

# ELUNDINI LOCAL MUNICIPALITY



## 2012/13 – 2014/15 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 N.LENGS  
MARCH 2012**

## 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 2012/13, and indicative allocations for the two projected outer years 2013/2014 and 2014/2015, 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 37]
  - b. Budgeted Financial Performance( Revenue and Expenditure by Municipal Vote);[Pg39]
  - c. Budgeted Financial Performance( Revenue by Source and Expenditure by Type); and[Pg40]
  - d. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.[Pg44]
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;[Pg45]
  - b. Budgeted Cash Flows;[Pg47]
  - c. Cash Backed Reserves and accumulated surplus reconciliation;[Pg49]
  - d. Asset Management; and[Pg50]
  - 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, water, sanitation, 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 2012.
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 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 [pg86]

6. 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 2012/2013 to 2014/15 Budget preparation commenced in August 2011 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 165.4 Million, which funds the continued provision of services provided by the Municipality.

The major expenditure items are employee costs (38.54%), Remuneration of Councillors (5.3%) bulk electricity purchases (9.9%), general expenses (32.34%), repairs and maintenance (7.2%)

Funding is obtained from various sources, the major sources being service charges such as electricity, refuse collection (15.2%), property rates (9.9%), sundry related income eg. Hire of plant, water operating subsidies, interest on investments (27.6%), grants and subsidies received from National and Provincial Governments (47.3%).

In order to support the 2012/13 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2012:

Property rates	-	5.9 %
Electricity	-	11.03%
Refuse	-	5.9 %
Water( Alignment with WSA Tariffs)		5.9 %
Sanitation	-	5.9%

A provision of R 62.3 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 79.5%.

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 2011 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 2012/2013 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 6kl Water
- Free basic refuse removal
- Free Basic Sanitation
- Property rates subsidy

The Elundini Local municipality has prioritized spending on the free services program and as such has prioritized allocations for the MTEF 2012/2013 in the sum of R 5.08 million increasing to R 5.38 Million in 2014/2015. 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 40.56 million and this is funded primarily through revenue from operations (33.72%), Government grants (66.28%). 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:

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		53 824	73 529	79 707	87 298	93 601	93 601	116 146	120 015	127 242
Executive and council		273	98	7 250	265	265	265	281	297	315
Budget and treasury office		53 214	56 746	72 370	86 940	93 243	93 243	115 768	119 613	126 818
Corporate services		336	16 685	87	93	93	93	98	104	110
<i>Community and public safety</i>		610	3 046	932	1 482	1 503	1 503	1 168	1 237	1 310
Community and social services		592	3 024	930	930	951	951	1 166	1 235	1 308
Sport and recreation		3	4	2	552	552	552	2	2	2
Public safety		-	-	-	-	-	-	-	-	-
Housing		15	18	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 022	11 514	32 423	56 208	61 311	61 311	50 107	41 908	44 375
Planning and development		284	25	1 667	14 935	6 037	6 037	3 637	-	-
Road transport		12 739	11 489	30 756	41 273	55 274	55 274	46 469	41 908	44 375
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		20 629	26 710	33 252	42 718	49 959	49 959	38 633	44 837	52 158
Electricity		16 657	10 416	10 927	15 460	20 913	20 913	14 300	19 084	24 915
Water		-	11 023	11 969	11 081	11 081	11 081	11 708	12 382	13 083
Waste water management		-	-	4 777	6 007	6 007	6 007	6 362	6 737	7 135
Waste management		3 972	5 271	5 580	10 170	11 958	11 958	6 264	6 634	7 025
<i>Other</i>	4	-	-	120	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	88 085	114 799	146 434	187 706	206 374	206 374	206 054	207 996	225 085

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

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		53 824	73 529	79 707	87 298	93 601	93 601	113 809	115 441	120 728
Executive and council		273	98	7 250	265	265	265	279	295	311
Budget and treasury office		53 214	56 746	72 370	86 940	93 243	93 243	113 432	115 043	120 308
Corporate services		336	16 685	87	93	93	93	98	103	109
<i>Community and public safety</i>		610	3 046	932	1 482	1 503	1 503	1 005	1 062	1 119
Community and social services		592	3 024	930	930	951	951	1 004	1 060	1 117
Sport and recreation		3	4	2	552	552	552	2	2	2
Housing		15	18	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 022	11 514	32 423	56 208	61 311	61 311	38 144	40 271	42 614
Planning and development		284	25	1 667	14 935	6 037	6 037	-	-	-
Road transport		12 739	11 489	30 756	41 273	55 274	55 274	38 144	40 271	42 614
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		20 629	26 710	33 252	42 718	49 959	49 959	36 276	42 637	50 141
Electricity		16 657	10 416	10 927	15 460	20 913	20 913	14 542	19 653	25 854
Water		-	11 023	11 969	11 081	11 081	11 081	11 708	12 382	13 083
Waste water management		-	-	4 777	6 007	6 007	6 007	6 355	6 726	7 118
Waste management		3 972	5 271	5 580	10 170	11 958	11 958	3 671	3 876	4 086
<i>Other</i>	4	-	-	120	-	-	-	1 134	1 198	1 263
<b>Total Revenue - Standard</b>	2	88 085	114 799	146 434	187 706	206 374	206 374	190 369	200 609	215 864

<b>Expenditure - Standard</b>	-									
<i>Governance and administration</i>		37 754	74 451	53 650	60 871	70 235	70 235	77 839	80 255	85 213
Executive and council		11 049	11 749	15 800	19 023	20 083	20 083	23 373	24 037	25 469
Budget and treasury office		17 006	44 760	22 343	25 769	28 023	28 023	30 833	31 398	33 450
Corporate services		9 700	17 942	15 507	16 079	22 129	22 129	23 634	24 820	26 294
<i>Community and public safety</i>		6 605	8 021	6 584	7 462	6 661	6 661	8 652	8 200	8 691
Community and social services		3 553	4 756	2 630	3 153	2 325	2 325	3 160	3 502	3 711
Sport and recreation		2 527	2 687	3 423	3 737	3 754	3 754	4 966	4 070	4 314
Public safety		-	-	-	-	-	-	-	-	-
Housing		524	578	531	572	582	582	526	628	665
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		18 593	3 124	19 072	26 468	30 368	30 368	31 988	34 205	36 237
Planning and development		1 506	491	2 560	2 526	4 343	4 343	5 002	5 257	5 571
Road transport		17 087	2 633	16 512	23 942	26 025	26 025	26 986	28 947	30 666
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 405	13 025	37 225	48 775	41 265	41 265	47 007	49 891	52 846
Electricity		18 675	12 200	13 474	19 733	22 531	22 531	25 010	26 572	28 142
Water		-	004)	11 961	13 768	7 180	7 180	8 054	8 552	9 060
Waste water management		-	-	3 203	4 452	3 276	3 276	3 467	3 671	3 890
Waste management		3 730	2 829	8 588	10 822	8 278	8 278	10 476	11 096	11 754
<i>Other</i>	4	-	-	-	-	868	868	-	-	-
<b>Total Expenditure - Standard</b>	3	85 357	98 621	531	576	397	397	486	550	987
<b>Surplus/(Deficit) for the year</b>		2 728	16 178	29 904	44 130	56 977	56 977	40 568	35 446	42 098

### 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.

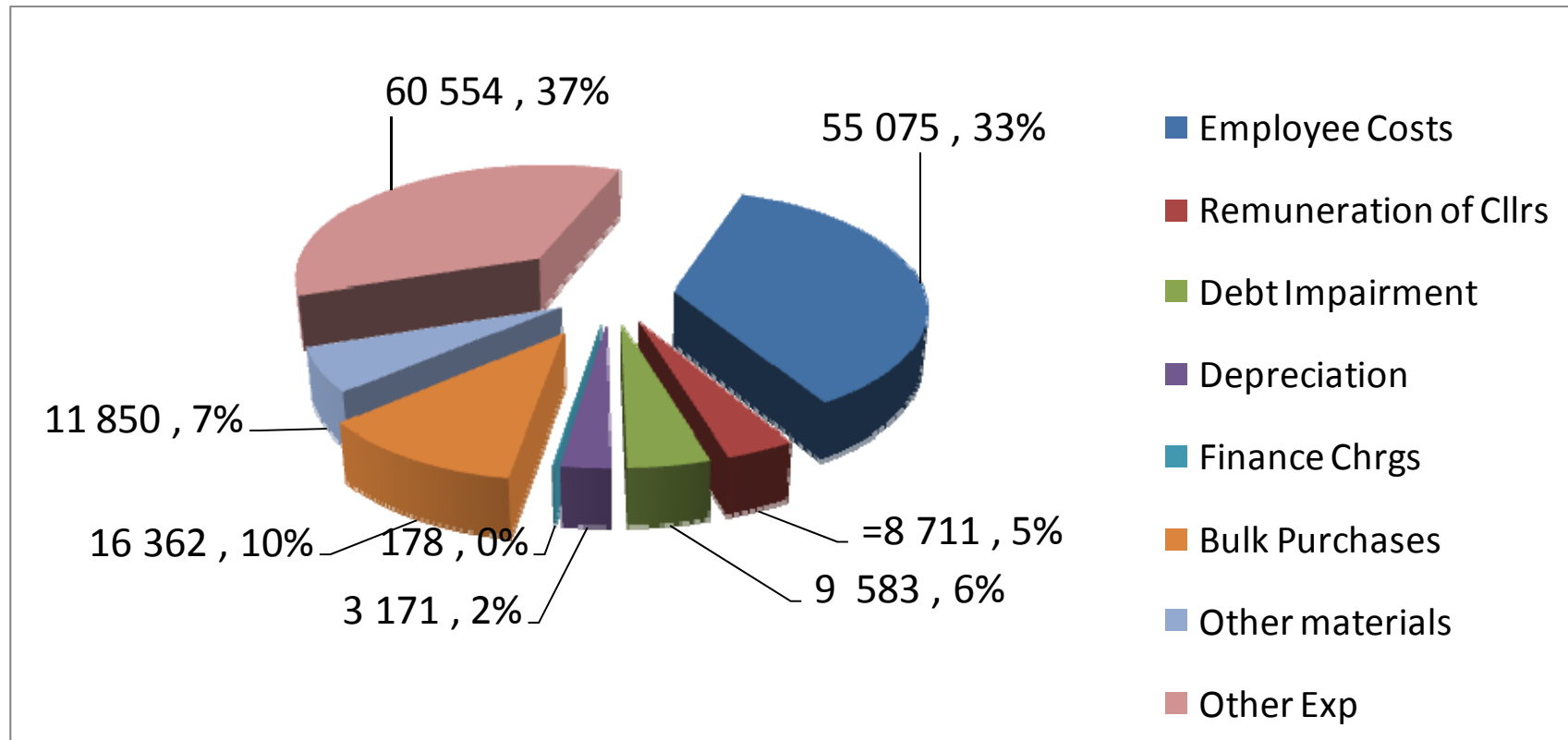
The Operating Budget totals R 165.48 Million, which funds the continued provision of services provided by the Municipality.

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

<u>Expenditure By Type</u>	-										
Employee related costs	2	29 956	36 379	44 086	49 587	61 896	61 896	-	55 076	57 648	61 106
Remuneration of councillors			7 461	7 427	8 636				8 711	8 510	9 021
Debt impairment	3		23 920	12 945	12 405	9 049	9 049		9 583	10 149	10 747
Depreciation & asset impairment	2	-	-	5 011	4 208	4 208	4 208	-	3 171	3 358	3 556
Finance charges			2 098	159	169	169	169		179	189	200
Bulk purchases	2	53 771	7 374	9 065	13 580	15 000	15 000	-	16 362	17 327	18 349
Other materials	8			6 709	8 114	8 369	8 369		11 850	12 549	13 290
Contracted services		-	-	2 852	2 237	2 237	2 237	-	7 035	7 450	7 889
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	1 631	21 364	28 276	44 640	48 468	48 468	-	53 519	55 370	58 827
Loss on disposal of PPE			25								
<b>Total Expenditure</b>		<b>85 357</b>	<b>98 620</b>	<b>116 530</b>	<b>143 577</b>	<b>149 397</b>	<b>149 397</b>	<b>-</b>	<b>165 486</b>	<b>172 551</b>	<b>182 986</b>

The graph below reflects the componentization of the operating budget in the sum of R 165.48 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 2012/2013 budget reflects that 33% of the operational budget is allocated to salary expenditure.

## **Bulk Purchases**

Eskom has increased bulk tariffs to Municipalities by 16% as relates to the 2012/2013 financial year. The 2012/13 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 2%, 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 2012/2013 and the projected outer year budgets for 2013/14 to 2014/15.

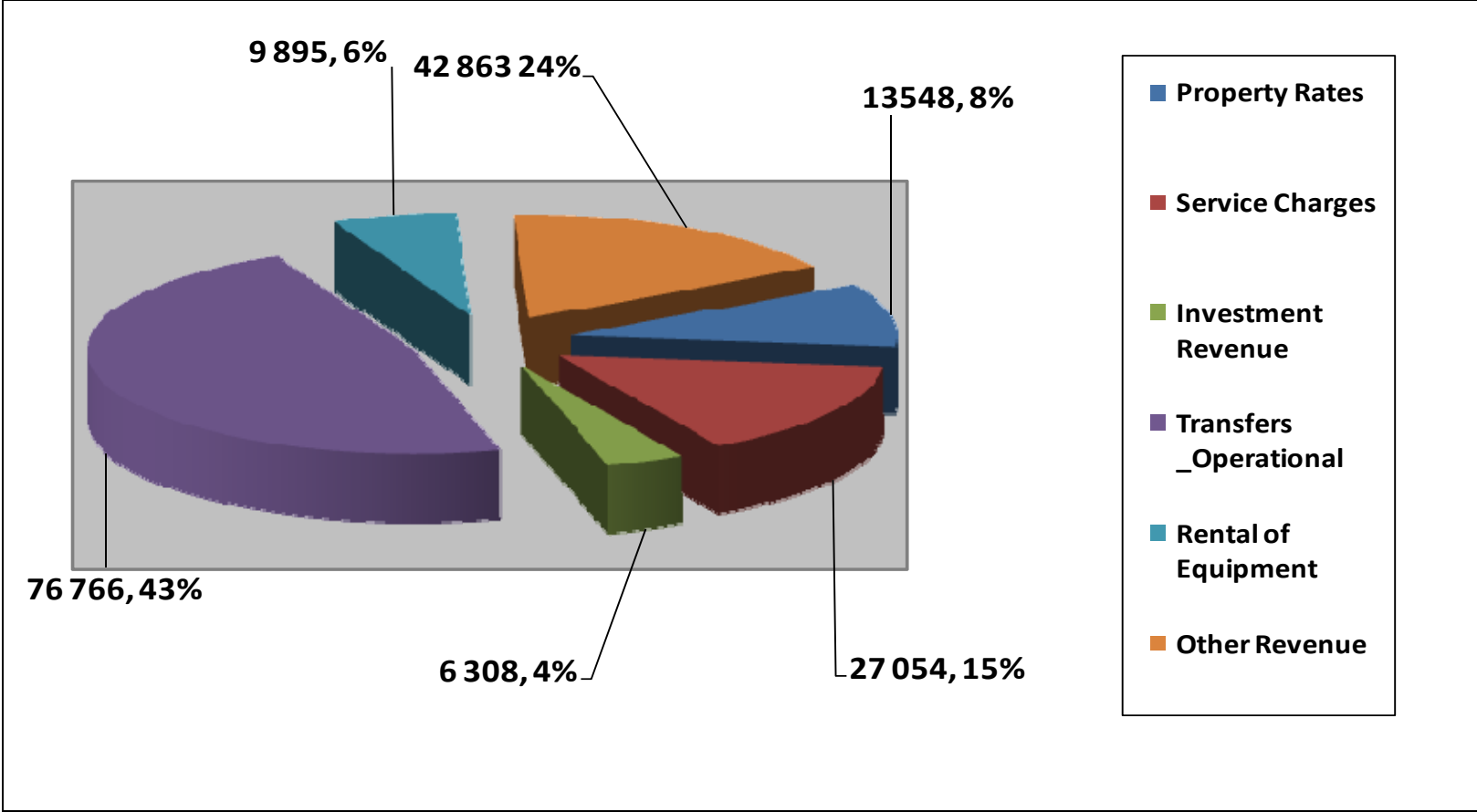
Importantly the revenue streams have been linked to CPI as defined with the headline inflation forecasts as defined within the National Budget with Electricity being aligned to NERSA proposed IBT tariff increase parameters, :  
Below is a graph reflecting the revenue components of the budgeted statement of financial performance

### 2012/2013 Statement of Financial Performance- Budget Revenue

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>											
Property rates	2	549	8 733	12 053	11 506	11 506	11 506	-	13 548	14 298	15 057
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	840	10 890	9 503	12 559	12 559	12 559	-	13 300	14 084	14 915
Service charges - water revenue	2	-	6 180	6 968	5 769	5 769	5 769	-	6 110	6 452	6 800
Service charges - sanitation revenue	2	-	-	353	1 309	1 309	1 309	-	1 380	1 457	1 539
Service charges - refuse revenue	2	-	5 135	5 580	5 915	5 915	5 915	-	6 264	6 634	7 025
Rental of facilities and equipment			735	8 671	712	712	712		9 899	10 484	11 102
Interest earned - external investments			3 420	2 500	2 655	2 655	2 655		2 812	2 978	3 153
Interest earned - outstanding debtors			5 916	150	3 552	3 301	3 301		3 496	3 703	3 921
Fines				73	78	78	78		1	1	1
Licences and permits				2 001	1 973	1 773	1 773		1 009	1 794	1 131
Agency services				9 326	9 903	9 903	9 903		11 811	12 508	13 246

Transfers recognised - operational		54 889	64 065	52 021	67 502	67 502	67 502		76 766	81 890	88 666
Other revenue	2	26 808	9 116	18 557	25 918	34 555	34 555	-	30 043	16 527	26 586
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		88 085	114 799	127 755	149 350	157 537	157 537	-	176 438	172 810	193 143





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 13.7%, as compared with 2011/20112 fiscal year; the above mentioned revenue correction is a second 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 11.03%, as opposed to the General Price increase advocated by NERSA of 16%, the above-mentioned increases are primarily attributed to increased investment with Revenue Protection initiatives aimed at curbing line losses estimated at 34%.

Water and Sanitation related charges have been increased in line with headline inflationary forecasts for the MTREF.

### **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 2011/2012 financial year:

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	%	%	%	%
Property rates Increase	6.0	5.9	5.6	5.4
Electricity Increase	19.0	11.03	8.2	8.2
Refuse Increase	6.0	5.9	5.6	5.4
Water	6.0	5.9	5.6	5.4
Sanitation	6.0	5.9	5.6	5.4

### 1.3.2.2 Capital Budget

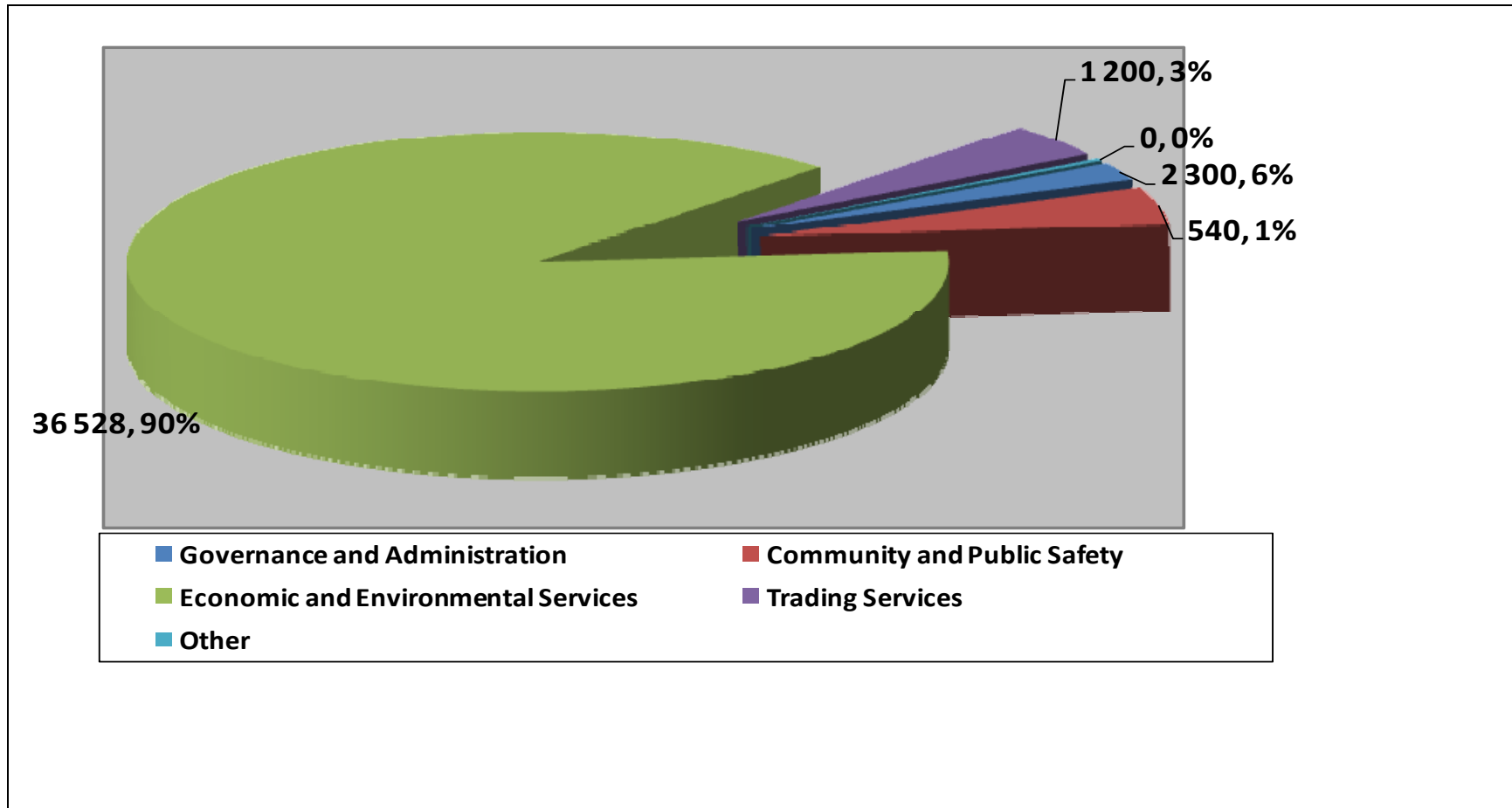
The three year capital budget presented below has been prepared to give effect to the service delivery objectives as contained within the Integrated Development Plan.

Importantly, R 104.5 million will be invested over the 2012/2013-2014/15 MTREF in capital expansion programmes, with R 30.4 Million( 6%) 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)

<u>Capital Expenditure - Standard</u>										
<i>Governance and administration</i>		3 025	4 237	8 107	956	2 976	2 976	1 200	-	-
Executive and council		1 710	2 365	6 977	106	660	660	-	-	-
Budget and treasury office		1 315	958	80	850	1 905	1 905	1 200	-	-
Corporate services			914	1 050		411	411	-	-	-
<i>Community and public safety</i>		-	5 102	1 061	771	1 025	1 025	540	381	404
Community and social services			3 825	1 040	221	285	285	480	318	337
Sport and recreation			475	21	550	740	740	60	64	67
<i>Economic and environmental services</i>		4 750	11 727	18 179	39 354	43 903	43 903	36 528	28 689	30 236
Planning and development				717	14 893	3 637	3 637	3 637		
Road transport		4 750	11 727	17 462	24 461	40 266	40 266	32 890	28 689	30 236
<i>Trading services</i>		8 683	13 463	19 294	3 000	8 903	8 903	2 300	6 377	11 458
Electricity		8 683	3 687	19 294	1 000	6 903	6 903	2 150	6 218	11 290
Water							-			
Waste water management			41		2 000	2 000	2 000			
Waste management			9 735				-	150	159	168
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>16 458</b>	<b>34 529</b>	<b>46 641</b>	<b>44 081</b>	<b>56 857</b>	<b>56 857</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>

The graphs below reflect the 2010/11 Capital Budget by Directorate.

#### CAPITAL EXPENDITURE BY DIRECTORATE R'000



## Capital Source of Financing

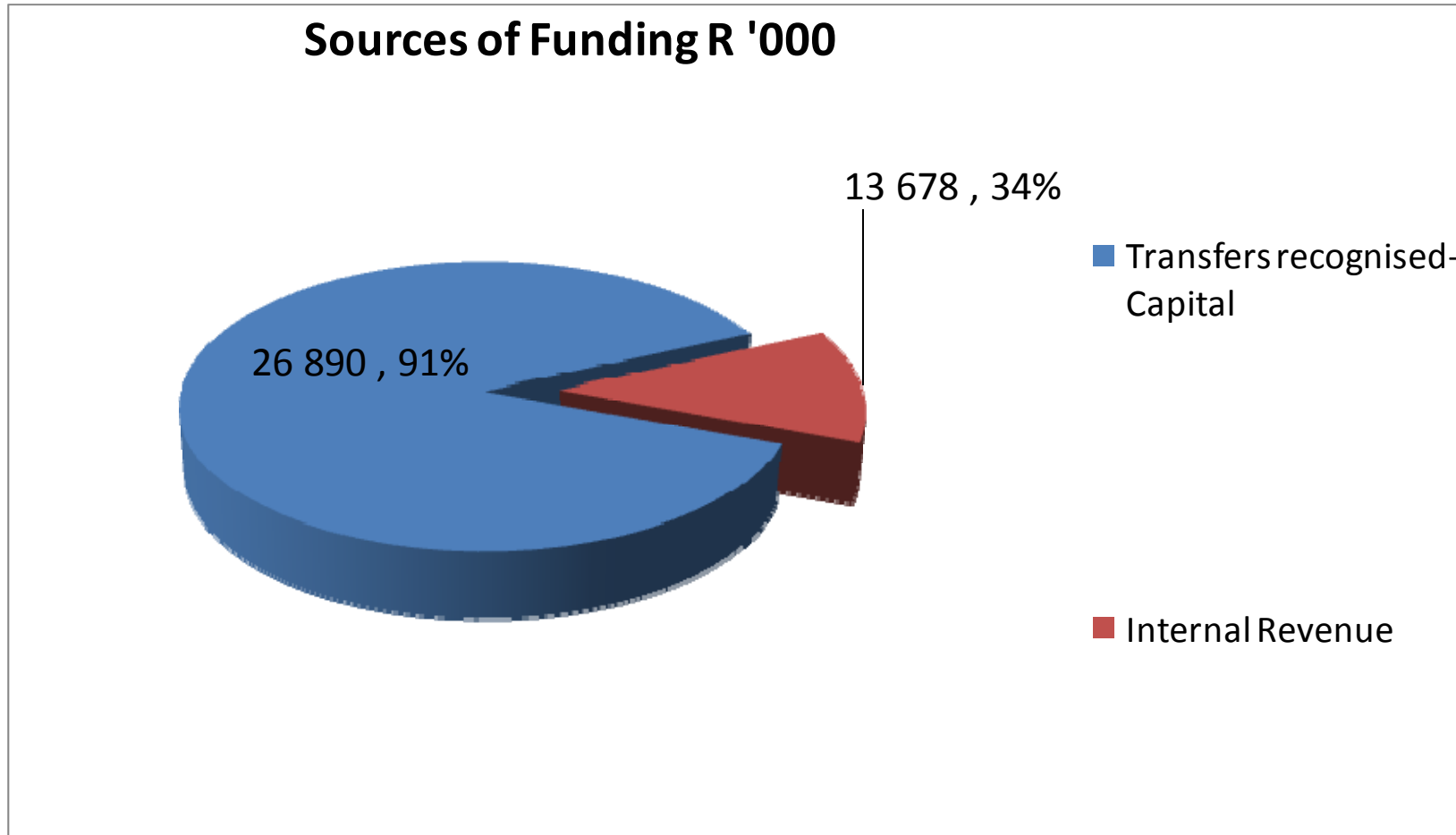
The table denoted below provides Council with an understanding as to the basis under which the Capital expansion programmes of Council are to be financed, importantly the funding is primarily driven through the Division of Revenue Act, as well as funding agreements concluded through the Donor funding policy, which as per the 2011/2012 fiscal year netted R 25 million in public contributions towards infrastructural upgrades; similarly over the 2012/13-2014/15 MTREF an additional R 26.89 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.

<b>Funded by:</b>										
National Government		10 356	17 565	17 746	22 343	22 343	22 343	26 890	32 418	38 890
Provincial Government							-			
District Municipality							-			
Other transfers and grants						25 372	25 372	3 637	1 271	1 346
Transfers recognised - capital	4	10 356	17 565	17 746	22 343	47 715	47 715	30 527	33 689	40 236
Public contributions & donations	5			16 887	14 893		-			
Borrowing	6						-			
Internally generated funds		6 102	16 964	12 008	6 845	9 142	9 142	10 041	1 758	1 862
<b>Total Capital Funding</b>	<b>7</b>	<b>16 458</b>	<b>34 529</b>	<b>46 641</b>	<b>44 081</b>	<b>56 857</b>	<b>56 857</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>

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 2011/12 Actual and 2012/13 Projected Financial Performance**

The municipality's financial performance and position appears to be as evidenced by the following:

- 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 2011/2012 financial year expenditure in the amount of R 156.9 million was fully funded from the municipality's revenues. A similar performance is projected for 2012/13 with R 165.48 million of expenditure being funded by revenue of R 176.48 million leaving a budgeted surplus of R 11. 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 2012 it was reported to the Budget and Treasury Standing Committee that the average revenue collection rate was 77% of the current financial year's billings. The collection rate of 79.5% on which the 2012/13 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 June 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 projected spend in 2011/2012 amounted to R 56.9 Million, of which R 22.3 million was funded from National and Provincial Government grants, R 25.3 Million financed from Public Contributions and donations and the remaining R 9.1 million was funded from Council's internal sources.

The projected spending level over the 2012/13-2014/15 MTREF will result in a significant reduction within Capital expenditure, with a capital budget allocation of R40.56 million being proposed for 2012/2013, financed through National Government in the sum of R 26.8 Million, and internal reserves of R1 3.67 Million.

It is anticipated that in the two outer years of the MTEF 203/14 and 2014/2015, significant enhancements within the Capital budgets will occur with a special focus on Electrification related programmes, increased investment in the sum of R 15 million.



### **1.3.3.2 Mid Term Outlook – 2012/13 to 2014/2015**

#### ***Operating Budget***

The operating budget amounts to R 165.48 million for the 2012/13 financial year. It then increases to R 172.5 Million in 2013/2014, and finally to R 182.9 Million in 2014/15. 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, 2012/2013 to 2014/15, capital spending is projected at R 40.5 million in 2012/13, R 35.4 million in 2013/14 and R 42.0 million in 2014/15

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, under pinning 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 oversight 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;
- Water and Sanitation Operating Subsidies

Choose name from list - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>										
Credit Rating				N/a	N/a	N/a	N/a			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.1%	4.3%	0.2%	0.3%	0.3%	0.3%	0.2%	0.3%	0.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	2.1	1.2	1.3	1.4	1.9	1.9	2.9	2.7	2.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.1	1.2	1.3	1.4	1.9	1.9	2.9	2.7	2.4
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		84.2%	67.8%	46.7%	68.6%	78.2%	0.0%	102.8%	103.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			84.2%	67.8%	46.7%	68.6%	78.2%	0.0%	102.8%	103.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.7%	9.1%	14.9%	14.8%	21.8%	21.8%	17.6%	8.1%	0.7%

Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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%	100.0%
Creditors to Cash and Investments		54.0%	34.7%	44.1%	92.6%	50.2%	50.2%	53.1%	56.2%	59.4%
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated			27.0%	24.0%	34.0%	34.0%	25.0%	20.0%	15.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source			34.0%	30.0%	30.0%	30.0%	25.0%	20.0%	15.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.0%	31.7%	34.5%	33.2%	39.3%	39.3%	31.2%	33.4%	31.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40.6%	42.2%	40.3%	39.0%	39.3%	39.3%	36.1%	38.3%	36.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.9%	3.9%	2.3%	3.9%	5.3%	5.3%	6.7%	7.3%	6.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	1.8%	4.0%	2.9%	2.8%	2.8%	1.9%	2.1%	1.9%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.5	6.1	27.9	30.1	30.1	30.1	1 447.7	1 252.9	1 439.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	105.5%	33.1%	44.2%	58.4%	91.0%	91.0%	61.5%	26.4%	2.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	7.7	5.6	3.7	2.0	2.7	2.7	2.4	2.3	2.2

### 1.3.4 Medium Term Revenue and Expenditure

The Projected Financial Results over the MTREF are depicted within the table below:

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	1									
<b>Revenue By Source</b>										
Property rates	2	3 549	8 733	12 053	11 506	11 506	11 506	13 548	14 298	15 057
Property rates - penalties & collection charges										
Service charges - electricity revenue	2	2 840	10 890	9 503	12 559	12 559	12 559	13 300	14 084	14 915
Service charges - water revenue	2	-	6 180	6 968	5 769	5 769	5 769	6 110	6 452	6 800
Service charges - sanitation revenue	2	-	-	353	1 309	1 309	1 309	1 380	1 457	1 539
Service charges - refuse revenue	2	-	5 135	5 580	5 915	5 915	5 915	6 264	6 634	7 025
Service charges - other										
Rental of facilities and equipment			735	8 671	712	712	712	9 899	10 484	11 102
Interest earned - external investments			3 420	2 500	2 655	2 655	2 655	2 812	2 978	3 153
Interest earned - outstanding debtors			5 916	150	3 552	3 301	3 301	3 496	3 703	3 921
Fines				73	78	78	78	1	1	1
Licences and permits				2 001	1 973	1 773	1 773	1 009	1 794	1 131
Agency services				9 326	9 903	9 903	9 903	11 811	12 508	13 246
Transfers recognised - operational		54 889	64 065	52 021	67 502	67 502	67 502	76 766	81 890	88 666
Other revenue	2	26 808	9 116	18 557	25 918	34 555	34 555	30 043	16 527	26 586
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>88 085</b>	<b>114 799</b>	<b>127 755</b>	<b>149 350</b>	<b>157 537</b>	<b>157 537</b>	<b>176 438</b>	<b>172 810</b>	<b>193 143</b>
<b>Expenditure By Type</b>										

Employee related costs	2	29 956	36 379	44 086	49 587	61 896	61 896	55 076	57 648	61 106
Remuneration of councillors			7 461	7 427	8 636			8 711	8 510	9 021
Debt impairment	3		23 920	12 945	12 405	9 049	9 049	9 583	10 149	10 747
Depreciation & asset impairment	2	-	-	5 011	4 208	4 208	4 208	3 171	3 358	3 556
Finance charges			2 098	159	169	169	169	179	189	200
Bulk purchases	2	53 771	7 374	9 065	13 580	15 000	15 000	16 362	17 327	18 349
Other materials	8			6 709	8 114	8 369	8 369	11 850	12 549	13 290
Contracted services		-	-	2 852	2 237	2 237	2 237	7 035	7 450	7 889
Transfers and grants		-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	1 631	21 364	28 276	44 640	48 468	48 468	53 519	55 370	58 827
Loss on disposal of PPE			25							
<b>Total Expenditure</b>		<b>85 357</b>	<b>98 620</b>	<b>116 530</b>	<b>143 577</b>	<b>149 397</b>	<b>149 397</b>	<b>165 486</b>	<b>172 551</b>	<b>182 986</b>

### **1.3.5 Priorities and linkages to the IDP**

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

The 2012/13 to 2014/15 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).

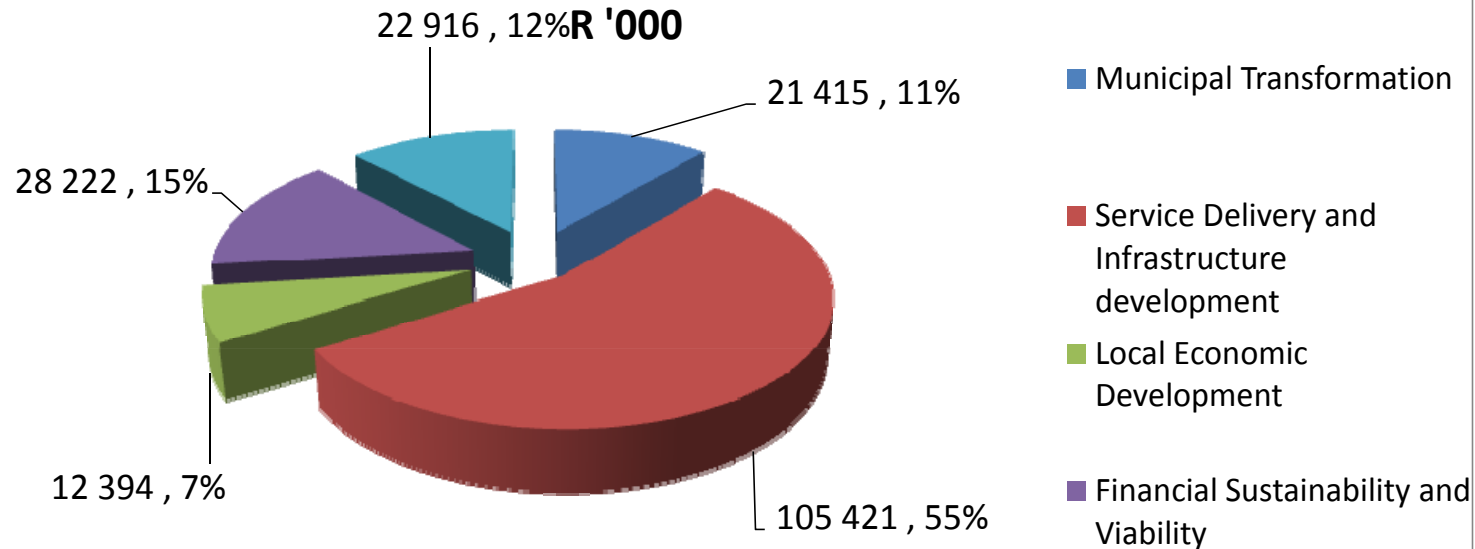
Below is a table, which illustrates the link between the Budget and the IDP.

## 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
<b>2012/13Budget</b>						
Capital Expenditure						
Operating Expenditure						
<b>Total</b>						
<b>2013/14Budget</b>						
Capital Expenditure						
Operating Expenditure						
<b>Total</b>						
<b>2014/15 Budget</b>						
Capital Expenditure						
Operating Expenditure						
<b>Total</b>						



### 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:

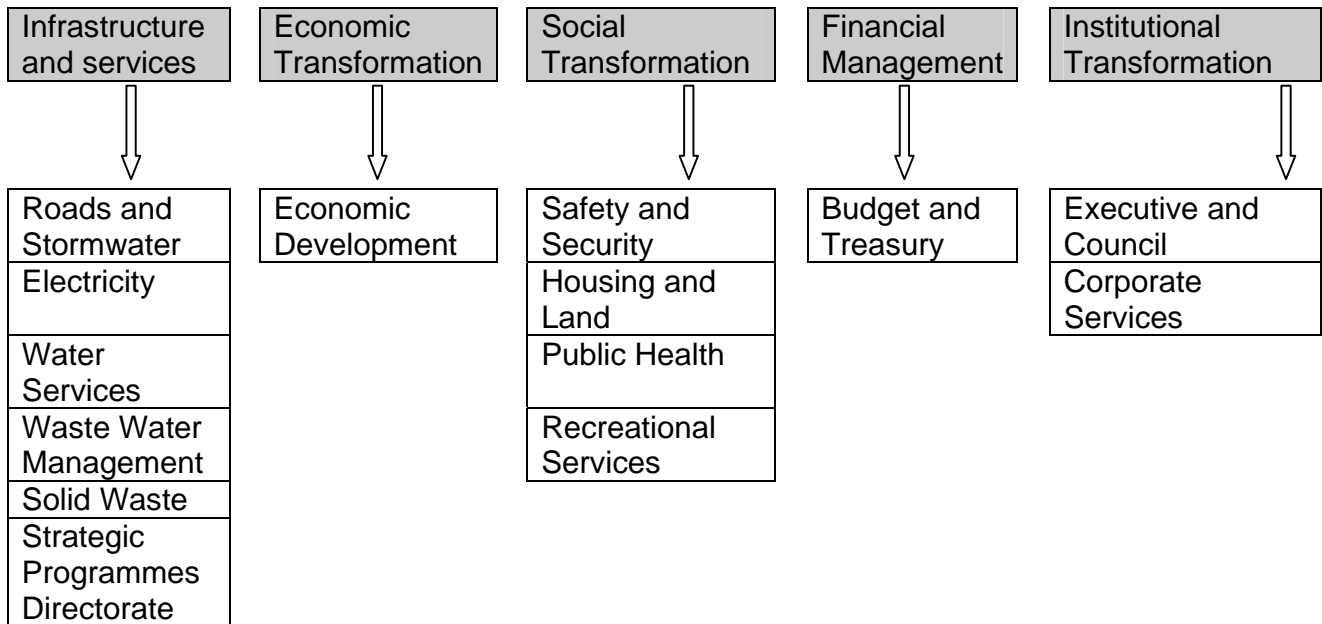
- It must support the achievement of the five strategic priorities of the Elundini LM.
- Focus on service delivery and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

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 no significant changes are required at this stage given significant changes brought about during the course of 2011/2012. The following amended budget related policies are submitted herewith for final adoption:

- Rates Policy;

### 1.3.9 Budget Assumptions

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

	2012/13	2013/2014	2014/2015
<b>Income</b>	%	%	%
Refuse Tariff Increase	5.9	5.6	5.4
Property Rates Increase	5.9	5.6	5.4
Electricity Tariff Increase	11.03	8.2	8.2
Water Tariff Increase	5.9	5.6	5.4
Sanitation Tariff Increase	5.9	5.6	5.4
Revenue collection rates	79.5	85	88
<b>Expenditure</b>			
Total Expenditure Increase allowed (excluding repairs and maintenance)	5.4	5.6	5.4
Salary increase	5	5.6	5.4
Increase in repairs and maintenance	14.9	5.6	5.4
Increase in bulk purchase of power costs	16	5.6	5.4

## 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 2012/13 to 2014/15 Budget was arrived at as follows:

Choose name from list - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	2012/13 Medium Term Revenue & Expenditure Framework					
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Financial Performance</b>									
Property rates	3 549	8 733	053	11 506	11 506	11 506	13 548	14 298	15 057
Service charges	2 840	22 205	404	25 553	25 552	25 552	27 054	28 627	30 280
Investment revenue	-	3 420	500	2 655	2 655	2 655	2 812	2 978	3 153
Transfers recognised - operational	54 889	64 065	021	67 502	67 502	67 502	76 766	81 890	88 666
Other own revenue	26 808	16 376	777	42 135	50 322	50 322	56 259	45 017	55 988
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>88 085</b>	<b>114 799</b>	<b>127</b>	<b>149 350</b>	<b>157 537</b>	<b>157 537</b>	<b>176 438</b>	<b>172 810</b>	<b>193 143</b>
Employee costs	29 956	36 379	086	49 587	61 896	61 896	55 076	57 648	61 106
Remuneration of councillors	-	7 461	427	8 636	-	-	8 711	8 510	9 021

Depreciation & asset impairment	-	-	011	5	4 208	4 208	4 208	3 171	3 358	3 556
Finance charges	-	2 098	159		169	169	169	179	189	200
Transfers and grants	-	-	-	44	-	-	-	-	-	-
Other expenditure	1 631	45 309	074		59 283	59 754	59 754	70 137	72 969	77 464
<b>Total Expenditure</b>	<b>85 357</b>	<b>98 620</b>	<b>530</b>	<b>116</b>	<b>143 577</b>	<b>149 397</b>	<b>149 397</b>	<b>165 486</b>	<b>172 551</b>	<b>182 986</b>
<b>Surplus/(Deficit)</b>	<b>2 728</b>	<b>16 179</b>	<b>225</b>	<b>11</b>	<b>5 773</b>	<b>8 140</b>	<b>8 140</b>	<b>10 952</b>	<b>259</b>	<b>10 157</b>
Transfers recognised - capital	-	-	680	18	23 466	23 466	23 466	29 616	35 186	31 942
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2 728</b>	<b>16 179</b>	<b>905</b>	<b>29</b>	<b>44 131</b>	<b>56 977</b>	<b>56 977</b>	<b>40 568</b>	<b>35 445</b>	<b>42 098</b>
Share of surplus/ (deficit) of associate	-	-	-		-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>2 728</b>	<b>16 179</b>	<b>905</b>	<b>29</b>	<b>44 131</b>	<b>56 977</b>	<b>56 977</b>	<b>40 568</b>	<b>35 445</b>	<b>42 098</b>
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>16 458</b>	<b>34 529</b>	<b>641</b>	<b>46</b>	<b>44 081</b>	<b>56 857</b>	<b>56 857</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>
Transfers recognised - capital	<b>10 356</b>	<b>17 565</b>	<b>746</b>	<b>17</b>	<b>22 343</b>	<b>47 715</b>	<b>47 715</b>	<b>30 527</b>	<b>33 689</b>	<b>40 236</b>
Public contributions & donations	-	-	887	16	14 893	-	-	-	-	-
Borrowing	-	-	-		-	-	-	-	-	-
Internally generated funds	<b>6 102</b>	<b>16 964</b>	<b>008</b>	<b>12</b>	<b>6 845</b>	<b>9 142</b>	<b>9 142</b>	<b>10 041</b>	<b>1 758</b>	<b>1 862</b>
<b>Total sources of capital funds</b>	<b>16 458</b>	<b>34 529</b>	<b>641</b>	<b>46</b>	<b>44 081</b>	<b>56 857</b>	<b>56 857</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>
<b><u>Financial position</u></b>										
Total current assets	<b>61 171</b>	<b>54 850</b>	<b>904</b>	<b>47</b>	<b>40 298</b>	<b>86 529</b>	<b>86 529</b>	<b>57 291</b>	<b>40 300</b>	<b>27 527</b>
Total non current assets	<b>327</b>	<b>52 239</b>	<b>673</b>	<b>97</b>	<b>176 270</b>	<b>141 560</b>	<b>141 560</b>	<b>167 624</b>	<b>196 737</b>	<b>232 260</b>
Total current liabilities	<b>29 309</b>	<b>44 860</b>	<b>163</b>	<b>36</b>	<b>28 558</b>	<b>44 967</b>	<b>44 967</b>	<b>20 354</b>	<b>16 513</b>	<b>17 330</b>
Total non current liabilities	<b>1 737</b>	<b>12 958</b>	<b>260</b>	<b>9</b>	<b>13 288</b>	<b>7 905</b>	<b>7 905</b>	<b>8 301</b>	<b>9 019</b>	<b>9 811</b>
Community wealth/Equity	<b>30 452</b>	<b>49 270</b>	<b>154</b>	<b>100</b>	<b>174 722</b>	<b>175 217</b>	<b>175 217</b>	<b>196 260</b>	<b>211 504</b>	<b>232 645</b>

<b>Cash flows</b>									
Net cash from (used) operating	11 757 (15	20 561	167 37 (49	39 925	53 933 (56	53 933	40 468	35 342	41 987
Net cash from (used) investing	143)	(34 006)	520)	(44 081)	857)	(56 857)	(40 468)	(35 341)	(41 987)
Net cash from (used) financing	(29)	(65)	(67)	(63)	(62)	(62)	(65)	(69)	(73)
<b>Cash/cash equivalents at the year end</b>	<b>53 826</b>	<b>40 315</b>	<b>27 896</b>	<b>18 088</b>	<b>24 910</b>	<b>24 910</b>	<b>24 845</b>	<b>24 777</b>	<b>24 705</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	53 825	40 316	27 897	18 088	50 876	50 876	24 845	24 777	24 705
Application of cash and investments	23 409	28 236	18 742	9 828	5 999	5 999	(14 046)	(611)	13 254
<b>Balance - surplus (shortfall)</b>	<b>30 416</b>	<b>12 080</b>	<b>9 154</b>	<b>8 260</b>	<b>44 877</b>	<b>44 877</b>	<b>38 891</b>	<b>25 388</b>	<b>11 451</b>
<b>Asset management</b>									
Asset register summary (WDV)	17 725	52 202	94 410	130 680	138 333	138 333	164 360	193 473	228 996
Depreciation & asset impairment	-	-	5 011	4 208	4 208	4 208	3 171	3 358	3 556
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1 631	4 421	2 974	5 816	8 369	8 369	11 850	12 549	13 290
<b>Free services</b>									
Cost of Free Basic Services provided	-	7 793	8 881	8 881	8 881	4 400	4 637	4 897	5 162
Revenue cost of free services provided	-	9 063	9 233	9 233	9 233	10 967	10 866	10 724	11 303
<b>Households below minimum service level</b>									
Energy:	-	29	29	30	30	30	30	30	30
Refuse:	-	22	22	27	27	27	26	26	26

## 1.4.2 Consolidated Financial Performance 2012/13 to 2014/15

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.

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		53 824	73 529	79 707	87 298	93 601	93 601	116 146	120 015	127 242
Executive and council		273	98	7 250	265	265	265	281	297	315
Budget and treasury office		53 214	56 746	72 370	86 940	93 243	93 243	115 768	119 613	126 818
Corporate services		336	16 685	87	93	93	93	98	104	110
<i>Community and public safety</i>		610	3 046	932	1 482	1 503	1 503	1 168	1 237	1 310
Community and social services		592	3 024	930	930	951	951	1 166	1 235	1 308
Sport and recreation		3	4	2	552	552	552	2	2	2
<i>Economic and environmental services</i>		13 022	11 514	32 423	56 208	61 311	61 311	50 107	41 908	44 375
Planning and development		284	25	1 667	14 935	6 037	6 037	3 637	-	-
Road transport		12 739	11 489	30 756	41 273	55 274	55 274	46 469	41 908	44 375
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		20 629	26 710	33 252	42 718	49 959	49 959	38 633	44 837	52 158
Electricity		16 657	10 416	10 927	15 460	20 913	20 913	14 300	19 084	24 915
Water		-	11 023	11 969	11 081	11 081	11 081	11 708		13 083

									12 382	
Waste water management		-	-	4 777	6 007	6 007	6 007	6 362	6 737	7 135
Waste management		3 972	5 271	5 580	10 170	11 958	11 958	6 264	6 634	7 025
<i>Other</i>	4	-	-	120	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	<b>88 085</b>	<b>114 799</b>	<b>146 434</b>	<b>187 706</b>	<b>206 374</b>	<b>206 374</b>	<b>206 054</b>	<b>207 996</b>	<b>225 085</b>
<b><u>Expenditure - Standard</u></b>	<b>-</b>									
<i>Governance and administration</i>		37 754	74 451	53 650	60 871	70 235	70 235	77 839	80 255	85 213
Executive and council		11 049	11 749	15 800	19 023	20 083	20 083	23 373	24 037	25 469
Budget and treasury office		17 006	44 760	22 343	25 769	28 023	28 023	30 833	31 398	33 450
Corporate services		9 700	17 942	15 507	16 079	22 129	22 129	23 634	24 820	26 294
<i>Community and public safety</i>		6 605	8 021	6 584	7 462	6 661	6 661	8 652	8 200	8 691
Community and social services		3 553	4 756	2 630	3 153	2 325	2 325	3 160	3 502	3 711
Sport and recreation		2 527	2 687	3 423	3 737	3 754	3 754	4 966	4 070	4 314
Public safety		-	-	-	-	-	-	-	-	-
Housing		524	578	531	572	582	582	526	628	665
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		18 593	3 124	19 072	26 468	30 368	30 368	31 988	34 205	36 237
Planning and development		1 506	491	2 560	2 526	4 343	4 343	5 002	5 257	5 571
Road transport		17 087	2 633	16 512	23 942	26 025	26 025	26 986	28 947	30 666
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 405	13 025	37 225	48 775	41 265	41 265	47 007	49 891	52 846
Electricity		18 675	12 200	13 474	19 733	22 531	22 531	25 010	26 572	28 142



Water		-	(2 004)	11 961	13 768	7 180	7 180	8 054	8 552	9 060
Waste water management		-	-	3 203	4 452	3 276	3 276	3 467	3 671	3 890
Waste management		3 730	2 829	8 588	10 822	8 278	8 278	10 476	11 096	11 754
<i>Other</i>	4	-	-	-	-	868	868	-	-	-
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>85 357</b>	<b>98 621</b>	<b>116 531</b>	<b>143 576</b>	<b>149 397</b>	<b>149 397</b>	<b>165 486</b>	<b>172 550</b>	<b>182 987</b>
<b>Surplus/(Deficit) for the year</b>		<b>2 728</b>	<b>16 178</b>	<b>29 904</b>	<b>44 130</b>	<b>56 977</b>	<b>56 977</b>	<b>40 568</b>	<b>35 446</b>	<b>42 098</b>

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.

Choose name from list - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>										
Vote 1 - EXECUTIVE & COUNCIL	1	273	98	7 250	265	265	265	281	297	315
Vote 2 - BUDGET & TREASURY OFFICE		53 214	56 746	72 370	86 940	93 243	93 243	115 768	119 613	126 818
Vote 3 - CORPORATE SERVICES		336	16 684	87	93	93	93	98	104	110
Vote 4 - COMMUNITY SERVICES		5 573	8 317	8 587	13 858	15 234	15 234	9 310	9 859	10 441
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING		39	25	1 667	17 334	6 037	6 037	3 637	-	-
Vote 6 - INFRASTRUCTURE DEVELOPMENT & PLANNING		28 649	32 928	56 473	69 217	91 501	91 501	76 960	78 122	87 401

Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>88 084</b>	<b>114 799</b>	<b>146 434</b>	<b>187 706</b>	<b>206 373</b>	<b>206 373</b>	<b>206 054</b>	<b>207 996</b>	<b>225 085</b>
<b><i>Expenditure by Vote to be appropriated</i></b>	<b>1</b>									
Vote 1 - EXECUTIVE & COUNCIL		11 049	11 749	15 800	19 023	20 083	20 083	23 373	24 037	25 469
Vote 2 - BUDGET & TREASURY OFFICE		17 006	44 760	22 343	25 769	28 023	28 023	30 833	31 398	33 450
Vote 3 - CORPORATE SERVICES		9 700	17 942	15 507	16 079	22 128	22 128	23 634	24 820	26 294
Vote 4 - COMMUNITY SERVICES		12 962	10 850	18 276	21 630	19 538	19 538	22 931	23 339	24 730
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING		1 506	491	2 560	4 725	4 341	4 341	5 002	5 257	5 571
Vote 6 - INFRASTRUCTURE DEVELOPMENT & PLANNING		33 135	12 829	42 045	56 350	55 285	55 285	59 714	63 699	67 473
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>85 357</b>	<b>98 620</b>	<b>116 531</b>	<b>143 576</b>	<b>149 397</b>	<b>149 397</b>	<b>165 486</b>	<b>172 550</b>	<b>182 987</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>2 727</b>	<b>16 179</b>	<b>29 903</b>	<b>44 130</b>	<b>56 976</b>	<b>56 976</b>	<b>40 568</b>	<b>35 446</b>	<b>42 097</b>

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:

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	P r e - a u d i t o u t c o m e	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
<u>Revenue By Source</u>											
Property rates	2	3 549	8 733	12 053	11 506	11 506	11 506	-	13 548	14 298	15 057
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	2 840	10 890	9 503	12 559	12 559	12 559	-	13 300	14 084	14 915
Service charges - water revenue	2	-	6 180	6 968	5 769	5 769	5 769	-	6 110	6 452	6 800
Service charges - sanitation revenue	2	-	-	353	1 309	1 309	1 309	-	1 380	1 457	1 539
Service charges - refuse revenue	2	-	5 135	5 580	5 915	5 915	5 915	-	6 264	6 634	7 025
Service charges - other											
Rental of facilities and equipment			735	8 671	712	712	712		9 899	10 484	11 102
Interest earned - external investments			3 420	2 500	2 655	2 655	2 655		2 812	2 978	3 153
Interest earned - outstanding debtors			5 916	150	3 552	3 301	3 301		3 496	3 703	3 921
Dividends received			609	-	-	-	-			-	-
Fines				73	78	78	78		1	1	1
Licences and permits				2 001	1 973	1 773	1 773		1 009	1 794	1 131

Agency services				9 326	9 903	9 903	9 903		11 811	12 508	13 246
Transfers recognised - operational		54 889	64 065	52 021	67 502	67 502	67 502		76 766	81 890	88 666
Other revenue	2	26 808	9 116	18 557	25 918	34 555	34 555	-	30 043	16 527	26 586
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>88 085</b>	<b>114 799</b>	<b>127 755</b>	<b>149 350</b>	<b>157 537</b>	<b>157 537</b>	-	<b>176 438</b>	<b>172 810</b>	<b>193 143</b>
<b>Expenditure By Type</b>	-										
Employee related costs	2	29 956	36 379	44 086	49 587	61 896	61 896	-	55 076	57 648	61 106
Remuneration of councillors			7 461	7 427	8 636				8 711	8 510	9 021
Debt impairment	3		23 920	12 945	12 405	9 049	9 049		9 583	10 149	10 747
Depreciation & asset impairment	2	-	-	5 011	4 208	4 208	4 208	-	3 171	3 358	3 556
Finance charges			2 098	159	169	169	169		179	189	200
Bulk purchases	2	53 771	7 374	9 065	13 580	15 000	15 000	-	16 362	17 327	18 349
Other materials	8			6 709	8 114	8 369	8 369		11 850	12 549	13 290
Contracted services		-	-	2 852	2 237	2 237	2 237	-	7 035	7 450	7 889
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	1 631	21 364	28 276	44 640	48 468	48 468	-	53 519	55 370	58 827
Loss on disposal of PPE			25								
<b>Total Expenditure</b>		<b>85 357</b>	<b>98 620</b>	<b>116 530</b>	<b>143 577</b>	<b>149 397</b>	<b>149 397</b>	-	<b>165 486</b>	<b>172 551</b>	<b>182 986</b>
<b>Surplus/(Deficit)</b>		<b>2 728</b>	<b>16 179</b>	<b>11 225</b>	<b>5 773</b>	<b>8 140</b>	<b>8 140</b>	-	<b>10 952</b>	<b>259</b>	<b>10 157</b>
Transfers recognised - capital				18 680	23 466	23 466	23 466		29 616	35 186	31 942
Contributions recognised - capital	6	-	-	-	14 893	25 371	25 371	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>2 728</b>	<b>16 179</b>	<b>29 905</b>	<b>44 131</b>	<b>56 977</b>	<b>56 977</b>	-	<b>40 568</b>	<b>35 445</b>	<b>42 098</b>

Taxation											
Surplus/(Deficit) after taxation Attributable to minorities		2 728	16 179	29 905	44 131	56 977	56 977	-	40 568	35 445	42 098
Surplus/(Deficit) attributable to municipality Share of surplus/ (deficit) of associate	7	2 728	16 179	29 905	44 131	56 977	56 977	-	40 568	35 445	42 098
Surplus/(Deficit) for the year		2 728	16 179	29 905	44 131	56 977	56 977	-	40 568	35 445	42 098

### **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 105.4 million will be invested over the 2012/2013-2014/15 MTREF in capital expansion programmes, with R 30.5 Million( 6%) 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 2010/2011, the capital budget was 68% spent; the projected level of Capital spend for 2011/2012 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.

Choose name from list - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>								
<u>Capital expenditure - Vote</u>								
<u>Multi-year expenditure to be appropriated</u>								
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>								
Vote 1 - EXECUTIVE & COUNCIL	365 <sup>2</sup>	6 977	106	660	660	-	-	-
Vote 2 - BUDGET & TREASURY OFFICE	958	80	850	1 905	1 905	1 200	-	-
Vote 3 - CORPORATE SERVICES	914	1 050	-	411	411	-	-	-
Vote 4 - COMMUNITY SERVICES	837 <sup>14</sup>	1 061	2 571	2 896	2 896	690	540	572
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING	-	717	15 093	3 766	3 766	3 637	-	-
Vote 6 - INFRASTRUCTURE DEVELOPMENT & PLANNING	455 <sup>15</sup>	36 756	25 461	47 218	47 218	35 041	34 907	41 526
Capital single-year expenditure sub-total	529 <sup>34</sup>	46 641	44 081	56 856	56 856	40 568	35 447	42 098
<b>Total Capital Expenditure - Vote</b>	<b>529<sup>34</sup></b>	<b>46 641</b>	<b>44 081</b>	<b>56 856</b>	<b>56 856</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>
<u>Capital Expenditure - Standard</u>								
<i>Governance and administration</i>	237 <sup>4</sup>	8 107	956	2 976	2 976	1 200	-	-
Executive and council	365 <sup>2</sup>	6 977	106	660	660	-	-	-
Budget and treasury office	958	80	850	1 905	1 905	1 200	-	-
Corporate services	914	1 050	-	411	411	-	-	-
<i>Community and public safety</i>	102 <sup>5</sup>	1 061	771	1 025	1 025	540	381	404
Community and social services	825 <sup>3</sup>	1 040	221	285	285	480	318	337
Sport and recreation	475	21	550	740	740	60	64	67
<i>Economic and environmental services</i>	727 <sup>11</sup>	18 179	39 354	43 903	43 903	36 528	28 689	30 236
Planning and development		717	14 893	3 637	3 637	3 637		
Road transport	11	17 462	24 461	40 266	40 266	32 890	28 689	30 236

	727								
Environmental protection									
	13								
<i>Trading services</i>	463	19 294	3 000	8 903	8 903	2 300	6 377	11 458	
	3								
Electricity	687	19 294	1 000	6 903	6 903	2 150	6 218	11 290	
Water					-				
Waste water management	41		2 000	2 000	2 000				
	9								
Waste management	735				-	150	159	168	
<i>Other</i>				50	50				
	34								
<b>Total Capital Expenditure - Standard</b>	<b>529</b>	<b>46 641</b>	<b>44 081</b>	<b>56 857</b>	<b>56 857</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>	

#### 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 the cost cover 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 ratio's under section Financial Ratio's and benchmarking.

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											



<b>Current assets</b>											
Cash		2 736	2 804	5 455	1 000	10 425	10 425		1 000	1 000	1 000
Call investment deposits	1	51 089	41 406	22 442	17 088	40 451	40 451	–	23 652	28 545	37 389
Consumer debtors	1	6 739	8 215	19 064	22 065	12 301	12 301	–	12 300	2 300	1 300
Other debtors		–	2 280	–	–	22 055	22 055		18 779	11 779	–
Current portion of long-term receivables		–	–	–	–	–	–		–	–	–
Inventory	2	607	145	943	145	1 297	1 297		1 367	1 444	1 522
<b>Total current assets</b>		<b>61 171</b>	<b>54 850</b>	<b>47 904</b>	<b>40 298</b>	<b>86 529</b>	<b>86 529</b>	<b>–</b>	<b>57 098</b>	<b>45 067</b>	<b>41 211</b>
<b>Non current assets</b>											
Long-term receivables		–	–	–	–	–	–		–	–	–
Investments		–	–	–	–	–	–		–	–	–
Investment property		–	–	3 227	1	3 227	3 227		3 227	3 227	3 227
Investment in Associate		–	–	–	–	–	–		–	–	–
Property, plant and equipment	3	327	52 203	94 410	175 419	138 333	138 333	–	164 360	193 473	228 996
Agricultural		–	–	–	–	–	–		–	–	–
Biological		–	–	–	–	–	–		–	–	–
Intangible		–	36	36	850	–	–		37	37	37
Other non-current assets		–	–	–	–	–	–		–	–	–
<b>Total non current assets</b>		<b>327</b>	<b>52 239</b>	<b>97 673</b>	<b>176 270</b>	<b>141 560</b>	<b>141 560</b>	<b>–</b>	<b>167 624</b>	<b>196 737</b>	<b>232 260</b>
<b>TOTAL ASSETS</b>		<b>61 498</b>	<b>107 089</b>	<b>145 577</b>	<b>216 568</b>	<b>228 089</b>	<b>228 089</b>	<b>–</b>	<b>224 722</b>	<b>241 804</b>	<b>273 471</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	–	3 894	–	–	–	–		–	–	–
Borrowing	4	90	73	114	190	231	231	–	69	70	–
Consumer deposits		137	151	206	258	389	389		410	433	455
Trade and other payables	4	29 081	35 353	30 127	24 961	42 476	42 476	–	17 903	13 928	14 680
Provisions		–	5 389	5 716	3 149	1 871	1 871		1 972	2 082	2 194
<b>Total current liabilities</b>		<b>29 309</b>	<b>44 860</b>	<b>36 163</b>	<b>28 558</b>	<b>44 967</b>	<b>44 967</b>	<b>–</b>	<b>20 354</b>	<b>16 513</b>	<b>17 330</b>
<b>Non current liabilities</b>											
Borrowing		237	337	182	190	486	486	–	139	70	–
Provisions		1 500	12 621	9 078	13 098	7 419	7 419	–	8 162	8 949	9 811
<b>Total non current liabilities</b>		<b>1 737</b>	<b>12 958</b>	<b>9 260</b>	<b>13 288</b>	<b>7 905</b>	<b>7 905</b>	<b>–</b>	<b>8 301</b>	<b>9 019</b>	<b>9 811</b>
<b>TOTAL LIABILITIES</b>		<b>31 046</b>	<b>57 819</b>	<b>45 423</b>	<b>41 846</b>	<b>52 872</b>	<b>52 872</b>	<b>–</b>	<b>28 655</b>	<b>25 532</b>	<b>27 141</b>
<b>NET ASSETS</b>	5	<b>30 452</b>	<b>49 270</b>	<b>100 154</b>	<b>174 722</b>	<b>175 217</b>	<b>175 217</b>	<b>–</b>	<b>196 066</b>	<b>216 272</b>	<b>246 329</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		30 452	49 270	100 154	174 722	175 217	175 217		196 066	216 272	246 329
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–		–	–	–

TOTAL COMMUNITY WEALTH/EQUITY	5	30 452	49 270	100 154	174 722	175 217	175 217	-	196 066	216 272	246 329
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**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 organization over the 2012/2013- 2014/15 MTREF.

The budget statement presented is of particular interest to the Organization considering that the entire Organizational Service Delivery mandate is premised on ensuring that sufficient cash resources are maintained by the Organization 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.

Choose name from list - Table A7 Budgeted Cash Flows

Description	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
Receipts								
Proceeds on disposal of PPE	-	347	-	-	-	100	105	111
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-

Decrease (increase) in non-current investments	-	(3 226)	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(34 006)	(46 641)	(44 081)	(56 857)	(56 857)	(40 568)	(35 447)	(42 098)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(34 006)</b>	<b>(49 520)</b>	<b>(44 081)</b>	<b>(56 857)</b>	<b>(56 857)</b>	<b>(40 468)</b>	<b>(35 341)</b>	<b>(41 987)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(13 511)</b>	<b>(12 419)</b>	<b>(4 220)</b>	<b>(2 986)</b>	<b>(2 986)</b>	<b>(65)</b>	<b>(68)</b>	<b>(73)</b>
Cash/cash equivalents at the year begin:	53 826	40 315	22 308	27 896	27 896	24 910	24 845	24 777
Cash/cash equivalents at the year end:	40 315	27 896	18 088	24 910	24 910	24 845	24 777	24 705
-								

**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.

Choose name from list - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	2011/12	2012/13		Current Year	Medium Term Revenue & Expenditure Framework		
						Budget Year 2012/13	Budget Year +1 2013/14				
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
<b><u>Cash and investments available</u></b>											
Cash/cash equivalents at the year end	1	53 826	40 315	27 896	18 088	24 910	24 910	27 896	24 845	24 777	24 705
Other current investments > 90 days		(1)	1	1	(0)	25 966	25 966	(27 896)	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>53 825</b>	<b>40 316</b>	<b>27 897</b>	<b>18 088</b>	<b>50 876</b>	<b>50 876</b>	<b>-</b>	<b>24 845</b>	<b>24 777</b>	<b>24 705</b>
<b><u>Application of cash and investments</u></b>											
Unspent conditional transfers		-	21 358	15 333	8 215	20 348	20 348	-	4 713	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	23 409	6 878	3 409	1 613	(14 349)	(14 349)	-	(18 759)	(611)	13 254
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>23 409</b>	<b>28 236</b>	<b>18 742</b>	<b>9 828</b>	<b>5 999</b>	<b>5 999</b>	<b>-</b>	<b>(14 046)</b>	<b>(611)</b>	<b>13 254</b>
<b>Surplus(shortfall)</b>		<b>30 416</b>	<b>12 080</b>	<b>9 154</b>	<b>8 260</b>	<b>44 877</b>	<b>44 877</b>	<b>-</b>	<b>38 891</b>	<b>25 388</b>	<b>11 451</b>

Table A8 Cash backed reserves/accumulated surplus reconciliation

### 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 2012/2013 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.

Table A9 Asset Management

Choose name from list - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	16 458	34 529	46 641	44 082	56 857	56 857	40 568	35 447	42 098
<i>Infrastructure - Road transport</i>		370	11 727	17 462	21 343	40 316	40 316	32 890	27 313	28 778
<i>Infrastructure - Electricity</i>		130	3 687	19 294	1 000	6 903	6 903	2 150	6 218	11 290

<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
	8									
<i>Infrastructure - Other</i>	303	-	-	-	5 400	-	-	150	159	168
Infrastructure		8 803	15 413	36 756	27 743	47 219	47 219	35 190	33 689	40 236
Community		47	2 325	1 052	14 893	4 138	4 138	4 148	540	572
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
	7									
Other assets	6	571	16 790	8 833	1 446	5 500	5 500	1 230	1 218	1 290
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		37	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4									
<i>Infrastructure - Road transport</i>		370	11 727	17 462	21 343	40 316	40 316	32 890	27 313	28 778
<i>Infrastructure - Electricity</i>		130	3 687	19 294	1 000	6 903	6 903	2 150	6 218	11 290
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
	8									
<i>Infrastructure - Other</i>	303	-	-	-	5 400	-	-	150	159	168
Infrastructure		8 803	15 413	36 756	27 743	47 219	47 219	35 190	33 689	40 236
Community		47	2 325	1 052	14 893	4 138	4 138	4 148	540	572
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
	7									
Other assets	6	571	16 790	8 833	1 446	5 500	5 500	1 230	1 218	1 290
Agricultural Assets		-	-	-	-	-	-	-	-	-

Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		37	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2</b>	<b>458</b>	<b>34 529</b>	<b>46 641</b>	<b>44 082</b>	<b>56 857</b>	<b>56 857</b>	<b>40 568</b>	<b>35 447</b>	<b>42 098</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>									
		<b>1</b>								
<i>Infrastructure - Road transport</i>		303	13 030	30 492	51 835	64 753	64 753	88 160	112 610	137 952
<i>Infrastructure - Electricity</i>		0	3 687	22 980	23 980	27 221	27 221	27 857	32 575	42 141
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure		1 303	16 716	53 472	75 815	91 974	91 974	116 017	145 185	180 093
Community		0	3 893	5 161	20 054	8 455	8 455	9 611	9 828	10 068
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	3 227	1	3 227	3 227	3 227	3 227	3 227
Other assets		<b>16</b>								
		422	31 557	32 514	33 960	34 677	34 677	35 469	35 197	35 571
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	36	36	850	-	-	37	37	37
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>725</b>	<b>52 202</b>	<b>94 410</b>	<b>130 680</b>	<b>138 333</b>	<b>138 333</b>	<b>164 360</b>	<b>193 473</b>	<b>228 996</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		-	-	5 011	4 208	4 208	4 208	3 171	3 358	3 556
		<b>1</b>								
<u>Repairs and Maintenance by Asset Class</u>	<b>3</b>	631	4 421	2 974	5 816	8 369	8 369	11 850	12 549	13 290
		<b>1</b>								
<i>Infrastructure - Road transport</i>		631	4 421	2 974	2 974	2 978	2 978	5 069	4 752	5 694
<i>Infrastructure - Electricity</i>		-	-	-	758	915	915	2 713	3 492	3 043
<i>Infrastructure - Water</i>		-	-	-	860	1 012	1 012	738	781	827
<i>Infrastructure - Sanitation</i>		-	-	-	510	543	543	718	761	806
<i>Infrastructure - Other</i>		-	-	-	100	200	200	296	314	332
Infrastructure		1 631	4 421	2 974	5 202	5 649	5 649	9 535	10 100	10 702
Community		-	-	-	366	330	330	266	281	298
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	450	450	-	-	-
Other assets	<b>6,</b> <b>7</b>	-	-	-	248	1 940	1 940	2 050	2 168	2 290
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>631</b>	<b>4 421</b>	<b>7 985</b>	<b>10 024</b>	<b>12 577</b>	<b>12 577</b>	<b>15 021</b>	<b>15 907</b>	<b>16 846</b>
		<b>1</b>								
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		498.3%	8.5%	3.2%	3.3%	6.0%	6.0%	7.2%	6.5%	5.8%

| *Renewal and R&M as a % of PPE*

| | 9.0% |

| 8.0% |

| 3.0% |

| 4.0% |

| 6.0% |

| 6.0% |

| 7.0% |

| 6.0% |

| 6.0% |



#### **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 32.8 Million over the 2012/2013- 2014/2015 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 2360.00 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 2360 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



Water (kilolitres per household per month)		6	6	6	6	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
<b>Revenue cost of free services provided (R'000)</b>	9								
Property rates (R15 000 threshold rebate)		1 307	1 390	1 390	1 390	1 922	2 035	2 149	2 265
Property rates (other exemptions, reductions and rebates)		4 935	3 940	3 940	3 940	1 845	1 243	561	591
Water		2 021	1 800	1 800	1 800	2 800	2 951	3 116	3 285
Sanitation		-	-	-	-	2 800	2 951	3 116	3 285
Electricity/other energy		779	695	695	695	1 500	1 581	1 670	1 760
Refuse		21	1 407	1 407	1 407	100	105	111	117
Municipal Housing - rental rebates	6	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>		-	9 063	9 233	9 233	9 233	10 967	10 866	10 724
									11 303

<b>Households receiving Free Basic Service</b>	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	
<b>Cost of Free Basic Services provided (R'000)</b>	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	
<b>Total cost of FBS provided (minimum social package)</b>			-	-	10 193	11 598	11 598	11 865	14 447	17 390
<b>Highest level of free service provided</b>										
Property rates (R'000 value threshold)			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	
Refuse (average litres per week)			40	40	40	40	40	40	40	
<b>Revenue cost of free services provided (R'000)</b>	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			-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	
<b>Total revenue cost of free services provided (total social package)</b>	6		-	-	9 063	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 Septmeber 2011 after the approval of a timetable and strategy to guide the preparation of the 2012/13 to 2013/15 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 2012. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled in March 2012. The Budget was tabled by the Mayor at a Council meeting held on 02 April 2012, 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 her Executive Committee. Taking the inputs of the aforementioned consultations into account, the Mayor will table the IDP and Budget for final approval at a Council meeting to be held on 30 June 2012.

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 2012/13 to 2014/15

The preparation of the 2012/13 to 2014/15 IDP and Budget was guided by following schedule of key deadlines as approved by Council on 17 September 2011.

## 1. INTRODUCTION

Elundini Local Municipality is geographically the second largest Municipality, behind Senqu LM, within the Joe Gqabi District Municipality with an area of 5064 km<sup>2</sup> and has 17 wards. It is located in the East of the Joe Gqabi DM and shares the boundaries with the following LMs:

- Umzimvubu to the Northeast,
- Matatiele to the North,
- Mhlontlo to the southeast,
- Sakhisizwe to the southwest and,
- Senqu to the West.

According to the revised population estimates based on the Community Survey 2007 (Statistics SA, 2007), ELM has a population of approximately 123 634 (compared to the Census 2001 estimates of 137 580) people residing in 35 553 households (compared to 33 248 households).

According to the 2001 Census 77% of households are rural in nature, this includes rural villages and farm households. This dynamic is shifting with the phenomenon of urban in-migration occurring in ELM. This is especially evident in the town of Ugie, where the town's population has increased from 8 344 in 2001 to approximately 16 355 in 2004.

## 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:

<p>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";</p> <p>(b) "...binds the municipality in the exercise of its executive authority...;</p>
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In accordance with legislation, Elundini Local Municipality's IDP sets out the long-term vision of the Municipality:

<p><b>"...a better quality life for all citizens."</b></p>
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Elundini Local Municipality's IDP also details the:

- development priorities and objectives, which contribute towards achieving this vision, over the Council's elected term;
- strategies, which are the means by which these objectives will be achieved;
- IDP programmes and projects which link to the strategies and contribute to the achievement of the objectives.

Elundini Local Municipality will review and further 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.

In terms of the MSA, a municipality is required to review its IDP annually. Annual reviews allow the municipality to expand upon or refine plan and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning.

The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the Municipality.

*MSA 34 - A Municipal Council-*

*(a) must review its IDP-*

*(i) annually in accordance with an assessment of its performance measurements ... ; and*

*(ii) to the extent that changing circumstances so demand; and*

*(b) may amend its IDP in accordance with a prescribed process.*

## **PROCESS PLAN**

It is required by legislation that a municipal council prepares and adopts a process to guide the planning, drafting and adoption of its IDP.

*MSA 28(1) 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 is required to include:

- a programme specifying time-frames for different steps;
- outline mechanisms, processes and procedures for consultation of the community, organs of state, traditional authorities and other role players;
- identify all plans and planning requirements binding on the municipality;
- be consistent with other matters prescribed by legislation.

*MSA 29(1) the process followed by a municipality to draft its IDP, including its consideration and adoption of the draft plan, must –*

*(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 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.*

## **IDP INFORMANTS**

**In developing the new 5 year strategic plan, consideration should be given to:**

- an assessment of implementation performance and the achievement of IDP targets and strategic objectives, considering the impact of success and the corrective measures necessary to address problems;
- issues raised by communities;
- changing internal and external circumstances, that impact on the priority issues, objectives and strategies;
- the New Growth Path;
- the Diagnostic Report by the National Planning Commission;
- comments received from the MEC;
- the powers and functions of the municipality;
- recent research, surveys, studies and new information arising out of Elundini Local Municipality Sector Plans and from other institutions;
- National and Provincial studies, plans and policies.

## **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 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 Joe Gqabi District Growth and Development Summit (GDS).

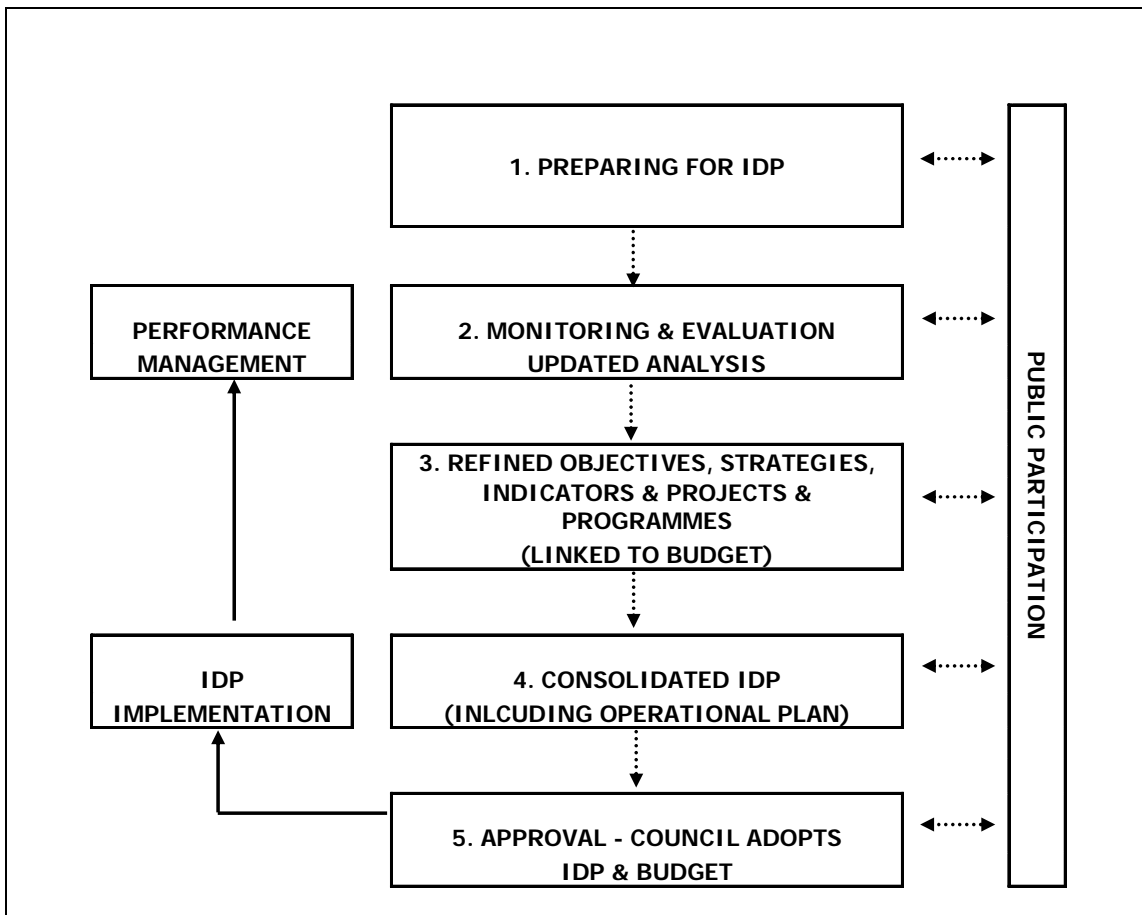
## **ELUNDINI LOCAL MUNICIPALITY: KEY FOCUS FOR IDP 2012 – 2017**

It is imperative that the IDP explicitly articulates the priorities and objectives of the Council and that the resources of the Council are effectively utilized to achieve these. To this end ELM's IDP and Budget are developed as part of a coherent integrated process. One of the key focuses this year will be to enhance the effective utilisation of Elundini's resources through the further development of a project prioritisation application and the Capital Expenditure Framework Plan.



## 2. IDP PROCESS

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



All municipalities are required by law to prepare a Process Plan for their integrated development planning. The preparation of the planning process has been regulated in the Municipal Systems Act, 2000 (Chapter 4, Section 29). This document identifies the roles and responsibilities for everyone involved in the process; it also sets out mechanisms and procedures for community participation, timeframe and costs estimates. It is this Process Plan which will be a guide to the actual Integrated Development Planning Process.

## 2.1. PROGRAMME AND TIME FRAMES

Below is a table of the Programme that summarizes the overall time frames for various phases and highlights some of the key events and activities.

PHASES	PERIOD	KEY EVENTS/ACTIVITIES
Preparation	July 2011 – Aug 2011	<ul style="list-style-type: none"> <li>• Prepare Process Plan</li> <li>• Presentation and submission of draft Process Plan to the EXCO</li> <li>• Submit the Process Plan to Council for adoption</li> <li>• Review of performance plans/agreements</li> <li>• Advertise Process Plan for comments</li> <li>• Attend District IDP Rep Forum</li> <li>• Mayoral Strategic Planning Workshop:</li> </ul>
Monitoring, Evaluation & Updated Analysis	Aug 2011 – Nov 2011	<ul style="list-style-type: none"> <li>• IDP &amp; Budget Steering Committee</li> <li>• IDP &amp; Budget Rep Forum:</li> <li>• <i>CBP Review: (5 – 16 September 11)</i></li> <li>• Attend District IDP Rep Forum</li> <li>• Outreach Programme: 26 Sept 11 – 7 Oct 11</li> </ul>
Objectives, Strategies, Projects & Programmes	Nov 2011 – Jan 2012	<ul style="list-style-type: none"> <li>• IDP &amp; Budget Rep Forum:</li> <li>• <i>IDP &amp; Budget Steering Committee</i></li> <li>• Attend District IDP Rep Forum</li> </ul>
Consolidate IDP	Jan 2012 – April 2012	<ul style="list-style-type: none"> <li>• IDP &amp; Budget Rep Forum</li> <li>• Attend District IDP Rep Forum</li> <li>• <i>IDP &amp; Budget Steering Committee</i></li> <li>• Council Approve draft IDP &amp; Budget:</li> <li>• Public Consultation on Draft IDP/Budget</li> <li>• 2<sup>nd</sup> Mayoral Strategic Planning Workshop:</li> <li>• Advertise for comments &amp; public participation: March 12 – April 12</li> <li>• Attend District IDP Rep Forum</li> </ul>
Approval	April 2012 – Jun 2012	<ul style="list-style-type: none"> <li>• <i>IDP &amp; Budget Steering Committee</i></li> <li>• IDP &amp; Budget Rep Forum</li> <li>• Final IDP &amp; Budget submitted to Council for adoption: <b>31 May 2012</b></li> </ul>

## 2.2. PHASE 1: PREPARING FOR IDP REVIEW

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 (**attached as an Annexure**) 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.

### **2.3. PHASE 2: MONITRING, EVALUATION & UPDATED 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 and where they are not functioning, their revival will then have to be effected, a ward survey using Ward Plans, will be undertaken to clarify the key issues for each of the 17 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 updated Analysis Report, wherein the prioritized/key issues for ELM, are identified, elaborated and discussed. This report will port will then be given to both the IDP & Budget Steering Committee and IDP & Budget Representative Forum Meetings.

### **2.4. PHASE 3: OBJECTIVES, STRATEGIES, PROJECTS & PROGRAMMES**

The knowledge generated by the previous phase will inform this phase. The objectives, strategies, projects and programmes, within the existing IDP, will be evaluated in the light of the ‘Analysis’ and thereafter, appropriate changes and adjustments will be made.

It will therefore be proposed that the prioritisation undertaken during this phase be informed by both geographical areas and critical issues.

The Mayoral Strategic Workshop/Meeting will have to be held with the Executive Committee, Ward Councillors and the IDP & Budget Technical Committee to discuss among other, the following:

- the draft analysis report, including the ward survey;
- key issues will be presented for discussion and debate;
- the proposed broad areas of geographic focus will be presented for discussion and debate;
- IDP objectives and strategies;

- consideration will be given to the draft operational budget, in the light of the key issues;
- discussions will be held on broad budget allocations and the project evaluation application.

## 2.5. PHASE 4: CONSOLIDATE

It is anticipated that during this phase:

- the IDP programmes and projects will be further refined through the work of both the IDP & Budget Steering and IDP & Budget Technical Committees;
- the draft IDP & Budget will be presented to the IDP & Budget Rep Forum; and
- the IDP & Budget Report will be consolidated, ready for submission to the Council for approval.

Once the draft IDP and Budget 2012 - 16 have been approved by the Council, they will be advertised for public comments and reviewed.

## 2.6. PHASE 5: APPROVAL

During this phase consideration will be given to the comments arising out of the public participation process and the draft IDP will be submitted, together with the budget, to the Council for adoption.

## 3. 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 proposed distribution of roles and responsibilities of structures is described overleaf:

<b>ROLE PLAYERS</b>	<b>ROLES AND RESPONSIBILITIES</b>
Local Municipality	<ul style="list-style-type: none"> <li>• Prepare, decide and adopt a Process Plan</li> <li>• Overall management and co-ordination of plan</li> <li>• Co-ordinate public participation</li> <li>• Review sector plans</li> <li>• Adopt and approve the IDP</li> <li>• Adjust IDP in accordance with MEC's proposals</li> <li>• Align IDP with key performance indicators developed by DPLG.</li> </ul>
Executive Committee	<p>As the Senior Governing Body of the municipality, it has to:</p> <ul style="list-style-type: none"> <li>• Decide on the Process Plan.</li> <li>• Manage, co-ordinate and monitor the process and draft the IDP (or delegate to the MM)</li> <li>• Approve nominated persons to be in charge of the different roles, activities and responsibilities</li> </ul>
Municipal Council	<ul style="list-style-type: none"> <li>• Political decision making body</li> <li>• Consider, adopt and approve process plan and IDP</li> <li>• Ensure the annual business plans and budget are linked to and based on the IDP.</li> </ul>

	<ul style="list-style-type: none"> <li>• Adjust IDP in accordance with the MEC's proposals</li> </ul>
Ward Councillors/Ward Committees (assisted by CDWs)	<ul style="list-style-type: none"> <li>• Major link between municipality and residents</li> <li>• Link the planning process to their wards or constituencies</li> <li>• Organize public consultation and participation</li> <li>• Represent the ward at the IDP &amp; Budget representative forum</li> <li>• Analyze ward-based issues, determine priorities, negotiate and reach consensus.</li> </ul>
Municipal Manager/ IDP Manager (Mr. K. Gashi)	<p>The Municipal Manager or IDP Manager has to manage and co-ordinate the IDP process. This includes:</p> <ul style="list-style-type: none"> <li>• Preparing the Process Plan</li> <li>• Undertake the overall management and co-ordination of the planning process</li> <li>• Ensure that all relevant actors are appropriately involved</li> <li>• Nominate persons in charge of different roles</li> <li>• Responsible for day-to-day management of the drafting process</li> <li>• Responds to comments on the draft IDP from public and other spheres of government to the satisfaction of the municipal council</li> <li>• Ensure that the planning process is participatory, strategic and implementation oriented and is aligned with and satisfies sector planning process.</li> <li>• Ensure proper documentation of the results of the planning of the IDP document</li> <li>• Adjust IDP in accordance with MEC's proposals</li> </ul> <p>The Municipal Manager can and may delegate a some of his/her functions to the Municipality's top management or any other municipal official in terms of Section 79 (1) (b) (i) and (ii) of the MFMA but the ultimate responsibility and accountability still rests with him.</p>
Heads of Department and Officials	<p>As people in charge for the implementation of IDP, they have to be fully involved in the planning process to:</p> <ul style="list-style-type: none"> <li>• Provide relevant technical, sector and financial information for analyzing and determining priority issues,</li> <li>• Contribute technical expertise in the consideration and finalization of strategies and identification of projects,</li> <li>• Provide departmental operational and capital budgetary information,</li> <li>• Be responsible for the preparation of project proposal, the integration of projects and sector programmes,</li> <li>• Review sector plans</li> <li>• Attend IDP &amp; Budget Steering Committee and all other IDP &amp; Budget related engagements, and</li> <li>• Be responsible for preparing amendments to the draft IDP for submission to the Municipal Council for</li> </ul>

	approval and the MEC for Local Government for alignment.
Community at Large	<ul style="list-style-type: none"> <li>• Represents interests, contribute knowledge and ideas to the Representative Forum</li> <li>• Inform interest groups, communities and organizations</li> <li>• Analyze issues, determine priorities, negotiate and reach consensus</li> <li>• Participate in designing project proposals</li> <li>• Discuss and comment on the draft IDP</li> <li>• Monitor performance in implementation</li> <li>• Conduct meetings with groups, communities, etc to prepare for and follow-up on relevant planning activities.</li> </ul>

The proposed institutional arrangement for the IDP & Budget is described as follows:

<b>STRUCTURE</b>	<b>MEMBERS</b>	<b>TERMS OF REFERENCE</b>
IDP & Budget Steering Committee	Chair: Mr. K. Gashi (Municipal Manager)  Secretariat: IDP Unit  Composition: EXCO: Mayor, Cllrs Mvumvu, Mqamelo, Baduza, Nkalitshana and Lehata.  All HODs and Assistant Managers	<ul style="list-style-type: none"> <li>• Provide ToR for various planning activities</li> <li>• Commissions research studies</li> <li>• Considers and comments on:               <ul style="list-style-type: none"> <li>- inputs from sub-committee study teams and Service Providers</li> <li>- inputs from national and provincial sector departments and support providers</li> </ul> </li> <li>• Processes, summaries and documents inputs.</li> <li>• Makes content recommendations</li> <li>• Prepares, facilitates and documents meetings</li> </ul>
Finance Sub-committee	Chair: Mr. S. Goodall (CFO)	Considers budget proposals
IDP & Budget Rep Forum	Chair: Mayor: Cllr Lengs  Secretariat: IDP Unit  Composition: <ul style="list-style-type: none"> <li>• All councillors</li> <li>• HODs and Assistant Managers</li> <li>• 2 Reps from Ward Committees</li> <li>• All CDWs</li> </ul>	<ul style="list-style-type: none"> <li>• Represents interests of their constituencies in the IDP processes</li> <li>• Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government.</li> <li>• Monitor performance of the planning and implementation</li> </ul>

	<ul style="list-style-type: none"> <li>• 2 Reps from Traditional Leaders</li> <li>• 1 Rep from Stakeholder representatives of organized groups</li> <li>• 2 Reps from Community representatives</li> <li>• Reps from Sector Depts.</li> <li>• 2 Reps from Advocates for unorganized groups</li> </ul>	<ul style="list-style-type: none"> <li>• Participates in the process of setting up and monitoring KPIs</li> </ul>
Assistant Manager: IDP/PMS		<ul style="list-style-type: none"> <li>• Responsible for preparing the Process Plan</li> <li>• Responsible for the day-to-day management of the planning process</li> </ul>

#### **4. 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.

##### **4.1. Participation Mechanism**

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

- IDP Rep Forum to verify and add data
- District Municipality’s Rep Forum to ensure that local priorities are adequately reflected on the District’s IDP
- Use Ward Councillors to call meetings to keep communities informed on IDP progress (including Ward Committees and CDWs)
- Publish annual reports on municipal progress
- Advertise on 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.

##### **4.2. 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.

### 4.3. 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;
- ELM will be responsible for the costs of these meetings
- ELM will prepare a budget outline for IDP & Budget meetings
- Refreshments will be provided at the discretion of the Municipal Manager.

### 4.4. Mechanisms and Procedures for Alignment

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

## 5. ANNEXURES

### 5.1. Binding Legislation

### 5.2. Action Plan

## 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):

<b>NATIONAL LEGISLATION</b>	<b>SUMMARY/SCOPE OF LEGISLATION</b>
<b>GENERAL MANAGEMENT</b>	
Constitution of the Republic of South Africa, 1996	<ul style="list-style-type: none"> <li>• To introduce the constitution and to provide for matters incidental thereto</li> </ul>
Local Government: Municipal Systems Act, 2000	<ul style="list-style-type: none"> <li>• To give effect to "developmental local government"</li> <li>• To set principles, mechanisms and processes to promote social and economic upliftment of communities and to ensure access to affordable services for all</li> <li>• To set a framework for planning, performance management, resource mobilization and organizational change and community participation</li> </ul>
Local Government: Municipal Structures Act, 1998 as amended	<ul style="list-style-type: none"> <li>• 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</li> <li>• To regulate internal systems, structures and</li> </ul>



	office-bearers
Local Government: Municipal Demarcation Act, 1998	<ul style="list-style-type: none"> <li>To provide for the demarcation of boundaries of municipalities for the establishment of new municipalities</li> </ul>
Local Government: Cross-Boundary Municipalities Act, 2000	<ul style="list-style-type: none"> <li>To authorize the establishment of cross-boundary municipalities</li> <li>To provide for the re-demarcation of the boundaries of such municipalities under certain circumstances and to provide for matters connected therewith.</li> </ul>
Consumer Affairs (Unfair Business Practices) Act, 1996	<ul style="list-style-type: none"> <li>To provide for the investigation, prohibition and control of unfair business practices in the interest of consumers.</li> </ul>
Municipal Electoral Act, 2000	<ul style="list-style-type: none"> <li>To regulate municipal elections</li> <li>To amend certain laws and to provide for matters connected therewith</li> </ul>
Organized Local Government Act, 1997	<ul style="list-style-type: none"> <li>To provide for the recognition of national and provincial organizations representing the different categories of municipalities and the designation of representatives to participate in the National Council of Provinces</li> </ul>
Promotion of Local Government Affairs Act, 1983	<ul style="list-style-type: none"> <li>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.</li> </ul>
Local Government Transition Act, 1983	<ul style="list-style-type: none"> <li>To provide for matters relating to municipalities in the interim phase, powers and functions of municipalities and actions of officials and councillors</li> </ul>
Occupational Health and Safety Act, 1993	<ul style="list-style-type: none"> <li>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</li> </ul>
Promotion of Access to Information Act, 2000	<ul style="list-style-type: none"> <li>To control and regulate the right of all persons to access to information</li> </ul>
Promotion of Fair Administrative Justice Act, 2000	<ul style="list-style-type: none"> <li>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</li> </ul>
Promotion of Equality and Prevention of Unfair Discrimination Act, 2000	<ul style="list-style-type: none"> <li>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.</li> <li>To promote equality and to eliminate unfair discrimination and to prevent and prohibit hate speech and to provide for matters connected therewith</li> </ul>
<b>FINANCE</b>	

Appropriation of Revenue Act, 2000	<ul style="list-style-type: none"> <li>To provide for a fair division of revenue to be collected nationally between national, provincial and local government spheres</li> </ul>
Business Act, 1991	<ul style="list-style-type: none"> <li>To repeal certain laws regarding the licensing of businesses.</li> <li>To provide for the licensing and operation of certain businesses, shop hours and related matters</li> </ul>
Debt Collection Act, 1998	<ul style="list-style-type: none"> <li>To provide for controlled debt collecting</li> </ul>
Income Tax Act, 1962	<ul style="list-style-type: none"> <li>To provide for the payment of taxes on incomes of persons and taxes on donations</li> </ul>
Insolvency Act, 1936	<ul style="list-style-type: none"> <li>To consolidate and amend the law relating to insolvent persons and their estates</li> </ul>
Local Authorities Capital Development Fund Ordinance, 1978 READ WITH Local Government Affairs Second Amendment Act, 1993	<ul style="list-style-type: none"> <li>To provide for the establishment and management of a Capital Development Fund and for matters incidental thereto</li> </ul>
Municipal Accountants' Act, 1988	<ul style="list-style-type: none"> <li>To provide for the establishment of a Board for Municipal Accountants and for the registration of Municipal Accountants and the control of their profession</li> </ul>
Local Government: Municipal Finance Management Act, 2003	<ul style="list-style-type: none"> <li>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.</li> <li>To determine responsibilities of persons entrusted with local sphere financial management and to determine certain conditions and to provide for matters connected therewith</li> </ul>
Public Finance Management Act, 1999	<ul style="list-style-type: none"> <li>To regulate financial management in the national and provincial government and, inter alia, provincial public entities</li> </ul>
Local Government: Municipal Property Rates Act, 2004	<ul style="list-style-type: none"> <li>To regulate the power of a municipality to impose rates on property</li> <li>To make provision for fair and equitable valuation methods on properties.</li> </ul>
Pension Benefits for Councillors of Local Authorities Act, 1987	<ul style="list-style-type: none"> <li>To provide pension benefits for councillors</li> </ul>
Reporting by Public Entities Act, 1992	<ul style="list-style-type: none"> <li>To provide for the reporting to Parliament by public entities</li> </ul>
Prescribed Rate of Interest Act, 1975	<ul style="list-style-type: none"> <li>To prescribe and regulate the levying of interest from debtors</li> </ul>
Value-Added Tax Act, 1991	<ul style="list-style-type: none"> <li>To provide for the taxation in respect of the supply of goods and services.</li> </ul>
<b>ADMINISTRATION/CORPORATE AND LEGAL SERVICES</b>	
Electoral Act, 1998	<ul style="list-style-type: none"> <li>To manage and regulate elections on national, provincial and local government level</li> </ul>

Expropriation Act, 1975	<ul style="list-style-type: none"> <li>To provide for the expropriation of land and other property for public and certain other purposes and matters connected thereto</li> </ul>
Rental Housing Act, 1999	<ul style="list-style-type: none"> <li>To define the regulation of Government in respect of rental housing</li> </ul>
Residential Landlord and Tenant Act, 1997	<ul style="list-style-type: none"> <li>To provide for the regulation of landlord-tenant relations in order to promote stability in the residential rental sector in the province.</li> </ul>
<b>TOWN PLANNING AND SPATIAL DEVELOPMENT</b>	
Development Facilitation Act, 1995	<ul style="list-style-type: none"> <li>To provide for IDPs, reflecting current planning and to institutionalise development tribunals for evaluation applications</li> </ul>
Land Use Management Bill, 2002	<ul style="list-style-type: none"> <li>To establish a uniform land use management system.</li> </ul>
Physical Planning Act, 1991	<ul style="list-style-type: none"> <li>To provide guidelines for the drafting of urban development plans.</li> </ul>
Planning Professions Act, 1998	<ul style="list-style-type: none"> <li>To provide for the training and registration of professional planners.</li> </ul>
<b>ENVIRONMENT</b>	
Environmental Conservation Act, 1989	<ul style="list-style-type: none"> <li>To provide for environmental impact assessments and exemptions, noise control areas etc.</li> <li>To provide for the effective protection and controlled utilisation of the environment and for matters incidental therewith</li> </ul>
National Environmental Management Act, 1998	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>ENGINEERING/TECHNICAL SERVICES</b>	
National Water Act, 1998	<ul style="list-style-type: none"> <li>To provide for fundamental reform of the laws relating to water resources</li> </ul>
Water Services Act, 1997	<ul style="list-style-type: none"> <li>To provide for the rights of access to basic water supply and sanitation, national standards and norms for tariffs and services development plans.</li> </ul>
Regulations on Advertisements on or Visible from National Roads, 1998	<ul style="list-style-type: none"> <li>To control all advertising on national and regional roads</li> </ul>
<b>SAFETY AND SECURITY</b>	
South African Police Service Act, 1995	<ul style="list-style-type: none"> <li>To provide, inter alia, for a municipal police</li> </ul>
Criminal Procedure Act, 1977	<ul style="list-style-type: none"> <li>To consolidate and regulate procedure and evidence in criminal proceedings</li> </ul>
Road Traffic Management Corporation Act, 1999	<ul style="list-style-type: none"> <li>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</li> </ul>
Prevention of Illegal Eviction from	<ul style="list-style-type: none"> <li>To provide for the eviction of unlawful</li> </ul>

and Unlawful Occupation of Land Act, 1998	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"> <li>To regulate traffic on public roads, the registration and licensing of motor vehicles and drivers, including fitness requirements and incidental matters</li> </ul>
National Land Transport Interim Arrangements Act, 1998	<ul style="list-style-type: none"> <li>To make arrangements relevant to transport planning and public road transport services.</li> </ul>
Disaster Management Act, 2002	<ul style="list-style-type: none"> <li>To provide for an integrated, co-ordinated and common approach to disaster management by all spheres of government and related matters</li> </ul>
Fire Brigade Services Act, 1987	<ul style="list-style-type: none"> <li>To provide for the rendering of fire brigade services and certain conditions to the rendering of the service</li> </ul>
<b>HEALTH AND WELFARE</b>	
Hazardous Substance Act, 1973	<ul style="list-style-type: none"> <li>To control matters relating to gas, petrol and liquids</li> </ul>
Health Act, 1977	<ul style="list-style-type: none"> <li>To provide for the promotion of health of the inhabitants of the Republic of South Africa, for the rendering of health service</li> <li>To define the duties, powers and responsibilities of certain authorities which render such services and for the co-ordination of the services</li> </ul>
National Policy for Health Act, 1990	<ul style="list-style-type: none"> <li>To provide for control measures to promote the health of the inhabitants of the Republic of South Africa and for matters connected thereto</li> </ul>
<b>HUMAN RESOURCES</b>	
Employment Equity Act, 1998	<ul style="list-style-type: none"> <li>To promote the constitutional right of equality and the exercise of true democracy</li> <li>To eliminate unfair discrimination in employment</li> <li>To redress the effect of unfair discrimination in the work place to achieve a workforce representative of the population</li> </ul>
Basic Conditions of Employment Act, 1997	<ul style="list-style-type: none"> <li>To give effect to the right to fair labour practices</li> <li>To provide for the regulation of basic conditions of employment.</li> </ul>
Labour Relations Act, 1995	<ul style="list-style-type: none"> <li>To regulate the organizational rights to trade unions, the right to strike and lock-outs</li> <li>To promote and facilitate collective bargaining and employee participation in decision making</li> <li>To provide simple procedures for labour disputes</li> </ul>
Skills Development Act, 1998	<ul style="list-style-type: none"> <li>To provide for the implementation of strategies to develop and improve the skills of South African workforce</li> <li>To provide for Learnerships</li> <li>To regulate the employment services and the</li> </ul>

	financing of skills development
Compensation of Occupational Injuries and Diseases Act, 1993	<ul style="list-style-type: none"> <li>To regulate the categories of persons entitled to compensation for occupational injuries and diseases, and to determine the degree of disabled employees</li> </ul>
Skills Development Levies Act, 1999	<ul style="list-style-type: none"> <li>To provide for the imposition of a skills development levy and for matters connected therewith</li> </ul>
South African Qualifications Authority Act, 1995	<ul style="list-style-type: none"> <li>To provide for the establishment of a National Qualifications Framework and the registration of National Standards Bodies and Standard Generating Bodies and the financing thereof</li> </ul>
Unemployment Insurance Act, 1966	<ul style="list-style-type: none"> <li>To provide for the payment of benefits to certain persons and the dependants of certain deceased persons and to provide for the combating of unemployment</li> </ul>
<b>ELECTRICITY</b>	
Electricity Act, 1987	<ul style="list-style-type: none"> <li>To provide for and regulate the supply of electricity and matters connected thereto.</li> </ul>

## **ANNEXURE 5.2**

### **ACTION PLAN**

ANALYSIS PHASE		JULY '11 TO NOVEMBER '11		
	PURPOSE	ACTIVITIES	OUTCOME	DATE
IDP & Budget Steering Committee (Internal)	To outline the IDP Process Plan	<ol style="list-style-type: none"> <li>Deal with Powers &amp; Functions</li> <li>Deal with current IDP projects &amp; Budget</li> <li>Discuss the Process Plan</li> </ol>	<ul style="list-style-type: none"> <li>Clarified LM's powers &amp; functions</li> <li>Clarified IDP projects, expenditure &amp; progress</li> <li>Finalized IDP Process Plan &amp; budget.</li> </ul>	September '11
IDP Information for Analysis	To capture community priorities & projects	<ol style="list-style-type: none"> <li>Conduct ward visits.</li> <li>Collection of facts and figures.</li> </ol>	<ul style="list-style-type: none"> <li>Understanding ward priorities and projects</li> </ul>	September '11 – October '11
IDP & Budget Steering Committee (Sector Dept's)		<ol style="list-style-type: none"> <li>Presentation of the IDP Process Plan.</li> <li>Presentation of priorities &amp; projects</li> </ol>		October '11
IDP & Budget Rep Forum	To convene IDP Forum and set	<ol style="list-style-type: none"> <li>Presentation of 3 Priorities &amp; 3</li> </ol>	<ul style="list-style-type: none"> <li>Finalized Process Plan</li> </ul>	November '11

	out the process to be followed on the formulation of IDP	Projects per Ward. 2. Presentation of IDP Process Plan		
IDP & Budget Steering Committee Meeting		Presentation of draft budget & projects	• Draft budget & projects	November '11
<b>STRATEGIES PHASE</b>		<b>DECEMBER '11 TO FEBRUARY '12</b>		
IDP & Budget Steering Committee	To discuss activities indicated	1. Vision & Mission 2. Strategies (Linked to KPA's) 3. Projects 4. Budget/MTEF		December '11
IDP & Budget Rep Forum		1. Vision & Mission 2. Strategies (Linked to KPA's) 3. Projects 4. Budget/MTEF		December '11
Municipal Workshop on IDP	Projects & Budget Workshop	Projects & Budget	• To finalise IDP Projects & Budgets	January '12
IDP & Budget Rep Forum		Projects & Budget		February '12
<b>INTEGRATION &amp; APPROVAL</b>		<b>MARCH '12 TO MAY '12</b>		
IDP & Budget Steering Committee		1. First Draft IDP & Budget 2. Publicise draft IDP & Budget for comments	• (allow 21 days for the public to comment on the document)	March '12
IDP & Budget Rep Forum		Presentation of draft IDP & Budget		March '12
Council	To Adopt & approve of draft IDP & Budget	Council approves the draft IDP & Budget document.	Approved draft IDP & Budget Document	March '12
Municipal Manager	To submit draft IDP & Budget to MEC for comments	The MEC to comment on the draft IDP & Budget document	Confirmed receipt of the draft IDP & Budget document	30 March 2012
IDP & Budget Steering Committee	To discuss comments from the MEC	Prepare final IDP & Budget	Comments from the MEC incorporated	16 April 2012
IDP & Budget	To prepare &	Presentation of the	Prepared and final	30 April 2012

Rep Forum	present final IDP & Budget documents	final IDP & Budget IDP	IDP & Budget documents	
Council	To adopt & approve the final IDP & Budget documents	Approve & adopt the final IDP & Budget Document	Adoption & approve of the final IDP & Budget Document	31 May 2012
Municipal Manager	To submit to the <b>Mayor</b> a draft SDBIP & annual performance agreements (not later than 14 days) for approval	Submission of draft SDBIP & annual performance agreements	Submitted draft SDBIP & annual performance agreements.	14 June 2012
Mayor	To approve SDBIP	Approval of the SDBIP	Approved SDBIP	28 June 2012

## **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 2012/13 to 2014/15 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).

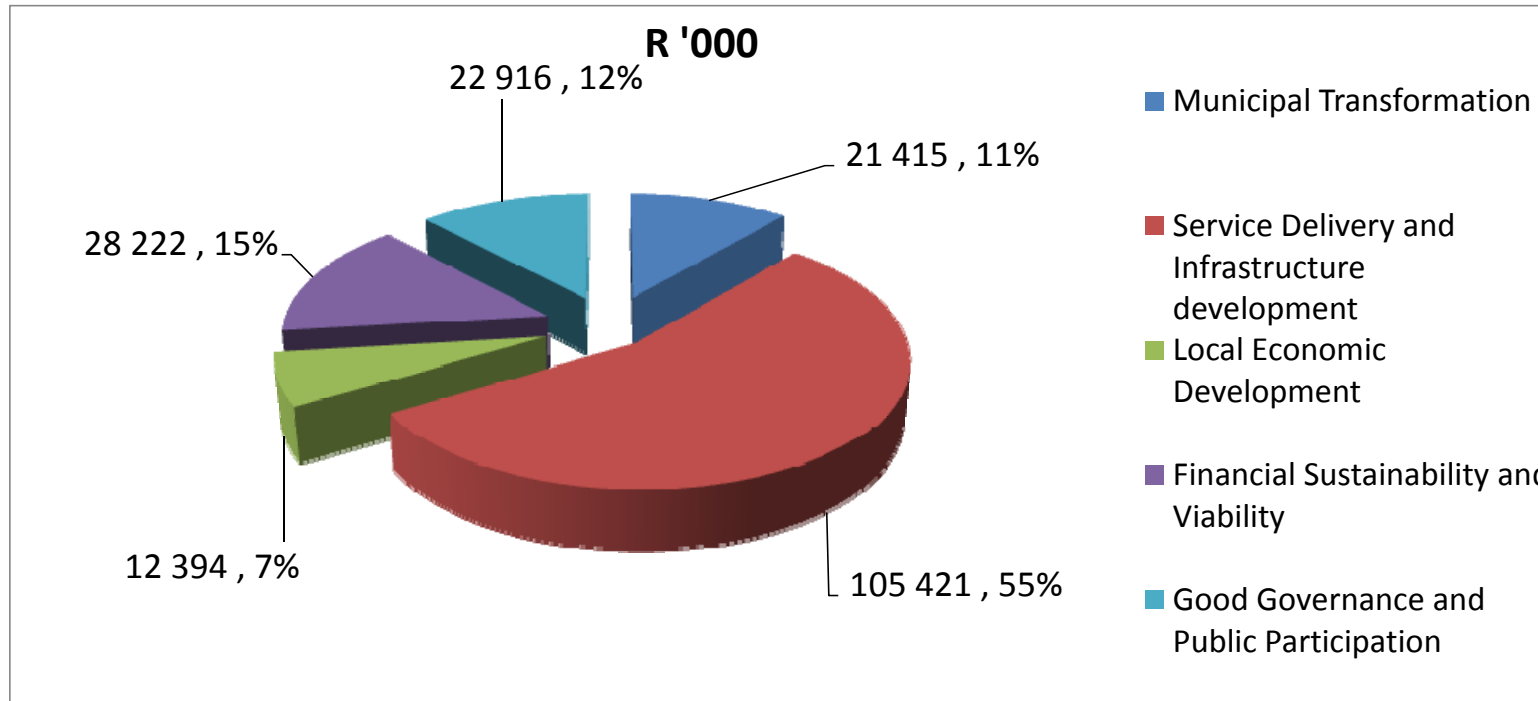
Below is a table, which illustrates the link between the Budget and the IDP.



## 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
<b>2012/13 Budget</b>						
Capital Expenditure						
Operating Expenditure						
<b>Total</b>						
<b>2013/14 Budget</b>						
Capital Expenditure						
Operating Expenditure						
<b>Total</b>						
<b>2014/15 Budget</b>						
Capital Expenditure						
Operating Expenditure						
<b>Total</b>						

**2012/2013 Expenditure by IDP Priority**



### 2.3 Measurable performance objectives and indicators

This section contains the key performance indicators.

Choose name from list - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Provision of quality basic services and infrastructure	Provision of Electricity, Water, Waste Water, Solid Waste services meeting required standards around, access, quality reliability of supply; accelrating mainatenance programme to ehance servcie offering			16 590	20 629	56 473	69 217	91 501	91 501	70 005	78 255	87 851
Promotion of Economic development within region	Promoting Economic development through labour intensive approaches to infrastructure rollout and maintenance; enhancement of coopertaive fundctioning, upliftment of SMME and local contrators, community afforestation, business attraction, expansion and retention, revitalisation of urban areas.			15 242	13 022	11 514	17 334	6 037	6 037	-	-	-

Fight poverty and build clean, healthy, safe and sustainable communities	Effective implementation of the Free Basic Services and Indigent Support programme; working with provincial departments of health to provide primary health care services, optimising the collection of waste, upgrading waste water treatment and distribution networks; twinning with strategic partners to address crime; enforcement of bylaws around building and health related regulations, promote viable, sustainable communities through proper zoning; promotion of environmentally sustainable practices and protection of open spaces.		344	718	7	919	4	858	13	234	15	15 234	6 554	6 912	7 285
Entrenching Participatory democracy and Batho Pele through caring, accessible and accountable service provisioning	Strengthen community participation structures within wards through adequately resourcing structures and processes; entrenching batho pele principles with mainstream business processes					400	400	400		400		1 025	1 085	1 150	

Promotion of sound governance, financial sustainability and institutional performance	Promotion of access to information; strengthening oversight functioning within Council through adoption of best practices; reviewing the use of contracted services; alignment of budget and actual performance with national performance benchmarks around financial sustainability; review of the establishment plan to ensure optimum utilisation of resources/personnel		55 909	73 430	73 129	86 900	93 203	93 203	112 785	114 356	119 587
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	88 085	114 799	146 435	187 709	206 375	206 375	190 369	200 608	215 873

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

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Provision of quality basic services and infrastructure	Provision of Electricity, Water, Waste Water, Solid Waste services meeting required standards around, access, quality reliability of supply; accelerating maintenance programme to enhance service offering			33 135	12 829	42 405	56 350	55 285	55 285	62 285	65 535	69 030
Promotion of Economic development within region	Promoting Economic development through labour intensive approaches to infrastructure rollout and maintenance; enhancement of cooperative functioning, upliftment of SMME and local contractors, community afforestation, business attraction, expansion and retention, revitalisation of urban areas.			1 506	491	2 560	4 725	4 341	4 341	4 743	5 012	5 292
Fight poverty and build clean, healthy, safe and sustainable communities	Effective implementation of the Free Basic Services and Indigent Support programme; working with provincial departments of health to provide primary health care services, optimising the collection of waste, upgrading waste water treatment and distribution networks; twinning with strategic partners to address crime; enforcement of bylaws around building and health related regulations, promote viable, sustainable communities through proper zoning; promotion of environmentally sustainable practices and protection of open spaces.			12 962	10 850	18 276	21 630	19 538	19 538	20 938	21 789	22 970

Entrenching Participatory democracy and Batho Pele through caring, accessible and accountable service provisioning	Strengthen community participation structures within wards through adequately resourcing structures and processes; entrenching batho pele principles with mainstream business processes		11 049	11 749	15 800	19 023	20 083	20 083	22 716	23 988	25 284
Promotion of sound governance, financial sustainability and institutional performance	Promotion of access to information; strengthening oversight functioning within Council through adoption of best practices; reviewing the use of contracted services; alignment of budget and actual performance with national performance benchmarks around financial sustainability; review of the establishment plan to ensure optimum utilisation of resources/personnel		26 705	62 701	37 489	41 849	50 150	50 150	49 068	50 268	52 184
<b>Total Expenditure</b>		1	<b>85 357</b>	<b>98 620</b>	<b>116 530</b>	<b>143 577</b>	<b>149 397</b>	<b>149 397</b>	<b>159 750</b>	<b>166 592</b>	<b>174 760</b>

Choose name from list - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Provision of quality basic services and infrastructure	Provision of Electricity, Water, Waste Water, Solid Waste services meeting required standards around, access, quality reliability of supply; accelrating maintenance programme to ehance servcie offering	A		13 433	25 190	36 756	27 461	49 169	49 169	38 338	34 325	40 219
Promotion of Economic development within region	Promoting Economic development through labour intensive approaches to infrastructure rollout and maintenance; enhancement of coopertaive fundctioning, upliftment of SMME and local contrators, community afforestation, business attraction, expansion and retention, revitalisation of urban areas.	B		-	-	717	14 893	4 097	4 097	570	539	598
		C										
Fight poverty and build clean, healthy, safe and sustainable communities	Effective implementation of the Free Basic Services and Indigent Support programme; working with provincial departments of health to provide primary health care services, optimising the collection of waste, upgrading waste water treatment and distribution networks; twinning with strageic partners to address crime; enforcement of bylaws around buildinh and health	D		-	5 116	1 061	771	1 025	1 025	1 460	371	428



	relaetd regulations, promote viable,sustainable communities through propor zoning; promotion of environmentally sustainable preactices and protection of open spaces.	E										
Entrenching Participatory deomcracy and Batho Pele through caring, accessible and accountable service provisioning	Strengthen community participation structures within wards through adequately resourcing structures and processes; entrenching batho pele principles with mainstream business processes	F	1 710	3 265	6 977	106	660	660	100	106	741	
		G										
Promotion of sound governance, financial sustainability and instituional performance	Promotion of access to information; strengthening oversight functioning within Council through adoption of best practices; reviewing the use of contracted services; alignment of budget and actual performance with national performance benchmarks around financial sustainability; review of the establishment plan to ensure optimum utilisation of resources/personnel	H	1 315	958	1 130	850	1 905	1 905	100	106	112	
		I										
		J										

		K																	
		L																	
		M																	
		N																	
		O																	
		P																	
Allocations to other priorities			3																
Total Capital Expenditure			1	16 458	34 529	46 641	44 081	56 856	56 856	40 568	35 447	42 098							

Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Municipal Governance and Administration</b>										
Executive and Council										
<b>Budget And Treasury</b>										
To ensure that that the IDP has a credible financial Plan Formulation and implementation of a Revenue Enhancement Strategy	% collection rate  To increase the growth within the revenue base Increase the collection Rate of Solid Waste		27.0%	83.1%	80%	80%	80%	80%	85%	88%
					2%	2%	2%	2%	2%	2%
<b>Budget and Treasury Office</b>										
<i>To provide FBS to all communities</i>	50kwh free electricity				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Improve financial management</b>	% Grant spent				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Improve financial viability</i>	% Gazetted allocation Vs Receipts				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Development of office Complex</i>	% Capital Budget Spent				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Information Technology</b>										
<i>Implementation of Master Systems Plan</i>	% spend on capital Budget				0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
<b>Economic and Environmental Services</b>										
<b>Community and social services</b>										
<b>Planning and Development</b>										
<i>SMME Development</i>	% spend on capital budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Economic and Environmental Services</b>										
<b>Road Transport</b>										
<b>Roads</b>										
<i>Implementation of 3 year Capital Programme</i>	% MIG allocation Spend				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% Capital Budget Spend				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Trading Services</b>										
<b>Electricity</b>										
<b>Electricity Distribution</b>										
<i>Provision of alternative energy to Rural Mt Fletcher</i>	No New households provided with Solar Energy				1900.0	3000	3000	3000	3000	3000

Choose name from list - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating				N/a	N/a	N/a	N/a	N/a			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.2%	0.1%	0.2%	0.2%	0.2%	0.0%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.1%	4.3%	0.2%	0.3%	0.3%	0.3%	0.0%	0.2%	0.3%	0.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities		1.2			1.9		-		2.4	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.1	1.2	1.3	1.4	1.9	1.9	-	2.8	2.4	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	2.1	1.0	1.3	1.4	1.1	1.9	-	2.8	1.5	1.4
		1.8		0.8	0.6		1.1		1.2		
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		84.2%	67.8%	46.7%	68.6%	78.2%	78.2%	0.0%	102.8%	103.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			84.2%	67.8%	46.7%	68.6%	78.2%	78.2%	0.0%	102.8%	103.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.7%	9.1%	14.9%	14.8%	21.8%	21.8%	0.0%	17.6%	8.1%	0.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			15.0%	10.0%	10.0%	10.0%	0.0%	10.0%	10.0%	10.0%
<b><u>Creditors Management</u></b>											
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%	100.0%	100.0%

Creditors to Cash and Investments		54.0%	34.7%	44.1%	92.6%	50.2%	50.2%	0.0%	53.1%	56.2%	59.4%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated			27.0%	24.0%	34.0%	34.0%		25.0%	20.0%	15.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source			34.0%	30.0%	30.0%	30.0%		25.0%	20.0%	15.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.0%	31.7%	34.5%	33.2%	39.3%	39.3%	0.0%	31.2%	33.4%	31.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40.6%	42.2%	40.3%	39.0%	39.3%	39.3%		36.2%	38.3%	36.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.9%	3.9%	2.3%	3.9%	5.3%	5.3%		6.7%	7.3%	6.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	1.8%	4.0%	2.9%	2.8%	2.8%	0.0%	1.9%	2.1%	1.9%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	3.5	6.1	27.9	30.1	30.1	30.1	-	1 447.7	1 252.9	1 439.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	105.5%	33.1%	44.2%	58.4%	91.0%	91.0%	0.0%	61.5%	26.4%	2.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	7.7	5.6	3.7	2.0	2.7	2.7	-	2.4	2.3	2.2

Choose name from list - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11		Current Y	
		Audited Outcome	Original Budget	A	
<b>Borrowing Management</b>					

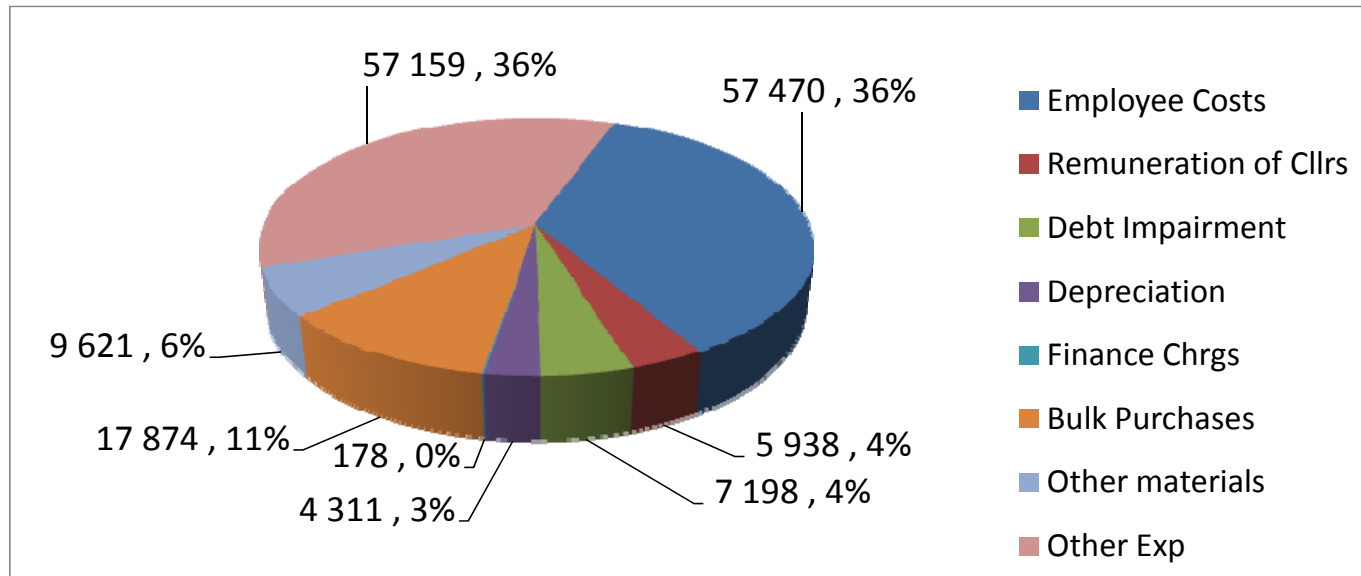
Credit Rating		N/a	N/a
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.2%	0.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-1.0%	0.0%
<b><u>Safety of Capital</u></b>			
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%
<b><u>Liquidity</u></b>			
Current Ratio	Current assets/current liabilities	1.3	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.6
<b><u>Revenue Management</u></b>			
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	67.8%	46.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		67.8%	46.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.9%	14.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	15.0%	10.0%
<b><u>Creditors Management</u></b>			
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%
Creditors to Cash and Investments		44.1%	92.6%
<b><u>Other Indicators</u></b>			
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	27.0%	24.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	34.0%	30.0%

Employee costs	Employee costs/(Total Revenue - capital revenue)	34.5%	33.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40.3%	39.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.3%	3.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.0%	2.9%
<b><u>IDP regulation financial viability indicators</u></b>			
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	27.9	30.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	44.2%	58.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.7	2.0

### 2.3.1 **The Mix of Expenditure Types**

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

**2012/2013 Statement of Financial Performance- Budget Expenditure**

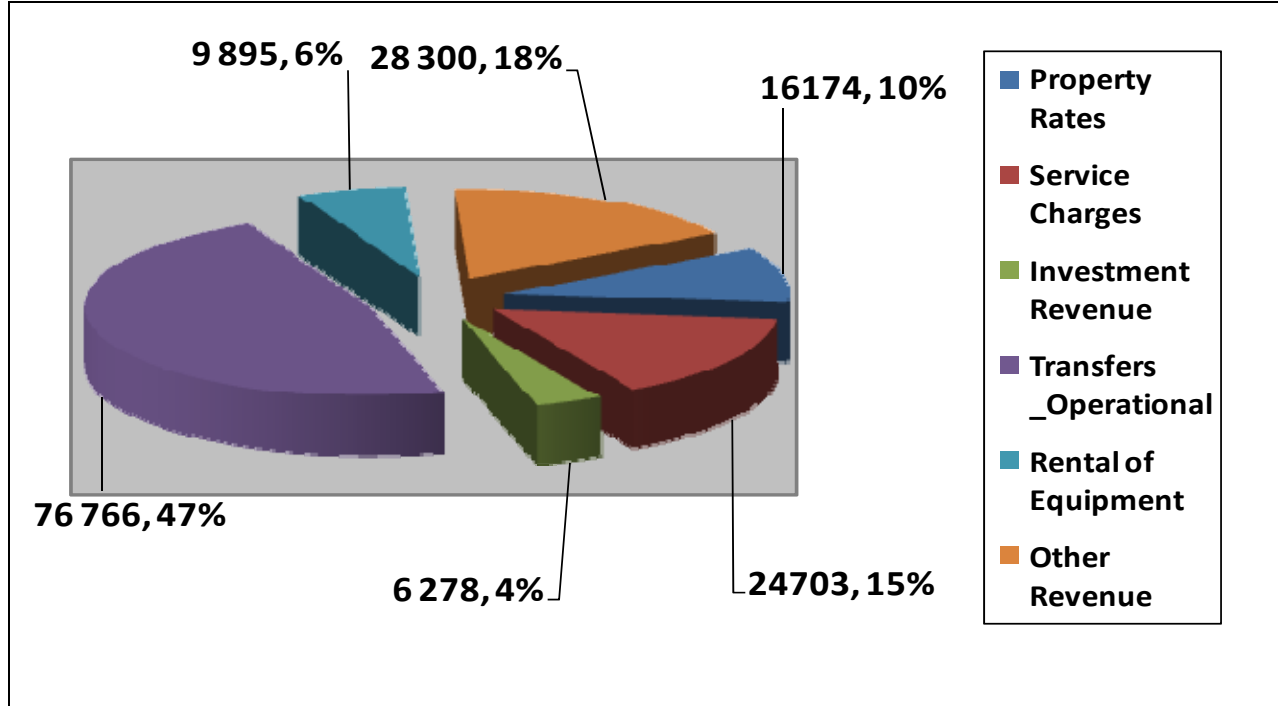


**2.3.2 The Mix of Revenue Sources**

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

**2012/2013 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 May 2012:

- Rates Policy;

### **Policies reviewed and authorized as appropriate to inform budget framework**

- 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;
- Tariff Policy
- Fleet Management
- Indigent Support
- SCM Policy
- Subsistence and Travelling Policy
- 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:

	2012/13	2013/2014	2014/2015
<b>Income</b>	%	%	%
Refuse Tariff Increase	5.9	5.6	5.4
Property Rates Increase	5.9	5.6	5.4
Electricity Tariff Increase	11.03	8.2	8.2
Water Tariff Increase	5.9	5.6	5.4
Sanitation Tariff Increase	5.9	5.6	5.4
Revenue collection rates	79.5	85	88
<b>Expenditure</b>			
Total Expenditure Increase allowed (excluding repairs and maintenance)	5.4	5.6	5.4
Salary increase	5	5.6	5.4
Increase in repairs and maintenance	14.9	5.6	5.4
Increase in bulk purchase of power costs	16	5.6	5.4



## 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:

Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>											
Property rates	2	3 549	8 733	12 053	11 506	11 506	11 506	–	16 174	17 079	18 002
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	2 840	10 890	9 503	12 559	12 559	12 559	–	13 542	14 653	15 854
Service charges - water revenue	2	–	6 180	6 968	5 769	5 769	5 769	–	6 110	6 452	6 800
Service charges - sanitation revenue	2	–	–	353	1 309	1 309	1 309	–	1 380	1 457	1 539
Service charges - refuse revenue	2	–	5 135	5 580	5 915	5 915	5 915	–	3 671	3 876	4 086
Service charges - other											
Rental of facilities and equipment			735	8 671	712	712	712		9 895	10 476	11 090
Interest earned - external investments			3 420	2 500	2 655	2 655	2 655		2 798	2 955	3 115
Interest earned - outstanding debtors			5 916	150	3 552	3 301	3 301		3 480	3 675	3 873
Dividends received			609	–	–	–	–			–	–
Fines				73	78	78	78		388	410	432
Licences and permits				2 001	1 973	1 773	1 773		1 877	1 982	2 089
Agency services				9 326	9 903	9 903	9 903		10 461	11 047	11 644
Transfers recognised - operational		54 889	64 065	52 021	67 502	67 502	67 502		76 766	81 890	88 666
Other revenue	2	26 808	9 116	18 557	25 918	34 555	34 555	–	15 574	10 907	8 264
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>88 085</b>	<b>114 799</b>	<b>127 755</b>	<b>149 350</b>	<b>157 537</b>	<b>157 537</b>	<b>–</b>	<b>162 116</b>	<b>166 860</b>	<b>175 453</b>

### 2.6.1.2 Funding of capital expenditure

Choose name from list - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
<b>Funded by:</b>											
National Government		10 356	17 565	17 746	22 343	22 343	22 343		26 890	32 312	38 890
Provincial Government							-				
District Municipality							-				
Other transfers and grants						25 372	25 372				
Transfers recognised - capital	4	10 356	17 565	17 746	22 343	47 715	47 715	-	26 890	32 312	38 890
Public contributions & donations	5			16 887	14 893		-				
Borrowing	6						-				
Internally generated funds		6 102	16 964	12 008	6 845	9 142	9 142		3 730	1 353	2 213
<b>Total Capital Funding</b>	7	16 458	34 529	46 641	44 081	56 857	56 857	-	30 620	33 665	41 103

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

Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>	-	-								
Cash/cash equivalents at the year end - R'000	18(1)b	1	27 896	18 088	24 910	24 910	27 896	24 652	29 545	38 389
Cash + investments at the yr end less applications - R'000	18(1)b	2	9 154	8 260	44 877	44 877	-	31 342	27 528	24 853
Cash year end/monthly employee/supplier payments	18(1)b	3	3.7	2.0	2.7	2.7	-	2.5	2.8	3.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	29 905	44 131	56 977	56 977	-	30 620	34 016	41 104
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	5.4%	1.5%	(6.0%)	(6.0%)	(106.0%)	4.3%	0.5%	0.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	46.7%	68.6%	78.2%	78.2%	0.0%	79.1%	84.6%	88.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	30.0%	32.8%	24.0%	24.0%	0.0%	14.2%	14.1%	14.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	98.1%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(0.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10						100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	81.7%	15.7%	55.7%	0.0%	(100.0%)	(9.5%)	(54.7%)	(90.8%)
Long term receivables % change - incr(decr)	18(1)a	12	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	3.2%	3.3%	6.0%	6.0%	0.0%	5.9%	5.3%	4.7%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### 2.6.3 Particulars of Property Valuations, Tariffs and other Charges

EC141 Elundini -  
Supporting Table SA13  
Property rates by category  
(budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.
<b><u>Budget Year 2010/11</u></b>																
<b><u>Valuation:</u></b>																
No. of properties		6 745	2	14	405	215	695	168		9	1			3		
No. of sectional title property values																
No. of unreasonably difficult properties s7(2)																
No. of supplementary valuations		22		2												
Supplementary valuation (Rm)																
No. of valuation roll amendments		7		1	200											
No. of objections by rate-payers		68		28	387	1										
No. of appeals by rate-payers																
No. of appeals by rate-payers finalised																
No. of successful objections	5	68		28	200											
No. of successful objections > 10%	5	42		18	1											
Estimated no. of properties not valued		100		28	12											
Years since last valuation (select)		>5	>5	>5	>5	>5	>5	>5		>5	>5			>5		
Frequency of valuation (select)		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used (select)		Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.		Market Land & impr.	Market Land & impr.			Market Land & impr.		
Base of valuation (select)																
Phasing-in properties s21 (number)																
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)		No	No	No	No	No	No	No		No	No			No		
Is balance rated by uniform rate/variable rate?		Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable



<b>Valuation reductions:</b>																		
Valuation reductions-public infrastructure (Rm)								510										
Valuation reductions-nature reserves/park (Rm)																		
Valuation reductions-mineral rights (Rm)																		
Valuation reductions-R15,000 threshold (Rm)	2	18																
Valuation reductions-public worship (Rm)		9																
Valuation reductions-other (Rm)	2																	
<b>Total valuation reductions:</b>																		
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																	
<b>Rating:</b>																		
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												
<b>Total rebates, exemptns, reductns, discs (R'000)</b>																		

## 2.6.4 Estimated Collection Levels

The collection rate has been modeled around 85% for the 2013/2013 financial year, increasing to 85% for 2013/14 and 88% for the 2014/2015 financial year respectively..

## 2.6.5 Particulars of Monetary Investments held

Choose name from list - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Parent municipality</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		51 089	41 406	22 442	17 088	40 451	40 451	23 652	28 545	37 389
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										
<b>Municipality sub-total</b>	1	51 089	41 406	22 442	17 088	40 451	40 451	23 652	28 545	37 389
<b>Consolidated total:</b>		51 089	41 406	22 442	17 088	40 451	40 451	23 652	28 545	37 389

## 2.7 Expenditure on allocations and grant programmes

### GRANTS RECEIVED

Description	Ref	Current Year 2011/12								2012/13
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
Local Government Equitable Share		31 030	48 462	50 021	64 855	64 855	64 855	73 466	79 520	85 966
Municipal Systems Improvement			735	750	790	790	790	800	870	950
Finance Management			1 000	1 250	1 500	1 500	1 500	1 500	1 500	1 750
EPWP Incentive					357	357	357	1 000	-	-
<b>Total Operating Transfers and Grants</b>	5	31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
<u>Capital Transfers and Grants</u>										
National Government:		22 858	17 565	18 680	23 466	23 466	23 466	28 253	33 749	40 411
Municipal Infrastructure Grant (MIG)		22 858	12 565	18 680	22 466	22 466	22 466	27 253	28 749	30 411
INEG			5 000		1 000	1 000	1 000	1 000	5 000	10 000
<b>Total Capital Transfers and Grants</b>	5	22 858	17 565	18 680	23 466	23 466	23 466	28 253	33 749	40 411
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		53 888	67 762	70 701	90 968	90 968	90 968	105 019	115 639	129 077

## EXPENDITURE INCURRED AGAINST GRANTS

Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
EXPENDITURE:	1									
-										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
Local Government Equitable Share		31 030	48 462	50 021	64 855	64 855	64 855	73 466	79 520	85 966
Municipal Systems Improvement			735	750	790	790	790	800	870	950
Finance Management			1 000	1 250	1 500	1 500	1 500	1 500	1 500	1 750
EPWP Incentive					357	357	357	1 000	-	-
Total operating expenditure of Transfers and Grants:		31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		22 858	17 565	18 680	23 466	23 466	23 466	28 253	33 749	40 411
Municipal Infrastructure Grant (MIG)		22 858	12 565	18 680	22 466	22 466	22 466	27 253	28 749	30 411
INEG			5 000		1 000	1 000	1 000	1 000	5 000	10 000
Total capital expenditure of Transfers and Grants		22 858	17 565	18 680	23 466	23 466	23 466	28 253	33 749	40 411
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		53 888	67 762	70 701	90 968	90 968	90 968	105 019	115 639	129 077

## GRANTS RECONCILIATION

Choose name from list - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
Conditions met - transferred to revenue		31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>		31 030	50 197	52 021	67 502	67 502	67 502	76 766	81 890	88 666
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	13 994	13 994	41	41	41	-	-	-
Current year receipts		22 858	12 565	13 680	23 466	23 466	23 466	28 253	33 749	40 411
Conditions met - transferred to revenue		8 864	12 565	27 633	23 507	23 507	23 507	28 253	33 749	40 411
Conditions still to be met - transferred to liabilities		13 994	13 994	41	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		12 026	12 026	10 113	15 292	15 292	15 292	4 713	-	-
Current year receipts		-	14 349	28 679	23 372	13 629	13 629	-	-	-
Conditions met - transferred to revenue		-	16 261	23 500	38 664	24 208	24 208	4 713	-	-
Conditions still to be met - transferred to liabilities		12 026	10 114	15 292	-	4 713	4 713	-	-	-
<b>Total capital transfers and grants revenue</b>		8 864	28 826	51 133	62 171	47 715	47 715	32 966	33 749	40 411
<b>Total capital transfers and grants - CTBM</b>	2	26 020	24 108	15 333	-	4 713	4 713	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		39 894	79 023	103 154	129 673	115 217	115 217	109 732	115 639	129 077
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		26 020	24 108	15 333	-	4 713	4 713	-	-	-

## **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

Choose name from list - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
		A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>	1									
Basic Salaries and Wages		4 828	5 214	5 226	5 655	5 655	5 655	6 130	5 988	6 348
Pension and UIF Contributions		48	49					64	62	66
Medical Aid Contributions									-	-
Motor Vehicle Allowance		2 215	2 480	1 747	1 890	1 890	1 890	2 048	2 001	2 121
Cellphone Allowance			343	400	434	433	433	413	403	428
Housing Allowances										
Other benefits and allowances				54	659	659	659	56	55	59
<b>Sub Total - Councillors</b>		7 092	8 086	7 427	8 638	8 637	8 637	8 711	8 510	9 021
% increase	4		14.0%	(8.1%)	16.3%	(0.0%)	-	0.9%	(2.3%)	6.0%
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages		2 246	2 358	3 095	3 349	3 875	3 875	3 489	3 684	3 883
Pension and UIF Contributions					-			9	10	11
Medical Aid Contributions			5		-				-	-
Overtime		1 258	1 273	902	976					
Performance Bonus				60		537	537	554	585	617
Motor Vehicle Allowance				334	361	1 182	1 182	902	952	1 004
Cellphone Allowance		3 459	336	496	537			48	51	53
Housing Allowances		3 5		5	5	490	490	334	353	372
Other benefits and allowances		3				274	274		-	-
Payments in lieu of leave									-	
Long service awards										
Post-retirement benefit obligations		6								
<b>Sub Total - Senior Managers of Municipality</b>		3 968	3 972	4 892	5 228	6 358	6 358	5 336	5 635	5 939
% increase	4		0.1%	23.2%	6.9%	21.6%	-	(16.1%)	5.6%	5.4%

<b><u>Other Municipal Staff</u></b>											
		14									
Basic Salaries and Wages	857	21 742	26 745	32 034	34 578	34 578	30 263	31 958	33 683		
		2									
Pension and UIF Contributions	091	2 919	2 060	1 764	1 764	1 764	5 148	5 436	5 730		
Medical Aid Contributions	855	1 919	4 233	4 233	4 233	4 233	2 412	2 547	2 684		
		1									
Overtime	291	2 756	1 579	1 668	645	645	60	63	67		
Performance Bonus	240	309	489					-	-		
Motor Vehicle Allowance	3	839	932	677	727	1 668	1 668	2 569	2 859		
Cellphone Allowance	3		-	-	645			-	-		
		1									
Housing Allowances	3	927	2 894		727	727	885	934	985		
		2									
Other benefits and allowances	3	606	2 908	3 411	3 287	3 288	3 288	8 404	8 473		
Payments in lieu of leave								-	-		
Long service awards								-	-		
Post-retirement benefit obligations	6										
<b>Sub Total - Other Municipal Staff</b>		24	<b>706</b>	<b>36 379</b>	<b>39 194</b>	<b>44 358</b>	<b>46 903</b>	<b>46 903</b>	<b>49 740</b>	<b>52 124</b>	<b>55 283</b>
<b>% increase</b>	4		<b>47.3%</b>	<b>7.7%</b>	<b>13.2%</b>	<b>5.7%</b>	<b>-</b>	<b>6.0%</b>	<b>4.8%</b>	<b>6.1%</b>	
<b>Total Parent Municipality</b>											
		35	<b>765</b>	<b>48 437</b>	<b>51 513</b>	<b>58 224</b>	<b>61 898</b>	<b>61 898</b>	<b>63 787</b>	<b>66 269</b>	<b>70 244</b>
			<b>35.4%</b>	<b>6.4%</b>	<b>13.0%</b>	<b>6.3%</b>	<b>-</b>	<b>3.1%</b>	<b>3.9%</b>	<b>6.0%</b>	
<b><u>Board Members of Entities</u></b>											
Basic Salaries and Wages											
Pension and UIF Contributions											
Medical Aid Contributions											
Overtime											
Performance Bonus											
Motor Vehicle Allowance	3										
Cellphone Allowance	3										
Housing Allowances	3										
Other benefits and allowances	3										
Board Fees											
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	6										
<b>Sub Total - Board Members of Entities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>% increase</b>	4		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities			-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		35 765	48 437	51 513	58 224	61 898	61 898	63 787	66 269	70 244
% increase	4		35.4%	6.4%	13.0%	6.3%	-	3.1%	3.9%	6.0%
TOTAL MANAGERS AND STAFF	5	28 674	40 351	44 086	49 587	53 261	53 261	55 076	57 759	61 222

## 2.9.1 Composition of Municipal Personnel Employed

Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number		1,2	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	32		32
Board Members of municipal entities	4										
Municipal employees	5										
Municipal Manager and Senior Managers	3		5	-	5	5		5	6		6
Other Managers	7		9	1	4	9	5	4	11	5	6
Professionals			12	7	5	12	7	5	12	7	5
Finance			3	1	2	3	1	2	3	1	2
Information Technology			1		1	1		1	1		1
Roads			1	1	-	1	1		1	1	
Electricity			1		1	1		1	1		1
Other			6	5	1	6	5	1	6	5	1
Technicians			44	36	6	44	42	2	44	42	2
Finance			5	3	1	5	4	1	5	4	1
Spatial/town planning			1	1	-	1	1		1	1	
Information Technology			2	1	1	2	2		2	2	
Roads			6	3	3	6	6		6	6	
Electricity			6	6	-	6	6		6	6	
Other			24	22	1	24	23	1	24	23	1
Clerks (Clerical and administrative)			40	34	6	40	40		40	40	
Skilled agricultural and fishery workers			3	2	1	3	3		3	3	
Craft and related trades			27	12	15	27	27		27	27	
Elementary Occupations			120	111	9	79	79		79	79	
<b>TOTAL PERSONNEL NUMBERS</b>			<b>292</b>	<b>203</b>	<b>83</b>	<b>251</b>	<b>203</b>	<b>48</b>	<b>254</b>	<b>203</b>	<b>51</b>

% increase					(14.0%)	-	(42.2%)	1.2%	-	6.3%
Total municipal employees headcount	6									
Finance personnel headcount	8	38	28	8	38	30	8	38	30	8
Human Resources personnel headcount	8	9	5	4	9	5	4	9	5	4

## 2.10 Monthly Targets for revenue, expenditure and Cashflow

Choose name from list - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium T
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13
<b>Revenue By Source</b>	-													
Property rates		348	348	348	348	348	1 348	1 348	1 348	1 348	1 348	1 348	(1 278)	13 548
Property rates - penalties & collection charges													-	-
Service charges - electricity revenue		129	129	129	129	129	1 129	1 129	1 129	1 129	1 129	1 129	886	13 300
Service charges - water revenue		509	509	509	509	509	509	509	509	509	509	509	509	6 110
Service charges - sanitation revenue		115	115	115	115	115	115	115	115	115	115	115	115	1 380
Service charges - refuse revenue		306	306	306	306	306	306	306	306	306	306	306	2 899	6 264
Service charges - other													-	-
Rental of facilities and equipment		825	825	825	825	825	825	825	825	825	825	825	828	9 899
Interest earned - external investments		233	233	233	233	233	233	233	233	233	233	233	246	2 812
Interest earned - outstanding debtors		290	290	290	290	290	290	290	290	290	290	290	307	3 496
Dividends received													-	-
Fines						32	32	32	32	32	32	32	(355)	1

	32	32	32	32										
Licences and permits	156	156	156	156	156	156	156	156	156	156	156	(712)	1 009	
Agency services	872	872	872	872	872	872	872	872	872	872	872	2 222	11 811	
Transfers recognised - operational	397	397	397	397	397	6 397	6 397	6 397	6 397	6 397	6 397	6 397	76 766	
Other revenue	411	411	411	411	411	1 411	1 411	1 411	1 411	1 411	1 411	14 517	30 043	
Gains on disposal of PPE												-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>13 623</b>	<b>26 582</b>	<b>176 438</b>	
<b>Expenditure By Type</b>														
Employee related costs	789	789	789	789	789	4 789	4 789	4 789	4 789	4 789	4 789	2 395	55 076	
Remuneration of councillors	495	495	495	495	495	495	495	495	495	495	495	3 269	8 711	
Debt impairment	600	600	600	600	600	600	600	600	600	600	600	2 985	9 583	
Depreciation & asset impairment	359	359	359	359	359	359	359	359	359	359	359	(781)	3 171	
Finance charges	15	15	15	15	15	15	15	15	15	15	15	16	179	
Bulk purchases	490	490	490	490	490	1 490	1 490	1 490	1 490	1 490	1 490	(23)	16 362	
Other materials	802	802	802	802	802	802	802	802	802	802	802	3 031	11 850	
Contracted services	523	523	523	523	523	523	523	523	523	523	523	1 283	7 035	
Transfers and grants												-	-	
Other expenditure	240	240	240	240	240	4 240	4 240	4 240	4 240	4 240	4 240	6 875	53 519	
Loss on disposal of PPE												-	-	
<b>Total Expenditure</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>13 312</b>	<b>19 048</b>	<b>165 486</b>	
<b>Surplus/(Deficit)</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>7 533</b>	<b>10 952</b>	
Transfers recognised - capital	241	241	241	241	241	2 241	2 241	2 241	2 241	2 241	2 241	4 967	29 616	
Contributions recognised - capital												-	-	
Contributed assets												-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>552</b>	<b>552</b>	<b>552</b>	<b>552</b>	<b>552</b>	<b>2 552</b>	<b>2 552</b>	<b>2 552</b>	<b>2 552</b>	<b>2 552</b>	<b>2 552</b>	<b>12 500</b>	<b>40 568</b>	
Taxation												-	-	
Attributable to minorities												-	-	
Share of surplus/ (deficit) of associate												-	-	

Surplus/(Deficit)	1	2 552	2 552	2 552	2 552	2 552	2 552	2 552	2 552	2 552	2 552	2 552	12 500	40 568
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**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 last quarter of 2011/2012.

## 2.12 Capital expenditure details

Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
-										
<b>Infrastructure</b>		8 803	15 413	36 756	27 743	47 219	47 219	26 890	32 312	38 890
Infrastructure - Road transport		370	11 727	17 462	21 343	40 316	40 316	25 890	27 312	28 890
<i>Roads, Pavements &amp; Bridges</i>		370	11 727	17 462	21 343	40 316	40 316	25 890	27 312	28 890
<i>Storm water</i>										
Infrastructure - Electricity		130	3 687	19 294	1 000	6 903	6 903	1 000	5 000	10 000
<i>Generation</i>										
<i>Transmission &amp; Reticulation</i>		130	3 687	19 294	1 000	6 903	6 903	1 000	5 000	10 000
Infrastructure - Other		8 303	-	-	5 400	-	-	-	-	-
<i>Waste Management</i>					4 700					
<i>Other</i>	3	8 303	-		700					
<b>Community</b>		47	2 325	1 052	14 893	4 138	4 138	1 260	275	289
Parks & gardens		1	400	18				60	63	67
Community halls		6	1 644	1 034				1 000		
Libraries			161							
Recreational facilities		5			14 893	4 138	4 138	200	211	223
Cemeteries		7	121							
Other		13								
<b>Other assets</b>		7 571	16 790	8 833	1 446	5 500	5 500	2 470	1 079	1 923
General vehicles		2 344	496	1 906		2 700	2 700	1 320	444	467
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		3 282	12 980	173				300		

Computers - hardware/equipment		937	369	570		200	200	600	635	674
Furniture and other office equipment		726	339	299		200	200			782
Abattoirs										
Markets			734	216						
Civic Land and Buildings			833							
Other Buildings			154	5 670						
Other Land			885							
Surplus Assets - (Investment or Inventory)										
Other		282			1 446	2 400	2 400	250		
<b>Intangibles</b>		37	-	-	-	-	-	-	-	-
Computers - software & programming										
Other ( <i>list sub-class</i> )		37	-							
<b>Total Capital Expenditure on new assets</b>	1	16 458	34 529	46 641	44 082	56 857	56 857	30 620	33 665	41 103

Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework
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R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 631	4 421	2 974	5 202	5 649	5 649	6 754	7 133	7 518
Infrastructure - Road transport		1 631	4 421	2 974	2 974	2 978	2 978	3 939	4 160	4 385
<i>Roads, Pavements &amp; Bridges</i>		1 631	4 421	2 974	2 655	2 700	2 700	3 646	3 850	4 058
<i>Storm water</i>		-	-	-	319	278	278	294	310	327
Infrastructure - Electricity		-	-	-	758	915	915	964	1 018	1 073
<i>Transmission &amp; Reticulation</i>					492	650	650	685	723	763
<i>Street Lighting</i>					266	265	265	279	295	311
Infrastructure - Water		-	-	-	860	1 012	1 012	1 067	1 127	1 188
<i>Dams &amp; Reservoirs</i>					300	400	400	422	445	469
<i>Reticulation</i>					560	612	612	645	682	718
Infrastructure - Sanitation		-	-	-	510	543	543	573	605	637
<i>Reticulation</i>					510	543	543	573	605	637
Infrastructure - Other		-	-	-	100	200	200	211	223	235
<i>Waste Management</i>					100	200	200	211	223	235
<b>Community</b>		-	-	-	366	330	330	348	367	387
Parks & gardens					42	20	20	21	22	23
Cemeteries					324	310	310	327	345	364
<b>Investment properties</b>		-	-	-	-	450	450	474	501	528
Housing development										
Other						450	450	474	501	528
<b>Other assets</b>		-	-	-	248	1 940	1 940	2 045	2 159	2 275
General vehicles					212	1 029	1 029	1 085	1 145	1 207
Plant & equipment						440	440	464	490	517
Furniture and other office equipment					36	140	140	148	156	164
Other Buildings						330	330	348	367	387
<b>Total Repairs and Maintenance Expenditure</b>	1	631	4 421	2 974	5 816	8 369	8 369	9 621	10 160	10 708
<i>R&amp;M as a % of PPE</i>		498.3%	8.5%	3.2%	3.3%	6.0%	6.0%	5.9%	5.3%	4.7%
<i>R&amp;M as % Operating Expenditure</i>		1.9%	4.5%	2.6%	4.1%	5.6%	5.6%	6.0%	6.1%	6.1%

## 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** \_\_\_\_\_