

XHARIEP DISTRICT MUNICIPALITY

EXECUTIVE MAYOR'S REPORT

Introduction

For Xhariep District Municipality to survive over the years, the Municipal Council managed to adopt a funded and well balanced budget as a result of financial assistance grants from the Free State Department of Cooperative Governance and Traditional Affairs. Due to the financial constraints that Xhariep District Municipality is currently facing, the municipality will once more have to depend on financial assistance grants.

Status of the budget

Xhariep District Municipality is entirely dependent on Government grants as revenue. The municipality's annual budget for the 2012/2013 financial year amounts to R 66 546 211 (R 67 million) while the Government grants including Financial Assistance amounts to a total of R 65 875 444 (R 66 Million). Own revenue of the Municipality is R 670 767. The municipality's budget is therefore 100% funded.

Political Priorities and linkages to the IDP

The IDP is an all-encompassing plan which provides the framework for development within a municipality. It aims to co-ordinate the work of local and other spheres of government and coherent plans to improve the quality of life for all the people living in the Xhariep District Municipality.

All operating and capital programs in the 2012/2013 medium-term budget have been evaluated and prioritized to ensure that there is alignment to the development strategy of the municipality. The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities.

Link between the IDP and the Budget

In compliance with the Municipal Structures Act (1998) and the Municipal Financial Management Act (2003), Xhariep's budget is informed and aligned to the IDP objectives. The IDP determines and prioritizes the needs of the community. The budgetary allocations for both the capital and operating expenditure are undertaken in a manner that will not only ensure that the IDP outcomes are achieved, but also to ensure that the Municipality's vision is realised. The IDP remains the strategic driver of both the municipality's budget and its Turn Around Strategy.

Material amendments made to the annual budget after the consultation process

As per Section 23(1) of the Municipal Finance Management Act of 2003: "When the annual budget has been tabled, the municipal council must consider any views of -

- (a) the local community; and
- (b) the National Treasury, the relevant Provincial Treasury and any Provincial or National organs of state or municipalities which made submissions on the budget."

There were no significant amendments on the annual budget as a result of comments from the local communities as Xhariep is a district municipality, therefore most comments were directed to the local municipalities.

After consultations with the Financial and Fiscal Commission, Provincial Treasury, the Department of Cooperative Governance and Traditional Affairs and the Director General, material amendments were made on the budget. Basically the budget was significantly reduced by R 14 588 933 and such amendments include:

• Employee related costs	R 7 888 933.40
• IDP review	R 150 000.00
• Disaster Management Plan	R 230 000.00
• ICT Masterplan	R 500 000.00
• Business processes	R 190 000.00
• Buildings (Refuse storage and network cabling)	R 400 000.00
• Land procurement	R 1 400 000.00
• Advertisements	R 500 000.00
• Various office expenses	R 30 000.00
• Public Participation	R 50 000.00
• Youth Development Programmes	R 20 000.00
• LED Marketing Brochures	R 100 000.00
• Financial Statements	R 200 000.00
• Intranet	R 500 000.00
• Financial Management Grant (correction of double allocation)	R 1 250 000.00
• EPWP incentive grant (correction of double allocation)	R 1 000 000.00
• Promotion/Marketing	R 180 000.00
TOTAL	<u>R 14 588 933.40</u>

The following programmes in the IDP are adequately budgeted for:

PLANNING AND DEVELOPMENT DEPARTMENT			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
IDP Review <i>(A new generation of IDP has to be developed)</i>	R 150 000	R 300 000	R 300 000
Disaster Management Plan <i>(A plan to assist in preventing and dealing with disasters)</i>	R70 000	R 0	R 0
Business processes <i>(To ensure better administration of the Planning and Development Department)</i>	R 300 000	R 0	R 0
Arts and Crafts centre machinery <i>(To purchase machinery and stock for cooperatives as well as their training)</i>	R 650 000	R 0	R 0
Upgrading of internal streets <i>(assistance of local municipalities to upgrade their internal streets)</i>	R 1 000 000	R 1 000 000	R 1 000 000
Environmental Management Projects (Environmental Health) <i>(Food quality, water quality monitoring plan, health surveillance of premises e.t.c for the district)</i>	R 700 000	R 700 000	R 700 000
LED and Marketing Brochures/ Promotion <i>(To market and empower small businesses in the district)</i>	R 200 000	R 300 000	R 300 000
LED Trainings	R 400 000	R 200 000	R 200 000

<i>(To provide skills to the local communities as well as enhanced development of SMME's)</i>			
Health and Hygiene education <i>(Greening and cleaning campaigns, hygiene education in schools and Rift Valley within the district)</i>	R 50 000	R 50 000	R 50 000
LED Projects <i>(To improve economic development in the District)</i>	R 3 760 000	R 3 000 000	R 3 000 000
Tourism Awareness <i>(To improve tourist attraction)</i>	R 70 000	R 70 000	R 70 000
District Forums <i>(To promote capacity development and improve on knowledge among members of the municipalities in the district)</i>	R 100 000	R 100 000	R 100 000
Disaster Management conference <i>(The district was requested to host the next [forth coming] conference)</i>	R 50 000	R 50 000	R 50 000
Promotion/Marketing <i>(Planning and Social Development department's promotional materials)</i>	R 150 000	R 250 000	R 250 000
Disaster Management Contributions <i>(Helping communities with disaster relief programmes – Houses, food parcels , blankets)</i>	R 400 000	R 400 000	R 400 000
TOTAL PROJECTS FOR PLANNING SOCIAL AND DEVELOPMENT	R 8 050 000	R 6 420 000	R 6 420 000

GENERAL COUNCIL			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
Public Participation <i>(to give community a say / opportunity on the affairs of the Municipality)</i>	R 450 000	R 500 000	R 500 000
Youth Development Programmes <i>(To arrange and coordinate youth programmes that help young people to be exposed to Job opportunities, establish businesses and be provided studying opportunities)</i>	R 350 000	R 370 000	R 370 000
Special Programmes <i>(Programmes aimed at providing immediate relief and means of support to the youth, the elderly and society in general. These include the charitable activities)</i>	R 200 000	R 200 000	R 200 000
Intergovernmental Relations <i>(Programmes aimed at fostering relations with other spheres of government)</i>	R 60 000	R 60 000	R 60 000
Mayor's Social Responsibility <i>(Mayor's outreach programmes that include Bursaries and Donations)</i>	R 501 000	R 501 000	R 501 000
Mandela Day celebration <i>(A Nationwide programme aimed at volunteering services to the communities)</i>	R 15 000	R 15 000	R 15 000
District AIDS Council <i>(To build up synergy in the fight against HIV/ AIDS in the District – most common message being prevention)</i>	R 80 000	R 80 000	R 80 000
TOTAL PROJECTS FOR GENERAL COUNCIL	R 1 656 000	R 1 726 000	R 1 726 000

BUDGET AND TREASURY OFFICE			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
GRAP Conversion <i>(A statutory financial reporting standards requirement – Good Governance)</i>	R 500 000	R 0	R 0
Consultation <i>(To review and continuously ensure sound and accurate financial management)</i>	R 400 000	R 400 000	R 400 000
TOTAL PROJECTS FOR BUDGET AND TREASURY OFFICE	R 900 000	R 400 000	R 400 000
CORPORATE SERVICES			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
ICT Masterplan <i>(To ensure an efficient ICT system that is in accordance with AG requirements)</i>	R 0	R 500 000	R 0
Intranet <i>(for more effective paperless communication within the municipality)</i>	R 0	R 500 000	R 0
Land <i>(To procure the land on which the municipal offices are built)</i>	R 600 000	R 0	R 0
TOTAL PROJECTS FOR CORPORATE SERVICES	R 600 000	R 1 000 000	R 0

OFFICE OF THE MUNICIPAL MANAGER			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
Promotion and Marketing	R 50 000	R 50 000	R 50 000
Strategic Management (PMS) <i>(statutory financial reporting requirement – Good Governance)</i>	R 250 000	R 100 000	R 100 000
TOTAL PROJECTS FOR OFFICE OF THE MUNICIPAL MANAGER	R 300 000	R 150 000	R 150 000

Trust that you find the report in good order.

Cllr. M.G. Ntwanambi
Executive Mayor

The Honourable Speaker, Cllr Sehanka,
Mayors and Speakers from different Local Municipalities,
Xhariep District and Local Councillors present here,
Municipal Managers and Directors,
Municipal Officials,
Special acknowledgement to the Office of The Auditor-General,
Provincial Treasury and COGTA,
Distinguished guests,
Different Stakeholders, and
the general public in attendance here,
and all protocol observed.

Ladies and Gentlemen!!!!

Madam Speaker, it is a great privilege and an honour to address this sitting of Council on this important occasion - the presentation of the 2012/13 Budget and Integrated Development Plan (IDP).

Manene nama Nenekazi!!!

Xa uRhulumente wabantu ngabantu wayethatha ulawulo ngo 1994, wathabatha izigqibo sokuguqula ubume belilizwe. Phakathi kwezizigqibo kubandakanyeka ukuphuculwa kwempilo yoluntu olungathathi ntweni. Xa sisenza oluhlahlo-lwabiwo mali ayisithelanga ezinqondweni zethu imicelingeni (challenges) orhulumente ba se makhaya kwakunye noluntu lwethu elujongene nayo.

In Xhariep District Municipality, We see the budget as an instrument through which we manage public funds in a way that ensures that we improve the quality of life of our people. We see the budget as an instrument of development and we do this through planning, allocation, control and proper accounting for every cent entrusted to this Local Government.

I must also thank God for giving me the strength to continue discharging my responsibilities. There comes a time in life when people look into each other's eyes and begin to know who you are. I am a type of person who believes in leadership, listening, understanding, respect and honour.

Madam Speaker, 2012 is a historic year not only for South Africans but for the entire African Diaspora and the world celebrated with us on January 08 at Mangaung the 100 years anniversary of the African National Congress, the oldest liberation movement in Africa.

The first president of Ghana Nkwame Nkruma once said “if you do not know where you are coming from you do not know where you are going and if you do not know where you are going, you may end up nowhere”

As we launched the 100 years celebration of selfless struggle at the ANC birth place in Mangaung, memorial lectures on each of the 12 presidents of the ANC are ongoing, each month dedicated to one president and we are proud as Xhariep District to have hosted successful centenary activities in January when we were celebrating the life of president Langalibalele Dube.

The new society as highlighted in the “Freedom Charter” is a response to the legacy of apartheid. This inhuman system institutionalised discrimination and segregation on the basis of race.

It denied the majority to political power and imposed an inequitable socio-economic system.

Madam Speaker, the preamble to the Constitution recognises the injustice of the past; honour those who suffered for justice and freedom of our land; respect those who have worked to build and develop our country and believe that South Africa belongs to all who live in it, united in diversity. Our Constitution recognises and affirms what has been decided in 1955 in Kliptown by the congress of the people where “Freedom Charter” was accepted

Madam Speaker, in the last few weeks we have witnessed what could be termed the direct violation of the dignity of the President of the Republic of South Africa through a portrait displayed in the Goodman’s Gallery depicting the Hon. President in a degrading manner. I honestly view this Madam Speaker as an act against the spirit of our “Freedom Charter” and our Constitution of 1996. We have also seen the reaction of the majority of our people to the portrait which prompted a public debate on the “freedom of expression” against the violation of a person’s dignity. I wish people can be sensitive to our diverse rich cultures when exercising their democratic rights; there are no absolute rights at all and every rights protected in the Constitution are subject to limitations (Section 36 of the Constitution).

We are also gathered here today after the re-election of the Current Premier of the Free State as the Provincial Chairperson of the ANC, this

clearly means that we are assured of assistance from the Provincial Government, because during his time as the Premier and the Chairperson of the ANC in the Province we have enjoyed a very serious assistance in terms of government programmes and financial assistance. We also want to congratulate the successful hosting of the ANC Provincial Conference from the 21st -24th June 2012.

Madam Speaker, Ladies and Gentlemen

For Xhariep District Municipality to survive over the years, the municipal Council managed to adopt a funded and well balanced budget as a result of financial assistance grants from the Free State Department of Cooperative Governance and Traditional Affairs.

We are gathered here today, to table the 2012/2013 Annual Budget and IDP in compliance with the requirements of the Municipal Finance Management Act, Act 56 of 2003. Xhariep's budget is informed and aligned to the IDP objectives.

The IDP determines and prioritises the needs of the communities. The budgetary allocations for both the capital and the operating expenditure are undertaken in the manner that will not only ensure that the IDP outcomes are achieved, but also to ensure that the Municipality's vision is realised.

The 2012/2013 budget was prepared under challenging circumstances. It took a lot of effort and creativity to balance the budget. I specifically want to express my word of gratitude to the Municipal Manager, the Chief Financial Officer, the Finance Department and his staff for working around the clock in ensuring that this budget comes to pass. In the same breath, I extend my thankfulness to the Office of the Premier, Honourable E.S. Magashule, COGTA and Provincial Treasury. As we are all aware, we are faced with tough financial challenges in our District.

The 2012/2013 Budget, Honourable Speaker, maps out the road to the successful implementation of projects and programmes through sound financial management which is crucial for ensuring the financial sustainability of the municipality. We are obliged to deliver services to our people on a financially sustainable basis, and this, we can only

achieve by developing and implementing intervention strategies that enhance continuous improvement in governance and accountability.

The appointment of the Municipal Manager , CFO and Directors is confirmation that this Council is making positive strides and moving towards ensuring that the operating expenditure per directorate will be managed and committed to relevant programmes. The task at hand for these senior managers is to infuse accountability and transparency in our Municipality.

For this coming financial year, tough decisions will be taken to ensure that our actions are geared towards improving the lives of many of our poor people. The task ahead, is:

- re-establish ourselves as one of the leading municipalities,
- work with increased determination to tackle the challenges facing our municipality,
- implement projects and programmes that are budgeted for and linked to our IDP,
- disengage from activities that are not our core business,
- monitor and evaluate service delivery progress,

THE 2012/2013 BUDGET

Madam Speaker, the 2012/2013 budget amounts to **R66 546 211 (R66.5 million)**, the budget comprises of following:

REVENUE

OPERATING REVENUE

Own revenue	: R 671 Thousand
Equitable Share	: R 22.8 Million
Finance Management Grant	: R 1.3 Million
Municipal Systems Improvements Grant	: R 1 Million
EPWP	: R 1 Million
Financial Assistance Grant	: R 39.8 Million

TOTAL REVENUE : **R 66.5 Million**

EXPENDITURE

OPERATING EXPENDITURE

Salaries	: R 35.1 Million
General expenses	: R 15 Million
Repairs and Maintenance	: R 1.7 Million
Operating projects	: R 9.5 Million

TOTAL OPERATING EXPENDITURE : **R 61.4 Million**

CAPITAL EXPENDITURE

Furniture and equipment	: R 1.8 Million
Computers and Laptops	: R 400 Thousand
Buildings	: R 800 Thousand
Motor Vehicle	: R 200 Thousand
Upgrading of internal streets	: R 1 Million
Repayment of Borrowings	: R 362 Thousand
Land	: R 600 Thousand

TOTAL CAPITAL EXPENDITURE : **R 5.1 Million**

OUR PROJECTS THAT ARE INCPORPORATED IN THE ANNUAL BUDGET ARE AS FOLLOWS:

PROJECT DESCRIPTION	AMOUNT
IDP Review (A new generation of IDP has to be developed)	R 150 Thousand
Disaster Management Plan (A plan to assist in preventing and dealing with disasters)	R70 Thousand
Business processes (To ensure better administration of the Planning and Social Development Department)	R 300 Thousand
Arts and Crafts centre machinery (To purchase additional machinery and stock for cooperatives as well as their training. This project will have a long way in assisting small businesses to boost their skills and financial capacity. We hope to assist schools and vulnerable sectors of our society by providing cheaper and locally produced products.)	R 650 Thousand
Upgrading of internal streets (Assistance of local municipalities to upgrade their internal streets. We intend to close potholes and gravelling of internal streets in our local towns. This project will be implemented into phases and towns will be identified in each financial year where the project will be implemented.)	R 1 Million
Environmental Management Projects (Environmental Health) (This financial year our environmental health practitioners will be visible in all areas conducting health awareness campaigns in areas of food quality, water quality and health surveillance premises. This financial year we intend to pass by-laws to enforce compliance with environmental health regulations.)	R 700 Thousand
LED and Marketing Brochures/ Promotion (To market and empower small businesses in the district)	R 200 Thousand
LED Trainings (To provide skills to the local communities as well as enhanced development of SMME's)	R 400 Thousand

<p>Health and Hygiene education (Greening and cleaning campaigns, hygiene education in schools and Rift Valley within the district)</p>	R 50 Thousand
<p>LED Projects (To improve economic development in the District. In our effort to contribute to government's programme of job creation, we intend to utilise this budget to create small scale job opportunities thorough labour intensive methods)</p>	R 3.7 Million
<p>Tourism Awareness (To improve tourist attraction. The district will embark on joint programmes to host international events like the Annual Free State detour, Biker's rally, the Blitz Bokke, Water and Wine and Lacufe festivals)</p>	R 70 Thousand
<p>District Forums (To promote capacity development and improve on knowledge among members of the municipalities in the district)</p>	R 100 Thousand
<p>Disaster Management conference (To mitigate disaster occurrences, the district will host the next forth coming conference which also attracts national and international audience)</p>	R 50 Thousand
<p>Promotion/Marketing (Planning and Social Development department's promotional materials)</p>	R 150 Thousand
<p>Disaster Management Contributions (Helping communities with disaster relief programmes – Houses, food parcels , blankets)</p>	R 400 Thousand
<p>Public Participation (To give community a say / opportunity on the affairs of the Municipality)</p>	R 450 Thousand
<p>Youth Development Programmes (To arrange and coordinate youth programmes that help young people to be exposed to Job opportunities, establish businesses and be provided studying opportunities)</p>	R 350 Thousand
<p>Special Programmes (Programmes aimed at providing immediate relief and means of support to the youth, the elderly)</p>	R 200 Thousand

and society in general. These include the charitable activities)	
Intergovernmental Relations (Programmes aimed at fostering relations with other spheres of government)	R 60 Thousand
Mayor's Social Responsibility (Mayor's outreach programmes that include Bursaries and Donations. To complement the programmes of The Office of the Premier and the Provincial Government, some of this amount will be used to offer bursaries to equally deserving learners to enhance their skills and expertise in different fields of study, particularly on scarce skills.)	R 501 Thousand
Mandela Day (A Nationwide programme aimed at volunteering services to the communities. All District employees and a selected community will embark on a community based programme.)	R 15 Thousand
District AIDS Council (To build up synergy in the fight against HIV/AIDS in the District – most common message being prevention)	R 80 Thousand
Promotion and Marketing (This is aimed at promoting our corporate image and identity. We have a corporate duty to build the brand of this municipality.)	R 50 Thousand
Strategic Management (PMS) (it is a statutory financial reporting requirement to promote Good Governance)	R 250 Thousand
GRAP Conversion (it is a statutory financial reporting standards requirement to promote Good Governance)	R 500 Thousand
Consultation on financial processes (To review and continuously ensure sound and accurate financial management)	R 400 Thousand
Land (The municipality must have a title deed registered with The Office of the Surveyor-General, as it is per the opinion of the Auditor-General.)	R 600 Thousand
TOTAL PROJECTS AMOUNTS TO:	R 11.5 Million

Madam Speaker I present this budget to the Council after it had gone through for public consultation with various communities within the jurisdiction of Xhariep District Municipality for communities to input and better understand what is valued within themselves so as to enable us to make informed decisions.

I therefore recommend that Council takes note and approves final budget and IDP for 2012/ 2013 financial year with the following:

- Budgeted Financial Performance (revenue and expenditure by standard classification).
- Budgeted Financial Performance (revenue and expenditure by municipal vote).
- Budgeted Financial Performance (revenue by source and expenditure by type).
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- Budgeted Financial Position.
- Budgeted Cash Flows.
- Cash backed reserves and accumulated surplus reconciliation.
- Asset management.
- Basic service delivery measurement.

The rental rates contained in the tariff policy to be imposed for the budget year 2012/2013.

The budget related policies for the 2012/2013 financial year.

The IDP with its programmes, projects and timeframes.

Madam Speaker

In my Conclusion

Having fully taken up my responsibilities as the Executive Mayor, I can state without any fear of contradiction, that as the servant of the people of Xhariep, the journey that is aimed at bringing about the much needed social, economic and political developments in our District continues.

I am overwhelmed by the positive contributions received from the communities during our interactions and budget consultation meetings though the attendance to some of the budget meetings was not satisfying. I therefore, once more, pledge my competence and knowledge to this municipality, and will strive to implement and develop the ideal freedom to

ensure that adequate services are delivered to our people irrespective of their economic, political or social status.

My appreciation goes to all the officials who participated in the budget process and the compilation of the budget. To fellow councillors – let us not shy away from our oversight role so that each one of us, who is bestowed with a financial responsibility in this institution, is prevented from “taking chances” – spending money irregularly and on nice to haves but direct funds where they are needed most – to the provision of quality services.

My late senior comrades who were once Leaders during the apartheid era, one day advised me as I grew up and involved myself in politics that: **“If you get into a position of leadership, give your commitment without any reservations and if you cannot, get out and relinquish such position, for you will never lead properly.”**

I intend leading by these words of wisdom.

Thank you!!!!

OFFICE OF THE EXECUTIVE MAYOR

29 June 2012

Submission to Council

FINAL ANNUAL BUDGET PRESENTATION FOR THE 2012/2013 FINANCIAL YEAR

Purpose

Purpose of this submission is to present to Council, Xhariep District Municipality's Final Annual Budget for the 2012/2013 financial year.

Background

1) **The Municipal Finance Management Act (MFMA) Section 16, stipulates that:**

Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Discussions

In compliance with Section 16 of the MFMA, the Executive Mayor hereby presents to council, Xhariep District Municipality's 2012/2013 financial year budget for approval.

Financial Implication

A funded 2012/2013 final annual budget of R 66 546 121 (R 67 Million).
For the Xhariep District Municipality to pass an annual budget, the Executive Mayor and the Municipal Manager must request a top-up funding from the Provincial Government.

Legal Implication

Compliance to Section 16 of the Municipal Finance Management Act No.56 of 2003.

Other Parties Consulted

The Provincial Treasury Department
The Accounting Officer
All Directors
All Managers

Recommendations:

- (a) That the Council takes note and approves the 2012/2013 final annual budget with the following:
- Budgeted Financial Performance (revenue and expenditure by standard classification).
 - Budgeted Financial Performance (revenue and expenditure by municipal vote).
 - Budgeted Financial Performance (revenue by source and expenditure by type).
 - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
 - Budgeted Financial Position.
 - Budgeted Cash Flows.
 - Cash backed reserves and accumulated surplus reconciliation.
 - Asset management.
 - Basic service delivery measurement.
- (b) That Council approves the rental rates contained in the tariff policy to be imposed for the budget year 2012/2013.
- (c) That Council approves the budget related policies for the 2012/2013 financial year.

Cllr. M.G. Ntwanambi
Executive Mayor

MINUTES OF AN ORDINARY COUNCIL MEETING OF XHARIEP DISTRICT MUNICIPALITY HELD ON THE 29TH JUNE 2012, AT 09:00, AT XHARIEP DISTRICT MUNICIPAL COUNCIL CHAMBER, TROMPSBURG

COUNCILLORS IN ATTENDANCE

ACTING SPEAKER

Cllr SA Sola

EXECUTIVE MAYOR

Cllr MG Ntwanambi

ALPHABETICAL LIST OF COUNCILLORS

1. Cllr NS Jafta
2. Cllr MM Khotlele
3. Cllr MG Modise
4. Cllr VA Mona
5. Cllr MJ Mphore
6. Cllr ML Sehloho
7. Cllr H Shebe
8. Cllr. NC Spochter

OFFICIALS IN ATTENDANCE

- | | |
|---------------------|------------------------------|
| 1. Mr. TL Mkhwane | Municipal Manager |
| 2. Mr. MM Kubeka | Director: Corporate Services |
| 3. Mr. NE Mokhesuo | Chief Financial Officer |
| 4. Mr. TF Deeuw | Manager: Administration |
| 6. Mr. KS Tsikane | Administrative Officer |
| 7. Mrs. NY Augustus | Administrative Officer |

LIST OF INVITED GUESTS

APOLOGIES

Councilor

Cllr MJ Sehanka	Speaker
Cllr P Dibe	
Cllr I Mehlomakulu	
Cllr AJJ Van Rensburg	
Cllr JJ Makitle	
Cllr M Mohapi	

Item 12.5

REPORTS FROM THE OFFICE OF THE EXECUTIVE MAYOR

Item 12.5.1

PRESENTATION OF THE FINAL INTEGRATED DEVELOPMENT PLAN (IDP) FOR 2012/2017

The Executive presented the final IDP for 2012/2017 to the meeting. He pointed out that Council is required to consider and approve the IDP together with the annual budget as the IDP informs the budget. After consideration of the report the Council unanimously;

Resolved

- a) that the Council approves the final IDP for 2012/17 with all its programs, plans and time frames.

Item 12.5.2

FINAL ANNUAL BUDGET PRESENTATION FOR THE 2012/2013 FINANCIAL YEAR

The Executive Mayor presented his budget speech for 2012/2013 financial year. He informed the members that the 2012/2013 annual budget and the IDP are tabled before Council in compliance with the requirements of Municipal Finance Management Act, Act 56 of 2003. He further indicated that this budget is informed and aligned to achieve the objectives set in the IDP as the IDP determines and prioritizes the needs of the communities.

He thanked the Office of Premier, Honourable ES Magashule, the Provincial Department of Cooperative Governance and Traditional Affairs (COGTA) and Provincial Treasury for the financial assistance they have given the Municipality to cover for budget deficit. He informed the house that the total budget for 2012/2013 amounts to R66 546 21.

The Executive Mayor inquired whether the Municipal Manager has received a letter that confirms that COGTA would assist the Municipality with the budget shortfall. The Municipal Manager informed the Council that his office has received a confirmation letter for financial assistance from COGTA. After consideration of the report, the Council unanimously;

Resolved

- a) that the Council takes note and approves the 2012/2013 final annual budget with the following
 - Budgeted Financial performance (revenue and expenditure by standard classification)
 - Budgeted Financial performance (revenue and expenditure by municipal vote)
 - Budgeted Financial performance (revenue by source and expenditure by type)
 - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - Budgeted financial position
 - Budgeted Cash flows
 - Cash backed reserves and accumulated surplus reconciliation

- Asset management
 - Basic service delivery measurement
- b) that Council approves the rental rates contained in the tariff policy to be imposed for the budget year 2012/2013
- c) that Council approves the budget related policies for the 2012/2013 financial year.

Item 13
CLOSING

The Acting Speaker, SA Sola officially closed the meeting and thanked everybody for their corporation.

Signed at.....on this..... day of.....month of 2012

CLLR MJ SEHANKA
SPEAKER

XHARIEP DISTRICT MUNICIPALITY

1.3 EXECUTIVE SUMMARY FINAL ANNUAL BUDGET: 2012/2013 FINANCIAL YEAR.

1.3.1. Introduction.

Xhariiep District Municipality (XDM) was formally established on 06 December 2001 as a result of Section 21 of the Local Government Municipal Demarcation Act of 1998 whereby all areas of the former LG bodies were re-demarcated and new municipal entities established. The District is made up of four Local Municipalities, namely, Kopanong, Mohokare, Naledi and Letsemeng.

1.3.2. Operational Budget 2012/2013 Financial Year.

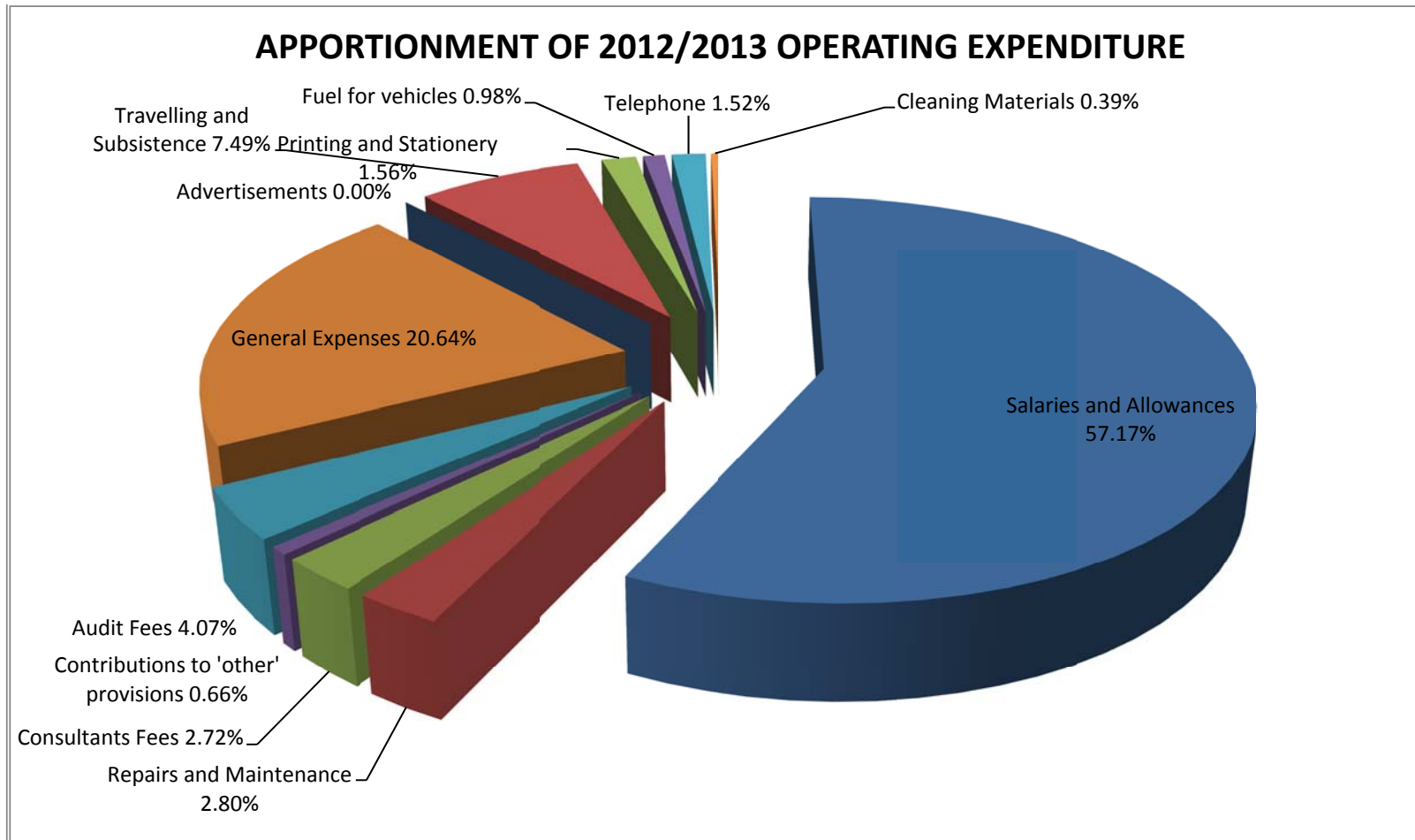
1.3.2.1 Community Consultative Meetings

A series of community participation meetings were convened during April and May 2012 where the community and other stake-holders were briefed on the contents of the current draft budget and IDP as well as the projects. Communities were provided with the opportunity to make inputs, recommendations and concerns. There were no significant issues raised by the communities as Xhariiep is a district municipality. Most comments were aimed at local municipalities as they offer basic services to those communities.

The 2012/2013 operating expenditure per municipal vote and function is as follows:

ITEMS OF EXPENDITURE	COUNCIL	MM	CORP	P&D	BTO	TOTALS
Repairs and maintenance	88 855	30 000	1 440 000	58 000	100 000	1 716 855
Contributions to 'other' provisions	-	-	-	400 000	7 432	407 432
Consultant fees	-	250 000	-	520 000	900 000	1 670 000
Audit fees	-	2 500 000	-	-	-	2 500 000
General expenses	2 064 000	1 028 500	3 389 087	5 672 000	526 767	12 680 354
Advertisements	-	-	-	-	-	-
Travelling and Subsistence	800 000	550 000	1 100 000	1 500 000	650 000	4 600 000
Printing and Stationery	30 000	300 000	160 000	40 000	426 000	956 000
Fuel for Vehicles	250 000	-	350 000	-	-	600 000
Telephone	210 000	85 000	390 000	100 000	150 000	935 000
Cleaning Materials	-	-	240 000	-	-	240 000
Salaries and Allowances	3 113 647	4 503 821	11 656 736	8 007 911	7 837 990	35 120 105
TOTAL	6 556 502	9 247 321	18 725 823	16 297 911	10 598 189	61 425 746

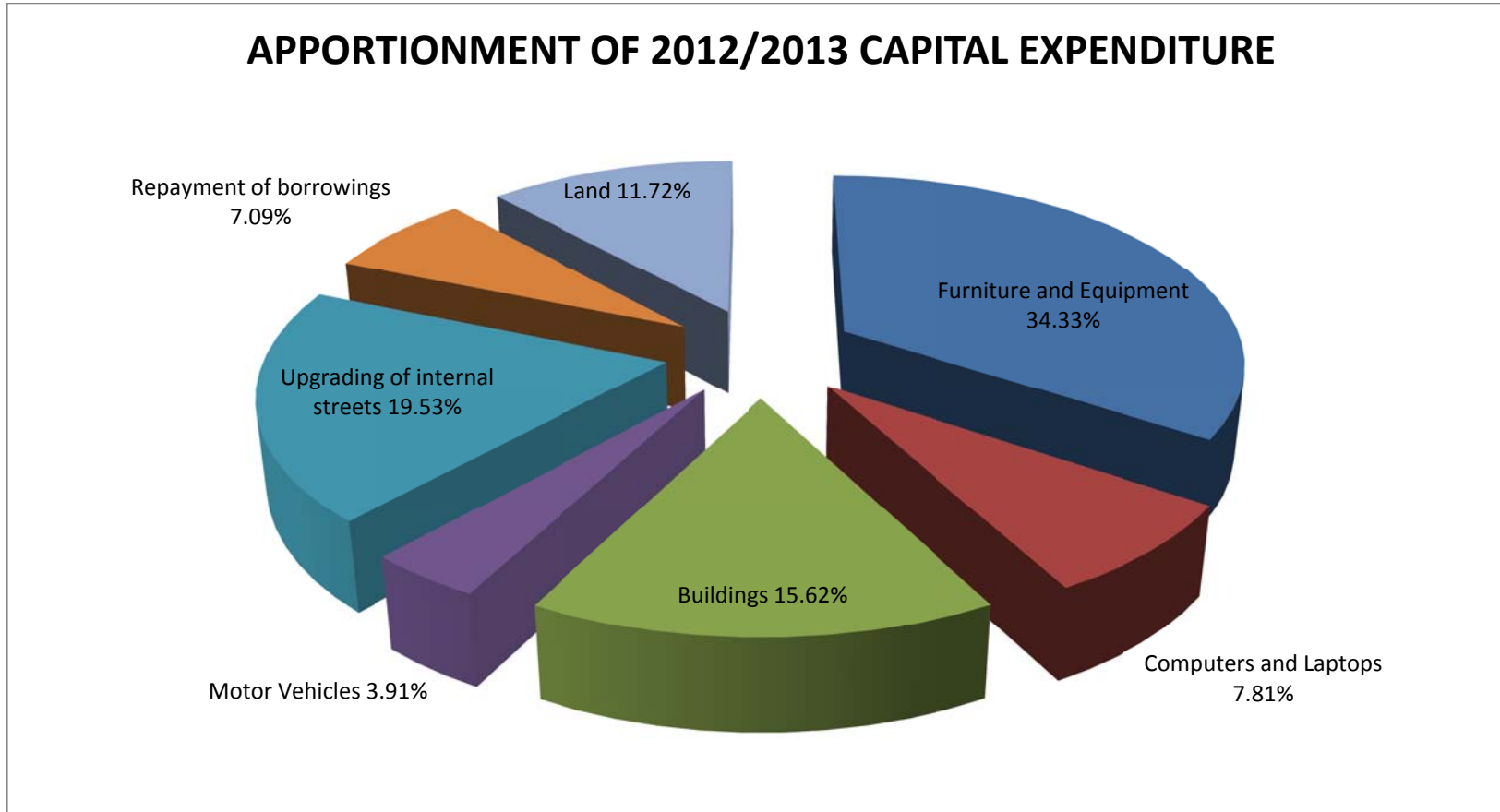
CHART: PERCENTAGE APPORTIONMENT OF 2012/2013 OPERATING EXPENDITURE



1.3.2.3 Summary of 2012/2013 Capital Expenditure

ITEMS OF EXPENDITURE	COUNCIL	MM	CORP	P&D	BTO	TOTALS
Furniture and Equipment	85 000	20 000	370 000	870 000	412 606	1 757 606
Computers and Laptops	-	20 000	300 000	20 000	60 000	400 000
Buildings	-	-	800 000	-	-	800 000
Motor Vehicles	-	-	200 000	-	-	200 000
Upgrading of internal streets	-	-	-	1 000 000	-	1 000 000
Provincial Infrastructure Grant	-	-	-	-	-	-
Repayment of borrowings	-	-	-	-	362 859	362 859
Land	-	-	600 000	-	-	600 000
TOTAL	85 000	40 000	2 270 000	1 890 000	835 465	5 120 465

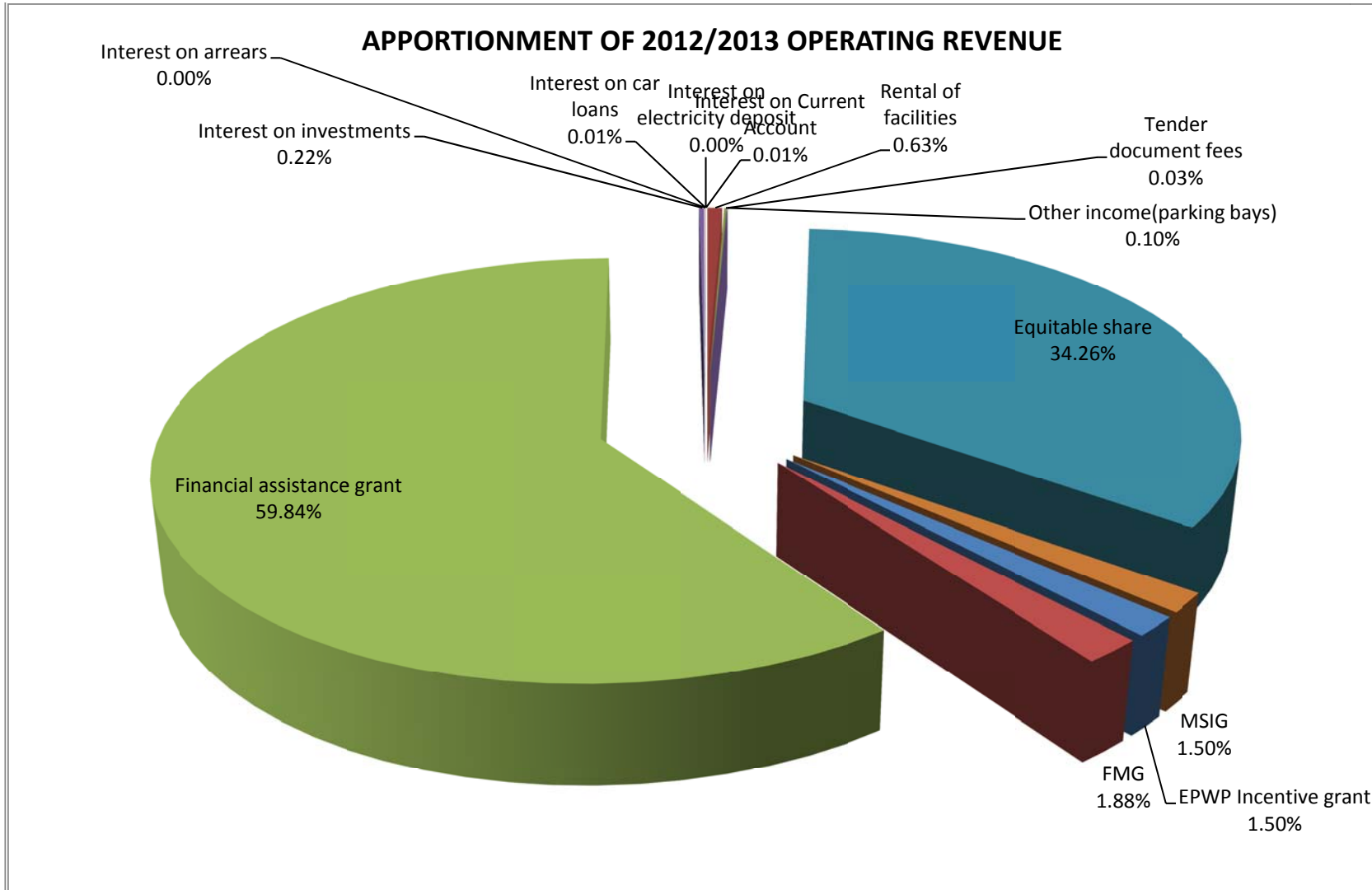
CHART: PERCENTAGE APPORTIONMENT OF 2012/2013 CAPITAL EXPENDITURE



1.3.2.4 Summary of 2012/2013 Operating Revenue

REVENUE ALLOCATIONS	Municipal Manager	Corporate Services	Planning & Development	Budget & Treasury	TOTALS
Interest on Current Account	-	-	-	8 000	8 000
Interest on Investments	-	-	-	146 667	146 667
Interest on arrears	-	-	-	-	-
Interest on car loans	-	-	-	7 432	7 432
Interest on electricity deposit	-	-	-	3 326	3 326
Rental facilities	-	419 078	-	-	419 078
Other income (parking bays)	6 136	27 610	11 657	12 271	66 264
Tender document fees	1 852	8 333	3 518	3 704	20 000
Equitable Share	2 111 296	9 500 833	4 011 463	4 222 593	22 802 000
MSIG	250 000	250 000	-	250 000	1 000 000
EPWP Incentive Grant	-	-	1 000 000	-	1 000 000
SUB TOTAL	2 369 284	10 205 854	5 026 638	4 653 993	25 472 767
FMG	-	-	-	1 250 000	1 250 000
FS COGTA Financial Assistance	3 687 356	16 593 102	7 005 976	7 374 712	39 823 444
TOTAL	6 056 640	26 798 956	12 032 614	13 278 705	66 546 211

CHART: PERCENTAGE APPORTIONMENT OF 2012/2013 OPERATING REVENUE



Xhariep District Municipality's business and service delivery priorities were reviewed as this year's planning and budgeting process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditure on non-essential and 'nice to have' items. This resulted in savings to the municipality of R 14.5 million to the draft budget. Key areas where savings were realised are; salaries, consultancy fees, cost of land and buildings and general expenses.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2012/2013 Annual budget.

The main challenges experienced during the compilation of the 2012/2013 Annual budget can be summarised as follows:

- Proper funding of the budget of the municipality.
- The need to reprioritise projects and expenditure within the existing resources given the cash flow realities.

The following budget principles and guidelines directly informed the compilation of the 2012/2013 Annual budget:

The 2011/2012 Adjustments Budget priorities and targets

There will be no budget allocated to national and provincially funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act

The expenditure summarised above was supported by a list and motivation setting out the intention and costs of the expenditure which was used to prioritise expenditure.

Overview of the Revenue and Expenditure

Total operating revenue has declined by 21 per cent or R18 million for the 2012/2013 financial year when compared to the 2011/2012 Adjustments Budget. This is mainly as a result of Motheo Asset Share that was granted to the municipality during the 2011/2012 financial year, a recovery of R 1,2 Million for a long outstanding debt that was not provided for in the annual budget for 2011/2012 and interest on investment for investments made from Motheo Asset Share just to name the significant areas.

Expenditure (both capital and operational) have also significantly declined from the 2011/2012 Adjustments budget to the 2012/2013 annual budget due to the reasons mentioned above. A significant amount of funds were allocated to assist in Local municipalities. Capital expenditure mainly includes Procuring of land, machinery for the Arts and Crafts centre to improve the skills of SMME's, cabling, motor vehicles for operational purposes as well as the necessary office equipment.

Uses of external mechanisms

Xhariep District Municipality uses external mechanisms, in almost all instances, within one financial year and are therefore appointed in the financial year in which their services are required. External mechanisms will be used in the 2012/2013 financial year.

External mechanisms will mainly be used for:

IDP Review
Disaster Management Plan
GRAP Conversion
Performance Management Strategy Development
Review of Finance Processes
Planning and Development Business Process Review

Municipality's priorities and linkages to the IDP

Political Priorities and linkages to the IDP

The IDP is an all-encompassing plan which provides the framework for development within a municipality. It aims to co-ordinate the work of local and other spheres of government and coherent plans to improve the quality of life for all the people living in the Xhariep District Municipality.

All operating and capital programs in the 2012/2013 medium-term budget have been evaluated and prioritized to ensure that there is alignment to the development strategy of the municipality. The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities.

Link between the IDP and the Budget

In compliance with the Municipal Structures Act (1998) and the Municipal Financial Management Act (2003), Xhariep's budget is informed and aligned to the IDP objectives. The IDP determines and prioritizes the needs of the community. The budgetary allocations for both the capital and operating expenditure are undertaken in a manner that will not only ensure that the IDP outcomes are achieved, but also to ensure that the Municipality's vision is realized. The IDP remains the strategic driver of both the municipality's budget and its Turn Around Strategy.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

RISK MANAGEMENT

Xhariep District Municipality has developed and approved a risk management strategy but has not established the Risk Management Committee for managing and monitoring of risks on an ongoing basis. During the period ending 30 June 2011, reports relating to risk management were presented to the Audit Committee. Based on the risk management reports presented, the Committee is satisfied that risk within the Municipality is reasonably managed.

EFFECTIVENESS OF INTERNAL CONTROLS

Based on the reports presented to the Audit Committee by the Internal Audit Unit, the Audit Committee has noted that adequate controls have been established in most areas within the Municipality and have been effective during the financial year ended 30 June 2011.

EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Xhariep District Municipality has established the Internal Audit Unit that is independent of management and reports functionally to the Audit Committee. The three year rolling plan and the Annual audit plan for 2010/11 were prepared and approved by the Audit Committee. The Internal Audit unit has operated effectively during the financial year ended 30 June 2011.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee, after considering the expenditure reports, performance reports, internal audit reports and enquiry to management, reports that no material issues were identified that might affect the financial statements. The Audit Committee further reports that it has reviewed the financial statements for the year-ending 30 June 2011 prior submission to Auditor General.

The Audit Committee reviewed the Audit Plan compiled by Auditor General for the audit of the Xhariep District Municipality financial statements for the financial year ended 30 June 2011 and has discussed the Audit Report on the financial statements with Auditor General. The Audit Committee is in agreement with the opinion issued by Auditor General on the financial statements per se.

PERFORMANCE MANAGEMENT

The District Municipality has established a performance management function and has implemented an effective performance management system during the year ended 30 June 2011.

Disclosure on salaries, allowances and benefits

Xhariep District Municipality's salary bill amounts to R 35 120 104.93 which includes:

Item	Amount
Councillors Allowances:	R 3 113 647
Senior management:	R 3 894 318
Officials:	R 28 112 140
TOTAL	<u>R 35 120 105</u>

The municipality has 5 full-time councillors and 11 part-time councillors. Therefore 5 Councillors receive a monthly allowance and, out of the 11 part-time councillors, only 5 receive a monthly allowance and 6 councillors receive a sitting allowance for sitting in council meetings.

Sitting Allowances are budgeted at R 85 153.68 and the remaining balance is allocated to Salaries, Travelling allowances, Housing allowances, etc.

The budget for senior management includes salaries and allowances, no performance bonus and acting allowance are budgeted for mainly due to financial constraints faced by the municipality.

The budget for officials includes salaries, allowances, a small portion of leave provision for extreme cases where employees resign as well as stand-by allowance as per the collective agreement. Only filled posts are budgeted for in the 2012/2013 annual budget. All vacant posts were not taken into consideration due to lack of adequate funding.

Monthly targets for revenue, expenditure and cash flow

Own revenue is expected to be received generally equally among all months as it includes mainly interest, rental, etc. Government grants are to be received as per the payment schedule that will be distributed in due course. Expenditure is to be similar to the spending pattern in 2011/2012 Financial year as that was the basis for the 2012/2013 Annual budget. Major projects such as procurement of machinery, IDP review, GRAP conversion, LED projects etc will follow programmes established by the different users. The municipality also intends to invest unused funds only for the period in which they will not be utilised in order to earn interest.

XHARIEP DISTRICT MUNICIPALITY

2.1 2012/2013 BUDGET PROCESS

2.1.1. Political Oversight of the budget process

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget. Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans. The following actions are required in terms of Section 53 (1) and (3) of the Act:

The Mayor of the municipality must –

1. (c) take all reasonable steps to ensure—

- (i) that the municipality approves its annual budget before the start of the budget year;
 - (ii) that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget; and
 - (iii) that the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior managers—
 - (aa) comply with this Act in order to promote sound financial management;
 - (bb) are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan; and
 - (cc) are concluded in accordance with section 57(2) of the Municipal Systems Act.
- (3) The mayor must ensure—
- (a) that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan; and
 - (b) that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the council and the MEC for local government in the province.

2.1.2. Budget Process

The IDP and Budget development process is integrated, consistent and undertaken as part of a continuous cycle of planning, implementation and monitoring. In February 2012, the Xhariep District Municipality Council approved the amended IDP Process Plan and Budget Schedule, detailing the process for the IDP review and Budget development for the 2012/2013 MTREF period. In March 2012, a Draft Budget for 2012/2013 was tabled before Xhariep District Municipality's Council.

2.1.3. Community and stakeholder consultation

Consultative meetings were as scheduled in one town of each of the four local municipalities to reach most of our communities and stakeholders. During these meetings, a platform was provided to all members to raise concerns, give inputs and recommendations. There were no significant issues that arose for the review of the Draft IDP and Draft Budget as concerns raised were mainly relevant to local municipalities.

2.1.4. Municipal Staff

Consultative meetings were held with members of staff where all staff members were given a platform to give inputs and recommendations over and above the draft budget consultative meetings. These inputs and recommendations were, where possible, incorporated into the operating and capital budgets.

2.1.5. Tabling of budget

The annual budget and IDP is tabled before Council during an Ordinary Council meeting that is held on 29 June 2012 in Trompsburg.

2.1.6. Approval of Budget

The final three-year budget for the 2012/2013, 2013/2014 and 2014/2015 financial years is approved during an Ordinary Council meeting to be held on 29 June 2012.

2.1.7. Flowchart on the budget process

There are basically three different processes in the budgeting cycle running at the same time:

- Reporting on Previous year budget,
- Current year budget implementation, and
- Preparation of the new financial year's budget (including the two following financial year estimates)

Reporting on Previous year budget:

This is mainly done through the compilation of the Annual Financial Statements of the previous financial year, including the Auditor-General's Audit Report. Another example is the different reporting formats to National and Provincial government on the previous year's budget and financial performance.

Current year budget implementation:

Implementation of the budget starts once the budget has been approved. An important document in the implementation of the budget is the Service Delivery and Budget Implementation Plan (SDBIP), which sets out the service delivery targets and performance indicators for the financial year. The SDBIP must be approved within 28 days after the approval of the budget.

Another important aspect is the monitoring and reporting on the current year budget. According to Section 71 of the MFMA, the accounting officer must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement on the state of the municipality's budget. This will enable the mayor to check if the approved budget is implemented in accordance with the SDBIP, consider revisions to the approved budget and identify any financial problems facing the municipality.

Preparation of the new financial year's budget:

There are six distinct steps to the preparation of the new financial year's budget:

*** Planning**

Schedule key dates; establish consultation forums; review previous processes.

*** Strategic**

Review IDP; internal and external consultations; set service delivery objectives for the next 3 years; consult on tariffs, credit control, travel and subsistence policies, etc.; consider local, provincial and national issues; consult previous year's performance and current economic and demographic trends.

*** Preparation**

Prepare revenue and expenditure projections; draft budget policies; consult and consider local, provincial and national priorities; measurement of past and current performance against the budget.

*** Tabling**

Table complete proposed budget, IDP revisions and budget related policies no later than 31 March (90 days before the start of the new budget year) before council; make public the budget as soon as it has been tabled (via website, hard copies and electronic copies); consult with and consider formal local, provincial and national inputs or responses.

*** Approving**

After the Mayor has responded to recommendations and where necessary made revisions to the tabled budget, full council must meet no later than 31 May (30 days before the start of the new budget year) to consider the budget for approval. Council has to approve the budget and related policies before the start of the new financial year. Should the municipality fail to approve a

budget before the start of the budget year, the mayor must inform the MEC for Finance immediately.

*** Finalization**

Publish and approve SDBIP and annual performance agreements and indicators 28 days after the approval of the budget. A delegations policy of spending authority on budget votes is also critical for successful budget and monitoring and evaluation.

2.1.8. Schedule of Key Budget Deadlines in terms of Section 21 (1)(b) of the MFMA (Municipal Finance Management Act)

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor tabled the schedule of key deadline on the 31st of August as prescribed in the MFMA. The amended schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, was again tabled in council on the 28 February 2012 as per the request of the Provincial Treasury.

XHARIEP DISTRICT MUNICIPALITY

2.14 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

2.14.1 Introduction

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP.

The SDBIP of Xhariep District Municipality is developed according to the Local Government Turn Around Strategy. It contains the Strategic Focus Areas, projects and sub-projects as well as monthly, quarterly and annual targets and actual performances. The document also reflects Capital and Operational budgets per project and during the 2012/2013 SDBIP will also include quarterly expenditure per project against the allocated budget.

2.14.2 Planning

During the planning phase, the draft SDBIP is developed to be tabled before the Executive Mayor in terms of Section 53(1)(c)(ii) which stipulates that: The Mayor of a municipality must — take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the Mayor within 28 days after the approval of the budget.

2.14.3 Tabling

The draft IDP and draft Budget were tabled before Council on the 29th of March 2012. Consultation with the community and stakeholders were done through budget and IDP hearings and formal Local, Provincial and National inputs and responses were considered in developing the final documents. The final Annual Budget will be tabled before Council on the 29th of June 2012.

2.14.4 Adoption

The Final SDBIP will be provided to the Executive Mayor by the Accounting Officer within 14 days of approval of the Municipal Budget. The Executive Mayor will approve the SDBIP no later than 28 days after the adoption of the municipality's budget.

2.14.5 Publishing

Adopted SDBIP will be made public as soon as the Executive Mayor approves it.

XHARIEP DISTRICT MUNICIPALITY

2.17 DISCLOSURE ON IMPLEMENTATION OF MFMA AND OTHER LEGISLATION

2.17.1 Introduction

The passing of the MFMA into law was a key milestone that had a fundamental impact on municipal financial management that requires transformation in financial discipline and planning processes.

Xhariep District Municipality is classified as a low capacity municipality according to the Government Gazette No 26511 of 1 July 2004. With this classification it was exempt from a number of provisions of the ACT until 1 July 2009. Xhariep District Municipality was however not been waiting for these deadlines and a number of provisions were already implemented. A checklist is compiled on a monthly and quarterly basis to monitor further progress on the implementation of the most important provisions of the act and an annual checklist is compiled for budget documentation.

2.17.2 IDP

The 2012/2013 IDP review process is followed according to the required legislation. The district has further improved and intensified public and other stake-holders participation on the budget and IDP public participation road-shows for the draft and final documents. These were further enhanced by the existence of the dedicated Inter-Governmental Relations in the municipality.

2.17.3 2012/2013 FINAL BUDGET

This 2012/2013 Final Annual Budget has been developed taking the MFMA, Municipal Budget and Reporting Regulations and National Treasury requirements into account. The Draft budget was tabled on 29 March 2012 for Council to consider approving. The final Annual Budget will be approved by council on 29 June 2012. This is in line with the statutory deadline as it is before the start of the budget year.

2.17.4 CAPACITY BUILDING AND FILLING OF VACANT POSTS

Section 54A and 56 positions of the municipality were filled during the 2011/2012 financial year as well as other critical positions within the municipality.

2.17.5 BUDGET AND TREASURY OFFICE

A budget and Treasury Office has in the past financial year been filled to about 76% capacity with staff. Some of the staff members have to undergo training initiatives aimed at enhancing their skills and efficiencies. Most of the appointments were made from within the municipality. Some vacant posts were filled during the 2011/2012 financial year as they were all budgeted for.

2.17.6 AUDIT COMMITTEE

Xhariep District Municipality is using a shared audit committee services. The services are shared by the District together with its local municipalities.

2.17.7 GRAP IMPLEMENTATION

2012/2013 will be the final year in which the GRAP conversion will be implemented; therefore the, municipality will be fully compliant.

2.17.8 IN-YEAR REPORTING AND VAT RETURNS

Reporting obligations to the National and Provincial Treasuries have been met on most occasions during the past financial year. VAT returns have, on most occasions, been lodged on time with the South African Revenue Services (SARS) during the past financial year. The municipality will engage in the procurement processes for VAT reconciliations and verification. The exercises are aimed at reviewing the whole year's returns to ensure maximum revenue enhancement and reconciling such to the VAT Control General Ledger account.

XHARIEP DISTRICT MUNICIPALITY

2.5 ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN

2.5.1 Introduction

Integrated development planning in the South African context is amongst others an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. The budget seeks to implement the strategic decisions in the IDP.

The IDP is the result of a number of planning processes and comprises of a five year period which correlates to the term of the political incumbents.

2.5.2 Summary of Key Priorities for 2012/2013

Based on the analysis the following key priorities were identified for attention during the 2012/2013 IDP review processes. These are also given according to clusters which are adopted from the FS Provincial Growth and Development Strategy and modified to suite municipal reporting and implementation arrangements.

1. Water, Sanitation and Infrastructure.
2. Economic Development and SMME support.
3. Employment creation.
4. Tourism opportunities along NI and Gariep Dam.
5. Emerging farmer strategy and housing backlogs.
6. Financial viability, revenue strategies and organizational capacity of XDM.
7. Education, skills transfer and capacity building.
8. Special programmes: Youth, Women and people with disabilities.
9. Crime prevention.
10. Youth development.

2.5.3 Political Priorities and linkages to the IDP

The IDP is an all-encompassing plan which provides the framework for development within a municipality. It aims to co-ordinate the work of local and other spheres of government and coherent plans to improve the quality of life for all the people living in the Xhariep District Municipality.

All operating and capital programs in the 2012/2013 medium-term budget have been evaluated and prioritized to ensure that there is alignment to the development strategy of the municipality. The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities.

2.5.4 IDP overview and key amendments

To encourage better planning, government has legislated that municipalities must produce Integrated Development Plans (IDP's). The IDP is a five year plan whose principle purpose is to ensure the development of the community in an integrated manner which involves strategic business units within the municipality, relevant strategic stakeholders and the community.

2.5.5 IDP review process and stakeholder participation

The IDP is reviewed on an annual basis in order to inculcate a democratic approach to local governance by ensuring all stakeholders get an opportunity to voice their opinions in influencing the shape, form, direction and pace of development in their localities, however for the 2012/2013 financial year, Xhariep District Municipality has compiled its third generation IDP. The municipality is committed to address the needs of the people and values the inputs from communities and stakeholders.

As set out in the Municipal Systems Act (2000), in the review of the IDP on an annual basis, a stakeholder consultation process is necessary. Of critical importance was for the municipality to ensure that there was thorough consultation with the community and strategic stakeholders.

2.5.6 Link between the IDP and the Budget

In compliance with the Municipal Structures Act (1998) and the Municipal Financial Management Act (2003), Xhariep's budget is informed and aligned to the IDP objectives. The IDP determines and prioritizes the needs of the community. The budgetary allocations for both the capital and operating expenditure are undertaken in a manner that will not only ensure that the IDP outcomes are achieved, but also to ensure that the Municipality's vision is realized. The IDP remains the strategic driver of both the municipality's budget and its Turn Around Strategy.

The following programmes in the IDP are adequately budgeted for:

PLANNING AND DEVELOPMENT DEPARTMENT			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
IDP Review <i>(A new generation of IDP has to be developed)</i>	R 150 000	R 300 000	R 300 000
Disaster Management Plan <i>(A plan to assist in preventing and dealing with disasters)</i>	R70 000	R 0	R 0
Business processes <i>(To ensure better administration of the Planning and Development Department)</i>	R 300 000	R 0	R 0
Arts and Crafts centre machinery <i>(To purchase machinery and stock for cooperatives as well as their training)</i>	R 650 000	R 0	R 0
Upgrading of internal streets <i>(assistance of local municipalities to upgrade their internal streets)</i>	R 1 000 000	R 1 000 000	R 1 000 000
Environmental Management Projects (Environmental Health) <i>(Food quality, water quality monitoring plan, health surveillance of premises e.t.c for the district)</i>	R 700 000	R 700 000	R 700 000
LED and Marketing Brochures/ Promotion <i>(To market and empower small businesses in the district)</i>	R 200 000	R 300 000	R 300 000
LED Trainings <i>(To provide skills to the local communities as well as enhanced development of SMME's)</i>	R 400 000	R 200 000	R 200 000
Health and Hygiene education <i>(Greening and cleaning campaigns, hygiene education in schools and Rift Valley within the district)</i>	R 50 000	R 50 000	R 50 000

LED Projects <i>(To improve economic development in the District)</i>	R 3 760 000	R 3 000 000	R 3 000 000
Tourism Awareness <i>(To improve tourist attraction)</i>	R 70 000	R 70 000	R 70 000
District Forums <i>(To promote capacity development and improve on knowledge among members of the municipalities in the district)</i>	R 100 000	R 100 000	R 100 000
Disaster Management conference <i>(The district was requested to host the next [forth coming] conference)</i>	R 50 000	R 50 000	R 50 000
Promotion/Marketing <i>(Planning and Social Development department's promotional materials)</i>	R 150 000	R 250 000	R 250 000
Disaster Management Contributions <i>(Helping communities with disaster relief programmes – Houses, food parcels , blankets)</i>	R 400 000	R 400 000	R 400 000
TOTAL PROJECTS FOR PLANNING SOCIAL AND DEVELOPMENT	R 8 050 000	R 6 420 000	R 6 420 000

GENERAL COUNCIL			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
Public Participation <i>(to give community a say / opportunity on the affairs of the Municipality)</i>	R 450 000	R 500 000	R 500 000
Youth Development Programmes <i>(To arrange and coordinate youth programmes that help young people to be exposed to Job opportunities, establish businesses and be provided studying opportunities)</i>	R 350 000	R 370 000	R 370 000
Special Programmes <i>(Programmes aimed at providing immediate relief and means of support to the youth, the elderly and society in general. These include the charitable activities)</i>	R 200 000	R 200 000	R 200 000
Intergovernmental Relations <i>(Programmes aimed at fostering relations with other spheres of government)</i>	R 60 000	R 60 000	R 60 000
Mayor's Social Responsibility <i>(Mayor's outreach programmes that include Bursaries and Donations)</i>	R 501 000	R 501 000	R 501 000
Mandela Day celebration <i>(A Nationwide programme aimed at volunteering services to the communities)</i>	R 15 000	R 15 000	R 15 000
District AIDS Council <i>(To build up synergy in the fight against HIV/ AIDS in the District – most common message being prevention)</i>	R 80 000	R 80 000	R 80 000
TOTAL PROJECTS FOR GENERAL COUNCIL	R 1 656 000	R 1 726 000	R 1 726 000

BUDGET AND TREASURY OFFICE			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
GRAP Conversion <i>(A statutory financial reporting standards requirement – Good Governance)</i>	R 500 000	R 0	R 0
Consultation <i>(To review and continuously ensure sound and accurate financial management)</i>	R 400 000	R 400 000	R 400 000
TOTAL PROJECTS FOR BUDGET AND TREASURY OFFICE	R 900 000	R 400 000	R 400 000
CORPORATE SERVICES			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
ICT Masterplan <i>(To ensure an efficient ICT system that is in accordance with AG requirements)</i>	R 0	R 500 000	R 0
Intranet <i>(for more effective paperless communication within the municipality)</i>	R 0	R 500 000	R 0
Land <i>(To procure the land on which the municipal offices are built)</i>	R 600 000	R 0	R 0
TOTAL PROJECTS FOR CORPORATE SERVICES	R 600 000	R 1 000 000	R 0

OFFICE OF THE MUNICIPAL MANAGER			
PROJECT DESCRIPTION	AMOUNT		
	2012/2013	2013/2014	2014/2015
Promotion and Marketing	R 50 000	R 50 000	R 50 000
Strategic Management (PMS) <i>(statutory financial reporting requirement – Good Governance)</i>	R 250 000	R 100 000	R 100 000
TOTAL PROJECTS FOR OFFICE OF THE MUNICIPAL MANAGER	R 300 000	R 150 000	R 150 000

XHARIEP DISTRICT MUNICIPALITY

2.7 2012/2013 BUDGET RELATED POLICIES

The budget is prepared within the context of draft Council policies and the legislative framework as promulgated by the National Parliament. Council strives to amend and implement policies complying with all relevant legislation. Policies are reviewed on an annual basis, and where necessary, amendments are made.

Council have the following policies that govern the municipality's budget compilation and implementation thereof:

2.7.1 Travelling and Subsistence Policy

It is essential that representatives of the municipality from time to time travel to other cities and towns in order to establish and maintain links and relationships with other municipalities, government bodies, and other parties, institutions and organisations operating in the sphere of local government. It is important for representatives to broaden their knowledge and understanding of and compare local experiences in local government transformation, innovation and change in the rest of the country, and this can effectively be done only through the medium of personal contact with a wide range of local government stakeholders.

2.7.2 Banking and Investment Policy

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003. The purpose of this policy is to provide the framework and procedures to be followed.

2.7.3 Laptop Policy

In order to enable and enhance the productivity of the municipality's business, as well as reduction of costs in terms of the stationery, printing and delivery costs, the council found it necessary to make use of the latest means of communication technology. Based on this, laptops are allocated to certain officials and Councillors for sound business reasons, primarily for receiving business E-Mails and sending business E-mails, especially when not located in the office. The objective of the Laptop Policy is aimed at controlling the use of the Laptops by employees and Councillors of Xhariep District Municipality. The policy provides guidelines, standards and norms used on the implementation of cell-phones by employees and Councillors.

2.7.4 Cellphone Policy

In order to enable and enhance the productivity of the municipality's business units, it is critical to make use of the latest means of communication technology. Based on this, cellular phones are allocated for sound business reasons, primarily for receiving business calls and making business calls when not located in the office. The objective of the Cell phone Policy is aimed at controlling the use of cell-phones by

employees and Councillors of Xhariep District Municipality. The policy provides guidelines, standard and norms used on the implementation of cell-phones by employees and Councillors.

2.7.5 Bad debt Policy

Section 96 of the Local Government: Municipal Systems Act, 32 of 2000, provides that a municipality must collect all money that is due and payable to it, subject to provisions of the Act and other applicable legislation.

It is recognised, however, that circumstances may arise which may cause the recoverability of certain debts impossible, impractical or financially unfeasible, and that such debts may have to be written off. This policy provides the framework and procedures to be followed for the write off of bad debt.

2.7.6 Tender Policy

The objective of the Tender Policy is to ensure compliance to the Bidding Process requirements of the municipality. These requirements are informed by the prescribed regulations and related Acts.

2.7.7 Tariff Policy

The Tariff Policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promotes sustainable service delivery. Council reviewed the Tariff Policy in terms of Section 74(1) of the Municipal Systems Act (Act 32 of 2000) in order to be approved on the 29 June 2012.

2.7.8 Budget Transfers and Virement policy

The objective of this policy is to provide flexibility to the heads of departments of the municipality, a greater flexibility in managing their budgets and provide clear guidance of when funds can be shifted between items, projects, programmes and votes.

2.7.9 Credit Control and Debt Collection Policy

It outlines the processes to be followed in ensuring that all money that is due and payable to the Municipality is collected, subject to the Municipal Systems Act.

2.7.10 Fixed Assets Policy

It assists the municipality to account for either movable or immovable assets under its control, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year. It is in accordance with Generally Recognised Accounting Practices.

2.7.11 Accounting Policies

The purpose of this document is to describe the detailed internal accounting policies adopted by Xhariep District Municipality that would ensure proper accounting treatment in accordance with the applicable

accounting framework prescribed by National Treasury. The accounting policies disclosed in the annual financial statements are derived from these policies.

Budget Policy Statement

1. The budget should address priorities as identified in the Council's IDP document and through ongoing consultations with communities and other stake-holders.
2. Operating costs should be funded from ongoing revenues. Expenditure must be aligned with revenue and the set performance indicators to ensure that spending is per the pre-determined performance outcomes of the municipality.
3. Revenue projections should be realistic and not be overly optimistic or too conservative.
4. The municipality must produce a balanced budget.
5. The municipality will maintain all of its assets at a level adequate to protect the capital investments and minimize future maintenance and replacement costs.

Legislative Framework

- Municipal Finance Management Act, No 56 of 2003
- Local Government: - Municipal Supply Chain Management regulations: Gazette No 27636, 30 May 2005;
- Local Government: Municipal Systems Act, No 32 of 2000;
- Local Government: Municipal Systems Amendment Act, No 7 of 2011;
- Local Government: Municipal Structures Act, No 117 of 1998;
- Local Government: Municipal Fiscal Powers and Functions Act, No 12 of 2007; and
- Local Government: - Municipal Budget and Reporting Regulations: Gazette 32141, 17 April 2009
- Annual Division of Revenue Bill
- MFMA Circular 42: Funding a Municipal Budget
- MFMA Circular 48: Municipal Budget Circular for the 2009/2010 MTREF
- MFMA Circular 51: Municipal Budget Circular for the 2010/2011 MTREF
- MFMA Circular 54: Municipal Budget Circular for the 2011/2012 MTREF
- MFMA Circular 55: Guidance to municipalities for the preparation of 2011/2012
- MFMA Circular 58: Guidance to municipalities for the preparation of 2012/2013

- MFMA Circular 59: Guidance to municipalities for the preparation of 2012/2013
- Municipal Budget Regulations
- Local Government Capital Asset Management Guideline
- Budget Formats Guideline

Policy Availability

All policies are available at the office of the Corporate Services Director for scrutiny.

Corporate Services Director

Mr. M.M. Kubeka

20 Louw Street

TROMPSBURG

9913

Tel: 051 713 9300

XHARIEP DISTRICT MUNICIPALITY

2.8 2012/2013 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 macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates electricity tariff increases and DWAF regulates water tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

Xhariep District Municipality is neither a bulk electricity distributor nor a water service authority.

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

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- Commitment by the municipality to comply substantially with the requirements of the Local Government Municipal Structures Act, Act No. 117 of 1998, specifically Section 84(1): Functions and Powers of the District Municipality.
- An assessment of the relative capacity to implement the Budget;
- No budget allocation to be made to programmes and projects, unless the respective programme and project plans are submitted by the relevant director's; and
- The need to enhance the municipality's revenue base.

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

2012/2013 OPERATING EXPENDITURE

- Increases in purchases / payments of electricity - Eskom : are expected to have a minimal impact on the district's budget as the district is not a bulk electricity distributor. The budgeted consumption is based on past experience and level of spending.

2012/2013 CAPITAL EXPENDITURE

- Xhariep District Municipality does not receive any Municipal Infrastructure Grants from National Treasury per the DORA allocations. The municipality does not have any significant infrastructure projects planned for the 2012/2013 financial year.

2012/2013 OPERATING INCOME

Xhariep District Municipality rely solely on Grant revenue from the National and Provincial Governments. There is no other significant source of revenue except for the Kopanong Local Municipality and BRGDT Joint Venture rental income levied on a monthly basis.

2012/2013 CAPITAL EXPENDITURE FUNDING

The MFMA specifies that borrowing can only be used to fund capital or refinancing of borrowing certain conditions. Due to cash flow constraints, Xhariep District Municipality is not in a position to take up any borrowings except on leases and is therefore 100% dependent on Grant Funding for any Capital Projects.

XHARIEP DISTRICT MUNICIPALITY

2.9 Overview of budget funding

Xhariep District Municipality's revenue consists of own revenue and Government grants. Anticipated revenue contained in the budget is collectable and realistic. The budget is mainly funded through Government grants as own revenue totals to about 1% of the total budget.

Capital expenditure will be funded from Financial Assistance grant from Provincial departments. The Operating expenditure will be funded from the grants as gazetted, own revenue as well as a portion of the Financial Assistance grants.

The following is a summary of the operating revenue (funding) of the municipality.

REVENUE ALLOCATIONS	Council	Municipal Manager	Corporate Services	Planning & Development	Budget & Treasury	TOTALS
Interest on Current Account	-	-	-	-	8 000	8 000
Interest on Investments	-	-	-	-	146 667	146 667
Interest on arrears	-	-	-	-	-	-
Interest on car loans	-	-	-	-	7 432	7 432
Interest on electricity deposit	-	-	-	-	3 326	3 326
Rental facilities	-	-	419 078	-	-	419 078
Other income (parking bays)	8 590	6 136	27 610	11 657	12 271	66 264
Tender document fees	2 593	1 852	8 333	3 518	3 704	20 000
Equitable Share	2 955 815	2 111 296	9 500 833	4 011 463	4 222 593	22 802 000
MSIG	250 000	250 000	250 000	-	250 000	1 000 000
EPWP Incentive Grant	-	-	-	1 000 000	-	1 000 000
SUB TOTAL	3 216 998	2 369 284	10 205 854	5 026 638	4 653 993	25 472 767
FMG	-	-	-	-	1 250 000	1 250 000
FS COGTA Financial Assistance	5 162 298	3 687 356	16 593 102	7 005 976	7 374 712	39 823 444
TOTAL	8 379 296	6 056 640	26 798 956	12 032 614	13 278 705	66 546 211

APPORTIONMENT OF 2012/2013 OPERATING REVENUE

