

ITEM C44 /05/2012

PROPOSED FINAL DRAFT BUDGET 2012/2013 ; 2013/2014 AND 2014/2015

FINANCIAL YEARS

4/1/2 – 2012/13

REPORT OF THE ACTING EXECUTIVE MAYOR

PURPOSE OF THE REPORT

The purpose of this report is to table the Final Draft Budget for the 2012/2013; 2013/2014 and 2014/15 financial years. Further, to highlight the key aspects that had influenced the compilation of the above-mentioned budget and to consider recommendations on the financing and approval of this budget. Also to highlight the New Format Reform Initiatives Promulgated in terms of the Gazette No. 32141 Municipal Budget and Reporting Regulations (MBRR), that have to be taken into consideration when finalizing the budget thereby adhering to all statutory disclosures as required by National Treasury.

BACKGROUND

The Final Draft Budget was tabled by the Chairperson of the Financial Services Committee to the Members of the Financial Services Portfolio Committee (FSPC) as well as Management. The FSPC had deliberated extensively on the Proposed Draft Budget and the aspect of service delivery was highlighted as being of paramount importance which the Local Municipalities as well as the District had to consider in the compilation of the Budget. The Chairperson also highlighted the importance of a District Forum that needs to be convened so as to assist the dire needs of the seven Local Municipalities, in terms of a Proposed Turnaround Strategy that is being formulated and once approved by Council the implementation process needs to be rolled out to the affected Municipalities.

In the compilation of the budget full compliance with the MFMA (Sections 21/23 and 53) were adopted. Further, there was compliance with the Municipal Budget and Reporting Regulations (MBRR) and the Notice 393 of 2010 Gazette No. 32141, the Local Government: Municipal Systems Act No. 32 of 2000 as amended and National Treasury – MFMA Circular No. 58 issued on 14th December 2011 as well as MFMA Circular No 59 issued on the 16 March 2011 per Annexure A & B respectively.

WAY FORWARD

It must be noted that the MFMA requires that the Draft Budget be tabled before 1/4/2012 (Draft Budget was tabled on 24/01/2012) to comply with the Regulations and the proposed final budget is to be adopted by Council before 30th June 2012. Further, a Final Draft IDP was tabled on the 25/04/2012 and was advertised for comment accordingly.

A Draft Budget for the 2012/13 and the ensuing Financial Years 2013/14 and 2014/15 was tabled and approved at a Council Meeting that was held on the 24th January 2012 as per item C10/01/2012. Further it must be noted that IDP / Budget Consultation Meetings were held as follows:-

LOCAL MUNICIPALITY	DATE	VENUE
Mkhondo	10 April 2012	Community Hall
Msukaligwa	10 April 2012	Community Hall
Dipaleseng	11 April 2012	Community Hall
Govan Mbeki	11 April 2012	Community Hall
Dr Pixley Ka Isaka Seme	12 April 2012	Community Hall
Lekwa	12 April 2012	Community Hall
Chief Albert Luthuli	13 April 2012	Community Hall

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

It must be noted that a Draft Integrated Development Plan (IDP) was tabled in January 2012 and a subsequent Draft IDP document was tabled in April 2012 in order to cater for additional Community Consultation processes. This process allows the District to re-examine plans and strategies to include additional issues and to ensure that these plans are strategies that inform institutional and financial planning through the entire budgetary process.

Further, the Final Draft Annual Budget has been fully aligned to the IDP process. In drafting the 2012/13 Budgets and MTREF the following matters that featured in the Local Government Budgets and Expenditure review for example under spending on repairs and maintenance and spending on other priorities were taken into consideration. In addition, previous years priorities in terms of the MFMA Circular No 54 have been taken into consideration and are as follows:-

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive Economic Infrastructure Network
- Vibrant equitable and sustainable rural communities and food security
- Sustainable Human Settlements and improved quality of household life
- A response and, accountable, effective and efficient Local Government System

- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and World
- A development-orientated public service inclusive citizenship

BUDGET FOR FINANCIAL YEARS ENDING 2012/13, 2013/2014 AND 2014/2015

Key Factors influencing the budget

In terms of the MFMA Circular No 59 – Per Annexure A it is recommended that Municipalities should take the following inflation parameters into consideration in preparing the 2012/2013 budgets and for the MTREF Budgeting Process Period.

<u>Year</u>	<u>Percentage</u>
2012/2013 -	5.9%
2013/2014 -	5.3%
2014/2015 -	4.9%

Further, it must be noted that the period of the Salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, municipalities are advised to budget for a 5 per cent cost-of-living increase adjustment, to be implemented with effect from July 2012 (in-line with the increase proposed in the 2012 (MTBPS). Currently Salary and Wage Negotiations commenced and ongoing negotiations are taking place with all key stakeholders.

Increases in the cost of living negotiations are deemed to be justifiable in order to achieve the following service delivery goals:-

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

INCOME PROJECTIONS FOR THE ENSUING YEARS

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

Detail	Budget 2012/2013 R	Budget 2013/2014	Budget 2014/2015
<u>Revenue</u>			
Grants	256,160,000	264,030,000	273,323,000
Interest on investments	2,540,000	3,000,000	3,500,000
Income from tariffs	8,000,000	8,000,000	8,000,000
Other income	797,790	818,700	841,810
DWA funding - RBIG	22,000,000	54,000,000	87,000,000
DWA funding - ACIP	27,024,000		
Loan - Capital Projects	30,000,000		
Proceeds from disposal of Secunda Mayoral Residence	2,000,000		
Contribution Accumulated Surplus	44,331,790	39,088,775	41,893,865
Central PMU for LM's MIG Allocation	10,981,170	11,583,780	12,323,040
Total Income	403,834,750	380,521,255	426,881,715

The revenue replacement grant and other grants have increased by approximately 3% on a year-on-year basis. The grant income is utilised to fund material Infrastructural Project Expenditure on behalf of the seven Local Municipalities, within the GSDM area of jurisdiction. The Project Expenditure referred to above mainly relate to the funding of RBIG, ACIP and other Water related projects, Boreholes, Sanitation, Refurbishment of dams, Roads, Electricity and Sports Facilities.

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

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

Further, the loan gearing ability will help fast track several key project initiatives and this will also result in major spin offs in the form of employment thereby addressing job creation initiatives as per MFMA Circular No 59 within the Gert Sibande District Municipality's area of jurisdiction ensuring that the much needed service delivery targets are achieved.

Proposed Loan Funding Requirements

The funding implications of the projects referred to below would amount to approximately R30 million and based on Cash Flow Management that would be needed during the latter part of the 2012/2013 financial year.

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

- Several Key studies relating to Potable Water Supply Systems, Domestic Waste Water and Sewage Disposal Systems
- Refurbishment of Bulk Water Purification Plant and Sewer Treatment Plants
- Upgrading / provision of new Bulk Water purification Plant and Sewer Treatment Plants
- Road / Storm Water / Bridges - Construction Projects
- Rudimentary Basic Water and Sanitation Projects
- Water and Sanitation Distribution Networks
- Disaster Management Centre

Interest and Redemption Cost Implications

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

FINANCIAL YEARS	Financing Based on Fixing of All-Interest-Rate		
	INTEREST COST	REDEMPTION COST	TOTAL COST
	RM	RM	RM
2012/2013	Loan to be secured in the latter part of the Financial Year. No immediate commitments anticipated.		
2013/2014	3,5	5,1	8,6
2014/2015	3,5	5,1	8,6

The proposed duration period of the above mentioned loan is recommended at this stage to be 5 - 10 years at an interest rate of 8.22% - 11% (this rate may be negotiated downwards with the respective Financial Institution) and payments are required to be made bi-annually. During this period Council will be financially viable to service the loan amount of the proposed R30 million in terms of its interest and capital obligations. Further, in view of the onerous statutory procedures it is anticipated that the loan funding will be acquired during the latter part of the 2012/2013 financial year.

Hence, the servicing of the loan in terms of the interest and capital obligations, the related payments need to be included in the 2013/2014 and 2014/2015 financial years.

Legislative requirements

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

Procedural Requirements

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

EXPENDITURE PROJECTIONS OVER THE ENSUING YEARS

Outlined below are the overall expenditure projections for the 2012/2013 year and ensuing years:-

Detail	Budget 2012/2013 R	Budget 2013/2014	Budget 2014/2015
Expenditure			
Allocations to Local Municipalities	107,892,125	107,839,610	115,313,490
Multiyear projects	28,190,000		
ACIP Projects	27,024,000		
RBIG Projects	22,000,000	54,000,000	87,000,000
Departmental Allocations	49,920,180	52,820,180	55,070,180
Administration of the Act	125,627,275	133,077,685	140,975,005
Donations	200,000	200,000	200,000
Capital Expenditure	32,000,000	21,000,000	16,000,000
Central PMU for LM's MIG Allocation	10,981,170	11,583,780	12,323,040
Total Expenditure	403,834,750	380,521,255	426,881,715

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

ALLOCATIONS TO DEPARTMENTAL & LOCAL MUNICIPALITIES

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

In connection with the Departmental Allocations, funds were mainly applied towards people with Disabilities, Municipal Health, Co-operatives, LED and Tourism, Job Creation Fund - Phezukomkhono etc. ensuring that the above-mentioned mandates are addressed.

The three year MTREF Budget Summaries are illustrated on the following pages:-

PROJECTS: MULTI YEAR BUDGET COMPARISONS

DETAIL	Budget	Budget	Budget
	2012/2013	2013/2014	2014/2015
DEPARTMENT -OFFICE - EXE MAYOR			
CO-ORDINATION OF HIV AND AIDS	300,000	300,000	300,000
YOUTH DEVELOPMENT	300,000	300,000	300,000
OFFICE - RIGHTS OF THE CHILD	100,000	100,000	100,000
PEOPLE WITH DISABILITIES	200,000	200,000	200,000
WOMEN'S DEVELOPMENT CAPACITY	300,000	300,000	300,000
DONATIONS	200,000	200,000	200,000
MORAL REGENERATION(RELIGIOUS AFFAIRS)	150,000	150,000	150,000
	1,550,000	1,550,000	1,550,000
DEPARTMENT - PLANNING & ECO DEV			
REGIONAL PLANNING SUPPORT	1,000,000	1,000,000	1,000,000
LED, TOURISM AND AGRICULTURAL	2,000,000	2,000,000	2,000,000
IDP - NEW AND UPDATE	550,000	550,000	550,000
MUNICIPAL PLANNING- SECTOR PLANS	1,000,000	1,000,000	1,000,000
CO - OPERATIVES	300,000	300,000	300,000
RURAL AND AGRI DEVELOPMENT	1,000,000	1,200,000	1,500,000
PLANNING GERT SIBANDE VILLAGE	3,000,000	5,000,000	5,000,000
REGIONAL AIRPORT PLANNING	500,000	500,000	500,000
REGIONAL SPORT FACILITIES PLANNING	500,000	500,000	500,000
	9,850,000	12,050,000	12,350,000
DEPARTMENT - INFRA & TECH SERVICES			
UPDATE BULK WATER/SEWER REPORT	500,000	500,000	500,000
BULK WATER METERS	2,000,000	500,000	500,000
MANAGEMENT INFO SYSTEMS WWTP PLANTS	2,000,000	2,500,000	2,500,000
ALLOCATION TO MUNICIPALITIES	136,082,125	107,839,610	115,313,490
ACIP PROJECTS	27,024,000	0	0
RBIG PROJECTS	22,000,000	54,000,000	87,000,000
CENTRALISED PMU FOR LM'S MIG ALLOC	10,981,170	11,583,780	12,323,040
	200,587,295	176,923,390	218,136,530
DEPARTMENT - CORPORATE SEVICES			
BURSARIES	1,500,000	1,500,000	1,500,000
REVENUE COLLECTION/DATA CLEANSING	1,000,000	1,100,000	1,200,000
IT FOR THE REGION	300,000	300,000	300,000
CAPACITY BUILDING/COMM PARTICI	2,000,000	2,000,000	2,000,000
	4,800,000	4,900,000	5,000,000
DEPARTMENT - COM & SOCIAL SEVICES			
MAYORAL EXCELLENCE AWARDS	1,000,000	1,100,000	1,200,000
SPORT,ART AND CULTURE	1,000,000	1,100,000	1,200,000
MUNICIPAL HEALTH & ENVIROMENT	900,000	950,000	1,000,000
DISASTER MANAGEMENT	650,000	750,000	900,000
PUBLIC AWARENESS- WATER CONSERVATION	250,000	250,000	250,000
GSDM MARATHON - ANNUAL EVENT	850,000	1,000,000	1,100,000
JOB CREATION FUND - PHEZUKOMKHONO	5,000,000	6,000,000	7,000,000
REGIONAL LIBRARY & INFORMATION SERVICES	500,000	650,000	750,000
	10,150,000	11,800,000	13,400,000
DEPARTMENT - FINANCIAL SERVICES			
INTEREST AND REDEMPTION	8,670,180	8,670,180	8,670,180
DEPRECIATION AND LICENCES	1,000,000	1,000,000	1,000,000
OPERATION CLEAN AUDIT	5,300,000	5,000,000	5,000,000
EMERGENCY / CONTINGENCIES	500,000	500,000	500,000
	15,470,180	15,170,180	15,170,180
OFFICE OF THE MUNICIPAL MANAGER			
TRADITIONAL AFFAIRS / PROJECTS	2,000,000	2,250,000	2,500,000
PROMOTION OF THE DISTRICT	1,800,000	1,800,000	1,800,000
	3,800,000	4,050,000	4,300,000
TOTAL	246,207,475	226,443,570	269,906,710

ADMINISTRATION OF THE ACT: MULTI YEAR BUDGETS COMPARISONS

Detail	Budget 2012/2013	Budget 2013/2014	Budget 2014/2015
<u>COUNCIL</u>			
Mayor & Exec Committee	6,854,110	7,265,360	7,701,290
Speaker, Chief Whip & Councillors	6,314,370	6,681,230	7,070,110
Council Support	3,139,790	3,328,180	3,527,850
TOTAL: Council	16,308,270	17,274,770	18,299,250
<u>MUNICIPAL MANAGER</u>			
Municipal Manager	3,628,250	3,845,950	4,076,730
Internal Audit	5,135,930	5,444,090	5,770,740
Communication, Marketing & Tourism	2,294,100	2,431,750	2,577,640
TOTAL: Municipal Manager	11,058,280	11,721,790	12,425,110
<u>PLANNING & ECONOMIC DEVELOPMENT</u>			
Planning Services	3,936,790	4,173,010	4,423,400
IDP	1,091,580	1,157,080	1,226,510
TOTAL: Planning & Economic Development	5,028,370	5,330,090	5,649,910
<u>CORPORATE SERVICES</u>			
New Building	5,470,000	5,798,200	6,146,090
Building	13,913,810	14,748,650	15,633,540
IT	5,341,250	5,661,710	6,001,390
Legal	2,425,790	2,571,350	2,725,620
Human Resources	2,407,360	2,551,810	2,704,920
Administration	10,319,170	10,938,320	11,594,640
TOTAL: Corporate Services	39,877,380	42,270,040	44,806,200
<u>FINANCE</u>			
Finance	7,051,660	7,474,770	7,923,250
Supply Chain Management	2,330,230	2,470,050	2,618,240
Municipal Management & Support	1,796,390	1,904,170	2,018,420
Carwash	633,225	655,895	679,925
MSIG	1,000,000	1,000,000	1,000,000
TOTAL: Finance	12,811,505	13,504,885	14,239,835
<u>MUNICIPAL INFRASTRUCTURE & SERVICES</u>			
Planning, Implementation & Support	8,852,890	9,384,060	9,947,100
Infrastructure Maintenance	7,264,840	7,700,740	8,162,770
Water & Sanitation	6,031,760	6,393,670	6,777,310
TOTAL: Municipal Infrastructure	22,149,490	23,478,470	24,887,180
and Services			
<u>COMMUNITY & SOCIAL SERVICES</u>			
Community & Social Services	5,074,680	5,379,170	5,701,930
Municipal Health Services	8,134,060	8,622,110	9,139,430
Disaster Management	5,185,240	5,496,360	5,826,160
TOTAL: Intergovernmental Relations	18,393,980	19,497,640	20,667,520
and Development			
GRAND TOTAL	125,627,275	133,077,685	140,975,005

EXPENDITURE BREAKDOWN

Detail	Budget	Budget	Budget
	2012/2013	2013/2014	2013/2014
	R	R	R
Salaries and wages	62,303,570	66,041,830	70,004,280
Social Contributions	12,992,860	13,772,470	14,598,790
Councillor Allowances	10,090,140	10,695,550	11,337,280
Depreciation	15,015,830	15,916,780	16,871,790
Repair and Maintenance	1,692,830	1,794,400	1,902,080
Contracted Services	2,940,000	3,116,400	3,303,380
General Expenditure	20,592,045	21,740,255	22,957,405
Total	125,627,275	133,077,685	140,975,005

DONATIONS

During the course of the ensuing financial years ending 2012/13, 2013/14 and 2014/15 applications are normally received for Council to consider whether assistance may be rendered towards community related projects for Local Municipalities that are in dire need for financial support.

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

Year	Amount (R)
2012/2013	200,000
2013/2014	200,000
2014/2015	200,000

Financing of the Budget

Revenue			
Grants	256,160,000	264,030,000	273,323,000
Interest on investments	2,540,000	3,000,000	3,500,000
Income from tariffs	8,000,000	8,000,000	8,000,000
Other income	797,790	818,700	841,810
DWA funding - RBIG	22,000,000	54,000,000	87,000,000
DWA funding - ACIP	27,024,000		
Loan - Capital Projects	30,000,000		
Proceeds from disposal of Secunda Mayoral Residence	2,000,000		
Contribution Accumulated Surplus	44,331,790	39,088,775	41,893,865
Central PMU for LM's MIG Allocation	10,981,170	11,583,780	12,323,040
Total Income	403,834,750	380,521,255	426,881,715
Expenditure			
Allocations to Local Municipalities	107,892,125	107,839,610	115,313,490
Multiyear projects	28,190,000		
ACIP Projects	27,024,000		
RBIG Projects	22,000,000	54,000,000	87,000,000
Departmental Allocations	49,920,180	52,820,180	55,070,180
Administration of the Act	125,627,275	133,077,685	140,975,005
Donations	200,000	200,000	200,000
Capital Expenditure	32,000,000	21,000,000	16,000,000
Central PMU for LM's MIG Allocation	10,981,170	11,583,780	12,323,040
Total Expenditure	403,834,750	380,521,255	426,881,715

CAPITAL BUDGET: MULTI YEAR BUDGET COMPARISONS

Detail	Budget	Budget	Budget
	2012/2013	2013/2014	2014/2015
	<u>R</u>	<u>R</u>	<u>R</u>
Office Complex & Alterations	8,000,000	10,000,000	5,000,000
Mayoral Guest House	2,000,000		
Regional Convention Centre	5,000,000	5,000,000	5,000,000
Lab equipment	1,000,000	1,000,000	1,000,000
Disaster Centres - Mkhondo, Dipaleseng, Albe	10,000,000	0	0
Construction equipment / Vehicles	2,000,000	2,000,000	2,000,000
Office furniture and equipment	4,000,000	3,000,000	3,000,000
Sub-Total	32,000,000	21,000,000	16,000,000

DIRECT PROJECT ALLOCATIONS SEVEN LOCAL MUNICIPALITIES

ALBERT LUTHULI					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
130	256505	SILOBELA SEWER RETICULATION	2,000,000	-	-
130	256602	SILOBELA ROADS	2,300,000	-	-
130	256603	VIP RURAL AREA	900,000	-	-
130	256604	PROVISION OF BOREHOLES	200,000	-	-
130		REG BULK INFRA EERSTEHOEK/EKULINDENI	1,832,600	2,688,260	2,359,960
130		REG BULK INFRA EMPU, METHULA & LESUS	2,025,520	2,971,240	2,608,360
130		WATER & SANITATION MAINTENANCE	1,000,000	1,500,000	1,500,000
130		WATER QUALITY TESTING	750,000	850,000	950,000
130		SANITATION (VIP'S)	1,000,000	1,500,000	1,500,000
130		ROADS (UPGRADE)	900,000	2,000,000	4,000,000
130		POTHOLES	500,000	750,000	800,000
130		NEW BOREHOLES	1,250,000	1,500,000	2,000,000
130		BOREHOLES MAINTENACE	500,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	15,158,120	14,759,500	16,918,320

MSUKALIGWA					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
150	256607	DAVEL REFURBISH SEWER PLANT	2,600,000	-	-
150	256609	SEWER UPGRADE KHAYELIHLE	3,000,000	-	-
150	256610	WATER RETICULATION KHAYELIHLE	3,000,000	-	-
150	256643	REFURBISH TORBANITE DAM	1,200,000	-	-
150		WESS/KHAYELISHA OUTFALL SEWER LINE	3,500,000	5,000,000	5,500,000
150		WESSELTON ROAD UPGRADE (PAVING)	1,000,000	1,700,000	1,800,000
150		REG BULK INFRA	1,553,620	2,279,020	2,000,680
150		WATER & SANITATION MAINTENANCE	500,000	1,000,000	1,000,000
150		WATER QUALITY TESTING	400,000	550,000	600,000
150		SANITATION (VIP'S)	1,000,000	1,200,000	1,200,000
150		POTHOLES	500,000	500,000	500,000
150		NEW BOREHOLES	1,250,000	1,000,000	1,000,000
150		BOREHOLES MAINTENACE	500,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	20,003,620	14,229,020	14,800,680

GOVAN MBEKI					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS AND SUBSIDIES			
160	256516	ROADS IN BETHAL	2,000,000	-	-
160	256540	UPGRADING ROADS KINROSS	100,000	-	-
160	256611	LEANDRA ROADS	700,000	-	-
160	256612	EMZINONI ROADS	1,500,000	-	-
160	256613	VIP	700,000	-	-
160	256614	BOREHOLES	300,000	-	-
160	256615	BETHAL ELECTRICITY REFUND	8,000,000	7,000,000	8,000,000
160	256616	KINROSS ROADS	1,000,000	-	-
160		UPGRADING SPORT FACILITY		1,000,000	
160		EMBALENHLE SEWER NETWORK	4,000,000		
160		WATER & SANITATION MAINTENANCE	500,000	1,000,000	1,000,000
160		WATER QUALITY TESTING	600,000	650,000	700,000
160		SANITATION (VIP'S)	1,000,000	1,200,000	1,200,000
160		POTHOLES	500,000	500,000	500,000
160		NEW BOREHOLES	1,250,000	1,000,000	1,000,000
160		BOREHOLES MAINTENACE	500,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	22,650,000	13,350,000	13,600,000

MKHONDO					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
172	256428	DRIEFONTEIN WTW INCREASE CAP	700,000	-	-
172	256617	EZIMBUZINI ROADS	-	3,000,000	-
172	256619	AMSTERDAM/KWATHANDEKA ROADS	2,800,000	1,300,000	1,300,000
172	256620	VIP RURAL AREA	700,000	-	-
172	256621	ELECTRIFICATION OF VILLAGES	1,500,000	-	-
172	256623	AMSTERDAM SEWER	1,500,000	-	-
172		EZPHUNZINI NEW LINK ROAD	3,500,000	3,000,000	
172		DRIEFONTEIN UPGRADING WTW	1,200,000	2,000,000	
172		AMSTERDAM REFURB SEWER TREATMENT PLANT	2,130,000		
172		DRIEFONTEIN CONSTRUCTION STP	1,370,000	6,000,000	6,000,000
172		REG BULK INFRA DIRKIESDORP	500,000	500,000	4,000,000
172		REG BULK INFRA DRIEFONTEIN	500,000	500,000	3,750,000
172		REG BULK INFRA MANDUNDULUZA	500,000	500,000	3,000,000
172		WATER & SANITATION MAINTENANCE	500,000	1,000,000	1,000,000
172		WATER QUALITY TESTING	350,000	500,000	550,000
172		SANITATION (VIP'S)	1,000,000	1,200,000	1,200,000
172		POTHOLES	500,000	500,000	500,000
172		NEW BOREHOLES	1,250,000	1,000,000	1,000,000
172		PIET RETIEF SEWER TREAT PLANT	3,000,000	3,000,000	3,000,000
172		BOREHOLES MAINTENANCE	500,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	24,000,000	25,000,000	26,500,000

LEKWA					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
180	256270	RAISING MAIN WTW/OLS STANDERSK	390,000	-	-
180	256625	SAKHILE ROADS/STORMWATER	3,500,000	-	-
180	256626	10 ML WATER TREATMENT PLANT	7,500,000	-	-
180	256627	CONSTRUCTION OF VIP'S	700,000	-	-
180	256628	SAKHILE UPGRADING STADIUM	1,000,000	-	-
180		REG BULK INFRA EERSGEVONNEN	500,000	5,500,000	6,000,000
180		REG BULK INFRA STANDERTON	500,000	3,500,000	4,000,000
180		WATER & SANITATION MAINTENANCE	500,000	1,000,000	1,000,000
180		UPGRADING SPORT FACILITY	500,000		
180		WATER QUALITY TESTING	300,000	400,000	450,000
180		SANITATION (VIP'S)	1,000,000	1,200,000	1,200,000
180		POTHOLES	500,000	500,000	500,000
180		NEW BOREHOLES	1,250,000	1,000,000	1,000,000
180		GROOTDRAAI DAM FACILITY UPGRADE	3,000,000	3,000,000	3,000,000
180		RIVERPARK UPGRADE	1,000,000	1,000,000	1,000,000
180		BOREHOLES MAINTENACE	500,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	22,640,000	18,100,000	19,350,000

DIPALESENG					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
184	256528	SIYATHEMBA UPGRAD/REFURB ROADS	1,000,000	-	-
184	256630	BALFOUR TOWN ROADS	2,000,000	-	-
184	256631	SIYATHEMBA ROADS	1,500,000	-	-
184	256632	VIP	700,000	-	-
184	256633	BOREHOLES	500,000	-	-
184		REG BULK BALFOUR	1,432,330	2,101,090	1,844,490
180		UPGRADING SPORT FACILITY	750,000		
184		WATER & SANITATION MAINTENANCE	500,000	1,000,000	1,000,000
184		WATER QUALITY TESTING	300,000	350,000	400,000
184		SANITATION (VIP'S)	750,000	1,200,000	1,200,000
184		POTHOLES	250,000	500,000	500,000
184		NEW BOREHOLES	1,000,000	1,000,000	1,000,000
184		BOREHOLES MAINTENACE	500,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	11,182,330	7,151,090	7,144,490

PIXLEY KA SEME					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
190	256637	VOLKSRUST WTP CONST BULK SUPPL	1,000,000	-	-
190	256638	AMERSFOORT WTW COMPL PUMPLINE	3,500,000	-	-
190	256639	AMERSFOORT WATER TREATMENT PLA	3,500,000	-	-
190	256640	PERDEKOP SEWER RETICULATION	2,798,055	-	-
190	256641	VUKUZAKHE SEWER TREATMEN PLANT	6,000,000	6,000,000	6,500,000
190		REG BULK INFRA DIRKIESDORP	500,000	4,000,000	5,000,000
190		WATER & SANITATION MAINTENANCE	450,000	1,000,000	1,000,000
190		WATER QUALITY TESTING	400,000	550,000	600,000
190		SANITATION (VIP'S)	500,000	1,200,000	1,200,000
190		POTHOLES	400,000	500,000	500,000
190		NEW BOREHOLES	1,000,000	1,000,000	1,000,000
190		BOREHOLES MAINTENACE	400,000	1,000,000	1,200,000
		TOTAL GRANTS TRANSFER	20,448,055	15,250,000	17,000,000
			136,082,125	107,839,610	115,313,490

ACIP ALBERT LUTHULI					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
230	256650	UPGRADE CAROLINA WTW	2,000,000		
230	256651	PACKAGE PLANT EMPULUZI	2,000,000		
230	256655	REFURBISH CAROLINA WTP	1,000,000		
230	256656	BOREHOLES - TESTING/CLEANING/EQUIPPING	500,000		
		TOTAL GRANTS TRANSFER	5,500,000	-	-

ACIP MKHONDO					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
272	256660	CONSTRUCTION NEW LINES P RETIEF	1,204,000		
272	256661	CONSTRUCTION NEW LINES DRIEFONTEIN	1,204,000		
272		CONSTRUCTION NEW LINES AMSTERDAM/KV	1,750,000		
272		BOREHOLES	250,000		
272		REPLACEMENT VALVES/WATER METERS	936,000		
		TOTAL GRANTS TRANSFER	5,344,000	-	-

ACIP LEKWA					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
280		BOREHOLES RURAL AREA	13,500,000		
280	256644	UPGRADE REPLACE PUMP	2,500,000		
		TOTAL GRANTS TRANSFER	16,000,000	-	-

ACIP DIPALESENG					
Dept	Acc Code	Description	BUDGET	BUDGET	BUDGET
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
284		MAINTENANCE FORTUNA WTP	180,000		
		TOTAL GRANTS TRANSFER	180,000	-	-
			27,024,000	-	-

RBIG ALBERT LUTHULI					
Depa	Account C	Description	DRAFT	DRAFT	DRAFT
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
330	256663	REGIONAL BULK EERSTEHOEK & EKULINDENI	5,000,000	12,000,000	20,000,000
330	256664	REGIONAL BULK EMPULUZI & METULA	5,000,000	12,000,000	30,000,000
		TOTAL GRANTS TRANSFER	10,000,000	24,000,000	50,000,000

RBIG MSUKALIGWA					
Depa	Account C	Description	DRAFT	DRAFT	DRAFT
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
350	256665	REGIONAL BULK ERMELO/WESSELTON	6,000,000	15,000,000	20,000,000
		TOTAL GRANTS TRANSFER	6,000,000	15,000,000	20,000,000

RBIG DIPALESENG					
Depa	Account C	Description	DRAFT	DRAFT	DRAFT
			2012/2013	2013/2014	2014/2015
		GRANTS TRANSFER			
384	256666	REGIONAL BULK BALFOUR/SIYATHEMBA	6,000,000	15,000,000	17,000,000
		TOTAL GRANTS TRANSFER	6,000,000	15,000,000	17,000,000
			22,000,000	54,000,000	87,000,000

RECOMMENDATIONS OF THE ACTING EXECUTIVE MAYOR

1. That the Proposed Final Draft Budget for 2012/2013, 2013/2014 and 2014/2015, be approved.
2. That the multi-year Annual Budget of Capital Operating Expenditure as illustrated per the table below for 2012/2013, 2013/2014 and 2014/2015, be approved.

Revenue			
Grants	256,160,000	264,030,000	273,323,000
Interest on investments	2,540,000	3,000,000	3,500,000
Income from tariffs	8,000,000	8,000,000	8,000,000
Other income	797,790	818,700	841,810
DWA funding - RBIG	22,000,000	54,000,000	87,000,000
DWA funding - ACIP	27,024,000		
Loan - Capital Projects	30,000,000		
Proceeds from disposal of Secunda Mayoral Residence	2,000,000		
Contribution Accumulated Surplus	44,331,790	39,088,775	41,893,865
Central PMU for LM's MIG Allocation	10,981,170	11,583,780	12,323,040
Total Income	403,834,750	380,521,255	426,881,715
Expenditure			
Allocations to Local Municipalities	107,892,125	107,839,610	115,313,490
Multiyear projects	28,190,000		
ACIP Projects	27,024,000		
RBIG Projects	22,000,000	54,000,000	87,000,000
Departmental Allocations	49,920,180	52,820,180	55,070,180
Administration of the Act	125,627,275	133,077,685	140,975,005
Donations	200,000	200,000	200,000
Capital Expenditure	32,000,000	21,000,000	16,000,000
Central PMU for LM's MIG Allocation	10,981,170	11,583,780	12,323,040
Total Expenditure	403,834,750	380,521,255	426,881,715

3. That the Capital Budget relating to assets as per tabled below, be noted.

YEAR	R
2012/2013	32,000,000
2013/2014	21,000,000
2014/2015	16,000,000

4. That the Budget Consultative Meetings were held as follows, be noted:-

LOCAL MUNICIPALITY	DATE	VENUE
Mkhondo	10 April 2012	Community Hall
Msukaligwa	10 April 2012	Community Hall
Dipaleseng	11 April 2012	Community Hall
Govan Mbeki	11 April 2012	Community Hall
Dr Pixley Ka Isaka Seme	12 April 2012	Community Hall
Lekwa	12 April 2012	Community Hall
Chief Albert Luthuli	13 April 2012	Community Hall

5. That the projects for the Local Municipalities for the 2012/2013; 2013/14 and 2014/15 financial years, be noted.

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

- 6.1 Table A1 - Budget Summary
- 6.2 Table A2 - Budgeted financial performance (revenue and expenditure) by Standard Classification
- 6.3 Table A3 - Budgeted financial performance by vote
- Table A3a - Budgeted financial performance (revenue & Exp by Municipal vote)
- 6.4 Table A4 - Budgeted financial performance by (revenue & expenditure)
- 6.5 Chart A1 - Revenue by Municipal Vote Classification
- 6.6 Chart A2a - Expenditure by Municipal Vote
- 6.7 Chart A2(b Trend) Expenditure by Municipal Vote
- 6.8 Chart A3 - Revenue by Standard Classification
- 6.9 Chart A4 - Expenditure by Standard Classification
- 6.10 Chart A5(a) - Revenue by source – major
- Chart A5(b) - Revenue by source – major - source trend
- 6.11 Table A5 - Budgeted Capital Expenditure by vote, Std classification and funding
- 6.12 Chart A11 - Capital expenditure by Standard Classification
- 6.13 Chart A6 - Revenue by source - minor
- 6.14 Chart A7 - Expenditure by type - Major
- 6.15 Chart A7 - Expenditure by type - Major
- 6.16 Chart A7 - Expenditure by type - Minor
- 6.17 Table A6 - Budgeted financial position
- 6.18 Table A7 - Budgeted Cash Flow
- 6.19 Table A8 - Cash back reserves / accumulated surplus reconciliation
- 6.20 Table A9 - Asset Management
- 6.21 Table A10 - Basic Service Delivery Measurement

7. That the Draft Service Delivery and Budget Implementation Plan (SDBIP) for the 2012/2013 financial year per SA25 – SA30, be noted
8. That, the following budget related policies are as follows:-
 - 8.1 The updated Supply Chain Management Policy to be approved.
 - 8.2 MFMA Circular no. 58 & 59, be noted
 - 8.2 Approved Budget Policy, be noted
 - 8.3 Approved Fixed Asset Policy, be noted
 - 8.4 Approved Cash Management and Investment Policy, be noted
 - 8.5 Approved Virement Policy, be noted
9. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation attached per Attachment I-3A, be approved.
10. That the loan facility amounting to R30 million be secured from a recognized Financial Institution and the following legal requirements that need to be adhered to, be approved.
 - A tender be placed in the respective newspapers informing the Financial Institutions of the Council's intention to acquire a loan facility amounting to R30 million.
 - The legal requirements in terms of Section 46 of the Municipal Finance Management Act be fully complied with.
 - The negotiations to secure the best interest rates and other qualitative matters with the respective Financial Institution.
 - The facility funding requirements secured be applied towards funding of the Council's core Infrastructural Projects as referred to in the report.