



IKWEZI LOCAL MUNICIPALITY

(EC 103)



**DRAFT ANNUAL BUDGET
2012/2013**

IKWEZI LOCAL MUNICIPALITY
DRAFT ANNUAL BUDGET 2012/13

PART 1 – ANNUAL BUDGET

General Information	1
Mayor's report	2-3
Resolutions	4
Executive summary	5-6
Annual budget tables	7-25

PART 2 – SUPPORTING DOCUMENTATION

Overview of Annual budget process	26-28
Overview of alignment of annual budget with Integrated Development Plan	29-42
Measurable performance objectives and indicators	43-44
Overview of budget-related policies	45
Overview of budget assumptions	46
Overview of budget funding	47-55
Expenditure on allocation and grant programmed	56-58
Allocation and grants made by the municipality	59
Councilors and board member allowances and employee	60-62
Monthly target for revenue, expenditure and cash flow	63-68
Annual budgets and service delivery and budget implementation plans - internal department	(Separate document
Annual budget and service delivery agreement - municipal entities and other external mechanisms	69
Contracts having future budgetary implication	70-71
Capital expenditure details	72-77
Legislation compliance status	
Other supporting documents	78-86
Municipal Manager's quality certification	87

MAYOR'S REPORT

RESOLUTIONS

When Council moves to consider and adopt the final budget at its meeting on 30 March 2012, it will be necessary to adopt the following resolutions :

1. Council resolves that the adjusted budget of the Ikwezi Local Municipality for the financial year 2012/2013;

Operating revenue by source reflected in Budget Statement 2
Operating expenditure by vote reflected in Budget Statement 2
Capital expenditure by vote and associated funding reflected in Budget Statement 2
Budget tables A1 to A10

2. Council resolves that property rates and any other municipal taxes as imposed for the budget year 2012/13.

3. Council resolves that the measurable performance objectives for revenue from each source reflected in the budget are approved for the budget year 2012/13

4. Council resolves that the measurable performance objectives for each vote approved for the budget year 2012/13

5. Council notes that the Service Delivery and Budget Implementation Plan will be for subsequent approval by the Mayor after final approval of the 2012/2013 annual budget.

EXECUTIVE SUMMARY

Introduction

This annual budget is prepared with community needs in mind. This is even more important in Ikwezi since this is the first year that the municipality has wards. Therefore, ward based planning becomes more important.

We are a municipality that sees value in transparency and public participation.

Budget strategies

Ikwezi, like most typically rural local authorities, has the undesirable task of matching massive demands and expectations with very limited financial resources. The municipality is confronted with huge infrastructure back logs that confront its service delivery initiatives.

The philosophy has to be one that looks to prioritise service delivery in line with municipal functions. The remaining resources are assigned to address strategic objectives as identified in the Integrated Development Plan. While assistance to the poor is a government policy widely embraced in Council, it has to take place through a targeted approach and minimize cross-subsidization of those who can afford to pay for services. The recovery of what is due to the municipality for services rendered to the communities has become more critical than ever before. The whole council has taken ownership of this fact, with the political leadership assisting in getting all those that deserve to benefit from indigent programs on board. The administration focuses at revenue collection methods including implementation of credit control policies.

The municipality has taken a decision to invest on its infrastructure assets. R2.9 million has been allocated for repairs and maintenance for the 2012/13 financial year.

Past and current performance and challenges

The jobs shed in the big cities all over the country have had a direct impact on Ikwezi. In view of the national priorities, this budget has been fully aligned with the Integrated Development Plan of the municipality. This budget is also sensitive to the economic conditions of Ikwezi, coupled with massive unemployment - Ikwezi has made every effort to consider those who cannot afford to pay for the services rendered.

The serious back log in infrastructure is under consideration. R10m has been set aside to continue with capital projects throughout the municipal area. This funding has been set aside for capital projects like building of Roads (internal) in Jansenville and Klipplaat. Moreover, the municipal council took a resolution to host the 2013 International Mohair Summit in Jansenville. To this end, the municipality has set aside about R4 million to upgrade the Jansenville Town Hall to the required standard. This is seen as an important program and as one of the four pillars on which our IDP stands. All these projects are funded from MIG.

The past financial year has seen major improvements in terms of spending on conditional grant funding. The municipality has worked very hard to partially overcome challenges brought about by lack of staff. We are making it a priority to spend on service delivery. The establishment of a Supply Chain Management Unit has also ensured that the municipality is assured on matters of compliance. As such, the municipality was able to spend its 2010/11 MIG allocation in full. The municipality is also in pursuit of a R15 million loan from DBSA as a way to speedily address the infrastructure backlog.

Sadly, the municipality has regressed in terms of its audit outcomes. An detailed audit action plan has been developed and is being monitored on a monthly basis by Council and the audit committee.

The collection rate of 46% is still a hindering factor as it means that more than 50% of our income is from government grants. The municipality has amended its financial recovery plan for the 2012/13 financial year and with the improvement in the audit report, it is hoped that we will be able to secure funding to implement its recommendations.

be able to secure funding to implement its recommendations.

In order to support the 2012/2013 annual budget, the following increases in rates and services have been approved :

Water has increased by 6%

Refuse removal has increased by 15%

Sewerage has increased by 15%

Assessment rates has increased by 6%

Electricity has increased by 13%

We have properly assessed the economic conditions of our municipal area and have resolved to devise creative ways to transform the municipality from becoming economical depressed. The LED unit has been tasked to look into projects that will provide economic prosperity to the organisation. We believe in competing where we have a competitive advantage.

The Technical services vote deals with the supply and maintenance of water, electricity, sanitation and refuse removal services. This constitutes the heart of service delivery in the municipality. The appointment of a manager has enhanced these functions and sped up the infrastructure project spending. For the 2012/13 budget, the aim is to provide the infrastructure with proper tools of trade. The budget will also fund a fleet of service delivery vehicles to facilitate service delivery. The current fleet is aging and is slowing the process down .

OVERVIEW OF THE BUDGET PROCESS

The budget process started in September 2011 with the tabling of the Schedule of Key Deadlines in Council, being the Budget Schedule for 2012/13 as tabled. Extensive consultation was done in view of the fact that the 2012/13 annual budget was the first of its kind since Ikwezi Municipality was established. For the first time since its inception, the municipality was allocated 4 wards.

The budget process took a different form as we were required to conduct an extensive ward based plan to identify community needs for the year ahead. The budget and IDP went through a thorough consultative process in February and March 2012. The consultative meetings were held in all the four wards and the meetings were well attended. The challenges facing rural municipalities like Ikwezi, still prevail to this day. These range from infrastructure backlogs to shrinking revenue bases due to high levels of unemployment. The problem is even more serious with the establishment of wards as there is always inherent competition among different wards for very limited resources.

The SDBIP (Service Delivery and Budget Implementation Plan) is the mechanism and ultimate management tool/guide, that aims to ensure that the IDP and Budget are fully aligned. Ultimate objectives from this process is to ensure that the Budget is maintained within the affordability levels outlined, taking into account the identified IDP deliverables posed, and the various Directorates responsibilities to spend the Budget within the frameworks and available funds to the best of their abilities and to the affordability of the Budget. It is from this document that the performance agreements between the municipality and management will be drafted.

Council has outlined its public participation program for 2012. Included in this program is the usual public education on free basic services and our municipal processes involved. With installation of ward committees, Council has also revived its indigents committee to include members of ward committees.

The municipality is also in the process of compiling its general valuation. This exercise is done with the assistance of the Department of Local Government and Traditional Affairs. The municipality will have its valuation roll by July 2012.

This budget is compiled in line with Circular 59 of National Treasury. Every effort has been made to ensure that the little that has been allocated to us is spent on creating jobs. It is against this background that we have identified labour intensive projects such as construction of roads in Jansenville and beautification of Jansenville Town Hall using EPWP methods.



OVERVIEW OF BUDGET RELATED POLICIES

The Ikwezi Municipality has approved its financial policies with the draft budget.

Current Management, under the leadership of the Accounting Officer, have launched the review, development and ultimate compliance with all legislation expected policies. The financial policies have been approved by council and are being reviewed for implementation for the 2012/13 financial year.

Policies in existence, reviewed and being developed are:

- Banking and Investment Policy
- Credit Control and Debt Collection Policy
- Fixed Assets Policy
- Indigents Policy
- Property Rates Policy
- Supply Chain Management Policy
- Tarrif Policy
- Credit card policy
- Budget policy
- Virements policy

These policies are will also assist the municipality in implementing its financial recovery plan that will also be approved with the final budget.

2008/09 financial year.



uMasipala. Munisipaliteit. Municipality

Tel. 049 836 0021 / 192 Fax. 049 836 0105

e-mail : www@ikwezi.org.za

website : www.ikwezi.org.za


34 Main Street, P.O. Box 12, Jansenville, 6265

9 April 2010

QUALITY CERTIFICATE

I, **THANDEKILE MNYIMBA**, Municipal Manager of **IKWEZI MUNICIPALITY EC103**, 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.

The updating of property records and metering of Ikwezi Municipality is still in progress.


.....
MNYIMBA T
Municipal Manager

09-04-2010
.....
DATE

AGREEMENT FOR THE INTERNATIONAL
SACCHAR INDUSTRY
BOARD - EASTERN CAPE - SOUTH AFRICA

