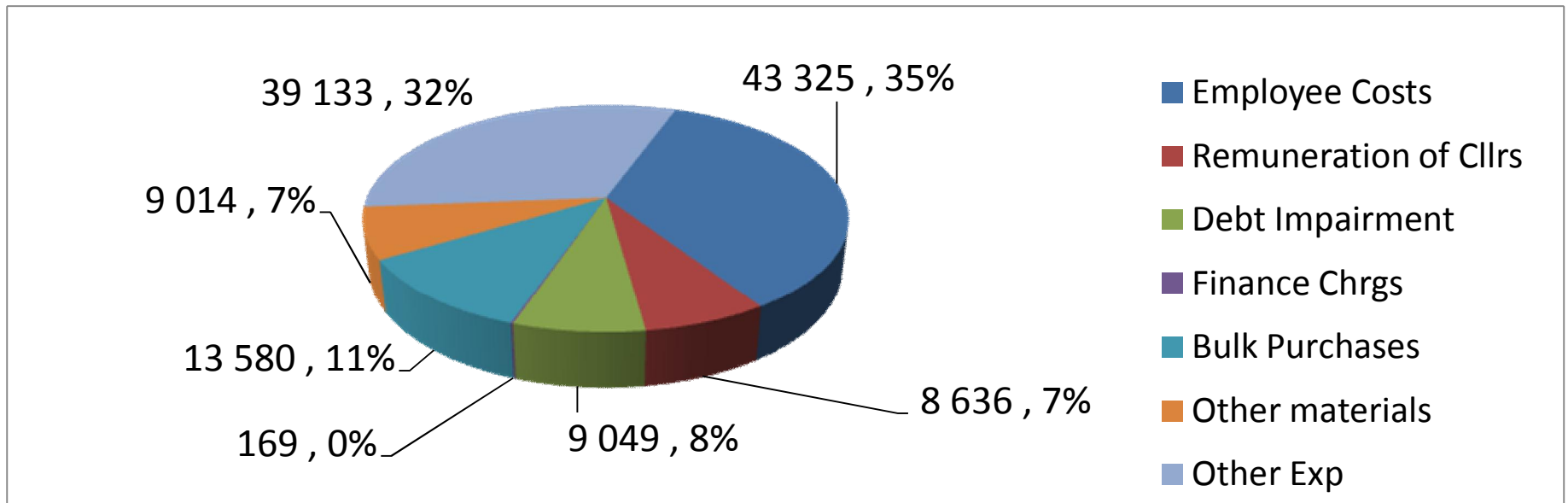
Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Borrowing Management</u>									
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.4%	0.4%	0.3%	0.1%	0.1%	0.1%	0.0%	0.0%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	2.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	134.8%	102.0%	111.7%	55.9%	37.4%	25.2%	17.0%	12.4%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities	1.7	2.1	1.2	1.3	1.3	1.4	1.7	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	2.1	1.2	1.3	1.3	1.4	1.7	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	1.8	1.0	0.6	0.6	0.7	0.8	1.1
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		106.2%	84.2%	87.2%	87.2%	110.7%	102.2%	108.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.6%	7.7%	9.2%	19.2%	17.9%	17.3%	14.4%	11.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			0.0%	0.0%	0.0%	14.0%	15.0%	16.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Funding of Provisions									
Provisions not funded - %	Unfunded Provs./Total Provisions			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators									
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated				37.0%	37.0%	17.0%	10.0%	10.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source				35.0%	35.0%	25.0%	20.0%	15.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.5%	34.0%	31.7%	34.5%	32.4%	34.2%	34.5%	33.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.5%	40.6%	42.2%	40.3%	37.9%	44.0%	44.3%	42.9%
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%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	1.8%	4.0%	0.1%	0.1%	0.1%	0.1%
IDP regulation financial viability indicators									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.0	3.5	19.8	29.6	29.6	20.6	19.5	19.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	58.4%	105.5%	33.3%	56.9%	60.2%	71.5%	53.5%	42.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.1	7.6	5.4	2.0	2.1	2.0	1.7	1.8

2.3.1 The Mix of Expenditure Types

The graph below reflects the expenditure components of the budgeted statement of financial performance.

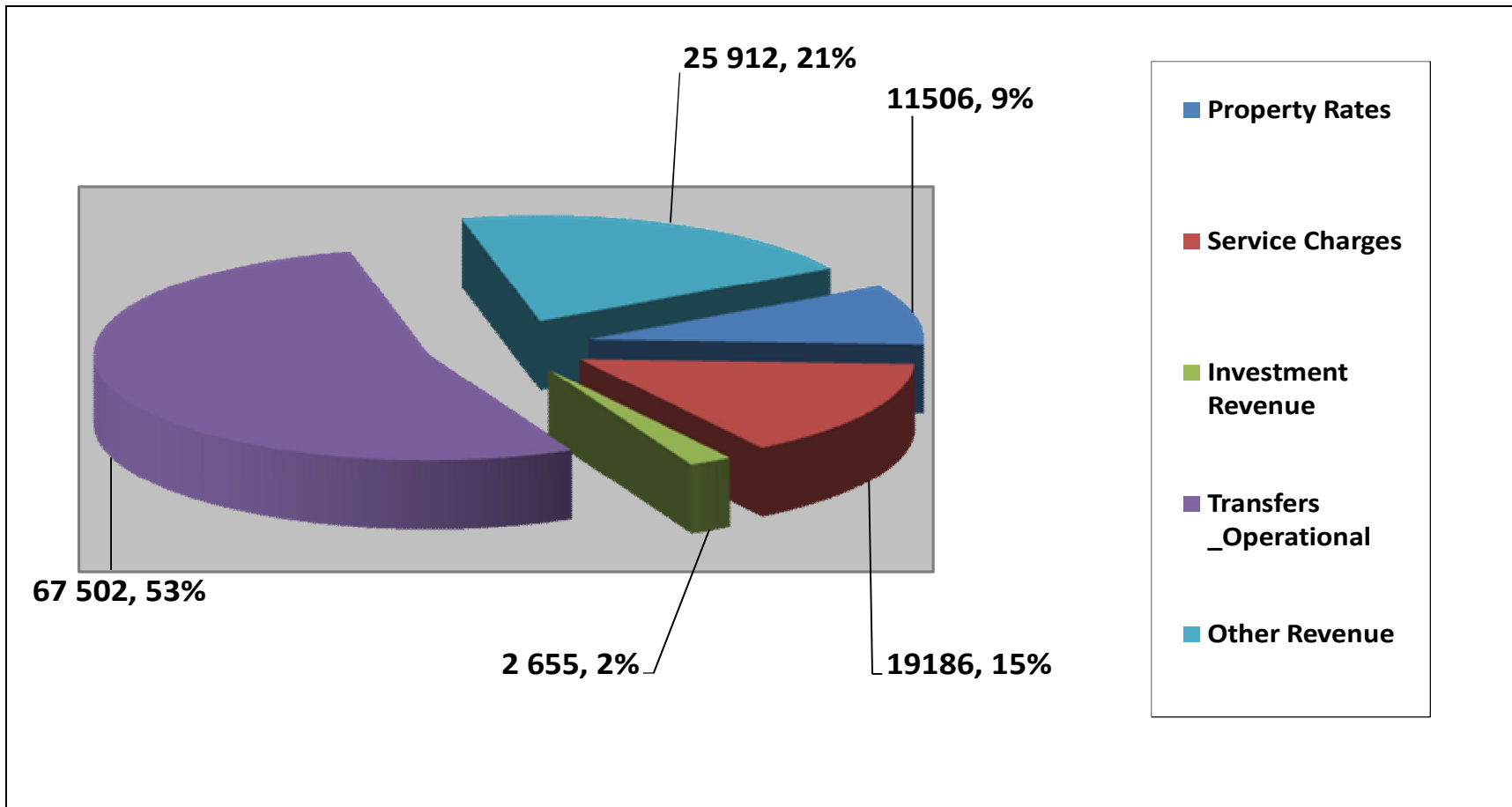
2011/2012 Statement of Financial Performance- Budget Expenditure



2.3.2 The Mix of Revenue Sources

Below is a graph reflecting the revenue components of the budgeted statement of financial performance.

2011/2012 Statement of Financial Performance- Budget Revenue



2.4 Overview of Budget Related Policies

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

In terms of policies that have been reviewed and updated the following policies will be tabled at the Council meeting in April 2011:

- Rates Policy;
- Supply Chain Management Policy;
- Cash and Investment Policy;
- Fleet Management Policy;

New Policies for Adoption

- Borrowing Policy;
- Funding and Reserves Policy;
- Policy related to long term financial plan;
- Policy relating to infrastructural investment and capital projects;
- Budget Implementation Plan;
- Policies related to Management of losses;
- Policy on Pauper Burials;
- Policy on Lease of Property;
- Policy on Unauthorized/irregular and wasteful expenditure;
- Policy on Contingent Liabilities;
- Policy on Related Party Disclosures;
- Policy on VAT;
- Policy on GRAP Disclosures;
- Policy on journal Entries;
- Policy on Capital Commitments.

Budget related policy frameworks are accessible to the public through the municipal website or available at the Budget and Treasury Office during normal office hours.

2.5 Overview of Budget Assumptions

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro- economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- The need to enhance the municipality's revenue base.

The multi-year budget is therefore underpinned by the following assumptions:

	2011/12	2012/13	2013/14
Income	%	%	%
Refuse Tariff Increase	6.0	6.2	5.9
Property Rates Increase	6.0	5.9	6.0
Electricity Tariff Increase	24.34	32.5	5.8
Revenue collection rates	60	80.0	95.0
Expenditure			
Total Expenditure Increase allowed (excluding repairs and maintenance)	6.0	6.2	5.9
Salary increase	8.48	6.2	5.9
Increase in repairs and maintenance	6.0	5.9	6.0
Increase in bulk purchase of power costs	25.8	25.9	5.9

2.6 Overview of Budget Funding

2.6.1 Funding the Budget

2.6.1.1 Funding of operating expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

EC 141 ELUNDINI(Table A4 Budgeted Financial Performance (revenue)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Revenue By Source											
Property rates	2	3 629	3 549	8 733	12 053	9 725	9 725	-	11 506	12 184	12 916
Property rates - penalties & collection charges									-	-	-
Service charges - electricity revenue	2	4 700	2 840	10 890	9 503	10 100	10 100	-	12 559	16 640	17 610
Service charges - water revenue	2	3 396	-	6 180	6 968	6 968	6 968	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	353	353	353	-	-	-	-
Service charges - refuse revenue	2	-	-	5 135	5 580	5 580	5 580	-	5 915	6 282	6 653
Service charges - other					-	-	-		-	-	-
Rental of facilities and equipment				735	8 671	8 671	8 670		712	754	799
Interest earned - external investments				3 420	2 500	2 500	2 500		2 655	2 812	2 980
Interest earned - outstanding debtors				5 916	150	150	150		3 552	3 761	3 987
Dividends received				609	-	-	-		-	-	-
Fines					73	73	74		78	82	87
Licences and permits					2 001	2 021	2 021		1 973	2 089	2 215
Agency services					9 326	9 326	9 325		9 903	10 487	11 117
Transfers recognised - operational		45 893	54 889	64 065	52 021	52 021	52 021		67 502	74 062	78 875
Other revenue	2	32 531	26 808	9 116	18 557	29 787	29 787	-	10 408	4 375	2 193
Gains on disposal of PPE					-				-		
Total Revenue (excluding capital transfers and contributions)		90 150	88 085	114 799	127 755	137 274	137 274	-	126 761	133 528	139 430

2.6.1.2 Funding of capital expenditure

EC 141 ELUNDINI (Table A5 Budgeted Capital Expenditure by vote, standard classification and funding)

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Funded by:											
National Government		13 628	10 356	17 565	17 746	17 746	17 746		22 343	25 952	42 378
Provincial Government											
District Municipality											
Other transfers and grants									-	-	-
Transfers recognised - capital	4	13 628	10 356	17 565	17 746	17 746	17 746	-	22 343	25 952	42 378
Public contributions & donations	5					49 701	49 701		14 893	15 771	16 717
Borrowing	6										
Internally generated funds		5 909	4 787	32 937	12 008	13 424	13 424		3 845	5 132	4 318
Total Capital Funding	7	19 537	15 143	50 502	29 754	80 871	80 871	-	41 081	46 855	63 413

2.6.2 Reconciliation showing that Operating and Capital Expenditure remain funded in accordance with Section 18 of the MFMA

EC141 Elundini Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funding measures	-	-									
Cash/cash equivalents at the year end - R'000	18(1)b	1	57 241	53 826	44 210	18 122	22 308	22 308	20 989	19 050	21 295
Cash + investments at the yr end less applications - R'000	18(1)b	2	27 242	30 394	(21 534)	(25 332)	(5 459)	(5 459)	6 707	9 352	11 774
Cash year end/monthly employee/supplier payments	18(1)b	3	6.1	7.6	5.4	2.0	2.1	2.1	2.0	1.7	1.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(23 159)	2 728	16 179	29 905	80 877	80 877	42 214	48 217	64 784
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(51.5%)	378.3%	5.4%	(12.8%)	(6.0%)	(12.7%)	11.1%	(0.1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	99.6%	83.8%	79.8%	48.8%	94.7%	94.7%	97.3%	103.5%	110.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	75.5%	30.0%	31.7%	31.7%	29.5%	26.7%	26.7%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	67.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	128.7%	126.4%	134.1%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(1.6%)	56.5%	132.8%	0.0%	0.0%	(10.6%)	(12.6%)	(15.3%)
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%
R&M % of Property Plant & Equipment	20(1)(vi)	13	703.3%	#NAME?	8.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	2.7%	0.0%

The aforementioned table reflects that the 2011/12 to 2013/14 Adjustments Budget is fully funded; cognizance should also be taken of the fact that the percentage Service Charge change measured against CPIX targets show a negative 12.7% for 2011/2012 and a 11.1% increase outside of CPIX for 2012/13- these variations are attributed to the exclusion of Water and Sanitation provision for 2011/2012; and the increase in Electricity tariffs outside of the inflationary forecast of 6%..

Valuation reductions:																		
Valuation reductions-public infrastructure (Rm)							510											
Valuation reductions-nature reserves/park (Rm)																		
Valuation reductions-mineral rights (Rm)																		
Valuation reductions-R15,000 threshold (Rm)	18																	
Valuation reductions-public worship (Rm)	9																	
Valuation reductions-other (Rm)	2																	
Total valuation reductions:																		
Total value used for rating (Rm)	6	312	102	131	292	463	676	1 700 000										
Total land value (Rm)	6																	
Total value of improvements (Rm)	6																	
Total market value (Rm)	6																	
Rating:																		
Average rate	3	1.150000	2.000000	1.500000	0.250000	1.630000	1.000000	0.250000										
Rate revenue budget (R '000)		2 087	881	1 667	158	4 740	-	2 520										
Rate revenue expected to collect (R'000)		835	352	667	63	1 896	-	1 008										
Expected cash collection rate (%)	4	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%										
Special rating areas (R'000)																		
Rebates, exemptions - indigent (R'000)		53																
Rebates, exemptions - pensioners (R'000)		213			313													
Rebates, exemptions - bona fide farm. (R'000)																		
Rebates, exemptions - other (R'000)		445						1 080										
Phase-in reductions/discounts (R'000)		-	851		150	1 536												
Total rebates, exemptns, reductns, discs (R'000)																		

2.6.4 Estimated Collection Levels

The collection rate has been modeled around 60% for the 2011/2012 financial year, increasing to 80% for 2012/13 and 2013/2014 respectively..

2.6.5 Particulars of Monetary Investments held

EC141 Elundini - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		55 280	51 089	44 210	17 864	22 044	22 044	19 989	18 050	20 295
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	55 280	51 089	44 210	17 864	22 044	22 044	19 989	18 050	20 295
Consolidated total:		55 280	51 089	44 210	17 864	22 044	22 044	19 989	18 050	20 295

2.7 Expenditure on allocations and grant programmes

GRANTS RECEIVED

EC141 Elundini - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
RECEIPTS:	1, 2									
- <u>Operating Transfers and Grants</u>										
National Government:		16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
Municipal Systems Improvement				735	750	750	750	790	800	900
Finance Management				1 000	1 250	1 250	1 250	1 500	1 500	1 500
Equitable share		16 014	31 030	48 462	50 021	50 021	50 021	64 855	71 762	76 475
EPWP								357	-	-
Total Operating Transfers and Grants	5	16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
<u>Capital Transfers and Grants</u>										
National Government:		8 479	22 858	17 565	18 680	18 680	18 680	23 466	28 376	43 819
Municipal Infrastructure (MIG)		8 479	22 858	12 565	18 680	18 680	18 680	22 466	27 317	28 819
DME				5 000				1 000	1 059	15 000
Other grant providers:		-	-	-	-	37 275	37 275	-	-	-
ECDC						37 275	37 275	-		
Total Capital Transfers and Grants	5	8 479	22 858	17 565	18 680	55 955	55 955	23 466	28 376	43 819
TOTAL RECEIPTS OF TRANSFERS & GRANTS		24 493	53 888	67 762	70 701	107 976	107 976	90 968	102 438	122 694

EXPENDITURE INCURRED AGAINST GRANTS

EC141 Elundini - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
EXPENDITURE:	1									
-										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
Municipal Systems Improvement				735	750	750	750	790	800	900
Finance Management				1 000	1 250	1 250	1 250	1 500	1 500	1 500
Equitable share		16 014	31 030	48 462	50 021	50 021	50 021	64 855	71 762	76 475
EPWP								357		
Total operating expenditure of Transfers and Grants:		16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		8 479	22 858	12 565	18 680	18 680	18 680	23 466	28 376	43 819
Municipal Infrastructure (MIG)		8 479	22 858	12 565	18 680	18 680	18 680	22 466	27 317	28 819
DME								1 000	1 059	15 000
Other grant providers:		-	-	-	-	37 275	37 275	-	-	-
ECDC						37 275	37 275			
Total capital expenditure of Transfers and Grants		8 479	22 858	12 565	18 680	55 955	55 955	23 466	28 376	43 819
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		24 493	53 888	62 762	70 701	107 976	107 976	90 968	102 438	122 694

GRANTS RECONCILIATION

EC141 Elundini - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year								–		
Current year receipts		16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
Conditions met - transferred to revenue		16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
Conditions still to be met - transferred to liabilities								–		
Total operating transfers and grants revenue		16 014	31 030	50 197	52 021	52 021	52 021	67 502	74 062	78 875
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				13 994	13 994	13 994	13 994	–	–	–
Current year receipts		8 479	22 858	12 565	18 680	18 680	18 680	23 466	28 376	43 819
Conditions met - transferred to revenue		8 479	22 858	12 565	32 674	32 674	32 674	23 466	28 376	43 819
Conditions still to be met - transferred to liabilities				13 994	–	–	–			
Other grant providers:										
Balance unspent at beginning of the year		–	–	10 113	10 113	10 113	10 113	8 215	8 708	9 229
Current year receipts				–		37 275	37 275	–	–	–
Conditions met - transferred to revenue		–	–	–	1 898	39 173	39 173	–	–	–
Conditions still to be met - transferred to liabilities				10 113	8 215	8 215	8 215	8 215	8 708	9 229
Total capital transfers and grants revenue		8 479	22 858	12 565	34 572	71 847	71 847	23 466	28 376	43 819
Total capital transfers and grants - CTBM	2	–	–	24 107	8 215	8 215	8 215	8 215	8 708	9 229
TOTAL TRANSFERS AND GRANTS REVENUE		24 493	53 888	62 762	86 593	123 868	123 868	90 968	102 438	122 694
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	24 107	8 215	8 215	8 215	8 215	8 708	9 229

2.8 Allocations or Grants made by the Municipality

No grant allocations are made by the municipality

2.9 Councillors and board members allowances and employee benefits provide the following information

COUNCILLORS & BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

EC141 Elundini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Salary		3 600	4 828	5 214	5 226	5 226	5 226	5 655	5 988	6 348
Pension Contributions		25	48	49			-			
Motor vehicle allowance		1 700	2 215	2 480	1 747	1 747	1 747	1 890	1 995	2 114
Cell phone allowance			-	343	400	400	400	434	465	493
Other benefits or allowances							-	600	634	-
In-kind benefits					54	54	54	59	62	66
Sub Total - Councillors		5 325	7 092	8 086	7 427	7 427	7 427	8 637	9 145	9 021
% increase	4		33.2%	14.0%	(8.1%)	-	-	16.3%	5.9%	(1.4%)
Senior Managers of the Municipality	2									
Salary		1 800	2 246	2 358	3 095	3 095	3 095	3 349	3 546	3 759
Medical Aid Contributions				5			-			
Motor vehicle allowance		1 050	1 258	1 273	902	902	902	976	1 034	1 096
Cell phone allowance					60		-			
Housing allowance					334	334	334	361	383	406
Performance Bonus			459	336	496	496	496	537	568	602
Other benefits or allowances		3	5		5	5	5	5	6	6
Sub Total - Senior Managers of Municipality		2 853	3 968	3 972	4 892	4 832	4 832	5 228	5 537	5 869
% increase	4		39.1%	0.1%	23.2%	(1.2%)	-	8.2%	5.9%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		14 526	14 857	21 742	26 745	26 745	26 745	25 771	27 291	28 929
Pension Contributions		1 556	2 091	2 919	2 060	2 060	2 060	1 764	1 868	1 980
Medical Aid Contributions		650	855	1 919	4 233	4 233	4 233	4 233	4 483	4 752
Motor vehicle allowance		1 667	1 291	2 756	1 579	1 579	1 579	1 668	1 766	1 008
Cell phone allowance		220	240	309	489		-			
Housing allowance		657	839	932	677	677	677	727	770	816
Overtime						700	700	645	683	724
Performance Bonus			1 927	2 894			-			
Other benefits or allowances			2 606		2 247	2 546	2 546	2 522	2 671	2 504
In-kind benefits				2 908	1 164	1 164	1 164	765	965	22
Sub Total - Other Municipal Staff		19 276	24 706	36 379	39 194	39 704	39 704	38 096	40 497	40 736
% increase	4		28.2%	47.3%	7.7%	1.3%	-	(4.1%)	6.3%	0.6%
Total Parent Municipality		27 454	35 765	48 437	51 513	51 963	51 963	51 961	55 179	55 626
			30.3%	35.4%	6.4%	0.9%	-	(0.0%)	6.2%	0.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		27 454	35 765	48 437	51 513	51 963	51 963	51 961	55 179	55 626
% increase	4		30.3%	35.4%	6.4%	0.9%	-	(0.0%)	6.2%	0.8%
TOTAL MANAGERS AND STAFF	5	22 129	28 674	40 351	44 086	44 536	44 536	43 324	46 034	46 605

EC141 Elundini - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
<u>Councillors</u>	4							
Speaker	5		398 142	1 831	146 338			546 312
Chief Whip			205 292	1 831	77 719			284 841
Executive Mayor			497 680	1 831	177 697			677 208
Deputy Executive Mayor								-
Executive Committee			821 169	7 323	332 087			1 160 579
Total for all other councillors			3 732 575	45 769	2 190 500			5 968 844
Total Councillors	9	-	5 654 859	58 584	2 924 342			8 637 785
<u>Senior Managers of the Municipality</u>	6							
Municipal Manager (MM)			962 511	1 713	143 473	132 955	12 000	1 252 653
Chief Finance Officer			644 511	1 713	174 333	100 204	12 000	932 761
Deputy City Manager - Governance								-
Deputy City Manager - Procurement & Infrastructure			672 693	1 713	188 828	100 204	12 000	975 438
Deputy City Manager - Health, Safety & Social Issues			534 826	1 713	364 535	120 453	12 000	1 033 526
Deputy City Manager - Corporate & Human Resources			534 827	1 713	364 536	120 453	12 000	1 033 528
<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	-	3 349 368	8 564	1 235 705	574 268	60 000	5 227 906
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	9 004 227	67 148	4 160 047	574 268	60 000	13 865 690

2.9.1 Composition of Municipal Personnel Employed

EC141 Elundini - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1	2009/10			Current Year 2010/11			Budget Year 2011/12		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)					32		32	32		32
Municipal employees	4									
Municipal Manager and Senior Managers	2	5		5	5	-	5	5		5
Other Managers	6	4		4	9	1	4	9	5	4
Professionals		16	15	1	6	2	4	6	2	4
<i>Finance</i>		16	15	1	3	1	2	3	1	2
<i>Spatial/town planning</i>					1		1	1		1
<i>Information Technology</i>					1		-	1	1	
<i>Roads</i>					1	1	-	1	1	
<i>Electricity</i>					1		1	1		1
<i>Other</i>					6	5	1	6	5	1
Technicians		9	9	-	20	14	5	20	19	1
<i>Finance</i>		9	9		5	3	1	5	4	1
<i>Spatial/town planning</i>					1	1	-	1	1	
<i>Information Technology</i>					2	1	1	2	2	
<i>Roads</i>					6	3	3	6	6	
<i>Electricity</i>					6	6	-	6	6	
<i>Other</i>					24	22	1	24	23	1
Clerks (Clerical and administrative)		35	35		40	34	6	40	40	
Service and sales workers		6	6							
Skilled agricultural and fishery workers					3	2	1	3	3	
Craft and related trades		12	12		27	12	15	27	27	
Elementary Occupations		123	123		120	111	9	79	79	
TOTAL PERSONNEL NUMBERS		210	200	10	292	203	83	251	203	48
% increase			(4.8%)	(95.0%)	2 820.0%	1 930.0%	730.0%	202.4%	(19.1%)	(76.4%)
Total municipal employees headcount	5									
Finance personnel headcount	7	38	28	8	38	28	8	38	30	8
Human Resources personnel headcount	7	9	5	4	9	5	4	9	5	4

2.10 Monthly Targets for revenue, expenditure and Cashflow

EC141 Elundini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source															
Property rates	959	959	959	959	959	959	959	959	959	959	959	959	11 506	12 184	12 916
Service charges - electricity revenue	1 047	1 047	1 047	1 047	1 047	1 047	1 047	1 047	1 047	1 047	1 047	1 047	12 559	16 640	17 610
Service charges - refuse revenue	493	493	493	493	493	493	493	493	493	493	493	493	5 915	6 282	6 653
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	59	59	59	59	59	59	59	59	59	59	59	59	712	754	799
Interest earned - external investments	221	221	221	221	221	221	221	221	221	221	221	221	2 655	2 812	2 980
Interest earned - outstanding debtors	296	296	296	296	296	296	296	296	296	296	296	296	3 552	3 761	3 987
Fines	6	6	6	6	6	6	6	6	6	6	6	6	78	82	87
Licences and permits	164	164	164	164	164	164	164	164	164	164	164	164	1 973	2 089	2 215
Agency services	825	825	825	825	825	825	825	825	825	825	825	825	9 903	10 487	11 117
Transfers recognised - operational	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	67 502	74 062	78 875
Other revenue	867	867	867	867	867	867	867	867	867	867	867	867	10 408	4 375	2 193
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	126 761	133 528	139 430
Expenditure By Type															
Employee related costs	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	43 325	46 035	46 605
Remuneration of councillors	720	720	720	720	720	720	720	720	720	720	720	720	8 636	9 145	9 021
Debt impairment	754	754	754	754	754	754	754	754	754	754	754	754	9 049	9 583	10 158
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	14	14	14	14	14	14	14	14	14	14	14	14	169	179	189
Bulk purchases	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	13 580	17 777	18 826
Other materials	751	751	751	751	751	751	751	751	751	751	751	751	9 014	9 494	10 119
Contracted services	186	186	186	186	186	186	186	186	186	186	186	186	2 237	2 370	2 512
Other expenditure	3 075	3 075	3 075	3 075	3 075	3 075	3 075	3 075	3 075	3 075	3 075	3 075	36 895	38 946	41 245
Total Expenditure	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	122 906	133 529	138 675
Surplus/(Deficit)	321	321	321	321	321	321	321	321	321	321	321	321	3 855	(0)	755
Transfers recognised - capital	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	23 466	28 376	43 819
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	14 893	19 841	20 210
Surplus/(Deficit) after capital transfers	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	17 169	42 214	48 217	64 784

Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	2 277	17 169	42 214	48 217	64 784

EC141 Elundini - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year 2013/14
Revenue by Vote																
EXECUTIVE & COUNCIL	13	13	13	13	13	13	13	13	13	13	13	13	13	159	169	179
BUDGET & TREASURY OFFICE	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	89 937	94 367	99 826
CORPORATE SERVICES DEPARTMENT	8	8	8	8	8	8	8	8	8	8	8	8	8	93	98	104
COMMUNITY SERVICES DEPARTMENT	264	264	264	264	264	264	264	264	264	264	264	264	264	3 169	3 356	3 558
TECHNICAL SERVICES DEPARTMENT	2 784	2 784	2 784	2 784	2 784	2 784	2 784	2 784	2 784	2 784	2 784	2 784	2 784	33 403	35 538	35 763
Total Revenue by Vote	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	126 761	133 528	139 430
Expenditure by Vote to be appropriated																
EXECUTIVE & COUNCIL	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	18 916	20 032	21 234
BUDGET & TREASURY OFFICE	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	26 269	27 694	29 318
CORPORATE SERVICES DEPARTMENT	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	15 735	16 663	17 663
COMMUNITY SERVICES DEPARTMENT	1 094	1 094	1 094	1 094	1 094	1 094	1 094	1 094	1 094	1 094	1 094	1 094	1 094	13 132	13 907	14 741
TECHNICAL SERVICES DEPARTMENT	4 071	4 071	4 071	4 071	4 071	4 071	4 071	4 071	4 071	4 071	4 071	4 071	4 071	48 853	55 232	55 719
Total Expenditure by Vote	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	122 905	133 528	138 675
Surplus/(Deficit) before assoc.	321	321	321	321	321	321	321	321	321	321	321	321	321	3 856	0	755
Surplus/(Deficit)	321	321	321	321	321	321	321	321	321	321	321	321	321	3 856	0	755

EC141 Elundini - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue - Standard															
<i>Governance and administration</i>	7 516	7 516	7 516	7 516	7 516	7 516	7 516	7 516	7 516	7 516	7 516	7 516	90 189	94 634	100 109
Executive and council	13	13	13	13	13	13	13	13	13	13	13	13	159	169	179
Budget and treasury office	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	7 495	89 937	94 367	99 826
Corporate services	8	8	8	8	8	8	8	8	8	8	8	8	93	98	104
<i>Community and public safety</i>	77	77	77	77	77	77	77	77	77	77	77	77	925	979	1 038
Community and social services	77	77	77	77	77	77	77	77	77	77	77	77	923	978	1 036
<i>Economic and environmental services</i>	1 086	1 086	1 086	1 086	1 086	1 086	1 086	1 086	1 086	1 086	1 086	1 086	13 030	12 740	10 809
Planning and development	3	3	3	3	3	3	3	3	3	3	3	3	41	44	46
Road transport	1 082	1 082	1 082	1 082	1 082	1 082	1 082	1 082	1 082	1 082	1 082	1 082	12 989	12 696	10 763
<i>Trading services</i>	1 885	1 885	1 885	1 885	1 885	1 885	1 885	1 885	1 885	1 885	1 885	1 885	22 617	25 175	27 473
Electricity	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	14 459	19 711	20 865
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	680	680	680	680	680	680	680	680	680	680	680	680	8 158	5 464	6 608
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	10 563	126 761	133 528	139 430
		11 862	11 862	11 862	11 862	11 862	11 862	11 862	11 862	11 862	11 862				
Expenditure - Standard															
<i>Governance and administration</i>	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	60 920	64 389	68 215
Executive and council	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	1 576	18 916	20 032	21 234
Budget and treasury office	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	2 189	26 269	27 694	29 318
Corporate services	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	15 735	16 663	17 663
<i>Community and public safety</i>	544	544	544	544	544	544	544	544	544	544	544	544	6 529	6 914	7 329
Community and social services	185	185	185	185	185	185	185	185	185	185	185	185	2 221	2 351	2 492
Sport and recreation	311	311	311	311	311	311	311	311	311	311	311	311	3 737	3 957	4 195
Housing	48	48	48	48	48	48	48	48	48	48	48	48	572	606	642
<i>Economic and environmental services</i>	2 091	2 091	2 091	2 091	2 091	2 091	2 091	2 091	2 091	2 091	2 091	2 091	25 087	26 724	25 460
Planning and development	210	210	210	210	210	210	210	210	210	210	210	210	2 525	2 674	2 835
Road transport	1 819	1 819	1 819	1 819	1 819	1 819	1 819	1 819	1 819	1 819	1 819	1 819	21 831	23 275	21 804
Environmental protection	61	61	61	61	61	61	61	61	61	61	61	61	732	775	821
<i>Trading services</i>	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	2 531	30 369	35 501	37 671
Electricity	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600	19 195	23 670	25 128
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management	931	931	931	931	931	931	931	931	931	931	931	931	931	11 174	11 831	12 543
Total Expenditure - Standard	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	122 906	133 528	138 675
Surplus/(Deficit) before assoc.	321	321	321	321	321	321	321	321	321	321	321	321	321	3 856	0	755
Surplus/(Deficit)	321	321	321	321	321	321	321	321	321	321	321	321	321	3 856	0	755

EC141 Elundini - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Multi-year expenditure to be appropriated															
EXECUTIVE & COUNCIL	9	9	9	9	9	9	9	9	9	9	9	9	106	112	119
BUDGET & TREASURY OFFICE	71	71	71	71	71	71	71	71	71	71	71	71	850	900	954
CORPORATE SERVICES DEPARTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMMUNITY SERVICES DEPARTMENT	1 289	1 289	1 289	1 289	1 289	1 289	1 289	1 289	1 289	1 289	1 289	1 289	15 464	16 376	17 358
TECHNICAL SERVICES DEPARTMENT	2 055	2 055	2 055	2 055	2 055	2 055	2 055	2 055	2 055	2 055	2 055	2 055	24 661	29 466	44 981
Capital multi-year expenditure sub-total	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	41 081	46 855	63 413
Total Capital Expenditure	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	41 081	46 855	63 413

EC141 Elundini - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital Expenditure - Standard															
Governance and administration	79	79	79	79	79	79	79	79	79	79	79	87	956	1 013	1 073
Executive and council	8	8	8	8	8	8	8	8	8	8	8	17	106	112	119
Budget and treasury office	71	71	71	71	71	71	71	71	71	71	71	71	850	900	954
Community and public safety	48	48	48	48	48	48	48	48	48	48	48	48	571	605	641
Community and social services	2	2	2	2	2	2	2	2	2	2	2	2	21	22	24
Sport and recreation	46	46	46	46	46	46	46	46	46	46	46	46	550	582	617
Economic and environmental services	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	36 554	42 060	44 453
Planning and development	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	14 893	15 771	16 717
Road transport	1 805	1 805	1 805	1 805	1 805	1 805	1 805	1 805	1 805	1 805	1 805	1 805	21 661	26 289	27 736
Trading services	83	2 083	83	83	83	83	83	83	83	83	83	83	3 000	3 177	17 245

Electricity	83	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 059	15 000
Waste management	–	2 000												2 000	2 118	2 245
Total Capital Expenditure - Standard	3 256	5 256	3 256	3 256	3 256	3 256	3 256	3 256	3 256	3 256	3 256	3 256	3 264	41 081	46 855	63 413

EC141 Elundini - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash Receipts By Source														1		
Property rates	575	575	575	575	575	575	575	575	575	575	575	575	575	6 904	7 318	9 539
Service charges - electricity revenue	866	866	866	866	866	866	866	866	866	866	866	866	866	10 390	11 003	11 663
Service charges - refuse revenue	296	296	296	296	296	296	296	296	296	296	296	296	296	3 549	3 762	3 988
Rental of facilities and equipment	885	885	885	885	885	885	885	885	885	885	885	885	885	10 615	11 138	11 916
Interest earned - external investments	221	221	221	221	221	221	221	221	221	221	221	221	221	2 655	2 812	2 980
Interest earned - outstanding debtors	178	178	178	178	178	178	178	178	178	178	178	178	178	2 131	2 259	2 394
Fines	7	7	7	7	7	7	7	7	7	7	7	7	7	78	82	87
Licences and permits	164	164	164	164	164	164	164	164	164	164	164	164	164	1 973	2 089	2 215
Agency services	100	100	100	100	100	100	100	100	100	100	100	100	1 200	–	–	
Transfer receipts - operational	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	5 625	67 502	74 062	78 875
Other revenue	207	207	207	207	207	207	207	207	207	207	207	207	207	2 483	–	–
Cash Receipts by Source	9 123	9 123	9 123	9 123	9 123	9 123	9 123	9 123	9 123	9 123	9 123	9 123	9 123	109 479	114 524	123 657
Other Cash Flows by Source																
Transfer receipts - capital	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	1 956	23 466	28 376	43 819
Contributions recognised - capital & Contributed assets	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	1 241	14 893	19 841	20 210
Increase (decrease) in consumer deposits												2	2	2	2	3
Total Cash Receipts by Source	12 320	12 320	12 320	12 320	12 320	12 320	12 320	12 320	12 320	12 320	12 320	12 322	12 322	147 840	162 743	187 689

Cash Payments by Type															
Employee related costs	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	43 325	46 035	46 605
Remuneration of councillors	720	720	720	720	720	720	720	720	720	720	720	720	8 636	9 145	9 021
Collection costs	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 059	1 123
Interest paid	14	14	14	14	14	14	14	14	14	14	14	14	169	179	189
Bulk purchases - Electricity	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	13 580	17 777	18 826
Other materials	751	751	751	751	751	751	751	751	751	751	751	751	9 014	9 494	10 119
Contracted services	186	186	186	186	186	186	186	186	186	186	186	186	2 237	2 370	2 512
General expenses												30 055	30 055	31 702	33 566
Cash Payments by Type	6 497	6 497	6 497	6 497	6 497	6 497	6 497	6 497	6 497	6 497	6 497	36 552	108 016	117 761	121 961
Other Cash Flows/Payments by Type															
Capital assets	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	3 423	41 081	46 855	63 413
Repayment of borrowing	5	5	5	5	5	5	5	5	5	5	5	5	62	66	69
Total Cash Payments by Type	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	39 980	149 159	164 682	185 443
NET INCREASE/(DECREASE) IN CASH HELD	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	(27 658)	(1 319)	(1 939)	2 246
Cash/cash equivalents at the month/year begin:	22 308	24 703	27 097	29 492	31 886	34 281	36 675	39 070	41 464	43 859	46 253	48 648	22 308	20 989	19 051
Cash/cash equivalents at the month/year end:	24 703	27 097	29 492	31 886	34 281	36 675	39 070	41 464	43 859	46 253	48 648	20 989	20 989	19 051	21 297

2.11 Contracts having Future Budgetary Implications

Council has no long term contracts entered into beyond three years; a Private Public Partnership is in progress of being investigated that will culminate in a 10 year agreement being entered into centering around Solid Waste functioning with Ugie. It is anticipated that the process will finalized within the first quarter of 2011/2012.

2.12 Capital expenditure details

EC141 Elundini - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		41 054	8 803	25 082	17 946	46 537	46 537	25 043	29 869	45 409
Infrastructure - Road transport		2 292	370	11 771	17 746	17 746	17 746	21 343	25 951	27 378
<i>Roads, Pavements & Bridges</i>		2 292	370	11 771	17 746	17 746	17 746	21 343	25 951	27 378
<i>Storm water</i>										
Infrastructure - Electricity		2 632	130	3 422	-	28 491	28 491	1 000	1 059	15 000
<i>Generation</i>										
<i>Transmission & Reticulation</i>		2 632	130	3 422		28 491	28 491	1 000	1 059	15 000
Infrastructure - Other		36 131	8 303	9 889	200	300	300	2 700	2 859	3 031
<i>Waste Management</i>								2 000	2 118	2 245
<i>Other</i>	3	36 131	8 303	9 889	200	300	300	700	741	786

Community		8 133	47	3 680	1 041	541	541	14 893	15 771	16 717
Parks & gardens		8 002	1	400						
Libraries		129								
Recreational facilities			5	5	500	-	-	14 893	15 771	16 717
Fire, safety & emergency			7	7						
Security and policing			5	161						
Buses	7		3	3						
Cemeteries			7	121						
Social rental housing	8				541	541	541			
Other		3	13	1 553						
Other assets		(48 819)	7 572	21 704	9 917	33 293	33 293	-	-	-
General vehicles		3 426	2 344	2 840						
Specialised vehicles	10									
Plant & equipment		2 679	3 282	16 251	2 000					
Computers - hardware/equipment		37	937	1 267	200					
Furniture and other office equipment			726	1 063		32 793	32 793	-	-	-
Other Buildings					7 000					
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		(54 961)	282	282	717	500	500			
Intangibles		-	37	37	850	500	500	-	-	-
Computers - software & programming			37	37	850	500	500			
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	369	16 459	50 502	29 754	80 871	80 871	39 935	45 641	62 126

EC141 Elundini - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
-										
Community		-	-	-	-	-	-	550	582	617
Parks & gardens								50	53	56
Sportsfields & stadia								500	530	561
Other assets		-	-	-	-	-	-	596	632	669
Furniture and other office equipment								596	632	669
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	1 146	1 214	1 286

EC141 Elundini - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
- Infrastructure		2 590	1 631	4 421	4 600	4 605	4 605	6 049	6 407	6 792
Infrastructure - Road transport		2 590	1 631	4 421	1 800	800	800	2 974	3 149	3 338
<i>Roads, Pavements & Bridges</i>		2 590	1 631	4 421	1 500	500	500	2 655	2 812	2 980
<i>Storm water</i>					300	300	300	319	337	358
Infrastructure - Electricity		-	-	-	450	1 195	1 195	757	803	851
<i>Transmission & Reticulation</i>						500	500	492	521	553
<i>Street Lighting</i>					450	695	695	266	281	298
Infrastructure - Water		-	-	-	1 450	1 390	1 390	-	-	-
<i>Water purification</i>					600	600	600			
<i>Reticulation</i>					850	790	790			
Infrastructure - Sanitation		-	-	-	900	900	900	-	-	-
<i>Reticulation</i>					900	900	900			
Infrastructure - Other		-	-	-	-	320	320	2 319	2 455	2 603
<i>Waste Management</i>						320	320	2 319	2 455	2 603
Community		-	-	-	100	30	30	85	90	95
Parks & gardens					100	30	30	42	45	48
Cemeteries								42	45	48
Investment properties		-	-	-	-	-	-	1 450	1 536	1 628
Housing development								1 450	1 536	1 628
Other										
Other assets		-	-	-	1 116	1 158	1 157	1 475	1 562	1 656
General vehicles						630	629	706	748	793
Specialised vehicles										
Plant & equipment					495	222	222	350	371	393
Computers - hardware/equipment										
Furniture and other office equipment					271	52	52	206	218	231
Other Buildings					150	150	150	212	225	238
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					200	104	104			
Total Repairs and Maintenance Expenditure	1	2 590	1 631	4 421	5 816	5 793	5 792	9 059	9 595	10 171

2.13 Municipal Manager’s Quality Certification

Quality Certificate

I, Khaya Gashi, Municipal Manager of Elundini Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality

Print Name _____

Municipal Manager of Elundini Local Municipality Municipality (EC41)

Signature _____

Date _____