

ANNUAL BUDGET 2011/2012, 2012/2013 AND 2013/2014



*Gert Sibande District
Municipality*

DC 30

24th June 2011

Gert Sibande District Municipality

ANNUAL BUDGET 2011/2012, 2012/2013 AND 2013/2014

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ITEM C 09/05/2011

FINAL BUDGET 2011/2012, 2012/2013 AND 2013/2014 FINANCIAL YEARS

4/1/2 – 2011/2012

REPORT OF THE EXECUTIVE MAYOR (CFO)

INTRODUCTION

The purpose of this report is to table the approved Budget for the 2011/2012, 2012/2013 and 2013/2014 financial years as illustrated per resolution below. Further, to highlight the key aspects that has influenced the compilation of the above-mentioned budget and to consider recommendations on the financing and approval of this budget. Also to highlight the New Format Reform Initiatives Promulgated in terms of the Gazette No. 32141 Municipal Budget and Reporting Regulations (MBRR), that have to be taken into consideration when finalizing the budget thereby adhering to all Statutory disclosures as required by National Treasury.

BACKGROUND

At a Council meeting that was held on the 12th May 2011 the following item was discussed and a resolution was taken accordingly which is illustrated below.

ITEM C09/05/2011

FINAL BUDGET 2011/2012, 2012/2013 AND 2013/2014 FINANCIAL YEARS

4/1/2 – 2011/2012

RESOLVED

1. *“That the budget for 2011/2012, 2012/2013 and 2013/2014 be approved.*
2. *That the multiyear Annual Budget of Capital Operating expenditure as illustrated per the table below for 2011/2012, 2012/2013 and 2013/2014 be approved.*

Detail	Budget 2011/2012 R	Budget 2012/2013	Budget 2013/2014
Revenue			
Grants	-250,492,000	-265,386,520	-281,174,720
Interest on investments	-3,407,810	-3,612,280	-3,829,020
Income from tariffs/Province	-8,000,000	-8,000,000	-8,000,000
Other income	-726,309	-769,890	-816,080
MIG Allocations - Pixley ka Seme	-7,600,000		
Loan - Capital Projects	-30,000,000		
Contribution Accumulated Surplus	-22,134,586	-15,078,360	
Total Income	-322,360,705	-292,847,050	-293,819,820
Expenditure			
Allocations to Local Municipalities	116,900,000	93,000,000	93,000,000
Multiyear projects	22,268,575		
DWA projects - Counterfunding		13,206,700	13,206,700
Indirect Allocations	29,695,840	27,695,840	27,695,840
Building - Transitional Cost	4,000,000		
Administration of the Act	112,296,290	115,744,510	122,016,090
Donations	200,000	200,000	200,000
Capital Expenditure	37,000,000	43,000,000	23,000,000
Surplus			14,701,190
Total Expenditure	322,360,705	292,847,050	293,819,820

3. That the capital budget tabled below be noted.

YEAR	AMOUNT R
2011/2012	37,000,000
2012/2013	43,000,000
2013/2014	23,000,000

4. That it must be noted that Budget Consultative meetings were held accordingly.

5. That the projects for the Local Municipalities for the 2011/2012 financial years, be noted.

6. That, the tables referred to in annexure A and attached to this report in terms of the New Budget Format and reporting regulations, be noted

6.1	Table A1	-	Budget Summary
6.2	Table A2	-	Budgeted financial performance (revenue and expenditure) by Standard Classification
6.3	Table A3/A	-	Budgeted financial performance by vote
6.4	Table A4	-	Budgeted financial performance by revenue source and expenditure
6.5	Chart A1	-	Revenue by Municipal Vote Classification
6.6	Chart A2/A	-	Expenditure by Municipal Vote
6.7	Chart A3	-	Revenue by Standard Classification
6.8	Chart A4	-	Expenditure by Standard Classification
6.9	Chart A5/A	-	Revenue by source - major
6.10	Table A5	-	Budgeted Capital Expenditure by vote, Std Class and funding
6.11	Chart A11	-	Capital expenditure by Standard Classification
6.12	Chart A6	-	Revenue by source - minor
6.13	Chart A7	-	Expenditure by type
6.14	Chart 8	-	Capital funding by source
6.15	Table A6	-	Budgeted financial position
6.16	Table A7	-	Budgeted cash flow
6.17	Table A8	-	Cash back reserves/ accumulated surplus reconciliation
6.18	Table A9	-	Asset Management
6.19	Chart A9	-	Capital expenditure by Municipal vote
6.20	Table A10	-	Basic service delivery measurement

7. That the draft Service Delivery and Budget Implementation Plan (SDBIP) for the 2011/2012 financial year as attached, be noted

8. That, the following budget related policies are as follows:-

- 8.1 Supply Chain Management Policy approved - latest amendments in terms of MFMA Circular attached herewith to be approved
- 8.2 Budget Policy - approved
- 8.3 Fixed Asset Policy - approved
- 8.4 Cash Management and Investment Policy - approved
- 8.5 Virement Policy – 1st Draft – to be approved

9. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation attached per **Annexure A**, be approved.

10. *That the loan facility amounting to R30 million be secured from a recognized financial institution and the following legal requirements that need to be adhered to, be approved.*

- *A tender be placed in the respective newspapers informing the financial institutions of the Council's intention to acquire a loan facility amounting to R30 million.*
- *The legal requirements in terms of Section 46 of the Municipal Finance management Act be fully complied with.*
- *The negotiations to secure the best interest rates and other qualitative matters with the respective financial institution.*
- *The facility funding requirements secured be applied towards funding of the Council's core infrastructural projects as referred to in the report."*

In the compilation of the budget full compliance with the MFMA (Sections 21/23 and 53) were adopted. Further, there was compliance with the Municipal Budget and Reporting Regulations (MBRR) and the Notice 393 of 2010 Gazette No. 32141, the Local Government: Municipal Systems Act No. 32 of 2000 as amended and National Treasury – MFMA Circular No. 54 issued in December 2010 as well as MFMA circular No 55 issued on the 7 March 2011 per Annexure A.

Further, the MFMA requires that the Draft Budget be tabled before 1/4/2010 (Draft Budget was tabled on 20/01/2011) to comply with the Regulations and the proposed final budget is to be adopted by Council before 30th June 2011.

A Draft Budget for the 2011/2012 and the ensuing Financial Years 2012/2013 and 2013/2014 was tabled and approved at a Council Meeting that was held on the 20th January 2011 as per item C04/01/2011. Further it must be noted that Budget Consultation was held accordingly.

OVERVIEW OF THE BUDGET PROCESS AND THE ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP

It must be noted that the Integrated Development Plan (IDP) is reviewed annually and this process allows the district to re-examine plans and strategies to include additional issues and to ensure that these plans are strategies that inform institutional and financial planning through the entire budget process.

Further, the final annual budget has been fully aligned to the IDP process and is linked directly or indirectly to the twelve outcomes of Government that is the role of local Government, which are as follows:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and World
- A development-orientated public service inclusive citizenship

BUDGET FOR FINANCIAL YEARS ENDING 2011/2012, 2012/2013 AND 2013/2014

Key Factors influencing the budget

In terms of the MFMA Circular No 55 – Per Annexure A it is recommended that Municipalities should take the following inflation into consideration in preparing the 2011/2012 budgets and MTREF.

<u>Year</u>	<u>Percentage</u>
2011/2012 -	4.8%
2012/2013 -	5.3%
2013/2014 -	5.5%

Further in order to take into consideration the salary and wage collective agreement 2010/2010 to 2011/2012 the average CPI index for the period of 4,08 percent, plus 2 percent was considered as the salary and wages increases of 6,08 percent for the 2011/2012 financial year with effect from 1 July 2011.

In terms of the MFMA Circular No 55 National Treasury advises Municipalities that in drafting their 2011/2012 budget and MTREFS areas that need to be explored are examining opportunities to mainstream labour intensive approaches to delivery services and to participate fully in the Extended Public Works Programme.

Further, in terms of the guideline it is recommended that municipalities ought to focus on maximizing its contribution to job creation by :

- Ensuring that service delivery and capital project use labour intensive methods wherever appropriate;

- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

INCOME PROJECTIONS OVER THE ENSUING YEARS

As illustrated per the table below is the Revenue Earning Projections in terms of the DORA Allocations, as well as other funding options being contemplated. Projections for the MTREF Financial Years are as follows.

Detail	Budget 2011/2012 RM	Budget 2012/2013 RM	Budget 2013/2014 RM
Grants	250,492,000	265,386,520	281,174,720
Interest on investments	3,407,810	3,407,810	3,829,020
Income from tariffs/Province	8,000,000	8,000,000	8,000,000
Other income	726,309	726,890	816,080
MIG Allocations	7,600,000		
Loan – Capital Projects	30,000,000		
Contribution Accumulated Surplus	22,134,586	15,078,360	
Total Income	322,360,705	292,847,050	293,819,820

The revenue replacement grant and other grants has increased by 5,94% on a year-on-year basis. The grant income is utilised to fund material infrastructural project expenditure on behalf of the seven local municipalities, within the GSDM area of jurisdiction. The project expenditure referred to above consists mainly of Infrastructural Projects relating to Roads, Water, Boreholes, Sanitation and Sports Facilities.

Other material income earnings that are to be taken into consideration in funding the overall expenditure commitments, relating to the budget, is the utilization of the accumulated surplus funds which is cash backed and is to be utilised to fund in the main multi year projects.

Further, the District is in a financial position to attract additional loan funding and this is based on the strength of the financial position in terms of its latest balance sheet. There are certain key state owned governmental institutions that provide the much needed funding at extremely attractive interest rates. Also obtaining external funding which is deemed to be prudent in terms of the loan gearing funding principles that would Simultaneously free up internal funding resources which may be applied towards an expanded Capital Projects Programme.

Further, the loan gearing ability will help fast track several key project initiatives and this will also result in major spin offs in the form of employment thereby addressing job creation initiatives as per MFMA Circular No 55 within the Gert Sibande District Municipality's area of jurisdiction ensuring that the much needed service delivery targets are achieved.

Proposed Loan Funding Requirements

The funding implications of the projects referred to below would amount to approximately R30 million and based on cash flow management would be needed in the latter part of the 2011/2012 financial year.

The categories whereby loan funding may be applied are as follows:

- Several Key studies relating to potable water supply systems, Domestic Waste Water and Sewage Disposal Systems
- Refurbishment of Bulk Water Purification Plant and Sewer Treatment Plants
- Upgrading / provision of new Bulk Water purification Plant and Sewer Treatment Plants
- Road / Storm Water / Bridges - Construction Projects
- Rudimentary basic water and sanitation projects
- Water and Sanitation Distribution Networks
- Disaster Management Centre

Interest and Redemption Cost Implications

The cash flow outlay projections, over the ensuing years, relating to the servicing of the proposed loan obligation and relating to Capital and Interest are as follows:

FINANCIAL YEARS	Financing Based on Fixing of All-In-Rate		
	INTEREST COST	REDEMPTION COST	TOTAL COST
	RM	RM	RM
2011/2012	Loan to be secured in the latter part of the Financial Year. No immediate commitments anticipated.		
2012/2013	3,5	5,1	8,6
2013/2014	3,5	5,1	8,6

The proposed duration period of the above mentioned loan is recommended at this stage to be 5 - 10 years at an interest rate of 8.22% - 11% (this rate may be negotiated downwards with the respective Financial Institution) and payments are required to be made bi-annually. During this period Council will be financially viable to service the loan amount of the proposed R30 million in terms of its interest and capital obligations. Further, in view of the onerous statutory procedures it is anticipated that the loan funding will be acquired during the latter part of the 2011/2012 year. Hence the

servicing of the loan in terms of the interest and capital obligations the related payments would need to be included in the 2012/2013 and 2013/2014 financial years.

Legislative requirements

In terms of the Municipal Finance Management Act 46, the Council is required to fulfill certain legal obligations, regarding the raising of any proposed long term borrowing facility / debt requirements. Further, in terms of this legislation, the Council has to quantify the actual borrowing amount required to meet its funding requirements and invite the National Treasury, the relevant Provincial Treasury and the public to submit written comments or representations, to the Council, in respect to the raising of any proposed long term borrowing debt.

Procedural Requirements

The Council would also have to place a tender advertisement in the newspapers in terms of the Council's Supply Chain Management Policy calling for funding options from financial Institutions relating to the above-mentioned R30 million proposed loan.

EXPENDITURE PROJECTIONS OVER THE ENSUING YEARS

Outlined below are the overall expenditure projections for the 2011/2012 year and ensuing years:-

<u>Expenditure</u>	Budget 2011/2012 RM	Budget 2012/2013 RM	Budget 2013/2014 RM
Allocations to LM's	116,900,000	93,000,000	93,000,000
Multi Year Projects	22,268,575		
DWA Projects - Counterfunding		13,206,700	13,206,700
Indirect Allocations	29,695,840	27,695,840	27,695,840
Building – Transitional Costs	4,000,000		
Administration of the Act	112,296,290	115,744,510	122,016,090
Donations	200,000	200,000	200,000
Capital Expenditure	37,000,000	43,000,000	23,000,000
Surplus			14,701,190
Total Expenditure	322,360,705	292,847,050	293,819,820

Further, expenditure is applied with a view to addressing backlogs in mainly service delivery type of projects.

ALLOCATIONS TO LOCAL MUNICIPALITIES

Outlined below as per the table is the Indirect and Direct Allocations over the three year MTREF period. With regard to the Direct Allocations these amounts relate to project expenditure financed on behalf of the seven local municipalities.

With regard to the Indirect Allocations funds were mainly applied towards people with disabilities, municipal health, co-operatives, LED and Tourism etc. ensuring that the above-mentioned mandate are addressed

The three year MTREF Budget Summary is illustrated on the following page:-

INDIRECT AND DIRECT ALLOCATIONS

NO	DETAIL	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
INDIRECT ALLOC. - COMM. SERVICES				
1	IDP - NEW AND UPDATE	150000	150000	150000
2	PROMOTION OF THE DISTRICT/COMM	2,300,000	2,500,000	2,500,000
3	UPDATE BULK WATER/SEWER REPORT	500,000	500,000	500,000
4	CO-ORDINATION HIV AND AIDS	300,000	300,000	300,000
5	DISASTER MANAGEMENT	400,000	400,000	400,000
6	PEOPLE WITH DISABILITIES	200,000	200,000	200,000
7	TOURISM DEVELOPMENT (Grootdraai Dam)	3,000,000		
		6,850,000	4,050,000	4,050,000
INDIRECT ALLOCATIONS - MM				
8	BURSARIES	1,000,000	1,000,000	1,000,000
9	TRADITIONAL AFFAIRS / PROJECTS	300000	300000	300000
10	EMERGENCY / CONTINGENCIES	500,000	500,000	500,000
11	PLANNING	1,500,000	1,000,000	2,000,000
12	PLANNING - GERT SIBANDE VILLAGE	1,000,000	0	0
		4,300,000	2,800,000	3,800,000
INDIRECT ALLOCATIONS - CORPORATE				
13	REVENUE COLLECTION/DATA CLEANS	100,000	100,000	100,000
14	WOMEN'S DEVELOPMENT CAPACITY	300,000	300,000	300,000
15	RELIGIOUS AFFAIRS(MORAL REGENE	150,000	150,000	150,000
16	IT FOR THE REGION	300,000	300,000	300,000
17	CAPACITY BUILDING/COMM PARTICI	2,000,000	4,000,000	3,000,000
		2,850,000	4,850,000	3,850,000
INDIRECT ALLOCATIONS - IGR				
18	MAYORAL EXCELLANCE AWARDS	500,000	700,000	700,000
19	SPORT,ART AND CULTURE	250,000	0	0
20	YOUTH DEVELOPMENT	300,000	300,000	300,000
21	OFFICE - RIGHTS OF THE CHILD	100,000	100,000	100,000
22	MUNICIPAL HEALTH & ENVIROMENT	800,000	1,000,000	1,000,000
23	LED AND TOURISM	1,000,000	400,000	400,000
24	RURAL AND AGRI DEVELOPMENT SUPPORT	300,000	600,000	600,000
25	CO-OPERATIVES SUPPORT	300,000	250,000	250,000
		3,550,000	3,350,000	3,350,000
INDIRECT ALLOCATIONS - FINANCE				
26	INTEREST AND REDEMPTION	8,677,690	8,677,690	8,677,690
27	DEPRECIATION AND LICENCES	2,968,150	2,968,150	2,968,150
28	OPERATION CLEAN AUDIT	500,000	1,000,000	1,000,000
		12,145,840	12,645,840	12,645,840
	TOTAL INDIRECT ALLOCATIONS	29,695,840	27,695,840	27,695,840
	ALLOCATION TO MUNICIPALITIES	116,900,000	93,000,000	93,000,000
	MULTIYEAR PROJECTS	22,268,575		
	DWA PROJECTS		13,206,700	13,206,700
	TOTAL PROJECTS	168,864,415	133,902,540	133,902,540

ADMINISTRATION OF THE ACT

Illustrated below is the Administration of the Act expenditure over the three year MTREF period.

Detail	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
COUNCIL			
Mayor & Exec Committee	5,940,830	6,297,270	6,675,100
Speaker, Chief Whip & Councillors	5,641,020	5,979,490	6,338,260
Council Support	8,535,240	9,047,360	9,590,190
Communication, Marketing & Tourism	3,735,340	3,959,460	4,197,030
IDP	1,599,940	1,695,930	1,797,710
Water & Sanitation	8,737,530	7,703,790	8,166,020
Planning Services	1,651,100	1,750,180	1,855,170
Disaster Management	3,893,070	4,126,560	4,373,160
TOTAL: Council	39,734,070	40,560,040	42,992,640
MUNICIPAL MANAGER			
Municipal Manager	3,455,770	3,345,120	3,545,830
Internal Audit	5,694,790	5,069,280	5,373,450
TOTAL: Municipal Manager	9,150,560	8,414,400	8,919,280
CORPORATE SERVICES			
New Building	4,924,480	5,501,680	5,831,780
Building	11,292,640	11,358,070	11,427,440
IT	4,397,500	4,661,360	4,941,030
Legal	2,639,760	2,798,150	2,966,040
Human Resources	2,349,190	2,490,150	2,639,550
Administration	7,618,550	8,075,670	8,560,220
TOTAL: Corporate Services	33,222,120	34,885,080	36,366,060
FINANCE			
Finance	7,190,520	7,621,970	8,079,300
Supply Chain Management	1,502,210	1,592,357	1,687,890
Municipal Management & Support	1,277,290	1,297,940	1,375,820
Carwash	664,825	704,720	747,000
MSIG	1,000,000	1,000,000	1,000,000
TOTAL: Finance	11,634,845	12,216,987	12,890,010
MUNICIPAL INFRASTRUCTURE & SERVICES			
Planning, Implementation & Support	4,838,770	5,129,120	5,436,870
Infrastructure Maintenance	4,402,050	4,666,180	4,946,170
TOTAL: Municipal Infrastructure and Services	9,240,820	9,795,300	10,383,040
INTERGOVERNMENTAL RELATIONS & DEVELOPMENT			
Intergovernmental Relations	3,285,745	3,482,900	3,691,860
Municipal Health Services	6,028,130	6,389,810	6,773,200
TOTAL: Intergovernmental Relations and Development	9,313,875	9,872,710	10,465,060
GRAND TOTAL	112,296,290	115,744,517	122,016,090

EXPENDITURE BREAKDOWN – With reference to the Administration of the Act Allocations

As referred to below are the expenditure categories relating to the Administration of the Act Financial figures.

Detail	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
	R	R	R
Salaries and wages	52,500,240	55,650,330	58,989,390
Social Contributions	11,317,900	11,996,920	12,715,720
Councillor Allowances	9,151,950	9,701,070	10,283,140
Depreciation	11,932,735	12,036,580	12,146,660
Repair and Maintenance	1,981,880	1,863,740	1,975,570
Contracted Services	2,913,600	2,915,200	3,090,110
General Expenditure	23,097,985	21,580,670	22,815,500
Total	112,296,290	115,744,510	122,016,090

DONATIONS

During the course of the ensuing financial years applications are normally received for Council to consider whether assistance may be rendered toward community related projects in dire need of financial support.

During the course of the ensuing years the following amounts are recommended.

Year	Amount (R)
2011/2012	200,000
2012/2013	200,000
2013/2014	200,000

FINANCING OF THE BUDGET

Outlined below is a summary of the Revenue and Expenditure for the three year MTREF Financial Years.

Detail	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
	R		
<u>Revenue</u>			
Grants	-250,492,000	-265,386,520	-281,174,720
Interest on investments	-3,407,810	-3,612,280	-3,829,020
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Capital Expenditure	37,000,000	43,000,000	23,000,000
Surplus			14,701,190
Total Expenditure	322,360,705	292,847,050	293,819,820

CAPITAL BUDGET

The Capital Budget for the ensuing years are summarized as follows:

Detail	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
	R	R	R
New Office Complex & Alterations	27,000,000	20,000,000	0
Lab equipment	1,000,000		
Disaster Centres - Mkhondo, Dipaleseng, Albert Luthul	4,000,000	3,000,000	3,000,000
Landfill Site	0	10,000,000	10,000,000
Construction equipment / Vehicles	2,000,000	5,000,000	5,000,000
Office furniture and equipment	3,000,000	5,000,000	5,000,000
Sub-Total	37,000,000	43,000,000	23,000,000

RECOMMENDATIONS OF THE EXECUTIVE MAYOR

1. That the budget for 2011/2012, 2012/2013 and 2013/2014 be adopted.
2. That the multi year Annual Budget of Capital Operating expenditure as illustrated per the table below for 2011/2012, 2012/2013 and 2013/2014 be adopted.

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6. That, the tables referred to in annexure A and attached to this report in terms of the New Budget Format and reporting regulations, be noted

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6.13	Chart A7	-	Expenditure by type
6.14	Chart 8	-	Capital funding by source
6.15	Table A6	-	Budgeted financial position
6.16	Table A7	-	Budgeted cash flow
6.17	Table A8	-	Cash back reserves/ accumulated surplus reconciliation
6.18	Table A9	-	Asset Management
6.19	Chart A9	-	Capital expenditure by Municipal vote
6.20	Table A10	-	Basic service delivery measurement

7. That the draft Service Delivery and Budget Implementation Plan (SDBIP) for the 2011/2012 financial year as attached, be noted

8. That, the following budget related policies are as follows:-

8.1 Supply Chain Management Policy approved - latest amendments in terms of MFMA Circular attached herewith to be adopted

8.2 Budget Policy – to be adopted

8.3 Fixed Asset Policy – to be adopted

8.4 Cash Management and Investment Policy – to be adopted

8.5 Virement Policy – 1st Draft – to be adopted

9. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation attached per **Annexure A**, be adopted.
10. That the loan facility amounting to R30 million be secured from a recognized financial institution and the following legal requirements that need to be adhered to, be adopted.
 - A tender be placed in the respective newspapers informing the financial institutions of the Council's intention to acquire a loan facility amounting to R30 million.
 - The legal requirements in terms of Section 46 of the Municipal Finance management Act be fully complied with.
 - The negotiations to secure the best interest rates and other qualitative matters with the respective financial institution.
 - The facility funding requirements secured be applied towards funding of the Council's core infrastructural projects as referred to in the report.

**PROPOSED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)
2011/2012 FINANCIAL YEAR**

1. In accordance with Section 168 of the MFMA, Act 56 of 2003, the District must comply with the National Treasury published document – Municipal Budget and Reporting Regulations with effect from 1st July 2011.
2. In terms of the respective regulations the Draft Service Delivery and Budget Implementation Plan (SDBIP) for the 2011/2012 financial year must be included with the budget documentation to be tabled in May 2011.
3. After consulting with the various communities, and other relevant stakeholders, the Annual Budget and the Draft Service Delivery Budget implementation Plan (SDBIP) should be amended accordingly.
4. In terms of Section 69 of the MFMA the Municipal Manager must submit the Service Delivery and Budget Implementation Plan (SDBIP) to the Mayor within 14 days after approval of the Annual Budget.
5. In terms of Chapter 1 of the MFMA this section defines the minimum information required to compile the SDBIP which is as follows:-

‘a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services *and the execution of its annual budget and which must indicate –*

 - (a) *projections for each month of –*
 - (i) *revenue to be collected by source; and*
 - (ii) *operational and capital expenditure by vote.*
 - (b) *service delivery targets and performance indicators for each quarter.*
 - (c) *any other matters that may be prescribed.”*
6. In terms of National Treasury guidelines the compilation of the SDBIP’s through MFMA Circular No. 13 is further expanded to include all sections of the district.
7. As per the New Budget Format per supporting tables SA25, SA26, SA28, SA29 and SA30 is the monthly revenue and expenditure information is presented on a high level format.

Gert Sibande District Municipality

DIRECT ALLOCATIONS

PROJECTS ALLOCATED

TO THE SEVEN

LOCAL MUNICIPALITIES

FOR 2011/2012 AND

ENSUING YEARS

ALBERT LUTHULI					
Departme	Account C	Description	DRAFT	DRAFT	DRAFT
			2011/2012	2012/2013	2013/2014
		GRANTS			
130	256031	UPGRADING OF CAROLINA WTW	0	0	0
130	256250	UPGRADING CAROLINA WTW	0	0	0
130	256251	UPGRADING EMPULUZI WTW	0	0	0
130	256252	UPGRADING BETTIESGOED BULK SCH	0	0	0
130	256253	UPGRADING ELUKWATINI WTW	0	0	0
130	256254	UPGRADING EKULINDENI WTW	0	0	0
130	256400	UPGRADING CAROLINA WTW	0	0	0
130	256401	UPGRADING MAYFLOWER WTW	0	0	0
130	256402	REFURBISHMENT EKULINDENI WTW	0	0	0
130	256404	UPGRADING BETTIESGOED BULK SCH	0	0	0
130	256405	PROVISION OF BOREHOLES/HANDPUM	0	0	0
130	256406	PROVISION VIP'S RURAL AREAS	0	0	0
130	256407	CONSTRUCTION ROADS	0	0	0
130	256450	RURAL ROADS	0	0	0
130	256461	CULVERT/BRIDGE ALM	0	0	0
130	256500	ROADS CAROLINA	0	0	0
130	256501	RING ROAD ELUKWATINI	1,000,000	0	0
130	256502	UPGRAD MAYFLOWER WTW	0	0	0
130	256503	VIP RURAL AREA	0	0	0
130	256504	PROVISION OF BOREHOLES	0	0	0
130	256505	SILOBELA SEWER RETICULATION	721,980	0	0
130	256539	STADIUM ELUKWATINI	0	0	0
130		ELUKWATINI RING ROADS	3,000,000		
130		ELUKWATINI STADIUM	500,000		
130		SILOBELA ROADS	4,000,000		
130		VIP RURAL AREA	1,500,000		
130		PROVISION OF BOREHOLES	1,500,000		
		TOTAL GRANTS	12,221,980.00	0.00	0.00

MSUKALIGWA					
Departme	Account C	Description	DRAFT	DRAFT	DRAFT
			2011/2012	2012/2013	2013/2014
		GRANTS			
150	256067	SHEEPMOOR PROV OF EXT TOILETS	0	0	0
150	256281	OUTFALL SEWER LINES WESSELTON	0	0	0
150	256282	NEW 5ML SEWER TREATMENT PLANT	0	0	0
150	256292	REFURB/COMM STP - SHEEPMOOR	0	0	0
150	256294	SEWER RETICU - SHEEPMOOR(PH 1)	0	0	0
150	256296	DED SEWER LINE HOUSING PROJ	0	0	0
150	256298	BULK ELECTRICITY	0	0	0
150	256432	WATER PIPES TO BE REPLACED	0	0	0
150	256434	BOREHOLES AND HANDPUMPS	0	0	0
150	256435	OUTFALL SEWER HOUSING PROJECT	0	0	0
150	256436	NEW 5 ML STP SOUTH OF ERMELO	0	0	0
150	256437	PROVISION VIP'S RURAL AREAS	0	0	0
150	256438	CONSTRUCTION ROADS	0	0	0
150	256452	RURAL ROADS	0	0	0
150	256506	SHEEPMOOR ROADS	0	0	0
150	256507	DAVEL ROADS	0	0	0
150	256508	BREYTEN ROADS	1,000,000	0	0
150	256509	WARD 11 - FARMS VIP	0	0	0
150	256510	BOREHOLES	0	0	0
150	256511	CASSIMPARK - ROADS & STORMWATE	0	0	0
150	256512	ERMELO SEWER TREATMENT PLANT	805,243	0	0
150	256543	CONSTRUCTION OF BULK SERVICES	0	0	0
150		SHEEPMOOR ROADS	3,000,000		
150		DAVEL ROADS	4,000,000		
150		DAVEL REFURBISH OF SEWER PLANT	2,000,000		
150		CASSIM PARK ROADS & STORM WATER	1,000,000		
150		SEWER UPGRADE KHAYELIHLE	4,000,000		
150		WATER RETICULATION KHAYELIHLE	5,000,000		
		TOTAL GRANTS	20,805,243	0	0

GOVAN MBEKI					
Departme	Account C	Description	DRAFT	DRAFT	DRAFT
			2011/2012	2012/2013	2013/2014
		GRANTS AND SUBSIDIES			
160	55040	GRANT	0	0	0
		TOTAL GRANTS AND SUBSIDIES	0	0	0
		GRANTS			
160	256044	REFURB EMBALENH PUR PLANT 90ML	0	0	0
160	256075	CONVERSION VIP TO WATERBORNE S	0	0	0
160	256264	REFURBISHMENT EMBALENHLE WWTW	0	0	0
160	256266	REFURBISHMENT OF BETHAL WWTW	0	0	0
160	256416	BOREHOLE HANDPUMP RURAL	0	0	0
160	256417	ELECTRICITY INSTALMENT ON LOAN	0	0	0
160	256418	EMBALENHLE STP INCREASE	0	0	0
160	256419	EVANDER SPP REFURBISHMENT	0	0	0
160	256420	BETHAL STP REFURBISHMENT	0	0	0
160	256421	PROVISION VIP'S RURAL AREAS	0	0	0
160	256422	CONSTRUCTION ROADS	362,382	0	0
160	256453	INSTAL WATER BORNE SEWER EMBAL	0	0	0
160	256454	RURAL ROADS	500,000	0	0
160	256460	BETHAL ELECTRICITY	0	0	0
160	256514	VIP	0	0	0
160	256515	BOREHOLES	0	0	0
160	256516	ROADS IN BETHAL	2,688,147	0	0
160	256540	UPGRADING ROADS KINROSS	0	0	0
160		LEANDRA ROADS	2,000,000		
160		EMZINONI ROADS	3,500,000		
160		VIP	1,000,000		
160		BOREHOLES	1,000,000		
160		BETHAL ELECTRICITY REFUND	2,500,000		
160		KINROSS ROADS	2,000,000		
		TOTAL GRANTS	15,550,529	0	0

MKHONDO					
Departme	Account C	Description	DRAFT	DRAFT	DRAFT
			2011/2012	2012/2013	2013/2014
		GRANTS AND SUBSIDIES			
172	255050	P/RETIEF WATER TREATMENT PLANT	0	0	0
172	256053	DRIEFONTEIN WTW INCREASE CAPAC	0	0	0
172	256274	DRIEFONTEIN WTW INCREASE CAPAC	0	0	0
172	256290	INSTALLATION TOILETS WARD 14	0	0	0
172	256291	REFURBISH CRECHE	0	0	0
172	256428	DRIEFONTEIN WTW INCREASE CAP	1,037,339	0	0
172	256429	17 BOREHOLES WITH HANDPUMPS	0	0	0
172	256430	PROVISION VIP'S RURAL AREAS	0	0	0
172	256431	MKHONDO CONSTRUCTION OF ROADS	0	0	0
172	256455	RURAL ROADS	0	0	0
172	256463	PREMIER RURAL DEVELOPMENT FUND	0	0	0
172	256517	EZIMBUZINI UPGRAD/REFURB ROADS	1,000,000	0	0
172	256518	DRIEFONTEIN CONVERS RDP HOUSES	2,000,000	0	0
172	256519	UPGRAD KOTZE STREET	0	0	0
172	256520	AMSTERDAM/KWA THANDEKA ROADS	1,659,999	0	0
172	256521	VIP RURAL AREAS	0	0	0
172	256522	BOREHOLES RURAL AREAS	0	0	0
172	256541	UPGRADING OF MARK STREET	3,100,652	0	0
172		EZIMBUZINI ROADS	6,000,000		
172		DRIEFONTEIN CONVERSION RDP HOUSES	4,000,000		
172		AMSTERDAM/KWATHANDEKA ROADS	4,000,000		
172		VIP RURAL AREA	1,000,000		
172		RESEALING/POTHOLES ETHANDA TAXI RO	3,000,000		
172		MANGU SUTHU UPGRADING	3,000,000		
172		AMSTERDAM SEWER	2,000,000		
		TOTAL GRANTS	31,797,990	0	0

LEKWA					
Departme	Account C	Description	DRAFT	DRAFT	DRAFT
			2011/2012	2012/2013	2013/2014
		GRANTS			
180	256047	UPGRAD OF WTW TO 37.5ML CAPACI	0	0	0
180	256048	UPGRAD MORGENZON ABSTRACTION F	0	0	0
180	256051	VIP TOILETS	0	0	0
180	256268	UPGRADING WTW STANDERTON/SAKHI	0	0	0
180	256269	COMPLETION BULK WATER SUPPLY	0	0	0
180	256270	RAISING MAIN WTW/OLS STANDERSK	0	0	0
180	256272	UPGRADING MORGENZON STW	0	0	0
180	256423	CONSTR 10 ML RESERVOIR	180,641	0	0
180	256424	ERADICATION R BACKLOG BOREHOLE	0	0	0
180	256425	UPGR CAPACITY STANDERTON STW	0	0	0
180	256426	PROVISION VIP'S RURAL AREAS	0	0	0
180	256427	CONSTRUCTION ROADS	0	0	0
180	256456	RURAL ROADS	0	0	0
180	256465	INSTALL SEWER LINE SEBILOANE R	0	0	0
180	256523	MORGENZON ROADS	1,313,502	0	0
180	256524	STANDERKOP 10ML RESERVOIR	0	0	0
180	256525	VIP RURAL AREAS	0	0	0
180	256526	BOREHOLES	0	0	0
180	256527	SAKHILE ROADS AND STORMWATER	0	0	0
180		MORGENZON ROADS	1,700,000		
180		SAKHILE ROADS & STORMWATER	4,000,000		
180		10 ML WATER TREATMENT PLANT	4,000,000		
180		CONSTRUCTION OF VIP'S	1,000,000		
180		SAKHILE UPGRADING STADIUM	1,500,000		
180		UPGRADING OF RIVERPARK	1,000,000		
		TOTAL GRANTS	14,694,143	0	0

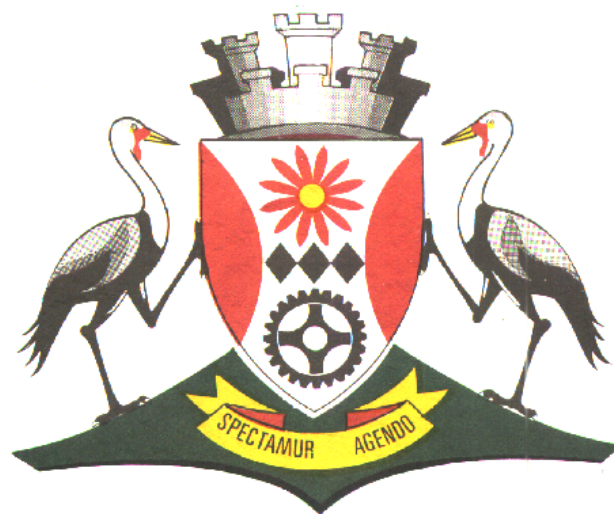
DIPALESENG					
Departme	Account C	Description	DRAFT	DRAFT	DRAFT
			2011/2012	2012/2013	2013/2014
		GRANTS			
184	256039	FORTUNA RISING MAIN TO BALFOUR	0	0	0
184	256041	WATER RET INFORMAL AREA 600H/H	0	0	0
184	256259	NEW WTP FOR GREYLINGSTAD	0	0	0
184	256260	PROVISION BOREHOLES WITH HANDP	0	0	0
184	256408	FORTUNA RISING MAIN BALFOUR	0	0	0
184	256411	PROV BASIC WATER BOREHOLES/HAN	0	0	0
184	256412	PROVISION VIP'S RURAL AREAS	0	0	0
184	256414	CONSTRUCTION ROADS	0	0	0
184	256415	PAYMENT DBSA LOANS	0	0	0
184	256457	RURAL ROADS	0	0	0
184	256528	SIYATHEMBA UPGRAD/REFURB ROADS	952,624	0	0
184	256529	GREYLINGSTAD COMM HALL	0	0	0
184	256530	GROOTVLEI INFORMAL AREA - 750	0	0	0
184	256531	GREYLINGSTAD ROADS	946,066	0	0
184	256532	VIP	0	0	0
184	256533	BOREHOLES	0	0	0
184		BALFOUR TOWN ROADS	4,000,000		
184		SIYATHEMBA ROADS	4,000,000		
184		VIP	1,000,000		
184		BOREHOLES	1,000,000		
		TOTAL GRANTS	11,898,690	0	0

PIXLEY KA SEME					
Departme	Account C	Description	DRAFT 2011/2012	DRAFT 2012/2013	DRAFT 2013/2014
		GRANTS			
190	255302	UPGRADING SEWER RETI/TREATM PL	0	0	0
190	256071	EXTEN & UPGRAD WATER TREATM VO	0	0	0
190	256284	CONSTRUCT BULK SUPPLY LINE VOL	0	0	0
190	256285	UPGRADE ASBESTOS BULK SUPPLY L	0	0	0
190	256286	CONSTRUCT 1.5ML RESERV EZAMOKU	0	0	0
190	256287	UPGRAD WATER BULK ASBESTOS SUP	0	0	0
190	256440	CONSTRUC BULK SUPPLY LINE	0	0	0
190	256441	UPGRAD BULK SUPPLY LINE AMERSF	0	0	0
190	256442	UPGRAD BULK SUPPLY LINE DAGGAK	0	0	0
190	256443	CONSTR PUMPLINE DAGGAKRAAL	0	0	0
190	256444	BOREHOLES WITH HANDPUMPS RURAL	0	0	0
190	256445	PROVISION VIP'S RURAL AREAS	0	0	0
190	256446	CONSTRUCTION ROADS	0	0	0
190	256447	UPGRAD COMM HALL VUKUZAKHE	0	0	0
190	256448	UPGRAD SPORT STADIUM VUKUZAKHE	0	0	0
190	256449	RURAL ROADS	0	0	0
190	256458	INSTAL SEWER RET AMERSFOORT	0	0	0
190	256466	UPGRAD AMERSFOORT COM HALL	0	0	0
190	256534	AMERSFOORT ROADS	1,000,000	0	0
190	256535	DAGGAKRAAL ROADS	1,000,000	0	0
190	256536	WAKKERSTROOM ROADS	1,000,000	0	0
190	256537	VIP RURAL AREAS	0	0	0
190	256538	BOREHOLES (WINDMILLS)	0	0	0
190		AMERSFOORT ROADS	1,900,000		
190		DAGGAKRAAL ROADS	1,600,000		
190		WAKKERSTROOM ROADS	4,100,000		
190		VOLKSRUST WTP CONSTR BULK SUPPLY	3,000,000		
190		DAGGAKRAAL AMERSFOORT BULK SUPP	4,000,000		
190		AMERSFOORT WATER TREATMENT PLAN	4,000,000		
190		PERDEKOP SEWER RETICULATION	3,000,000		
190		VUKUZAKHE SEWER TREATMENT PLANT	7,600,000		
		TOTAL GRANTS	32,200,000	0	0

ANNEXURE A

NEW BUDGET FORMAT PREPARED IN TERMS OF GAZETTE
NO. 32141 MUNICIPAL BUDGET AND REPORTING
REGULATIONS (MBRR)

ANNUAL BUDGET
2011/2012, 2012/2013 AND 2013/2014



*Gert Sibande District
Municipality*

Gert Sibande District Municipality

ANNUAL BUDGET 2010/2011 -2011/2012 AND 2012/2013

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Budget related Policies

- Supply Chain Management Policy approved - latest amendments in terms of MFMA Circular attached herewith to be approved
- Budget Policy – approved
- Fixed Asset Policy – approved
- Cash Management and Investment Policy – approved
- Virement Policy – 1st Draft – to be approved

Part 3 - Service delivery and budget implementation plan

Certificate - Quality certificate – Municipal Manager

National Treasury – MFMA Circular No. 54

National Treasury – MFMA Circular No. 55

Gert Sibande District Municipality



VISION

*The Vision of the Gert Sibande District Municipality is as follows:-
Striving to excel in Good Governance and quality infrastructure*

MISSION

It is the Mission of the Gert Sibande District Municipality to focus on the following aspects in order to achieve the Vision:

- *Municipal Infrastructure Development*
- *Economic and Tourism Promotion*
- *Community & Stakeholder Participation*
- *Efficient Systems and Administration*
- *Human Development*

CORPORATE VALUES

Implementing the above, the Gert Sibande District Municipality subscribes to the following corporate values:

- *Customer Focus*
- *Accountability*
- *Responsiveness*
- *Excellence*
- *Service Oriented*

NEW DISCLOSURE REQUIREMENTS

ANNUAL BUDGET 2011/12 AND ENSUING YEARS IN TERMS OF THE MUNICIPAL BUDGET AND REPORTING REGULATIONS (MBRR)

In order to comply with the legislative requirements in terms of the new format initiatives promulgated in terms of the Gazette No 32141, Municipal Budgets and Reporting Regulations (MBRR) the Annual Budget comprises of three (3) main parts with supporting information, charts and explanations of trends and deviations.

Part 1 – Annual Budget Disclosures.

These Annexures contain Tables A1 – A10 and Charts 1 – 10. Further, under Part 1 is the Foreword of the Executive Mayor and schedule 1 – Draft Resolution on approval of the Annual Budget.

Part 2 – Supporting Documents.

These Annexures contain the supporting Table SA1 – SA37 – also Schedules 2 -5 are attached herewith. Also attached is the Personnel budget (schedule 4) and the following Budget related policies:-

- Supply Chain Management Policy approved - latest amendments in terms of MFMA Circular attached herewith to be approved
- Budget Policy - approved
- Fixed Asset Policy - approved
- Cash Management and Investment Policy - approved
- Virement Policy – 1st Draft – to be approved

Part 3 – Service Delivery and Budget Implementation Plans.

The Service Delivery and Budget Implementation Plan is on SA25 to SA30.

Further, information on the SDBIP is attached.

NEW FORMAT

The new format relating to the 2011/2012 budget and the ensuing years is set out on the following pages 19 -108.

FOREWORD

BY THE EXECUTIVE MAYOR ON THE ANNUAL BUDGET FOR THE 2011/2011, 2012/2013 AND 2013/2014 FINANCIAL YEARS

It gives me great pleasure to present the Final Budget for the 2011/2012 and ensuing years in terms of the Medium Term Revenue and Expenditure Framework (MTREF). Further, this final budget reflects on the last years service delivery requirements in terms of the five year term of office.

The budget has been fully aligned to the Integrated Development Plan for the 2011/2012 financial year. Further, there had been budget consultations regarding all the GSDM's constituent Local Municipalities. In addition consultations were held through their varying groupings using the Annual IDP / Budget Mayoral Outreaches, IDP Representative Forum and other IGR structures Institutionalized within our Municipality. These consultations ensured that all Key Stakeholders had the ability to participate fully and meaningfully and thereby comment on the Budget before Council's final adoption process is undertaken.

This years 2011/2012 budget was primarily based on the twelve outcomes reflected in the National Treasury Guidelines as well as mandates which are as follows:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and World
- A development-orientated public service inclusive citizenship

The primary goals to be attained by the District Municipality relates to appropriate service delivery objectives and involved the reprioritizing of funds towards high priority projects. Historically and even in the 2010/2011 financial year it is likely that at least 90% of the infrastructural budget would be spent in accordance with the targets set in the IDP.

In terms of the Division of Revenue Act (DORA) funds have been promulgated for the district at increases of 5.94% on a year on year basis and the district expends the majority of its funds on infrastructural projects relating to projects within the area of jurisdiction of the local municipalities. These projects are mainly infrastructural relating to roads, water, boreholes, sanitation and sports facilities. Further, the District has been adopting a prudent approach in the

equitable distribution of grant funding and the applicable allocations to the LM's. One again the budget has been prepared on the basis of addressing backlogs relating to basic services and the refurbishment of existing network services. Further, a major priority of the District has been to earmark funding towards addressing the major concerns relating to the quality of municipal drinking water and failures in the management of waste water.

The district has always maintained strong financial viability in undertaking its business operations. In addition the 2011/2012 budget has been prepared with a view of adopting significant cost curtailment initiatives and one again the major portion of funding has been directed towards addressing essential service delivery activities, thereby excluding nice-to-haves and non essential items.

The District would be administering a budget of R322,3 million for the 2011/2012 financial year. It must be noted that the major portion of Council's funds will be applied towards priority Infrastructural Projects to ensure service delivery is achieved rapidly thereby addressing the community's dire needs especially in the Rural areas.

The main category of projects whereby funding would be applied are as follows:-

<u>Project Category</u>	<u>Amount</u> <u>RM</u>
Project Related Expenditure comprising of:-	139,1
Road Projects	78,4
Sewer related projects	20,1
VIP – rural areas	5,5
Water related projects	21,1
Boreholes	3,5
Sports Fields	2,0
Reservoir / Other	8,5
Administration Expenditure	116,2
Capital Expenditure	37,0

As illustrated above and in order to ensure that the abovementioned objectives are achieved, funding of R78,4 million is to be applied predominately towards addressing the degenerating road conditions in all Local Municipalities.

As highlighted in the previous financial year the target of ensuring that the laboratory would be fully functional in the 2010/2011 year has been achieved. The primary goal during the 2011/2012 financial year that is during a medium term period it is planned that the laboratory achieve its accredited status as soon as possible. Further it is contemplated that the local municipalities would ensure that the testing of water would be undertaken through this laboratory facility. One of the main objectives of the testing of water samples at the Ermelo Laboratory will be to ensure that the contaminated water would now be made safe for drinking

purposes. Once again in order for the laboratory to achieve its SANS – 17025 status this laboratory will ensure that high quality controls relating to clean water will be implemented and be maintained over the ensuing financial years. As and when the need arises ongoing equipment of first world standards are being procured and this would place the laboratory in a favorable position to fast track its it's SANS – 17025 status.]Further, the District continues to provide basic water and sanitation, to our rural communities and funding applied to these activities as illustrated above amounts to R25,6 million.

Once again, the District has been able to maintain its employee administrative costs to approximately 22.6% and this is deemed to be extremely favorable as the norm in Municipalities is normally over 35%. Further in order to take into consideration the salary and wage collective agreement 2010/2010 to 2011/2012 the average CPI index for the period of 4,08 percent, plus 2 percent was considered as the salary and wages increases of 6,08 percent for the 2011/2012 financial year with effect from 1 July 2011. Also it is recommended that the TASK System will be simultaneously implemented and the cost implications for this conversion is deemed to be minimal.

It must be noted that the executive summary and the supporting documentation attached herewith, illustrate in detail the various funding allocations for the ensuing 2011/2012 financial year and with a view of complying with Section 22 (B)(1) of the MFMA, the Budget needs to be submitted to National Treasury and Provincial Treasury by no later than the 30th June 2011.

Schedule 1

RECOMMENDATIONS OF THE EXECUTIVE MAYOR

1. That the Draft Budget for 2011/2012, 2012/2013 and 2013/2014 tabled at the Council Meeting held on 20th January 2011 per item C04/2011, be noted.
2. That the final multi-year Annual Budget of Capital and Operating Expenditure as illustrated per the table below for 2011/2012, 2012/2013 and 2013/2014, be approved.

FINANCING: MULTI-YEAR BUDGET COMPARISONS

Detail	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
	R		
Revenue			
Grants	-250,492,000	-265,386,520	-281,174,720
Interest on investments	-3,407,810	-3,612,280	-3,829,020
Income from tariffs/Province	-8,000,000	-8,000,000	-8,000,000
Other income	-726,309	-769,890	-816,080
MIG Allocations	-7,600,000		
Loan - Capital Projects	-30,000,000		
Contribution Accumulated Surplus	-22,134,586	-15,078,360	
Total Income	-322,360,705	-292,847,050	-293,819,820
Expenditure			
Allocations to Local Municipalities	116,900,000	93,000,000	93,000,000
Multiyear projects	22,268,575		
DWA projects - Counterfunding		13,206,700	13,206,700
Indirect Allocations	29,695,840	27,695,840	27,695,840
Building - Transitional Cost	4,000,000		
Administration of the Act	112,296,290	115,744,510	122,016,090
Donations	200,000	200,000	200,000
Capital Expenditure	37,000,000	43,000,000	23,000,000
Surplus			14,701,190
Total Expenditure	322,360,705	292,847,050	293,819,820

3. That the capital budget tabled below, be approved.

YEAR	AMOUNT R
2011/2012	37,000,000
2012/2013	43,000,000
2013/2014	23,000,000

4. That the budget consultative meetings with the community was held as illustrated on the next page, be note

MUNICIPALITY	Date of Consultation
Mkhondo	6 April 2011
Dipaleseng	April/May 2011
Pixley Ka Seme	7 April 2011
Lekwa	19 April 2011
Msukaligwa	11 April 2011
Albert Luthuli	April/May 2011
Govan Mbeki	April/May 2011

5. That the IDP Representative Forum Meetings that were duly held and the alignment was undertaken with the Inter Departmental Programs and Projects with sector departments, be noted.
6. That the projects for the Local Municipalities for the 2011/2012 financial year, be noted.
7. That, the tables referred to in annexure A and attached to this report in terms of the New Budget Format and reporting regulations, be approved
 - 7.1 Table A1 - Budget Summary
 - 7.2 Table A2 - Budgeted financial performance by Standard Classification
 - 7.3 Table A3/A - Budgeted financial performance by vote
 - 7.4 Table A4 - Budgeted financial performance by revenue source & expen.type
 - 7.5 Chart A1 - Revenue by Municipal Vote Classification
 - 7.6 Chart A2/A - Expenditure by Municipal Vote
 - 7.7 Chart A3 - Revenue by Standard Classification
 - 7.8 Chart A4 - Expenditure by Standard Classification
 - 7.9 Chart A5/A - Revenue by source - major
 - 7.10 Table A5 - Budgeted Capital Expenditure by vote, Std Class and funds
 - 7.11 Chart A6 - Revenue by source - minor
 - 7.12 Chart A7 - Expenditure by type
 - 7.13 Chart 8 - Capital funding by source
 - 7.14 Table A6 - Budgeted financial position
 - 7.15 Chart A10 - Capital Expenditure by Municipal vote- minor
 - 7.16 Table A7 - Budgeted cash flow
 - 7.17 Table A8 - Cash back reserves/ accumulated surplus reconciliation
 - 7.18 Table A9 - Asset Management
 - 7.19 Chart A9 - Capital expenditure by Municipal vote
 - 7.20 Table A10 - Basic service delivery measurement
8. That the final Service Delivery and Budget Implementation Plan (SDBIP) for the 2011/2012 in terms of the National Treasury new budget format is attached, be noted
9. That, the following budget related policies are as follows:-
 - Supply Chain Management Policy approved - latest amendments in terms of MFMA Circular attached herewith to be approved
 - Budget Policy - approved
 - Fixed Asset Policy - approved

- Cash Management and Investment Policy - approved
 - Virement Policy – 1st Draft – to be approved
10. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation attached per annexure A, be approved.
11. That the loan facility amounting to R30 million be secured from a recognized financial institution and the following legal requirements that need to be adhered to, be approved.
- A tender be placed in the respective newspapers informing the financial institutions of the Council's intention to acquire a loan facility amounting to R30 million
 - The legal requirements in terms of Section 46 of the Municipal Finance Management Act be fully complied with.
 - The negotiations to secure the best interest rates and other qualitative matters with the respective financial institution.
 - The facility funding requirements secured be applied towards funding of the Council's core infrastructural projects as referred to in the report.

EXECUTIVE SUMMARY

STATUTORY DISCLOSURES – RELATING TO PROPOSE ANNUAL BUDGET

EXECUTIVE SUMMARY ON THE 2011/2012, 2012/2013 AND 2013/2014 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL BUDGET

Report by the Chief Financial Officer

It must be noted that in compiling the 2011/2012 and ensuing years budgets the CPI inflation rates that were recommended by National Treasury were adopted and these rates were as follows. The National Budget Review for 2010 reflects the current Global Economic Crisis that is being experienced and the future Economic position that is likely to occur. With regard to SA, the economy is recovering at a gradual pace with an expected economic growth of 2,3 per cent projected for 2010. During the past year inflation pressure eased and the headline CPI inflation rates that are recommended by National Treasury to be utilized in preparing the respective budgets are as follows:

<u>Year</u>		<u>Percentage</u>
2011/2012	-	4.8%
2012/2013	-	5,3%
2013/2014	-	5,5%

The district has adopted a conservative approach when projecting income and has been prudent in earmarking funds towards capital expenditure and operating expenditure. Once again considerable emphasis has been place on the funding of infrastructural projects within the GSDM's area of jurisdiction. Further, emphasis had been placed on the recommendations by National Treasury relating to the twelve outcomes relating to service delivery. Prominence has been given to the creation of job opportunities directly or indirectly through the budgeting process.

In terms of the latest balance sheet of the District the Council is in a position of maintaining strong financial viability and further additional funding in the form of loans may be easily secured with a reputable financial institution. In addition with sound financial management the District is in a favorable position of requesting additional grants from National Treasury in order to expand on service delivery requirements as well as eradicate backlogs of the local municipalities. In addition it is proposed that business plans will be submitted to National Treasury to access additional grants that may be allocated towards the funding of pilot projects earmarked by National Treasury.

Outlined below is the Annual Budget consisting of three (3) main parts with supporting information charts and explanations of trends and deviations.

PART 1 –ANNUAL BUDGET

The attached Annexures contain tables A1 to A10 and the recommendations / resolutions that are to be approved by Council with the respecting supporting schedules which includes the following:

Report of the Executive Mayor

Schedule 1 : Recommendation / Resolution for the 2011/2012, 2012/2013 and 2013/2014 annual budget

Executive summary

Annual Budget Tables

3.1	Table A1	-	Budget Summary
3.2	Table A2	-	Budgeted financial performance (revenue and expenditure) by Standard Classification
3.3	Table A3/A	-	Budgeted financial performance by vote
3.4	Table A4	-	Budgeted financial performance by revenue source & expenditure
3.5	Chart A1	-	Revenue by Municipal Vote Classification
3.6	Chart A2/A	-	Expenditure by Municipal Vote
3.7	Chart A3	-	Revenue by Standard Classification
3.8	Chart A4	-	Expenditure by Standard Classification
3.9	Chart A5/A	-	Revenue by source - major
3.10	Table A5	-	Budgeted Capital Expenditure by vote, Std Class and funding
3.11	Chart A11	-	Capital expenditure by Standard Classification
3.12	Chart A6	-	Revenue by source - minor
3.13	Chart A7	-	Expenditure by type
3.14	Chart 8-	-	Capital funding by source
3.15	Table A6	-	Budgeted financial position
3.16	Table A7	-	Budgeted cash flow
3.17	Table A8	-	Cash back reserves/ accumulated surplus reconciliation
3.18	Table A9	-	Asset Management
3.19	Chart A9	-	Capital expenditure by Municipal vote
3.20	Table A10	-	Basic service delivery measurement

Executive summary – financial performance

Table A1 – Budget Summary

As illustrated on table A1 is a consolidated budget summary on the revenue and expenditure relating to the 2011/2012 budget and ensuing years. The total revenue that would be generated over the three year MTREF period is as follows:

Detail	Budget 2011/2012 R	Budget 2012/2013	Budget 2013/2014
Revenue			
Grants	-250,492,000	-265,386,520	-281,174,720
Interest on investments	-3,407,810	-3,612,280	-3,829,020
Income from tariffs/Province	-8,000,000	-8,000,000	-8,000,000
Other income	-726,309	-769,890	-816,080
MIG Allocations	-7,600,000		
Loan - Capital Projects	-30,000,000		
Contribution Accumulated Surplus	-22,134,586	-15,078,360	
Total Income	-322,360,705	-292,847,050	-293,819,820

The revenue replacement grant that increases by approximately 5.94% on a year-on-year basis is applied to fund material infrastructural project expenditure on behalf of the seven local municipalities within the GSDM area of jurisdiction. The project expenditure referred to above mainly relate to Road, Water, Boreholes, Sanitation and Sports Facilities.

Further, expenditure is applied with a view to addressing backlogs in mainly service delivery type of projects. The District is contemplating loan funding so as to ensure its financial resources and contributions to local municipalities would be increased thereby allowing the District to carry out additional work. Further, based on the strength of the financial position of the District in terms of its balance sheet the District is in a position to attract material loan funding. Also it must be noted that there are certain Key State Owned Governmental financial institutions that are willing to provide the much – needed funding at extremely attractive interest rates. The need to obtain external funding is deemed to be prudent in terms of the leverage funding principles as internal funding resources may be released and be reprioritized towards Capital expenditure.

Expenditure			
Allocations to Local Municipalities	116,900,000	93,000,000	93,000,000
Multiyear projects	22,268,575		
DWA projects - Counterfunding		13,206,700	13,206,700
Indirect Allocations	29,695,840	27,695,840	27,695,840
Building - Transitional Cost	4,000,000		
Administration of the Act	112,296,290	115,744,510	122,016,090
Donations	200,000	200,000	200,000
Capital Expenditure	37,000,000	43,000,000	23,000,000
Surplus			14,701,190
Total Expenditure	322,360,705	292,847,050	293,819,820

As illustrated per the table above a material part of the funding is applied towards infrastructural projects.

With regard to operating costs this relates to the funding of Salaries and Wages (22,6%) and General expenditure.

Table A2 – Budgeted Financial Performance

The table A2 illustrates details on the budgeted financial performance by standard classification. The categories that are illustrated on this table are related to governance and administration, community and public safety (Health issues) and economic and environmental services.

Table A3 – Budgeted Financial Performance by vote

This table addresses the revenue & expenditure by vote which is relating to globally to Council, MM, Corporate Services, Finance, Municipal Infrastructure Services and Intergovernmental Relations and Development.

Table A4 – Budgeted Financial Performance – Revenue and Expenditure

Table A4 and supporting tables SA1 and SA2 provides details on the budgeted financial performance by revenue source and expenditure type. Further, table A4 is graphically represented in: -

- Chart 1 - Revenue by Municipal vote classification
- Chart 2 - Expenditure by Municipal vote
- Chart 3 - Revenue by Standard classification

With regard to the 2010/2011 financial year the audited results for total revenue reflected an amount of R269,2 million which was funding that was realized. During the mid-year 2010/2011 assessment the Budgeted Revenue was realigned from R321,2 million to R350,0 million.

The year-on-year increases relating to operating expenditure was pegged at 10% per annum. The operating expenditure allocations are graphically illustrated in the following charts.

- Chart 4 - Expenditure by Standard classification
- Chart 5 - Revenue by source - major

Table A5 – Budgeted Capital Expend by Vote Std Classification and funding

Table A5 – Reflects on the costs associated towards the building, landfill site and other material capital expenditure on equipment.

With regard to capital expenditure table A5 is graphically represented as follows:-

- Chart 6 - Revenue by source minor
- Chart 7 - Expenditure by type
- Chart 8 - Capital funding by source
- Chart 9 - Capital expenditure by municipal vote

Table A6 – Budgeted Financial Position

Table A6 and the corresponding supporting table SA3 disclose information on the projected budgeted financial position.

Table A7 – Budgeted Cash Flows

Table A7 furnishes details on the Projected Cash Flows

With regard to the Budgeted Cash Flows Table A7 is graphically represented as follows:-

PART 2 – SUPPORTING DOCUMENTS

This set of Annexures contains the supporting tables with explanatory notes, which include the following:-

- Overview of the annual budget process.
- Overview of the alignment of the annual budget with the integrated development plan.
- Measurable performance objectives and indicators.
- Overview of budget related policies.
- Overview of budget assumptions.
- Overview of budget funding.
- Funding requirements for capital expenditure.
- Expenditure on allocations and grant programmes.
- Allocations or grants made by the municipality.
- Councillors and board member allowances and employee benefits.
- Monthly targets for revenue, expenditure and cash flow.
- Contracts having future budgetary implications.
- Capital expenditure details.
- Legislative compliance status.

- Schedule 2** : Comparison on the imposing of assessment rates and setting of tariffs for the 2011/2012 financial year.
- Schedule 3** : Recommendation on the sundry tariffs for the various services for the 2011/2012 financial year.
- Schedule 4** : Draft Personnel Budget
- Schedule 5** : Budget Related Policies.

PART 3 - SDBIP

National Treasury in its guidelines recommends that district and local municipalities are to include in their budget the service delivery and business implementation plan. This plan has been included in the National Treasury New Budget Format refer tables SA25 – SA30.

The Service Delivery and Business Implementation Plan include the following:

- Report on the SDBIP
- Supporting table SA25 – monthly projections of revenue for each source and expenditure type.
- Supporting table SA27 – monthly projections of operating revenue and expenditure by vote
- Supporting table SA29 – monthly projections of capital expenditure by vote
- Detail projects per capital programme.

TABLE A1

TO

TABLE A10

PART 2

SUPPORTING DOCUMENTS

PART 2 – SUPPORTING DOCUMENTS

Included in Part 2 are supporting tables SA1 to SA37 and the information relating to these supporting tables is as follows:

Overview of the Annual Budget Process

It must be noted that the Integrated Development Plan (IDP) is reviewed annually and this process allows the District to re-examine plans and strategies to include additional issues. Also to ensure that these plans are strategies that informs Institutional and financial planning through the entire budget process.

The IDP revision process and budget process time table was approved in August 2010 and this indicated all the key deadlines relating to the review of the IDP and the preparation of the multi-year budget.

As commented previously Community Consultation Meetings were held during the months of April/May 2011. These meetings, in the main reflected firstly, on the actual performance / deliverables rolled out in the 2010/2010 and 2010/2011 (six months), and the way forward. Secondly deliberations were held on services delivery matters projected in the 2011/2012 year. In addition the IDP Forum Meetings were conducted simultaneously during the current year.

Also to complement these meetings, turnaround strategies / workshops were held between the District and Province and discussions related to financial / institutional capacity support.

The key deadlines in the budget process plan for the preparation and review of the budget document as well as the IDP document and the preparation of the multi-year IDP / Budget is outlined on the next page:

BUDGET PROCESS AND FINANCIAL MANAGEMENT CALENDAR

Month	Financial year 2010/2010	Financial year 2010/2011	Financial year 2011/2012
July 2010	Complete final financial transactions for the year	Monthly financial report for June 2010 including expenditure on staff benefits and results of cash flow for 2010/2010	<ul style="list-style-type: none"> - Drafting of IDP Process Plans by Local Municipalities as per the District Framework Plan. - First sitting of the IDP-RF to deliberate on the review and implementation M& E process - Complete Budget Process and Financial Management Calendar - Table budget process and financial calendar to Council.
August 2010	Complete Annual Financial Statements for the 2009/2010 financial year and submit it to Auditor-General	Monthly financial report for July 2010	<ul style="list-style-type: none"> - Phase 1 IDP: Analysis phase – Assessment of performance and changing needs
September 2010	Complete Annual Report	Monthly financial report for August 2010	<ul style="list-style-type: none"> - Update policies, priorities, objectives and determine revenue for next three years - Determine allocations to Local Municipalities - Review strategies in terms of Phase 2 of the IDP
October 2010	Auditing of Financial Statements and Performance Audit by office of the Auditor-General	<ul style="list-style-type: none"> - Monthly financial report for September 2010, including expenditure on staff remuneration and cash flow report. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality 	<ul style="list-style-type: none"> - Determine allocations to Local Municipalities, review projects and align it with Council's priorities - Phase 3 of the IDP
November 2010	Receive and discuss management letter from Auditors with	Monthly financial report for October 2010	<ul style="list-style-type: none"> - Engage with national and provincial departments to share plans on national

Month	Financial year 2010/2010	Financial year 2010/2011	Financial year 2011/2012
	Auditor-General		<ul style="list-style-type: none"> expenditure frameworks - Complete phase 4 of IDP-integration - Complete departmental budgets
December 2010	<ul style="list-style-type: none"> - Receive final audit report. Comment on audit report. - Reports in relation to the preparation of the Annual Report to be submitted by the Municipal Manager, Section 57 Managers and Mayoral department. - Collation of reports - Auditor-General's final report to be included in the Annual Report. 	Monthly financial report for November 2010	<ul style="list-style-type: none"> - Consolidation of departmental budgets and plans - First Draft IDP finalized - Preparation of the Adjustment Budget - Departmental Heads to submit updated information regarding the Adjustment Budget.
January 2011	Table Annual report, audited Financial Statements, Audit Report and comments thereon to Council. Make public Annual Report in terms of section 127(5) of the MFMA.	<ul style="list-style-type: none"> - Monthly financial report including expenditure on staff remuneration and cash flow statement for December 2010. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality. <p>Mid-year assessment on:</p> <ul style="list-style-type: none"> - Service delivery performance against targets and performance indicators and budget implementation plan. - Reports on assessment 	<ul style="list-style-type: none"> - Finalise draft budget and table to Executive Mayor - 2nd IDP-RF consider the Draft IDP - Draft IDP ready for Council approval - Executive Mayor tables draft budget to Council - Tabling of Adjustment Budget to Mayoral Committee & Council for approval.

Month	Financial year 2010/2010	Financial year 2010/2011	Financial year 2011/2012
		to National and Provincial Treasury. - Monthly financial report	
February 2011	Forward comments of Council on audit report and possible action plans in terms of the audit report to the Auditor-General, MEC for Finance and MEC for Local Government and Housing.	Monthly financial report for January 2011.	<ul style="list-style-type: none"> - Inform Local Municipalities on allocation to them in terms of section 37(2) of the MFMA - Program for consultation with Local Municipalities to be drawn up
March 2011	Oversight Committee to consider the Annual Report and submit oversight report to Council.	Monthly financial report for February 2011.	<p>Consultation on draft budget with stakeholders as follows:</p> <ul style="list-style-type: none"> - National Treasury - Provincial Treasury - Local Municipalities - 3rd IDP-RF consider Draft IDPs with complete projects lists from NG and PG - Publish IDP for 21 days public comments
April 2011	Oversight report publicise for comments in terms of Section 129(3) of the MFMA.	<ul style="list-style-type: none"> - Monthly financial report for March 2011 including expenditure on staff benefits and results of cash flow for 3rd quarter. - Report of Executive Mayor on implementation of budget and financial state of affairs of Council 	<ul style="list-style-type: none"> - Verifications of Budget-IDP Alignment - Update IDP project list
May 2011	-	Monthly financial report for April 2011.	<ul style="list-style-type: none"> - 4th IDP-RF consider the alignment of the IDP and Budget prior Council approval - Council approves budget and IDP for next financial

Month	Financial year 2010/2010	Financial year 2010/2011	Financial year 2011/2012
			year - Publish budget and IDP within 14 days of approval - Complete service delivery and budget implementation plan and table to Executive Mayor 28 days after budget has been approved
June 2011	-	Monthly financial report for May 2011.	Complete performance contract of section 57 employees

The above IDP/Budget deadline processes were met and the 2011/2012 Budget together with the ensuing years is now being tabled for approval at the next Council Meeting to be held on the 14th May 2011.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

Attached to part 2 of the documentation are the supporting tables SA4, SA5 and SA6. These schedules provide a breakdown of all Revenue Operating Expenditure and Capital Expenditure that is aligned to the goals and priorities of the IDP on a macro level.

The annual budget had been fully aligned to the IDP process and is linked to the twelve outcomes, which are:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and World
- A development-orientated public service inclusive citizenship

Further, in terms of the IDP process the District is committed to undertake on an overall basis the following:

- The rendering of services in an efficient, effective and economical manner to all customers.
- The ensuring that financial and institutional resources are maximized.
- Where practical attending to Gender and key social development programmes..
- The regular view of management systems, internal controls and procedures to ensure that the effectiveness of these systems is sustainable.
- The introduction of initiatives relating to LED programmes.
- Maintaining effective co-operations with the relevant stakeholders.
- To ensure skilled, motivated and committed workforce.
- Full compliance with the Batho Pele principles.

PERFORMANCE INDICATORS AND BENCHMARKS

Supporting table SA8 provides details on the financial indicators and benchmarks. The table budget was compiled considering the following main key performance indicators as a benchmark:

DETAILS	2011/2012	2012/2013	2013/2014
<u>REVENUE MANAGEMENT</u>			
Outstanding debt to revenue	0%	0%	0%
<u>OTHER INDICATORS</u>			
Employee related cost	21,3%	24,4%	24,4%
Remuneration	24,3%	27,8%	27,9%

OVERVIEW OF BUDGET RELATED POLICIES

It must be noted that the purpose of budget related and financial policies is to provide a sound environment to manage the financial affairs of the District. The following are key budget related policies:

- Budget Policy - this policy sets out the principles which must be followed in preparing a medium term revenue and expenditure framework budget. Further, it ensures that the budge reflects the strategic outcomes embodied in the IDP and elated strategic policies.
- Investment Policy - this policy ensures that cash resources are managed in the most efficient and effective manner.
- Asset Management Policy – this policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment – assets.

- Accounting Policy – this policy relates to the basis of presentation of the Annual Financial Statements in accordance with Generally Recognized Accounting Practices (GRAP).
- Supply Chain Management Policy – this policy is prepared in terms of Section 111 of the Municipal Finance Management Act, Act 56 of 2003. The application of this policy is to provide effective, fair, equitable, transparent and cost effective systems, when procuring goods and services of contractors and other related business matters.
- Transport and Subsistence Policy – this policy ensures that the reimbursement of travelling and subsistence costs relating to officials and councilors undertaking official business are properly administered – this policy needs to be updated on an annual basis.
- Short Term Insurance and Known Risks and Liabilities Policy – the main objective of this policy is to ensure Council’s assets are secure.
- Virements Policy – the main objectives of this policy is to allow flexibility in the use of budget funds to enable management to act on occasions as disasters, unforeseen expenditure of savings identified etc. as they arise to accelerate service delivery in a financially responsible manner. Further, another objective is to give Heads of Departments greater flexibility in managing their budgets.
- Credit Control & Debt Collection Policy -

OVERVIEW OF BUDGET ASSUMPTIONS

The district had been faced with major challenges, and these were taken into consideration in the preparation of the budget. Also the districts limiting factor are related to funding resources and institutional capacity requirements. In addition there are compelling demands made on the funding resources and priority had to be given initially to multi-year projects.

With regard to escalation over the ensuing Medium Term Revenue and Expenditure Framework (MTREF) and to accommodate price increases on materials as well as staff costs - in compliance with the Bargaining Council Agreement previously agreed upon. An overall amount of 10% on a year-on-year basis in this regard was included in the budget.

OVERVIEW OF BUDGET FUNDING

In order to ensure that a balanced budget is achieved internal working capital which is cash backed amounting to R22,1 million was applied towards meeting relevant project expenditure. Also loan funding is now being contemplated in this 2011/2012 budget up to an amount of R30 million. These moneys would be applied towards funding critical expenditure that relates to service delivery backlogs in respect of water and sanitation, roads etc.

FUNDING REQUIREMENT FOR THE PROJECT AND CAPITAL EXPENDITURE

In terms with the IDP process, the required capital expenditure over the next three years amounts to R103 million. With regard to project expenditure the cumulative expenditure amounts to R325 million.

The funding sources that would be applied towards Project and Capital Budget Expenditure are as follows:

Detail	Budget 2011/2012	Budget 2012/2013	Budget 2013/2014
	R		
Revenue			
Grants	-250,492,000	-265,386,520	-281,174,720
Interest on investments	-3,407,810	-3,612,280	-3,829,020
Income from tariffs/Province	-8,000,000	-8,000,000	-8,000,000
Other income	-726,309	-769,890	-816,080
MIG Allocations	-7,600,000		
Loan - Capital Projects	-30,000,000		
Contribution Accumulated Surplus	-22,134,586	-15,078,360	
Total Income	-322,360,705	-292,847,050	-293,819,820

As previously indicated it is considered prudent for the District to source loan funding to complement its internal funding resources and thereby meet its future Project Expenditure commitments, especially with regard to backlogs. Also the District's current Balance Sheet illustrates an extremely favorable financial position of the assets and liabilities, hence loan funding maybe secured at attractive low interests from financial institutions.

Committed Cash Flows that are currently invested on a short term basis with the respective financial institutions earn interest at approximately 5-6% per annum.

EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

In terms of the Division of Revenue Act, 2011/2012 and ensuing years allocations to the District by National Treasury are Gazetted.

The supporting tables SA18, SA19 and SA20 provide details of planned expenditure against each allocation and grants that are received. During the current MTREF period the following grants have been allocated to the district.

DETAILS	2011/2012 RM	2012/2013 RM	2013/2014 RM
Revenue Replacement Grant	231,3	245,3	260,0
Equitable Share	16,9	17,9	19,0
FMG / MSIG / DWA	2,2	2,2	2,2

TRANSFERS AND GRANTS MADE BY THE DISTRICT

As reflected in table SA2 are the details regarding allocations made by the district to the Local Municipalities.

DETAILS	2011/2012 RM	2012/2013 RM	2013/2014 RM
Total allocations to the 7 LM's	139	93	93

COUNCILLOR AND STAFF BENEFITS

The supporting tables SA22, SA23 and SA24 illustrates the costs regarding Councillor Allowances and Employee Remuneration Expenditure and are categorized as follows:-

- Councillors for the District
- Municipal Manager and Senior Managers
- Other Municipal Staff

BUDGET MONTHLY TARGETS FOR REVENUE EXPENDITURE AND CASH FLOW

The supporting tables SA25 and SA27 disclose the monthly targets for operating revenue by source, operating expenditure by type as well as a consolidated projected of revenue and expenditure by vote, whilst supporting table SA29 provides monthly projections for capital expenditure by vote.

All the above schedules have been included in the draft SDBIP which is included as per the National Treasury Format per table **as Part 3.**

The SDBIP furnishes a detailed cash flow plan of the manner in which income would be earned as well as expenditure incurred during the financial 2011/2012 year.

BUDGET MONTHLY CASH FLOW

The supporting table SA30 provides a consolidated projection of cash flow for the budget setting out receipts by source and payments by type, both operating and capital categorized per month for the budget year.

CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

There are no commitments in this regard relating to contracts with financial obligations beyond three (3) years.

CAPITAL EXPENDITURE ON NEW ASPECTS BY ASSET CLASS

The supporting table SA34 discloses capital expenditure by asset class and table SA36 provides a list of capital projects aligned in terms of the Integrated Development Plan.

PART 3 –ANNUAL BUDGETS AND SDBIP’S FOR INTERNAL DEPARTMENTS

A high level executive summary is attached in these annexures

- Report by the Chief Financial Officer on the Draft SDBIP which include the following annexures:
 - Supporting Table SA 25 - Monthly projections of revenue for each source and expenditure type.
 - Supporting Table SA 27 - Monthly projection of operating revenue and expenditure by vote
 - Supporting Table SA 29 - Monthly projections of capital expenditure by vote
- Executive summaries for internal departments.
- Departmental annual operating budget.
- Departmental detailed capital expenditure.

COMPLIANCE WITH LEGISLATION

The district fully complies with the following legislation:

- Local Government: Municipal Structures Act 117 of 1998, as amended.
- Local Government: Municipal Systems Act No. 32 of 2000, as amended
- Local Government: Local Government Finance Act, Act 56 of 2004
- National Treasury Circulars: In terms of the Municipal Systems / Municipal Finance Management Act.
- Full compliance with sections applicable to the district:

- Labour Relations Act of 1995
- The Constitution of South Africa, 1996
- Financial and Fiscal Commission Act, 1997
- Intergovernmental Fiscal Relations Act, 1997
- Water Services Act, 1997
- Municipal Demarcation Act, 1998
- National Environmental management Act, 1998
- Remuneration of Political Office Bearers Act, 1998
- Skills Development Act, 1998
- Preferential Procurement Policy Framework Act, 2000
- Intergovernmental Relations Framework Act, 2005
- Division of Revenue Act as promulgated annually