



**Lukhanji Municipality
BUDGET STRATEGY AND
EXPENDITURE FRAMEWORK**

FOR

2013/14 – 2015/16

ADOPTED JUNE 06, 2013

1. Table of Contents

No.	Section description	Page
1	Table of Contents – Listing of Schedules, Tables and Graphs	2
2	Mayor’s Report	5
3	Budget Related Resolutions	21
	The Budget	
4	Executive Summary	23
5	Budget Schedules (operating and capital)	31
6	Budget Related Charts and Explanatory Notes	46
	Supporting Documentation	
7	Budget Process Overview (including consultation process and outcomes)	51
8	Alignment of Budget with Integrated Development Plan	57
9	Budget Related Policies Overview and Amendments	61
10	Budget Assumptions	64
11	Funding the Budget (including fiscal overview and sources of funding)	68
12	Disclosure on Allocations Made by the Municipality	87
13	Disclosure on Salaries, Allowances and Benefits	87
14	Monthly Cash Flows by Source	91
15	Measurable Performance Objectives (Revenue Source & Vote)	100
16	Disclosure on Implementation of MFMA & Other Legislation	108
17	Summary of Budgets/SDBIPs – departmental/functional (internal)	109
18	Summary of Detailed Capital Plan	110
A	Appendix A – Rates and Tariffs	118
B	Appendix B – New and Amended Policies	140

Listing of Schedules, Tables and Graphs

No.	Description	Page
	Total Revenues Summary Pie Chart	28
	Total Expenditures Summary Pie Chart	29
	Functional Organizational Chart	30
Table A1	Budget Summary	32
Table A2	Budgeted Financial Performance (revenue and expenditure by standard classification)	34
Table A3	Budgeted Financial Performance (revenue and expenditure by municipal vote)	35
Table A4	Budgeted Financial Performance (revenue and expenditure)	36
Table A5	Budgeted Capital Expenditure by Vote, standard classification and funding	37
Table A6	Budgeted Financial Position	39
Table A7	Budgeted Cash Flows	40
Table A8	Cash backed reserves/accumulated surplus reconciliation	41
Table A9	Asset Management	42
Table A10	Basic Service Delivery Measurement	44
Chart 1	Operating Revenue by Source	47
Chart 2	Operating Expenditure by GFS Function	48
Chart 3	Capital Expenditure by Vote	49
Chart 4	Capital Funding by Source	50
Table SA4	Reconciliation of IDP to Budget - Revenue	58
Table SA5	Reconciliation of IDP to Budget - Operating Expenditure	59
Table SA6	Reconciliation of IDP to Budget - Capital Expenditure	60
	Listing of Budget Assumptions	64
Table SA10	Funding Measurement	70
Table SA8	Performance Indicators and Benchmarks	71
Table SA15	Investment Particulars by Type	75
Table SA16	Investment Particulars by Maturity	76
Table SA18	Transfer and Grants receipts	80
Table SA19	Expenditures on transfers and grant programme	81

Table SA 20	Reconciliation of transfers, grant receipts and unspent funds	82
Table SA17	New Borrowing	86
Table SA21	Transfers and grants made by the municipality	87
Table SA23	Disclosure of Salary, Allowance and Benefits (political office bearers/councillors/senior managers)	88
Table SA22	Summary of councillor and staff benefits	89
Table SA24	Summary of Personnel Numbers	90
Table SA25	Budgeted monthly revenue and expenditure	91
Table SA26	Budgeted monthly revenue and expenditure (municipal vote)	92
Table SA27	Budgeted monthly revenue and expenditure (standard classification)	93
Table SA28	Budgeted monthly capital expenditure (municipal vote)	95
Table SA29	Budgeted monthly capital expenditure (standard classification)	96
Table SA30	Budgeted monthly cash flows	97
Table 10	Revenues by source and Vote	101
Table SA34a	Capital expenditure on new assets by asset class	111-114
Table SA35	Future financial implications of the capital budget	115
Table SA36	Capital expenditures by Source/Ward	116
	Appendix A – Rates and Tariffs	118

LUKHANJI MUNICIPALITY



2013/14 BUDGET

BUDGET SPEECH

DELIVERED BY

EXECUTIVE MAYOR M Z GWANTSHU

6 JUNE 2013

Lukhanji Adopted Final Budget

Madam Speaker,

Chief Whip,

Whips of the Opposition and members of Opposition Parties

Members of the Mayoral Committee,

Fellow Councillors,

Honoured Traditional Leaders

Municipal Manager,

Senior Managers and Staff,

Ward Committee Members,

Distinguished Guests

Our friends from the Press

Ladies and Gentlemen

Comrades, Friends

Good Morning...

About five months ago I was handed the unenviable task of leading this noble institution. As a politician, I did not ask any questions about the deployment decisions taken by my party. This is hardly a job that one just accepts without taking hard and tough political considerations. Be that as it may, Council in its wisdom, displayed confidence in me to lead the institution to political stability. On the occasion of the first Council meeting in January of this year, we were introduced to the immense challenges of putting in place governance structures deemed appropriate to map out the road to stability and sustained service delivery.

I'm therefore privileged and distinctly honoured to deliver the 2013/14

Lukhanji Adopted Final Budget

IDP-Budget address. The characteristic purpose of this address is to update the citizens of Lukhanji on our efforts to facilitate veritable social and economic development in their lives under a very trying and difficult political and administrative environment.

Madam Speaker, fellow Councillors, we are directed by section 153 of the constitution of the Republic of South Africa, Act 108 of 1996 to-

- (a) Structure and manage the administration, budgeting and planning processes of the municipality to give priority to the basic needs of the community, and to promote the social and economic development of our communities, and*
- (b) Participate in national and provincial development programmes.*

Chapter 5, section 25 (1) of the Municipal Systems Act, 32 of 2000 requires each municipality to within a prescribed period after the start of its elected term to adopt a single, inclusive and strategic plan for the development of the municipality which -

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;*
- (b) aligns the resources and capacity of the municipality with the implementation of the plan;*
- (c) forms the policy framework and general basis on which annual*

Lukhanji Adopted Final Budget

budgets must be based;

(d) complies with the provisions of this Chapter; and

(e) is compatible with national and provincial development planning requirements binding on the municipality in terms of legislation.

Section 21 (1) (a) of the Municipal Finance Management Act of 2003 stipulates that as the Mayor of this municipality, I must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revision of the Integrated Development Plan and budget-related policies are mutually consistent and credible.

Our mandate is derived from Outcome 9 of the Presidential Outcomes, which aims to ensure **“A RESPONSIVE, ACCOUNTABLE, EFFICIENT AND EFFECTIVE LOCAL GOVERNMENT”**. To this end, the municipality's governance structures have been restructured as a direct response to the above clarion call. All our Portfolio Committees and Mayoral Committee successfully convened during scheduled meetings as well as special meetings that preceded Mayoral Committee meetings. The Municipal Public Accounts Committee was established during the Council meeting about the same time last year with the adoption of the 2012/13 budget. The composition of the committee remained unchanged since its establishment last year. It is also fully functional.

Lukhanji Adopted Final Budget

The municipality is committed to the issues of good governance, quality assurance and compliance enforcement on its operations. This has been proven by the recommitment of our confidence in the members of the Joint Shared Audit Committee and their reappointment. The functional Audit Committee is also in place to strengthen accountability and transparency to the community we serve. The appointment of this Audit Committee will hopefully also play a significant role in improving our Audit opinion from the Office of the Auditor General and will assist in achieving the 2014 clean audit as requested by Local Government.

Lukhanji Adopted Final Budget

Madam Speaker

During the past year, death robbed us of veterans and stalwarts of outstanding and impeccable struggle credentials. Top on the list is the late Municipal Manager, Professor Bacela just over a year ago, followed by the late Councillor Sibefu and now during week before last, Councillor Mjo who was laid to rest on Saturday. At this juncture Madam Speaker, may I request the house to **RISE FOR A MINUTE OF SILENCE.....**

....May their souls rest in peace.

Fellow Councillors, inspired by Prof, Sibefu and Mjo, we have to make this IDP-Budget work.

This budget confronts one stubborn fact. We have a money problem. Money is tight today for businesses, employees, families - and therefor, for us as a Council who is supposed to receive a direct benefit from these sectors.

Finances at local government will be tight not just for months, but for some years to come. As we face a long-term revenue problem, this is not the time for budget gimmicks, or for new programs that cannot be sustained. The long term will not only require a change in budgeting but in our attitude as well.

This is a time for balancing priorities across the spectrum.

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This is a time for focusing on the municipality's core responsibilities - and doing these things well. We will surely fail if we do not implement significant changes in the manner in which we do business and engage with residents. We cannot afford to stay as we are and indulge only in expenditure cuts and continue to provide services on the same basis as at present, as we will find ourselves in a lose-lose situation and will surely fail.

Our budget is based on simple math: You cannot spend more than you collect. If you increase spending for one project or programme, you have to take away from another.

That is the simple math of this budget.

It is balanced.

It is fair.

With money tight, the course we must take together is clear:

- Set priorities,
- Take care of the basics,
- Do more for less.
- Do a better job of managing our revenue, managing projects and managing assets.

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Today, I bring to you a budget that sets that direction. It makes the right choices and put us on a course to make our municipality stronger.

This budget makes adjustments in some fees and charges but also seeks to lift that burden of poverty and underdevelopment by focussing on the continued provision of basic services and the alleviation of the plight of the poor. It is for this reason that Directors were instructed to ensure the proper spending of funds we receive from national government directed at programmes to alleviate that burden of poverty I'm talking about. To say that our spending on capital projects for the 2012/13 financial year has been pathetic would be an insult to the definition of pathetic. It amounts to an extreme form of dereliction of duty. All of us should hang our heads in shame for neglecting the plight of the underprivileged. MPAC Chairperson, Portfolio Heads, MM, Directors please take note - WE DARE NOT HAVE A REPEAT OF THE SAME INDIGNITY DURING THE FORTHCOMING FINANCIAL YEAR.

The 2013/14 budget presents a challenge to our self-discipline, to our ability to work together, and to our values.

We should never lose sight of why we are in public service. Government is a vehicle for our hopes for a better society. Just as we will not allow budgetary constraints to hamper our effort to strengthen the rendering of basic services, we will not allow these difficult times to impact further on the poor and most needy.

We asked the hard questions:

Lukhanji Adopted Final Budget

- Given our political and financial situation and the need to find some relief, where can we make cuts with the least impact on the poor and the truly needy?
- Where can we cut overheads first, services last?

We cut funding for things that make less sense during tough times and the result is a budget that continues with significant investment in core human services. There should be no question about this Council's continuing commitment to the needy and the poorest of the poor.

That's a given.

But we should ask about results. When revenue slows, let us ask, are we doing everything we can to achieve the results we want?

That's why we need to shift the discussion from spending to service, from funding levels to results – results not presented in “cooked” reports to make us look good at local level. The embarrassing truth is known at higher levels of government. Going forward, we plead with officials to provide us with truthful information in order for us to intervene when and where necessary. Should this not happen, and happen very soon, heads will roll – that is not a threat, it is a promise.

Fellow Councillors, we must do more to improve the lot of the poor, the elderly, the disadvantaged and our children.

Lukhanji Adopted Final Budget

On that note Madam Speaker, the 2013/14 financial year will cost us R595.4 million – just over R65 million more than 2012/2013. This amount is made up of CAPEX of R69.7 Million and OPEX of R525 Million. The municipality anticipates raising revenue (Income) of R525.0 Million.

It's a challenge. But one we can manage as long as the other spheres of government and in particular the District, continue to come to the table and address various fiscal issues with us.

1. OPERATING BUDGET

The operating expenditure of R525 million will be funded as follows:

- Rates will contribute 13% (R68 m);
- Grants and Subsidies - 23,% (R112m);
- Interest on Debtors – 3% (R17m)
- Interest on External Investment – 1% (R5,4m)
- Sewerage – 4% (R21,5m)
- Water – 6% (R30,7m)
- Electricity – 31,7% (almost R166m)
- Licenses, Permits and Fines - 1% (R347 000)
- Agency Fees – 10% (R42m) and all other revenue is anticipated to amount to 2% of the budget.

Fellow Councillors, one important aspect that we will always have to keep

Lukhanji Adopted Final Budget

in mind always is that it often happens that the revenue billed is much higher than the actual cash collected. An offsetting bad debt expense is also included for each billed revenue vote. Total allocation for bad debt in this budget is R80.3 million.

Madam Speaker, Fellow Councillors, this income of R525 million will be allocated as follows:

- 30% of the amount will go towards Staff Salaries and Councillor Allowances. An allowance has been made for a 7% increase in the salaries of both Councillors and Employees as per guidance from SALGA. Provision has not been made for the filling of all vacancies in the 2013/14 financial year. Our salary bill for the 2013/14 will be R14 million more than the current budget.
- 30% of the operating budget has been allocated towards the bulk purchases of electricity. This represents a 7% increase for the 2013/14 budget.
- The remaining 40% of the budget has been allocated as follows:
 - Provision for Bad Debt = 15%
 - General Expenses = 16%
 - Repairs and Maintenance = 4%
 - Depreciation = 3%, and
 - 1% each towards Contracted Services and Grants & Services paid.

Lukhanji Adopted Final Budget

Included in these allocations Madam Speaker, is an amount of R2,7 million for normal street maintenance and repairs. This amount is an addition to the provisions made in the Capital Budget.

2. CAPITAL BUDGET

Madam Speaker, the service delivery component of the municipality's total capital budget financed from internal and external funds amounts to R67 million in 2013/2014, increasing by approximately R11,6 million. R34,5 million of this budget comes from MIG allocations while R35.2 Million is funded from our own surplus cash reserves. Roll over funds from conditional grants had to be removed from the original draft budget as per instructions from Provincial Treasury. An application will be made to National Treasury and upon approval will be re-included in the budget through an adjustment budget at the end of August.

Fellow Councillor, this Capital Budget has been allocated as follows:

Roads, Pavements, Bridges and Stormwater	R31,6 million
Cemetries	R3,6 million
Community Lighting	R2,9 million
Community Halls	R9,6 million
Sportfields	R5 million
LED Facilities	R1,5 million
Retention (Various Projects)	R1,3 million
Intermodal Taxi Rank	R6,5 million and the
Fleet replacement and Roads Plant	R7,5 million

Lukhanji Adopted Final Budget

All the wards have been clustered into 3 units for the upgrade of gravel roads. An amount of R1,3 million has been allocated for 2013/14 for each cluster which will cover approximately 7km of road of paver bricks. Provision has been made for a further R6,5 million and R12,2 million for the Intermodal Taxi Rank in the two outer years of the budget. R2,4 million will be spent on Community halls in Wards 1, 4, 5 and 7. Provision has been made on the budget for the creation of new cemeteries to benefit communities in wards 1,2, 5,9,10,11,16,17 and 27. Sportsfields in wards 1, 2, 4, 6, 8, 9, 10 and 15 have been catered for.

During the course of the new financial year a program for the rehabilitation of roads will be launched. Wards part of 1, 2, 4, 6, 7, 9,10,11,15, 16, 18, 19, 22,24 and 25 stand to benefit from this programme during the 2013/14 financial year.

3. TARIFFS

Madam Speaker, in spite of the adverse impact of inflationary pressure on our input costs, we have managed to balance our budget whilst limiting increases in tariffs on the main consumer services. Madam Speaker I wish to propose the following increases on the main consumer services:

Refuse Removal, will increase by 7%.

Water and Sanitation Services will be increased by 6%.

Assessment Rates are mainly used to provide non-remunerative services such as the cost of governance and administration, library services, sport

Lukhanji Adopted Final Budget

and recreation facilities, and to pay for the costs of maintaining an ordered community as far as, for example, traffic, health, roads, parks, etc. are concerned. Given the nature of these collective services, their provision must be financed by a general tax, unlike the specific charge for measurable services, e.g. water and electricity.

Assessment Rates will increase by 10%.

Electricity Tariffs will increase with 7% as per guidelines of NERSA.

In my opening remarks, Madam Speaker, I alluded to the fact that we have the great responsibility of lifting the intolerable burden of poverty and underdevelopment. During the previous financial years we found it possible not to introduce any increases on the core services of indigent households. I propose that we maintain the status quo and not introduce any increases to destitute and indigent households.

CONCLUSION

Madam Speaker, allow me to conclude by saying this is a budget that faces some uncomfortable facts. Like you, I wish we were still in good times. But tough times pose a special challenge. How we respond defines us as leaders. How we respond will test our capacity to balance priorities across the spectrum.

I want to take this opportunity to acknowledge the contribution of all those that have contributed to a challenging financial year. I salute all the

Lukhanji Adopted Final Budget

departments in their continuing efforts and their commitment to fiscal discipline.

I must of course also acknowledge the efforts of all the people who have worked on the budget, which is before you today. My heartfelt thanks to the MM for the long and sometimes frustrating hours spent on the budget and the difficult directions and guidance he had to give to bring us to this stage.

My colleagues in the Mayoral Committee for their co-operation and understanding in making my task easier, and of course all the Directors for ensuring that tight deadlines are met. It is through your efforts that the budget impact on all of us is kept to a minimum.

Finally, my sincere appreciation to the entire staff of the Finance Directorate, especially Mr Thomas Abofra who I believe we have frustrated to wits end with our ever demands for changes to be effected to various drafts. The CFO and other support staff who have worked so hard to make sure we as Council had the facts and statistics we needed to prepare the budget.

Finally, to my family, for their willingness to give me up to do this work. This position and its responsibilities come at great personal cost to my family and myself but the rewards I have reaped thus far outweigh the costs.

Honourable Speaker, it now gives me great pleasure to move acceptance of the 2013/14 Integrated Development Plan including the budget and ask Council for the adoption of recommendations 1 to 8 on pages 4 to 6 of the budget document. As well as the additional recommendation regarding the

Lukhanji Adopted Final Budget

amended policies as contained under Item ... /2013 of the agenda on page...

I thank you ALL.

Lukhanji Adopted Final Budget

3. Budget Related Resolutions

1. Council resolves that the final annual budget of the municipality for the financial year 2013/14 and indicative for the two projected outer years 2014/15 and 2015/16 be adopted as set-out in the following tables:

- 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) **Table A2.**
- 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) **Table A3.**
- 1.3. Budgeted Financial Performance (revenue and expenditure by source) **Table A4.**
- 1.4. Budgeted Capital Expenditure by vote, standard classification and funding **Table A5.**
- 1.5. Budgeted Financial Position **Table A6.**
- 1.6. Budgeted Cash Flows **Table A7.**
- 1.7. Cash Backed Reserves/accumulated surplus Reconciliation **Table A8.**
- 1.8. Asset Management **Table A9.**
- 1.9. Basic Service Delivery **Table A10.**
2. Council resolves that property rates and any other municipal taxes reflected in **appendix A** are imposed for the budget year.
2. Electricity tariffs be imposed at 7.0% approved by Nersa for bulk purchases with effect 1 July 2013.
3. Council resolves that tariffs and charges reflected in **appendix A** are approved for the budget year.
 - 3.1 Council resolves that the Electricity tariffs for non-indigent consumers be approved with 7.0% with effect 1 July 2013.
 - 3.2 Council resolves that the monthly electricity tariffs for registered indigents for the financial year be approved as follows:

First 50 Kw	Free
In excess of 51Kw	Increase of 7.0%
4. Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year.
5. Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2013/14.

Lukhanji Adopted Final Budget

6. Council resolves to adopt the amended Integrated Development Plan as submitted.
7. That the **7.0%** provided for salary increases for employees is maintained.
8. That indigent income levels are set at the following:

Destitute indigent	R 1550
Indigent	R 2520

Lukhanji Adopted Final Budget

The Budget

4 Executive Summary

The Municipal Finance Management Act (MFMA) and the related Circulars that have been distributed by the National Treasury require that the Mayor table a three year medium term budget strategy and expenditure framework to the Lukhanji Municipal Council by the end of March for the financial year beginning July 1, 2013 and ending June 30,2014.

The tabled budget is to be taken out to the public for consultation and then with all revisions be brought back to the entire municipal council for approval before the beginning of the new financial year as required in the MFMA. This final budget to be brought back to council will incorporate any of the submissions and changes that are deemed required by the Mayor.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include: 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source; 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote'; 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects). There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document involved the making of critical policy decisions and key strategies and policy directions that were given by the Mayoral Committee over the past months. In August of 2012 the Mayoral committee approved a set of assumptions and forecasts that were then used to prepare 'baseline' budgets. These 'baseline' budgets formed the basis for operating budget discussions and these were given to the Directors to review and revise within given guidelines. These revised baseline budgets returned by the directors then formed the basis for the draft budget that was built upon the key assumptions and decisions (*see section 10 for a discussion of budget assumptions*).

The budget and financial policies used to develop this budget are focused on making Lukhanji financially sustainable in the long run. One of the biggest challenges facing the municipality in the near future is maintaining an operating yearend cash balance to allow for positive operating cash flows and unexpected contingencies. We must not only have sufficient cash available to pay all the creditors that we owe as required by the MFMA but also to allow for a cash reserve to even out sporadic cash flows during the operating year. We have worked diligently toward this goal over the past few years and have finally reached the point where we anticipate beginning the next financial year with enough cash to pay our creditors and still maintain some level of cash reserves.

As presented, the Budget for 2013/14 balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving toward our goal of maintaining an operating cash reserve of 30 days.

Operational Revenues are anticipated to reach **R525.0Million** (including currently known grants received for operational expenditures); **operational expenditures** funded from cash carry forwards and operating revenues are proposed at **R525.0 Million**.

Lukhanji Adopted Final Budget

The Capital Budget is funded from a blend of conditional grants, proposed borrowings and cash carried forward from prior years. Capital expenditures for 2013/14 are estimated to total **R69.7 Million** for a variety of projects and purchases.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

Operating Revenues

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. Total allocation for **bad debt** in the budget is **R80.3** and is made up of the following amounts.
 - Electricity 29 .4 million
 - Rates 1.4 million
 - Refuse Collection 14 .8 million
 - Water 9 .8 million
 - Sanitation 9 .9 million
 - Interest on Debtors 15.9 million

- **Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:
 - Electricity 7.0% increase
 - Rates 10.0% increase
 - Refuse Collection 7.0% increase
 - Water & Sanitation 6.0% increase

- The **Equitable Share** Allocation from the National Treasury is **R112,655,000** which is up from the current budget of R109,210,000.

- The operating budget anticipates an agency **payment from the Chris Hani District Municipality** for providing the water and sanitation service of **R42,574 in the Lukhanji Municipal Area**. This amount is based on the current agreement between Lukhanji municipality and Chris Hani District municipality.

Lukhanji Adopted Final Budget

Operating Expenditures

- **Employee salaries** and related expenses are increased by the level indicated by correspondence from SALGA. This amount to a **7.0% increase in 2013/14**. Council salaries are also budgeted to increase this same amount. Not all positions are budgeted to be filled for the 2013/14 year except the IDP/LED Director. In Rand terms the salary and allowance related budget increased by almost R13.8 Million over the adjusted budget in the current 2012/13 budget.
- **Electricity bulk purchases** are anticipated to **increase by 8.0%** for next year.
- All costs related to our current **DBSA loan** and the repayment for **past fleet purchases** are fully funded in this budget
- An amount of **R2,706,267** has been allocated in the operating budget for normal street maintenance and repairs material over and above what has been provided for in the capital budget.
- **No amount** is included in the operating budget for the purchase of small equipment and machinery.

Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues, cash forward and borrowings to fund the budgeted expenditures of **R69.6 million**. Major items include the allocation of **R34.5 Million** in municipal infrastructure grants (MIG) allocated to the municipality. The municipality's own contribution to the capital budget is **R35.1 Million**. This is funded from surplus cash reserves and cash carry overs from Chris Hani District municipality and the Provincial departments.. No External loan is included in this budget.

Conclusion

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for consideration and review.

As with any such endeavour, preparation of this document required the participation and time of many individuals. Appreciation and thanks are expressed to all those involved in making this possible.

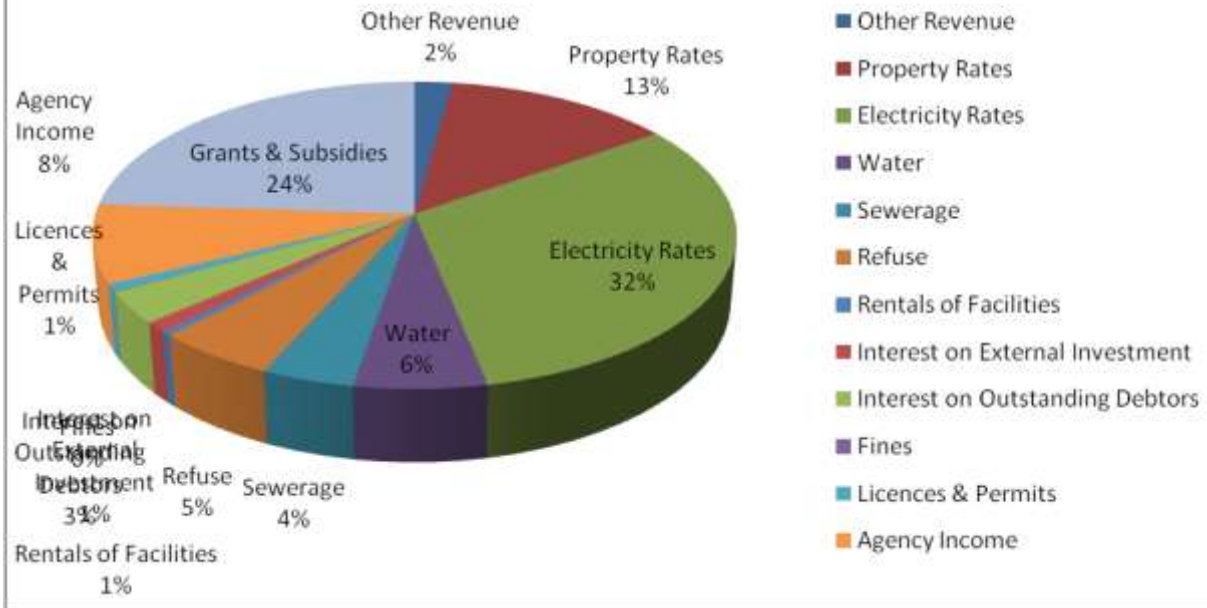
The table and charts below show the percentage makeup of the revenue and expenditures for the 2012/13 Lukhanji Budget.

Lukhanji Adopted Final Budget

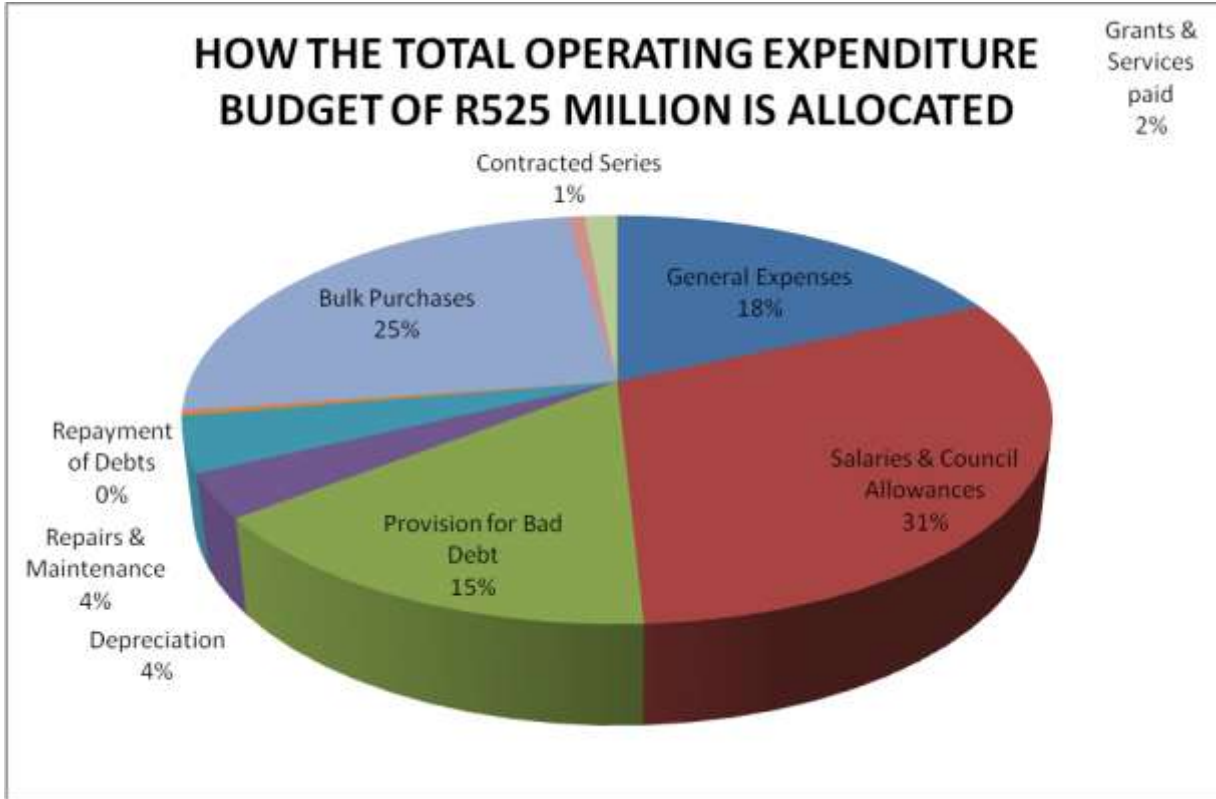
Expenditures			
Operating Budget Revenues (000's)		Capital Budget Expenditures (000's)	
Salaries, Wages, Allowances & related costs	162307	Roads, Pavements, Bridges and Stormwater	31641
Small Capital	0	Cemeteries	3600
Electricity Bulk Purchases	131757	Community Lighting	2900
General Expenses	59540	Community Halls	9600
Repairs and Maintenance	22925	Sportfields	5000
Repayment on Municipal Debt	2140	LED Facilities	1500
Provision for Bad Debts:		Retention (Various Projects)	1381
Assessment Rates	1372	Intermodal Taxi Rank	6500
Debtor Interest	15999	Fleet replacement and Roads Plant	7500
Electricity	29435		
Water	9838		
Refuse	13758		
Sewer	9941		
	80343		
Operational Grants (see detail list)	4740		
Municipal Services Charges	1307		
WSSA Management Contract	42395		
Depreciation	18263		
Total Operating Budget Expenditures	525717	Total Capital Expenditures	69622

Lukhanji Adopted Final Budget

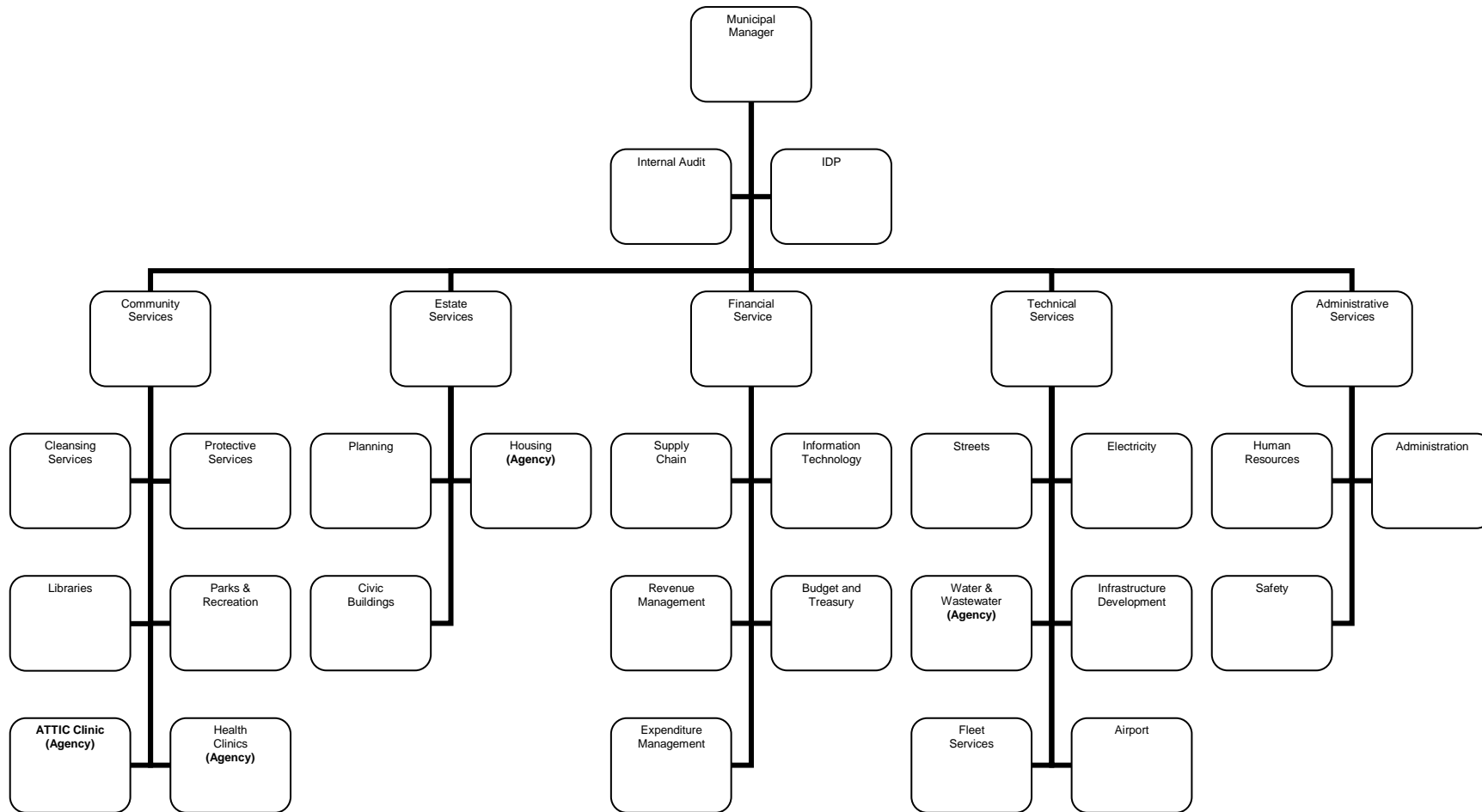
HOW THE OPERATING REVENUE BUDGET OF R525 MILLION IS FUNDED



Lukhanji Adopted Final Budget



Lukhanji Adopted Final Budget



Lukhanji Adopted Final Budget

5 Annual Budget Tables (Operating & Capital)

These budget schedules are to be approved by resolution of Council and are contained in the following pages:

- 5.1 - Table A1 - Budget Summary**
- 5.2 - Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**
- 5.3 - Table A3 - Budgeted Financial Performance (revenue and Expenditure by municipal vote)**
- 5.4 - Table A4 - Budgeted Financial Performance (revenue and Expenditure)**
- 5.5 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding**
- 5.6 - Table A6 - Budgeted Financial Position**
- 5.7 - Table A7 - Budgeted Cash Flows**
- 5.8 - Table A8 - Cash Backed reserves/accumulated surplus Reconciliation**
- 5.9 - Table A9 - Asset management**
- 5.10 - Table A10 - Basic Service Delivery**

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A1 Consolidated Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	33,440	39,334	47,815	43,406	62,374	62,374	62,374	68,611	74,100	80,028
Service charges	143,012	170,897	199,911	218,944	225,155	225,155	225,155	246,266	271,584	296,926
Investment revenue	6,721	5,202	7,853	5,200	5,200	5,200	5,200	5,460	5,460	5,460
Transfers recognised - operational	124,997	125,368	119,086	123,160	122,942	122,942	122,942	125,947	137,985	137,491
Other own revenue	77,976	78,621	76,015	95,960	91,898	91,898	91,898	79,433	94,209	96,532
Total Revenue (excluding capital transfers and contributions)	386,145	419,423	450,680	486,671	507,569	507,569	507,569	525,718	583,339	616,437
Employee costs	88,261	98,336	100,915	120,225	128,256	128,256	128,256	143,513	148,345	155,407
Remuneration of councillors	13,901	15,242	17,918	17,919	17,918	17,918	17,918	18,795	19,569	20,382
Depreciation & asset impairment	9,285	15,309	15,763	-	15,763	15,763	15,763	18,263	18,263	18,263
Finance charges	1,522	876	4,126	4,791	4,815	4,815	4,815	2,140	964	5,597
Materials and bulk purchases	81,414	103,726	117,979	166,408	179,541	179,541	179,541	153,751	188,268	206,138
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	155,913	147,934	154,501	175,584	161,264	161,264	161,264	189,256	207,930	210,649
Total Expenditure	350,295	381,423	411,201	484,927	507,557	507,557	507,557	525,717	583,339	616,437
Surplus/(Deficit)	35,850	37,999	39,479	1,743	12	12	12	0	0	(0)
Transfers recognised - capital	-	-	16,395	37,740	32,121	32,121	32,121	34,037	37,617	40,190
Contributions recognised - capital & contributed assets	-	-	-	-	52,564	52,564	52,564	35,625	17,037	14,125
Surplus/(Deficit) after capital transfers & contributions	35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315
Capital expenditure & funds sources										
Capital expenditure	789,694	802,003	23,647	105,151	84,685	84,685	84,685	69,662	50,117	52,690
Transfers recognised - capital	779,716	793,820	23,647	37,741	43,583	43,583	43,583	34,537	37,617	40,190
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	9,978	8,183	-	26,571	-	-	-	-	-	-
Internally generated funds	-	-	-	40,840	41,102	41,102	41,102	35,125	12,500	12,500
Total sources of capital funds	789,694	802,003	23,647	105,151	84,685	84,685	84,685	69,662	50,117	52,690
Financial position										
Total current assets	334,888	355,395	331,111	321,458	331,111	331,111	331,111	244,118	231,891	221,567
Total non current assets	789,694	802,003	817,594	1,044,926	817,594	817,594	817,594	929,582	970,811	1,014,100
Total current liabilities	176,814	146,249	65,908	157,450	65,908	65,908	65,907	50,922	50,923	50,923
Total non current liabilities	82,639	85,257	59,843	89,157	59,843	59,843	78,457	77,571	77,571	77,571
Community wealth/Equity	865,130	925,892	1,022,954	1,119,777	1,022,954	1,022,954	1,004,341	1,045,206	1,074,207	1,107,173
Cash flows										
Net cash from (used) operating	70,427	30,510	50,556	1,743	0	0	0	84,898	29,851	32,961
Net cash from (used) investing	(29,868)	(12,518)	-	(65,651)	(45,150)	(45,150)	(45,150)	(34,037)	(37,617)	(40,190)
Net cash from (used) financing	(5,903)	(1,022)	(4,126)	22,369	(4,202)	(4,202)	(4,202)	(1,715)	(1,387)	(1,019)
Cash/cash equivalents at the year end	108,029	125,000	171,430	83,461	75,648	75,648	75,648	105,552	96,398	88,150
Cash backing/surplus reconciliation										
Cash and investments available	108,762	125,224	176,729	71,288	176,729	176,729	176,729	162,648	147,327	133,756
Application of cash and investments	4,944	(96,370)	(105,973)	(143,766)	(105,154)	(105,154)	(105,154)	(43,358)	(45,434)	(47,957)
Balance - surplus (shortfall)	103,818	221,595	282,702	215,054	281,883	281,883	281,883	206,006	192,762	181,713

Lukhanji Adopted Final Budget

<u>Asset management</u>										
Asset register summary (WDV)	789,694	802,003	817,594	1,044,926	817,594	817,594	929,582	929,582	970,811	1,014,100
Depreciation & asset impairment	9,285	15,309	15,763	-	15,763	15,763	18,263	18,263	18,263	18,263
Renewal of Existing Assets	-	-	-	40,935	44,185	44,185	44,185	21,980	21,500	20,682
Repairs and Maintenance	9,052	8,650	10,625	25,078	21,834	21,834	22,925	22,925	21,176	18,690
<u>Free services</u>										
Cost of Free Basic Services provided	-	31,834	35,710	36,586	36,586	36,586	27,957	27,957	27,957	27,957
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<u>Households below minimum service level</u>										
Water:	-	10	9	9	9	9	9	9	9	9
Sanitation/sewerage:	-	-	-	-	-	-	5	5	5	5
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	8	8	8	8	8	8	8	8

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue – Standard										
<i>Governance and administration</i>		149,904	194,515	152,341	159,906	203,510	203,510	188,249	206,785	212,816
Executive and council		83,413	140,987	80,930	97,378	97,334	97,334	100,851	113,342	112,917
Budget and treasury office		65,243	52,555	67,851	60,354	103,910	103,910	85,412	91,097	97,554
Corporate services		1,248	973	3,560	2,175	2,266	2,266	1,986	2,345	2,345
<i>Community and public safety</i>		26,326	21,190	17,385	30,590	27,054	27,054	34,536	29,349	23,458
Community and social services		2,639	1,878	3,862	14,306	10,818	10,818	19,261	12,336	8,436
Sport and recreation		696	210	945	5,334	5,334	5,334	5,214	7,214	5,214
Public safety		14,318	12,637	9,799	10,949	10,901	10,901	10,060	9,798	9,807
Health		8,673	6,465	2,780	–	–	–	–	–	–
<i>Economic and environmental services</i>		36,857	3,639	24,099	29,567	48,879	48,879	53,840	41,737	46,590
Planning and development		16,218	1,303	3,066	5,655	4,852	4,852	5,724	4,621	4,621
Road transport		20,639	2,335	21,033	23,912	44,028	44,028	48,116	37,117	41,970
<i>Trading services</i>		173,055	200,077	273,248	304,345	312,808	312,810	318,752	360,120	387,885
Electricity		99,663	121,846	154,972	166,589	166,987	166,987	178,236	197,975	221,046
Water		39,593	31,742	64,974	75,660	75,316	75,316	65,456	80,640	84,216
Waste water management		13,319	17,793	18,778	29,171	33,009	33,011	36,298	40,485	39,188
Waste management		20,480	28,696	34,524	32,925	37,496	37,496	38,762	41,020	43,435
<i>Other</i>	4	3	3	3	3	3	–	3	3	3
Total Revenue - Standard	2	386,145	419,423	467,075	524,411	592,254	592,254	595,379	637,993	670,752
Expenditure - Standard	-									
<i>Governance and administration</i>		47,648	83,762	59,948	50,093	38,973	38,973	104,445	87,090	90,017
Executive and council		27,376	50,281	23,847	25,629	31,640	31,640	48,379	48,235	49,741
Budget and treasury office		16,588	27,964	24,810	20,231	(4,573)	(4,573)	39,685	26,799	27,955
Corporate services		3,684	5,517	11,292	4,232	11,906	11,906	16,380	12,056	12,321
<i>Community and public safety</i>		36,730	43,477	42,502	39,625	45,918	45,917	52,209	51,408	53,620
Community and social services		8,683	9,993	10,739	11,517	12,261	12,260	13,046	12,402	12,930
Sport and recreation		6,555	7,312	8,919	10,069	10,757	10,757	11,807	12,196	12,790
Public safety		13,256	17,245	20,021	18,039	22,900	22,900	27,356	26,810	27,900
Health		8,237	8,927	2,822	–	–	–	–	–	–
<i>Economic and environmental services</i>		34,129	16,691	28,714	27,726	33,666	33,665	42,722	36,236	37,403
Planning and development		20,383	7,083	10,410	10,930	11,984	11,983	17,953	13,095	13,546
Road transport		13,746	9,608	18,304	16,796	21,682	21,682	24,769	23,141	23,857
<i>Trading services</i>		231,688	237,395	279,945	367,367	388,884	388,886	326,217	408,476	435,263
Electricity		126,693	149,606	152,650	206,148	224,558	224,558	188,618	248,472	273,900
Water		61,768	49,920	67,687	86,803	83,670	83,670	76,152	85,344	89,124
Waste water management		18,497	14,144	26,670	33,336	32,301	32,301	23,734	34,515	33,130
Waste management		24,729	23,725	32,938	41,081	48,355	48,357	37,714	40,145	39,109
<i>Other</i>	4	99	99	92	116	117	117	126	129	134
Total Expenditure - Standard	3	350,295	381,423	411,201	484,927	507,557	507,557	525,717	583,339	616,437
Surplus/(Deficit) for the year		35,850	37,999	55,874	39,484	84,697	84,697	69,662	54,654	54,315

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		83,413	140,987	80,930	97,378	97,334	97,334	99,838	113,342	110,917
Vote 2 - FINANCE AND ADMINISTRATION		66,491	53,528	71,411	62,528	106,176	106,176	87,398	93,045	99,501
Vote 3 - PLANNING AND DEVELOPMENT		16,218	1,303	3,066	5,655	4,851	4,851	5,724	4,621	4,621
Vote 4 - HEALTH		8,673	6,465	2,780	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		2,639	1,878	3,862	14,306	10,818	10,818	19,261	12,733	8,833
Vote 6 - COMMUNITY SAFETY		14,318	12,637	9,799	10,949	10,901	10,901	10,060	9,798	9,807
Vote 7 - SPORT AND RECREATION		696	210	945	5,334	5,334	5,334	5,214	7,214	5,214
Vote 8 - WASTE WATER MANAGEMENT		13,319	17,793	18,778	29,171	33,009	33,009	36,298	35,948	37,563
Vote 9 - WASTE MANAGEMENT		20,480	28,696	34,524	32,925	37,496	37,496	38,762	41,020	43,435
Vote 10 - ROADS TRANSPORT		20,639	2,335	21,033	23,912	44,028	44,028	48,116	37,117	41,970
Vote 11 - WATER		39,593	31,742	64,974	75,660	75,316	75,316	65,456	80,640	84,216
Vote 12 - ELECTRICITY		99,663	121,846	154,972	166,589	166,987	166,987	178,236	202,512	221,046
Vote 13 - OTHER		3	3	3	3	3	3	3	3	3
Vote 14 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 15 - IPED		-	-	-	-	-	-	1,013	-	3,625
Total Revenue by Vote	2	386,145	419,423	467,075	524,411	592,254	592,254	595,379	637,993	670,752
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		27,376	50,281	23,847	22,662	27,616	27,616	44,155	45,622	47,045
Vote 2 - FINANCE AND ADMINISTRATION		20,272	33,481	36,102	24,464	7,334	7,334	56,065	38,854	40,277
Vote 3 - PLANNING AND DEVELOPMENT		20,383	7,083	10,410	10,930	11,983	11,983	17,953	13,095	13,546
Vote 4 - HEALTH		8,237	8,927	2,822	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		8,683	9,993	10,739	11,517	12,261	12,261	13,046	12,402	12,930
Vote 6 - COMMUNITY SAFETY		13,256	17,245	20,021	18,039	22,900	22,900	27,356	26,810	27,900
Vote 7 - SPORT AND RECREATION		6,555	7,312	8,919	10,069	10,757	10,757	11,807	12,196	12,790
Vote 8 - WASTE WATER MANAGEMENT		18,497	14,144	26,670	33,336	32,301	32,301	23,734	34,515	33,130
Vote 9 - WASTE MANAGEMENT		24,729	23,725	32,938	41,082	48,355	48,355	37,714	35,609	37,484
Vote 10 - ROADS TRANSPORT		13,746	9,608	18,304	16,796	21,682	21,682	24,769	23,141	23,857
Vote 11 - WATER		61,768	49,920	67,686	86,803	83,670	83,670	76,152	85,344	89,123
Vote 12 - ELECTRICITY		126,693	149,606	152,650	206,148	224,558	224,558	188,618	253,009	273,900
Vote 13 - OTHER		99	99	92	116	117	117	126	129	134
Vote 14 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 15 - IPED		-	-	-	2,967	4,024	4,024	4,224	2,613	4,321
Total Expenditure by Vote	2	350,295	381,423	411,201	484,927	507,557	507,557	525,717	583,339	616,437
Surplus/(Deficit) for the year	2	35,850	37,999	55,874	39,484	84,697	84,697	69,662	54,654	54,315

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	33,440	39,334	47,815	43,406	62,374	62,374	62,374	68,611	74,100	80,028
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	90,613	113,421	136,593	154,299	155,031	155,031	155,031	165,963	185,708	205,085
Service charges - water revenue	2	23,179	25,157	27,414	28,000	28,876	28,876	28,876	30,706	32,825	35,092
Service charges - sanitation revenue	2	13,392	14,124	14,945	15,812	15,093	15,093	15,093	21,611	23,107	24,707
Service charges - refuse revenue	2	15,828	18,195	20,960	20,833	26,155	26,155	26,155	27,986	29,945	32,041
Service charges - other											
Rental of facilities and equipment		1,464	1,469	2,478	2,519	2,519	2,519	2,519	2,476	2,476	2,476
Interest earned - external investments		6,721	5,202	7,853	5,200	5,200	5,200	5,200	5,460	5,460	5,460
Interest earned - outstanding debtors		16,797	16,883	18,993	20,112	16,422	16,422	16,422	17,652	18,957	20,356
Dividends received											
Fines		602	729	380	801	726	726	726	347	347	347
Licences and permits		4,898	5,009	3,888	4,208	4,208	4,208	4,208	3,889	3,889	3,889
Agency services		38,325	35,945	38,466	55,437	55,142	55,142	55,142	43,350	56,474	57,235
Transfers recognised - operational		124,997	125,368	119,086	123,160	122,942	122,942	122,942	125,947	137,985	137,491
Other revenue	2	12,637	9,230	10,095	12,883	12,882	12,882	12,882	11,719	12,066	12,228
Gains on disposal of PPE		3,254	9,356	1,714							
Total Revenue (excluding capital transfers and contributions)		386,145	419,423	450,680	486,671	507,569	507,569	507,569	525,718	583,339	616,437
Expenditure By Type											
Employee related costs	2	88,261	98,336	100,915	120,225	128,256	128,256	128,256	143,513	148,345	155,407
Remuneration of councillors		13,901	15,242	17,918	17,919	17,918	17,918	17,918	18,795	19,569	20,382
Debt impairment	3	57,894	76,044	79,188	79,188	68,133	68,133	68,133	80,343	86,204	93,368
Depreciation & asset impairment	2	9,285	15,309	15,763	-	15,763	15,763	15,763	18,263	18,263	18,263
Finance charges		1,522	876	4,126	4,791	4,815	4,815	4,815	2,140	964	5,597
Bulk purchases	2	72,361	95,076	117,979	141,331	153,160	153,160	153,160	130,826	183,731	204,513
Other materials	8	9,052	8,650		25,077	26,381	26,381	26,381	22,925	4,537	1,625
Contracted services		38,280	40,883	43,323	40,064	36,564	36,564	36,564	43,492	45,988	45,988
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	59,738	31,007	31,989	56,332	56,568	56,568	56,568	65,421	75,738	71,294
Loss on disposal of PPE											
Total Expenditure		350,295	381,423	411,201	484,927	507,557	507,557	507,557	525,717	583,339	616,437
Surplus/(Deficit)		35,850	37,999	39,479	1,743	12	12	12	0	0	(0)
Transfers recognised - capital				16,395	37,740	32,121	32,121	32,121	34,037	37,617	40,190
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets					-	52,564	52,564	52,564	35,625	17,037	14,125
Surplus/(Deficit) after capital transfers & contributions		35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315
Taxation											
Surplus/(Deficit) after taxation		35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		2,662	1,633	375	-	-	-	-	1,285	1,317	2,000
Vote 2 - FINANCE AND ADMINISTRATION		14,805	16,144	2,127	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		577,012	571,874	1,334	13,731	2,265	2,265	2,265	13,200	6,300	3,200
Vote 6 - COMMUNITY SAFETY		47	20	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		702	665	724	15,278	4,818	4,818	4,818	5,000	7,000	7,000
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		8,404	8,359	144	-	-	-	-	-	-	-
Vote 10 - ROADS TRANSPORT		102,213	119,096	11,940	36,141	35,471	35,471	35,471	40,056	30,395	32,882
Vote 11 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 12 - ELECTRICITY		83,849	84,212	7,003	-	-	-	-	2,900	3,600	6,000
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 15 - IPED		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	789,694	802,003	23,647	65,150	42,555	42,555	42,555	62,440	48,612	51,082
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	2,535	2,491	2,491	2,491	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	26,000	26,000	26,000	26,000	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	4,170	803	803	803	1,381	1,505	1,608
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	1,502	2,878	2,878	2,878	378	-	-
Vote 6 - COMMUNITY SAFETY		-	-	-	285	313	313	313	270	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	4	5,306	5,306	5,306	1,866	-	-
Vote 9 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 10 - ROADS TRANSPORT		-	-	-	-	-	-	-	1,783	-	-
Vote 11 - WATER		-	-	-	574	410	410	410	562	-	-
Vote 12 - ELECTRICITY		-	-	-	4,929	3,929	3,929	3,929	982	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 15 - IPED		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	40,001	42,130	42,130	42,130	7,222	1,505	1,608
Total Capital Expenditure - Vote		789,694	802,003	23,647	105,151	84,685	84,685	84,685	69,662	50,117	52,690
Capital Expenditure - Standard											
Governance and administration		17,467	17,777	375	28,535	28,491	28,491	28,491	1,285	1,881	2,010
Executive and council		2,662	1,633	375	2,535	2,491	2,491	2,491	1,285	1,881	2,010
Budget and treasury office		14,805	16,144	-	26,000	26,000	26,000	26,000	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
Community and public safety		748	685	2,101	30,797	10,275	10,275	10,275	18,848	8,000	6,500
Community and social services		-	-	1,377	15,234	5,143	5,143	5,143	13,848	3,000	5,500
Sport and recreation		702	665	724	15,278	4,818	4,818	4,818	5,000	5,000	1,000
Public safety		47	20	-	285	313	313	313	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		679,225	690,970	14,067	40,312	36,274	36,274	36,274	43,220	36,636	38,181
Planning and development		577,012	571,874	2,127	4,170	803	803	803	1,381	1,400	1,290
Road transport		102,213	119,096	11,940	36,141	35,471	35,471	35,471	41,838	35,236	36,891
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		92,253	92,571	7,103	5,508	9,645	9,645	9,645	6,310	3,600	6,000

Lukhanji Adopted Final Budget

Electricity		83,849	84,212	7,003	4,929	3,929	3,929	3,929	3,882	3,600	6,000
Water					574	410	410	410	562	-	-
Waste water management					4	5,306	5,306	5,306	1,866	-	-
Waste management		8,404	8,359	100							
<i>Other</i>											
Total Capital Expenditure - Standard	3	789,694	802,003	23,647	105,151	84,685	84,685	84,685	69,662	50,117	52,690
Funded by:											
National Government		779,716	793,820	23,647	36,304	34,022	34,022	34,022	34,537	37,617	40,190
Provincial Government					825	701	701	701	-		
District Municipality					612	8,387	8,387	8,387	-		
Other transfers and grants						473	473	473	-		
Transfers recognised - capital	4	779,716	793,820	23,647	37,741	43,583	43,583	43,583	34,537	37,617	40,190
Public contributions & donations	5					-	-	-			
Borrowing	6	9,978	8,183		26,571	-	-	-			
Internally generated funds					40,840	41,102	41,102	41,102	35,125	12,500	12,500
Total Capital Funding	7	789,694	802,003	23,647	105,151	84,685	84,685	84,685	69,662	50,117	52,690

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		108,030	125,000	73,694	22,342	73,694	73,694	73,694	56,406	53,586	52,514
Call investment deposits	1	733	225	103,035	48,946	103,035	103,035	103,035	106,242	93,742	81,242
Consumer debtors	1	37,506	25,538	36,092	45,538	36,092	36,092	36,092	61,864	64,957	68,205
Other debtors		188,620	204,632	118,290	204,632	118,290	118,290	118,290	19,606	19,606	19,606
Current portion of long-term receivables											
Inventory	2										
Total current assets		334,888	355,395	331,111	321,458	331,111	331,111	331,111	244,118	231,891	221,567
Non current assets											
Long-term receivables											
Investments											
Investment property		91,284	91,284	91,284	91,284	91,284	91,284	91,284	105,015	105,015	105,015
Investment in Associate											
Property, plant and equipment	3	698,411	710,711	726,310	953,634	726,310	726,310	726,310	824,567	865,795	909,085
Agricultural											
Biological											
Intangible			8	0	8	0	0	0	0	0	0
Other non-current assets											
Total non current assets		789,694	802,003	817,594	1,044,926	817,594	817,594	817,594	929,582	970,811	1,014,100
TOTAL ASSETS		1,124,583	1,157,398	1,148,705	1,366,384	1,148,705	1,148,705	1,148,705	1,173,700	1,202,701	1,235,667
LIABILITIES											
Current liabilities											
Bank overdraft	-										
Borrowing	4	4,276	4,794	4,432	2,564	4,432	4,432	4,432	4,432	4,432	4,432
Consumer deposits		7,603	7,937	8,455	7,900	8,455	8,455	8,455	8,672	8,673	8,673
Trade and other payables	4	164,935	133,517	51,630	129,910	51,630	51,630	51,630	33,385	33,385	33,385
Provisions				1,391	17,076	1,391	1,391	1,391	4,432	4,432	4,432
Total current liabilities		176,814	146,249	65,908	157,450	65,908	65,908	65,907	50,922	50,923	50,923
Non current liabilities											
Borrowing		7,496	6,906	3,925	29,275	3,925	3,925	3,925	3,925	3,925	3,925
Provisions		75,143	78,351	55,918	59,882	55,918	55,918	74,532	73,646	73,646	73,646
Total non current liabilities		82,639	85,257	59,843	89,157	59,843	59,843	78,457	77,571	77,571	77,571
TOTAL LIABILITIES		259,453	231,506	125,751	246,607	125,751	125,751	144,364	128,494	128,494	128,494
NET ASSETS	5	865,130	925,892	1,022,954	1,119,777	1,022,954	1,022,954	1,004,341	1,045,206	1,074,207	1,107,173
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		865,130	925,892	1,022,954	1,119,777	1,022,954	1,022,954	1,004,341	1,045,206	1,074,207	1,107,173
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	865,130	925,892	1,022,954	1,119,777	1,022,954	1,022,954	1,004,341	1,045,206	1,074,207	1,107,173

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A7 Consolidated Budgeted Cash Flows

Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		66,452	162,008	323,736	253,807	379,427	379,427	379,427	316,262	350,718	377,139
Government - operating	1	134,499	101,664	119,086	116,354	122,942	122,942	122,942	123,179	137,985	137,491
Government - capital	1			16,395	32,122	32,122	32,122	32,122	34,537	37,617	40,190
Interest		22,437	13,651	7,853	5,200	5,200	5,200	5,200	5,460	5,460	5,460
Dividends											
Payments											
Suppliers and employees		(150,785)	(240,129)	(416,329)	(405,151)	(539,079)	(539,079)	(539,079)	(394,115)	(500,966)	(526,331)
Finance charges		(2,176)	(6,684)	(185)	(589)	(613)	(613)	(613)	(425)	(964)	(988)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		70,427	30,510	50,556	1,743	0	0	0	84,898	29,851	32,961
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		3,254	9,356			-	-	-	-	-	-
Decrease (Increase) in non-current debtors						-	-	-	-	-	-
Decrease (increase) other non-current receivables						-	-	-	-	-	-
Decrease (increase) in non-current investments		(7,828)	5,694		39,500	39,500	39,500	39,500	35,625	12,500	12,500
Payments											
Capital assets		(25,295)	(27,568)		(105,151)	(84,650)	(84,650)	(84,650)	(69,662)	(50,117)	(52,690)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,868)	(12,518)	-	(65,651)	(45,150)	(45,150)	(45,150)	(34,037)	(37,617)	(40,190)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing					26,571				-	-	-
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(5,903)	(1,022)	(4,126)	(4,202)	(4,202)	(4,202)	(4,202)	(1,715)	(1,387)	(1,019)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5,903)	(1,022)	(4,126)	22,369	(4,202)	(4,202)	(4,202)	(1,715)	(1,387)	(1,019)
NET INCREASE/ (DECREASE) IN CASH HELD		34,656	16,970	46,430	(41,539)	(49,352)	(49,352)	(49,352)	49,146	(9,153)	(8,248)
Cash/cash equivalents at the year begin:	2	73,374	108,029	125,000	125,000	125,000	125,000	125,000	56,406	105,552	96,398
Cash/cash equivalents at the year end:	2	108,029	125,000	171,430	83,461	75,648	75,648	75,648	105,552	96,398	88,150

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	108,029	125,000	171,430	83,461	75,648	75,648	75,648	105,552	96,398	88,150
Other current investments > 90 days		733	225	5,299	(12,173)	101,082	101,082	101,082	57,096	50,929	45,605
Non current assets – Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		108,762	125,224	176,729	71,288	176,729	176,729	176,729	162,648	147,327	133,756
Application of cash and investments											
Unspent conditional transfers		36,631	15,471	16,281	15,471	16,281	16,281	16,281	16,337	16,337	16,337
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(31,687)	(111,841)	(122,255)	(159,237)	(121,436)	(121,436)	(121,436)	(59,695)	(61,771)	(64,294)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		4,944	(96,370)	(105,973)	(143,766)	(105,154)	(105,154)	(105,154)	(43,358)	(45,434)	(47,957)
Surplus(shortfall)		103,818	221,595	282,702	215,054	281,883	281,883	281,883	206,006	192,762	181,713

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A9 Consolidated Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE										
Total New Assets	1	789,694	802,003	-	64,217	40,500	40,500	47,682	28,617	32,008
Infrastructure - Road transport		102,213	119,096	-	-	-	-	5,858	-	2,318
Infrastructure - Electricity		83,849	84,212	-	4,929	4,929	4,929	3,882	3,000	6,000
Infrastructure - Water		-	-	-	-	-	-	562	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	1,866	-	-
Infrastructure - Other		8,240	8,203	-	13,891	10,925	10,925	6,500	9,000	12,200
Infrastructure		194,302	211,511	-	18,820	15,854	15,854	18,668	12,000	20,518
Community		-	-	-	31,897	10,861	10,861	20,133	15,217	10,200
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		91,284	91,284	-	-	-	-	-	-	-
Other assets	6	504,109	499,200	-	13,500	13,785	13,785	8,881	1,400	1,290
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	8	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	40,935	44,185	44,185	21,980	21,500	20,682
Infrastructure - Road transport		-	-	-	27,856	25,805	25,805	21,980	21,500	20,682
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	574	574	574	-	-	-
Infrastructure - Sanitation		-	-	-	4	5,306	5,306	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	28,435	31,685	31,685	21,980	21,500	20,682
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	12,500	12,500	12,500	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		102,213	119,096	-	27,856	25,805	25,805	27,838	21,500	23,000
Infrastructure - Electricity		83,849	84,212	-	4,929	4,929	4,929	3,882	3,000	6,000
Infrastructure - Water		-	-	-	574	574	574	562	-	-
Infrastructure - Sanitation		-	-	-	4	5,306	5,306	1,866	-	-
Infrastructure - Other		8,240	8,203	-	13,891	10,925	10,925	6,500	9,000	12,200
Infrastructure		194,302	211,511	-	47,255	47,539	47,539	40,648	33,500	41,200
Community		-	-	-	31,897	10,861	10,861	20,133	15,217	10,200
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		91,284	91,284	-	-	-	-	-	-	-
Other assets		504,109	499,200	-	26,000	26,285	26,285	8,881	1,400	1,290
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	8	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	789,694	802,003	-	105,151	84,685	84,685	69,662	50,117	52,690
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	102,213	119,096	119,096	119,096	128,635	128,635	138,656	138,656	138,656
Infrastructure - Electricity		83,849	84,212	84,212	84,212	93,747	93,747	107,430	107,430	107,430
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		8,240	8,203	8,203	8,203	7,639	7,639	8,423	8,423	8,423
Infrastructure		194,302	211,511	211,511	211,511	230,020	230,020	254,508	254,508	254,508

Lukhanji Adopted Final Budget

Community						1,389	1,389	1,645	1,645	1,645
Heritage assets										
Investment properties		91,284	91,284	91,284	91,284	91,284	91,284	105,015	105,015	105,015
Other assets		504,109	499,200	514,799	742,123	494,901	494,901	568,413	609,642	652,932
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	8	0	8	0	0	0	0	0
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	789,694	802,003	817,594	1,044,926	817,594	817,594	929,582	970,811	1,014,100
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		9,285	15,309	15,763	-	15,763	15,763	18,263	18,263	18,263
Repairs and Maintenance by Asset Class	3	9,052	8,650	10,625	25,078	21,834	21,834	22,925	21,176	18,690
<i>Infrastructure - Road transport</i>		1,329	1,451	2,289	2,159	4,079	4,079	4,843	3,892	3,946
<i>Infrastructure - Electricity</i>		1,834	1,722	2,932	2,493	3,423	3,423	2,989	3,011	3,359
<i>Infrastructure - Water</i>		2,860	490	2,547	5,171	5,234	5,234	5,171	5,190	5,209
<i>Infrastructure - Sanitation</i>		503	1,440	174	7,854	2,852	2,852	6,254	6,272	3,291
<i>Infrastructure - Other</i>		-	-	-	2,500	4,176	4,176	1,936	1,054	1,104
Infrastructure		6,527	5,104	7,942	20,176	19,764	19,764	21,193	19,419	16,909
Community		169	165	351	326	509	509	413	426	440
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2,356	3,381	2,332	4,575	1,560	1,560	1,319	1,331	1,341
TOTAL EXPENDITURE OTHER ITEMS		18,337	23,959	26,388	25,078	37,597	37,597	41,188	39,439	36,953
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	38.9%	52.2%	52.2%	31.6%	42.9%	39.3%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	280.3%	280.3%	120.4%	117.7%	113.2%
<i>R&M as a % of PPE</i>		1.3%	1.2%	1.5%	2.6%	3.0%	3.0%	2.8%	2.4%	2.1%
<i>Renewal and R&M as a % of PPE</i>		1.0%	1.0%	1.0%	6.0%	8.0%	8.0%	5.0%	4.0%	4.0%

Lukhanji Adopted Final Budget

EC134 Lukhanji - Table A10 Consolidated basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		14,813	20,851	20,758	21,761	21,761	21,761	26,610	26,610	26,610
Piped water inside yard (but not in dwelling)		12,211	11,952	11,952	11,927	11,927	11,927	11,854	11,854	11,854
Using public tap (at least min.service level)	2	8,511	8,511	8,511	8,340	8,340	8,340	8,099	8,099	8,099
Other water supply (at least min.service level)	4	2,315	2,315	2,315	2,110	2,110	2,110	2,203	2,203	2,203
<i>Minimum Service Level and Above sub-total</i>		37,850	43,629	43,536	44,138	44,138	44,138	48,766	48,766	48,766
Using public tap (< min.service level)	3		7,095	7,095	7,072	7,072	7,072	7,778	7,778	7,778
Other water supply (< min.service level)	4		2,533	2,315	2,160	2,160	2,160	1,329	1,329	1,329
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	9,628	9,410	9,232	9,232	9,232	9,107	9,107	9,107
Total number of households	5	37,850	53,257	52,946	53,370	53,370	53,370	57,873	57,873	57,873
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		26,436	30,983	30,973	30,989	30,989	30,989	33,190	33,190	33,190
Flush toilet (with septic tank)		1,724	1,724	1,724	1,724	1,724	1,724	1,385	1,385	1,385
Chemical toilet		4,170	4,170	4,170	4,170	4,170	4,170	1,410	1,410	1,410
Pit toilet (ventilated)		8,707	8,386	8,386	8,160	8,160	8,160	5,857	5,857	5,857
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		41,037	45,263	45,253	45,043	45,043	45,043	41,842	41,842	41,842
Bucket toilet								103	103	103
Other toilet provisions (< min.service level)										
No toilet provisions								4,482	4,482	4,482
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	4,585	4,585	4,585
Total number of households	5	41,037	45,263	45,253	45,043	45,043	45,043	46,427	46,427	46,427
Energy:										
Electricity (at least min.service level)		51,935	51,921	52,640	53,300	53,300	53,300	54,155	54,155	54,155
Electricity - prepaid (min.service level)		50,277	50,271	50,555	51,575	51,575	51,575	52,355	52,355	52,355
<i>Minimum Service Level and Above sub-total</i>		102,212	102,192	103,195	104,875	104,875	104,875	106,510	106,510	106,510
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	102,212	102,192	103,195	104,875	104,875	104,875	106,510	106,510	106,510
Refuse:										
Removed at least once a week				27,890	27,890	27,890	27,890	27,890	27,890	27,890
<i>Minimum Service Level and Above sub-total</i>		-	-	27,890	27,890	27,890	27,890	27,890	27,890	27,890
Removed less frequently than once a week										
Using communal refuse dump				110	110	110	110	123	123	123
Using own refuse dump										
Other rubbish disposal				4,048	4,048	4,048	4,048	4,142	4,142	4,142
No rubbish disposal				4,158	4,158	4,158	4,158	4,222	4,222	4,222
<i>Below Minimum Service Level sub-total</i>		-	-	8,316	8,316	8,316	8,316	8,487	8,487	8,487
Total number of households	5	-	-	36,206	36,206	36,206	36,206	36,377	36,377	36,377
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)			7,241	7,310	7,309	7,309	7,309	3,534	3,534	3,534
Sanitation (free minimum level service)			9,567	9,088	9,157	9,157	9,157	3,534	3,534	3,534
Electricity/other energy (50kwh per household per month)			8,354	8,076	8,152	8,152	8,152	3,534	3,534	3,534
Refuse (removed at least once a week)			9,535	9,558	9,812	9,812	9,812	3,534	3,534	3,534

Lukhanji Adopted Final Budget

Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		6,390	6,899	6,914	6,914	6,914	8,773	8,773	8,773	
Sanitation (free sanitation service)		3,961	4,321	4,321	4,321	4,321	5,201	5,201	5,201	
Electricity/other energy (50kwh per household per month)		11,034	12,900	13,752	13,752	13,752	7,628	7,628	7,628	
Refuse (removed once a week)		10,448	11,590	11,598	11,598	11,598	6,355	6,355	6,355	
Total cost of FBS provided (minimum social package)		-	31,834	35,710	36,586	36,586	27,957	27,957	27,957	
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		-	-	-	-	-	-	-	-	-

Lukhanji Adopted Final Budget

6 Budget Related Charts and Explanatory Notes

These charts tie with the budget schedules presented above and are presented to illustrate the related numerical schedule.

6.1 - Chart 1 - Operating Revenue by Source

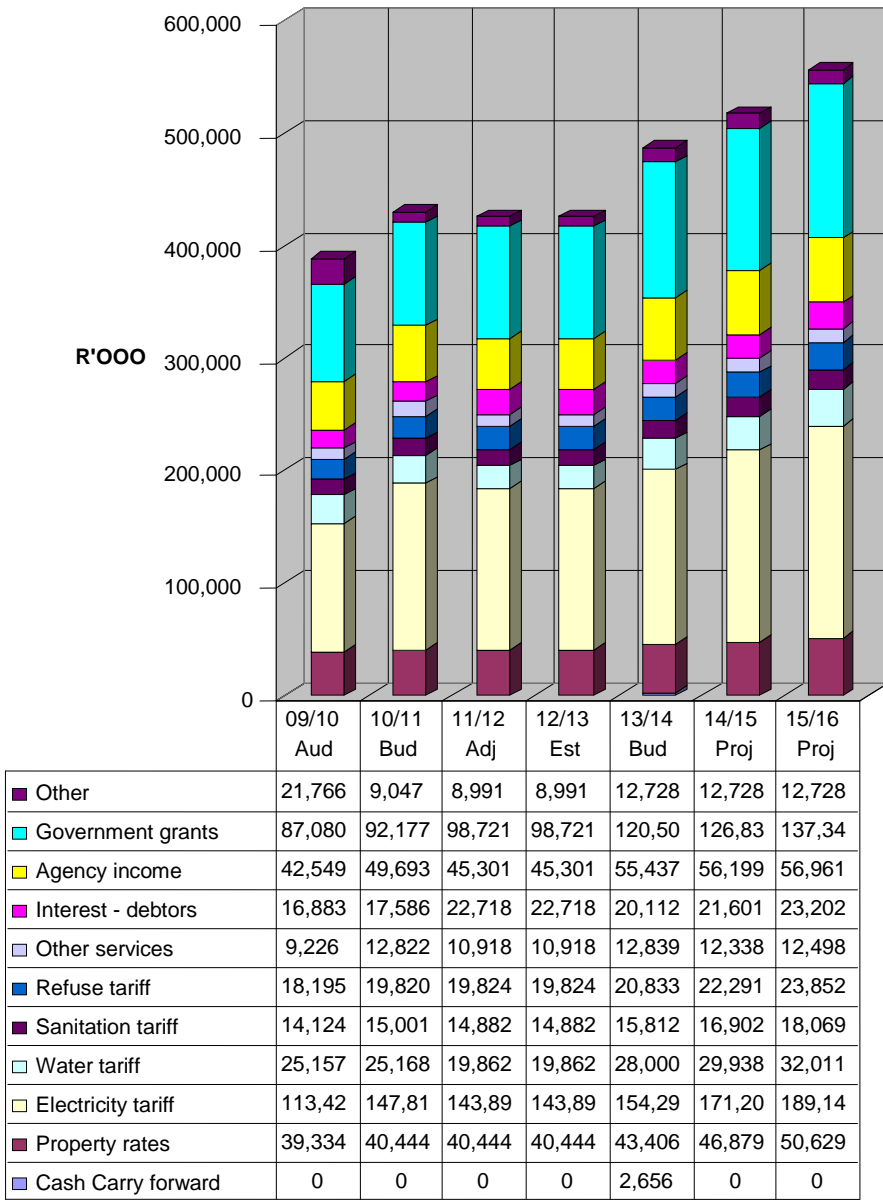
6.2 - Chart 2 - Operating Expenditures by GFS Function (Vote)

6.3 - Chart 3 - Capital Expenditure by Vote

6.6 - Chart 4 - Capital Budget by funding source

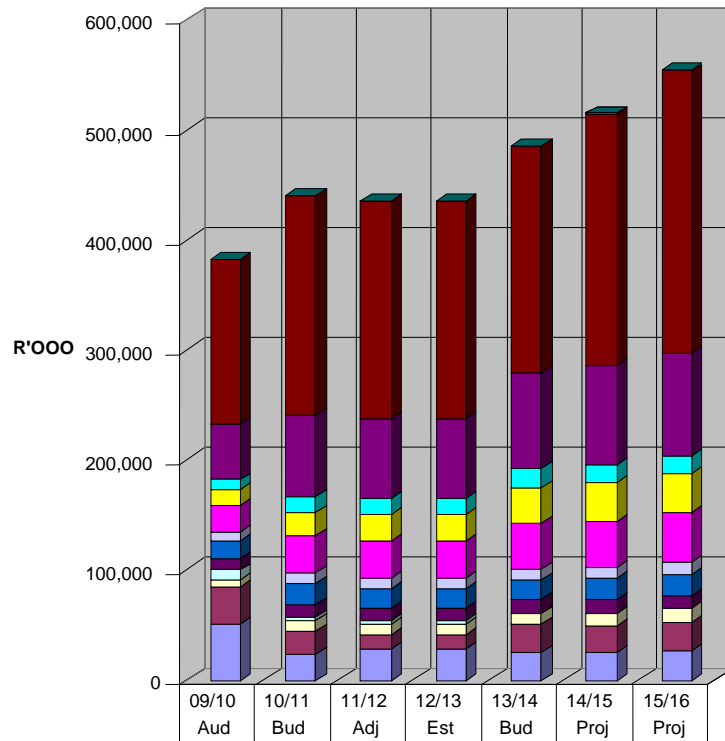
Lukhanji Adopted Final Budget

CHART 1 - OPERATING REVENUE BY SOURCE



Lukhanji Adopted Final Budget

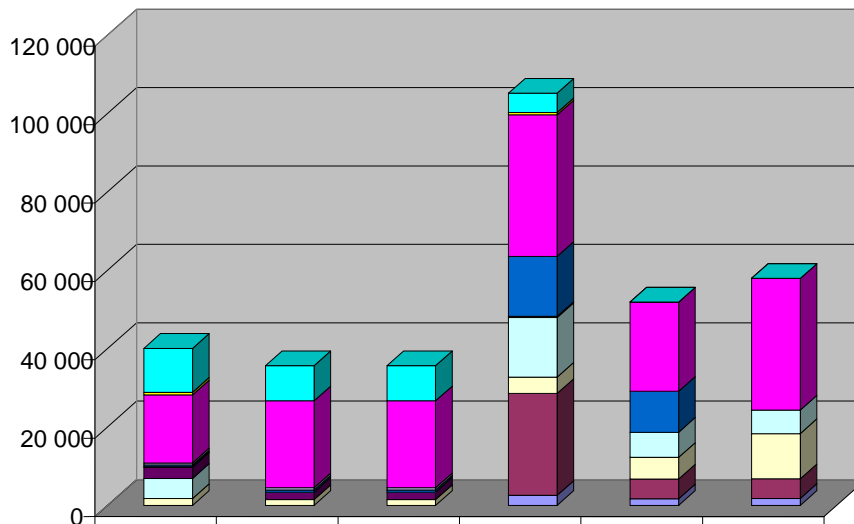
CHART 2 - OPERATING EXPENDITURE BY GFS FUNCTION



	09/10 Aud	10/11 Bud	11/12 Adj	12/13 Est	13/14 Bud	14/15 Proj	15/16 Proj
Other	99	120	117	117	116	121	125
Electricity	149,60	199,57	197,30	197,30	206,14	229,42	255,86
Water	49,920	73,238	72,728	72,728	86,803	89,888	93,355
Road Transport	9,608	13,990	14,537	14,537	16,796	16,569	17,157
Waste Water Management	14,144	20,932	24,101	24,101	33,336	34,403	35,614
Waste Management	23,725	34,534	34,606	34,606	41,082	42,001	44,051
Sport and Recreation	7,312	10,207	9,408	9,408	10,069	10,426	10,928
Public Safety	17,245	18,251	17,150	17,150	18,039	18,758	19,558
Community & Social Services	9,993	11,679	11,229	11,229	11,517	11,959	12,280
Health	8,927	3,970	3,970	3,970	0	0	0
Planning & Development	7,083	8,900	9,420	9,420	10,930	11,685	12,281
Finance & Admin	33,481	20,765	12,357	12,357	24,464	23,976	25,496
Executive & Council	50,281	23,535	28,302	28,302	25,629	25,480	26,725

Lukhanji Adopted Final Budget

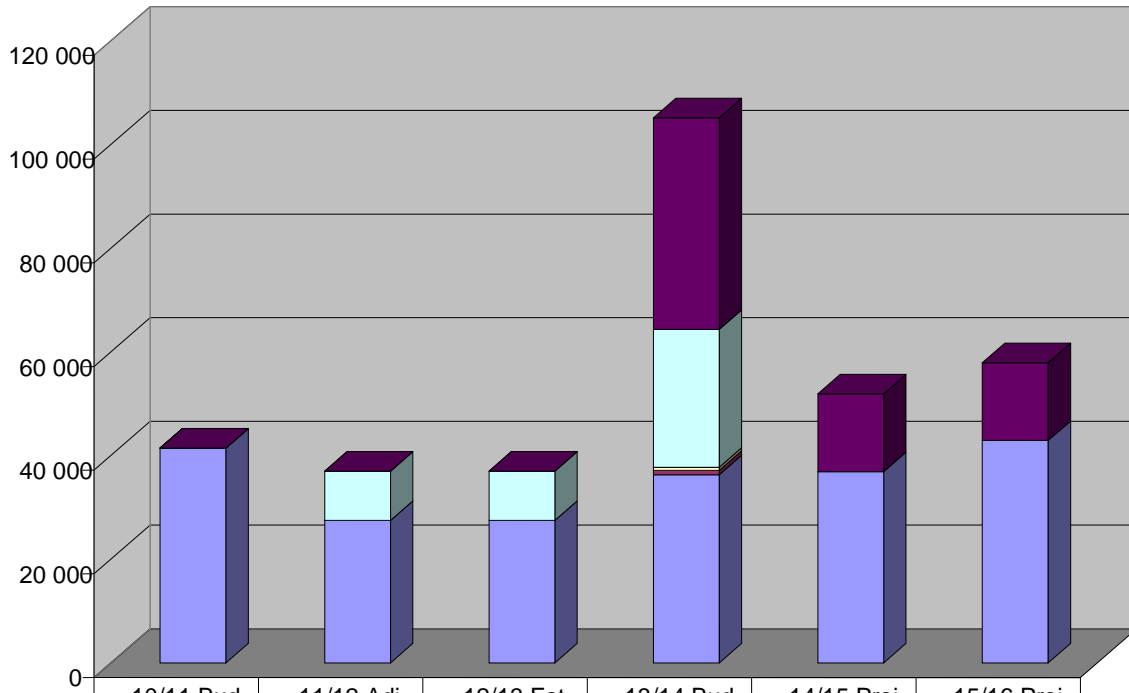
CHART 3 - CAPITAL EXPENDITURE BY VOTE



	10/11 Bud	11/12 Adj	12/13 Est	13/14 Bud	14/15 Proj	15/16 Proj
Electricity	11 206	8 990	8 990	4 929	0	0
Water	690	0	0	574	0	0
Road Transport	17 342	22 193	22 193	36 141	22 767	33 582
Waste Water Management	4	0	0	4	0	0
Waste Management	544	554	554	0	0	0
Sport and Recreation	371	550	550	15 278	10 459	0
Public Safety	200	0	0	285	0	0
Housing	2 821	1 887	1 887	0	0	0
Community & Social Services	5 153	0	0	15 234	6 400	6 000
Planning & Development	1 744	1 482	1 482	4 170	5 564	11 531

Lukhanji Adopted Final Budget

CHART 4 - CAPITAL FUNDING BY SOURCE



	10/11 Bud	11/12 Adj	12/13 Est	13/14 Bud	14/15 Proj	15/16 Proj
■ Accumulated Surplus (Own Funds)	0	0	0	35 125	12 500	12 500
■ External Loans	0	9 500	9 500		0	0
■ District Municipality	0	0	0		0	0
■ Provincial Government	0	0	0		0	0
■ National Government	41 452	27 480	27 480	34 537	37 617	40 190

Lukhanji Adopted Final Budget

Supporting Documentation

Section 17(3) of the MFMA requires certain documents must accompany the budget.

7. Budget Process Overview

The following schedule was adopted by the Council in August 2012 and was followed in the preparation of the 2013/14 medium term budget document.

Lukhanji Municipality

BUDGET PROCESS PLAN 2013/14			
Number	Item description	Due Date	Responsible Person
July 2012			
1	Review the 2012/13 Budget Process	1-31 July	CFO
August 2012			
2	Establish process and timetable for the 2013/14 to 2015/16 Medium Term Budget Expenditure Framework	26-Aug-12	CFO, BUDGET MANAGER
3	COUNCIL MEETING: Budget Schedule to be tabled to the Council	31-Aug-12	MAYOR
4	2011/12 Financial Statements submitted to Auditor-General	31-Aug-12	CFO
September 2012			
5	Establishment of Budget Steering Committee & Tariff Steering Committee	04-Sep-12	MAYOR
6	MAYORAL/ BUDGET STEERING COMMITTEE MEETING: Mayoral committee to meet and identify strategies and guidelines for the development of the 2013/14 to 2015/16 Budgets. Committee should adopt the 'Budget Preparation and Financial Guidelines' proposed.	14-Sep-12	CFO, BUDGET MANAGER
7	MAYORAL / STEERING COMMITTEE MEETING: - review progress and budget assumptions	14-Sep-12	CFO, BUDGET MANAGER
8	MEETING WITH DIRECTORS AND MANAGERS: Directorates to be provided with the current Baseline Operating Medium Term Expenditure Forecasts (MTEF) 2013/14 thru 2015/16 that are to be used as a basis for the development of new Operating Medium Term Expenditure	21-Sep-12	CFO, BUDGET MANAGER
9	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	28-Sep-12	BUDGET MANAGER

Lukhanji Adopted Final Budget

	October 2012		
10	MAYORAL / STEERING COMMITTEE MEETING: - review progress and baseline operating budget.	09-Oct-12	CFO, BUDGET MANAGER
11	Schedule individual meetings with Directorate to review baseline budget and work progress for completion of changes and supplemental requests	23-Oct-12	BUDGET MANAGER
12	Review current tariffs, receive requested changes from directorates and prepare options for consideration	30-Oct-12	REVENUE MANAGER
13	SUBMISSION OF BASELINE BUDGETS AND SUPPLEMENTAL REQUESTS FROM DIRECTORATES: Final date for submission of all Baseline Operating Budgets, Capital Budgets and Operational plans by Directorates to the budget office.	30-Oct-12	ALL DIRECTORS
	November 2012		
14	Draft report on proposed tariff changes for review to Budget Steering Committee delivered to CFO	05-Nov-12	REVENUE MANAGER
15	MAYORAL / STEERING COMMITTEE MEETING: - review progress and proposed tariff report.	06-Nov-12	CFO, BUDGET MANAGER
16	Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by directorates	27-Nov-12	BUDGET MANAGER
17	Receive audited Financial Statements and Audit report from the Auditor-General for the 2011//12 financial year	30-Nov-12	AUDITOR-GENERAL
	December 2012		
18	MAYORAL / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND DRAFT TARIFFS.	07-Dec-12	CFO, BUDGET MANAGER
	January 2013		
19	MAYORAL / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	23-Jan-13	CFO, BUDGET MANAGER
20	MAYORAL COMMITTEE MEETING: PRESENT MIDYEAR PERFORMANCE REPORT TO MAYORAL COMMITTEE: Final review of 2012/13 operating and capital budget for midyear adjustments to mayoral committee for approval to council.	23-Jan-13	MUNICIPAL MANAGER
21	SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DIRECTORATES: Final date for submission of all Capital Budget plans by Directorates to the budget office.	23-Jan-13	ALL DIRECTORS
22	COUNCIL MEETING: Table in a special council meeting the annual report, mid year assessment report, financial statements and audit report	29-Jan-13	MUNICIPAL MANAGER, MAYOR
	February 2013		
23	MAYORAL / STEERING COMMITTEE MEETING: - review progress and the DRAFT BUDGET.	05-Feb-13	CFO, BUDGET MANAGER

Lukhanji Adopted Final Budget

24	COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year	26-Feb-13	MAYOR
25	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	26-Feb-13	BUDGET MANAGER
	March 2013		
26	FINAL ALIGNMENT OF IDP WITH BUDGET	14-Mar-13	IDP MANAGER, CFO, BUDGET MANAGER
27	MAYORAL / STEERING COMMITTEE MEETING: final draft operating and capital budget presented to Mayoral committee for review	19-Mar-13	CFO, BUDGET MANAGER
28	COUNCIL MEETING: Council (after consideration of the 2011/12 Annual Report) to adopt an Oversight Report.	31-Mar-13	OVERSIGHT COMMITTEE
29	COUNCIL MEETING: Operating and Capital draft budget and IDP tabled to Council for consultation with the community	31-Mar-13	MAYOR
30	Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the Annual Financial Statements, the 2011/12 audit report and any corrective action taken in response to the findings of the audit report.	31-Mar-13	ADMINISTRATION
31	Submit draft budgets in required form to NT, Provincial Treasury	31-Mar-13	BUDGET MANAGER
	April 2013		
32	Hold public meetings and consultations on budget/ IDP	15 - 25 April	SPEAKER, ADMINISTRATION
33	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	16-Apr-13	BUDGET MANAGER
34	Directorates are to provide a list of Capital Projects to be rolled over for inclusion in the 2013/14 Budget to the budget office and cash balances forward for grant projects.	30-Apr-13	ALL DIRECTORS
	May 2013		
35	Final Budgets prepared taking into consideration submissions made during consultation process	12-May-13	CFO, BUDGET MANAGER
36	MEETING OF MAYORAL / STEERING COMMITTEE: Approval of FINAL operating and capital budget for presentation to the full council	14-May-13	CFO, BUDGET MANAGER
37	COUNCIL MEETING: IDP & Budgets for 2013/14 thru 2015/16 adopted by Council along with the Mayor's budget address	31-May-13	MAYOR

Lukhanji Adopted Final Budget

	June 2013		
38	IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	18-Jun-13	BUDGET MANAGER
39	MAYORAL TO APPROVE SDBIP AND PERFORMANCE AGREEMENTS within 14 days after receiving them.	28-Jun-13	MAYOR

Political Oversight

The Budget is a political document. Although most of the technical preparation of the document is performed by staff, the budget is, in accordance with the MFMA, the Mayor's document. The Mayor and the Mayoral committee were involved with the budget at every step.

In July 2012 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

Budget Development Overview

The 2013/14 budget process began in July 2012 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Mayoral Committee also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2012 the Mayoral committee approved the budget preparation schedule and tabled that schedule to council.

During the months of September thru January 2012/13 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

Concurrent with this process various committees were appointed to review and make recommendations on the municipality's various budget related policies.

At the end of February a first draft budget was prepared using all available data and in March this report was presented to the Mayoral Committee.

On the 26th of March 2013 a draft budget was presented to the Mayoral along with a list of recommendations for items such as tariff increases and miscellaneous items.

The draft budget is to be tabled in council on the 28th of March together with the revised IDP for the 2013/14 budget year.

Lukhanji Adopted Final Budget

8. Alignment of Budget with Integrated Development Plan

Each year the IDP must be reviewed as required by the Municipal Systems Act and MFMA. It should be reviewed in terms of performance in achieving outcomes and outputs, since the current financial position and the future fiscal outlook for the municipality will have a direct bearing on delivery. The review should ensure that the plans are still within the financial capacity of Lukhanji. This section should give readers a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The intention is not to attach the IDP as an annexure or to repeat everything in the IDP. However, it is critical that the user of the budget documentation obtains a good high-level overview of the IDP and be referred to the detailed IDP documentation.

Vision

Lukhanji Municipality to be a municipality of choice, that seeks to work closely with its people to promote governance, economic growth and sustainable delivery of services.

Mission

To strive for financial and administrative stability while providing effective, affordable, sustainable integrated development in order to achieve socio economic upliftment, stability and growth.

Value

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:

- Good Governance
- Accountability
- Public Participation
- People Development
- Teamwork
- Integrity
- Tolerance
- Honesty
- Responsibility
- Trust

LUKHANJI KEY PRIORITIES (KPAs) FOR 2012/2017

Priorities as determined by the communities through the ward councilors and endorsed by the IDP Representative Forum

1. Infrastructure and Basic Services

- Roads
- Storm Water Drainage
- Street lighting
- Sanitation

2. Housing

- Rectification of the RDP houses

3. Local Economic Development and job creation

Lukhanji Adopted Final Budget

- Fencing of agricultural and grazing land
 - Tourism
 - SMME development
 - Irrigation schemes
4. Social And Recreational Facilities
- Sports Facilities
 - Fencing facilities
5. Health

LUKHANJI DEVELOPMENT TARGETS FOR 2013/2018

GOOD GOVERNANCE + FINANCIAL VIABILITY

- To achieve a clean audit by June 2014
- To improve turnaround time for completion of budget: adjustment , DRAFT 12/13 budget
- To improve turn around for dealing with disciplinary cases brought before the DC to less than 60 days from date of initial charges by end 2013.
- To have all our employees signing a pledge to anti-corruption program by end of 2012.
- To develop clear policy for restorative justice processes and renaming

INSTITUTIONAL DEVELOPMENT & TRANSFORMATION

- To revise and automate and cascade performance management
- To adopt a HR retention strategy
- To adopt revised EEP with specific targets for women, youth and disabled in our top three levels of management
- To fill all critical budgeted vacancies in the organogram by June 2013
- To facilitate accredited training of officials and councilors
- To facilitate training and capacity building of all ward committees

LOCAL ECONOMIC DEVELOPMENT

- To improve Agric contribution to economy by between 1% and 2.5%
- To support Local Tourism Agency
- To adopt an Agriculture and Rural development plan
- To pilot Liberation Heritage Route at Sada and Ntabelanga/Bulhoek
- To develop a investment package by the end of 2013

SERVICE DELIVERY

- To ensure that 90% of our households have safe places to dispose of their refuse and waste by end 2014
- To facilitate construction of 2000 low cost houses with support from EC department of Housing
- To facilitate supply of electricity to 2%of households by June 2014
- To construct 50km of new gravel road network in our rural areas by December 2014
- To maintain and or upgrade at least 25km of road surface (Tarr + Gravel)

Lukhanji Adopted Final Budget

- To facilitate increase household access to water and sanitation services

The tables contained in the following pages attempt to align the draft budget with the IDP.

8.2 – Table SA4 – Reconciliation of IDP strategic objectives and Budget – Revenue

8.3 – Table SA5 – Reconciliation of IDP strategic objectives and Budget - Operating Expenditure

8.4 – Table SA6 – Reconciliation of IDP strategic objectives and Budget – Capital Expenditure

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Good Governance & Financial Viability	To achieve clean audit by 30 June 2014			148,656	193,542	215,532	157,732	178,138	178,138	178,762	190,530	200,777
Institutional Development & Transformation	Revise and automate and cascade performance management			1,248	973	1,084	2,175	2,456	2,456	2,464	2,627	2,771
Local Economic Development	Improve agricultural contribution to economy			16,218	1,303	1,451	5,655	6,387	6,387	6,409	6,831	8,139
Service Delivery	Ensure that 90% of households have safe places to dispose their refuse and waste			220,023	223,604	249,009	358,850	405,274	405,274	407,744	438,005	459,064
Total Revenue (excluding capital transfers and contributions)			1	386,145	419,422	467,076	524,412	592,255	592,255	595,379	637,993	670,752

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Good Governance & Financial Viability	To achieve clean audit by 30 June 2014			43,964	78,245	397,305	45,861	48,001	48,001	49,718	55,168	58,298	
Institutional Development & Transformation	Revise and automate and cascade performance management			3,684	5,517	5,948	4,232	4,429	4,429	4,588	5,090	5,380	
Local Economic Development	Improve agricultural contribution to economy			20,383	7,083	7,636	10,930	11,440	11,440	11,849	13,148	13,895	
Service Delivery	Ensure that 90% of households have safe places to dispose their refuse and waste			282,263	290,579	313	423,905	443,687	443,687	459,561	509,933	538,865	
Allocations to other priorities													
Total Expenditure				1	350,295	381,423	411,202	484,928	507,558	507,558	525,717	583,339	616,437

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Good Governance & Financial Viability	To achieve clean audit by 30 June 2014	A		17,467	17,777	524	-	-	-			
Institutional Development & Transformation	Revise and automate and cascade performance management	B		-	-	-	-	-	-			
Local Economic Development	Improve agricultural contribution to economy	C		577,012	571,874	16,861	2,535	2,491	2,491	2,235	1,881	2,010
Service Delivery	Ensure that 90% of households have safe places to dispose their refuse and waste	D		195,215	212,352	6,261	102,617	82,194	82,194	27,291	16,113	22,028
Service Delivery	To have good access road in the communities	E								40,136	32,123	28,652
Allocations to other priorities			3									
Total Capital Expenditure			1	789,694	802,003	23,647	105,151	84,685	84,685	69,662	50,117	52,690

Lukhanji Adopted Final Budget

9 Budget Related Policies Overview and Amendments

The **detailed policies** are not included in the budget documentation, however they are available on request to councillors and are to be made publicly available when the budget is tabled for consultation, tabled for consideration of approval and finally approved.

This section attempts to give a **broad overview** of the budget policy framework and highlight the amended policies to be approved by council resolution.

Budget related policies include, but are not limited to:

- Revenue related policies (tariffs, credit control, revenue collection, indigents, etc)
- Free basic services including levels, households benefiting and cost
- Investment of funds, reserves, borrowing and cash management
- Supply chain management policy
- Adjustment budgets, and unforeseen and unavoidable expenditure

Revenue Related Policies

In 2007/08 the municipality approved several revised revenue related policies. These included a revised credit control and debt collection policy.

Policies submitted for revision in line with the 2013/14 tabled budget include :

Lukhanji Municipality Rates Policy
Lukhanji Municipality Arrangement Policy
Lukhanji Municipality Credit Control and Debt Collection policy

Credit Control and Debt Collection Policy

This policy lays out the framework and the principles by which the municipality deals with those citizens that either want to connect to the municipal services or fall into arrears on the municipal services for which they are provided service.

This policy sets out the application process, the billing process and the mechanism to be used when performing the debt collection function.

Free Basic Services

No revisions to free basic services are planned for this financial year. The free basic services policy is written in line with national directives and recommendations and states that those households registered as indigent within the municipality will receive 50kw of electricity and 10kl of water each month free of charge for the provision of basic service.

Lukhanji Adopted Final Budget

Investment of Funds, borrowing and cash management

In accordance with the MFMA, this past financial year the council adopted a 'cash and investment policy' setting out various principles and reporting requirements for the municipality's investments. During 2007/08 a debt management policy that sets out the debt policy of the municipality was also adopted. This policy sets a framework for the municipality to use when considering the use of debt for a project. This policy also sets self-imposed limits on both the total amount of debt that can be issued by the municipality and the amount required each year for annual debt servicing.

Supply Chain Management Policy

The MFMA required the municipality to adopt and implement a new supply chain policy by January 1st of 2006. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA.

Unforeseen and Unavoidable Expenditure Policy

In accordance with the MFMA the council passed a policy to be used in the municipality when unforeseen and unavoidable expenditures become needed. This policy delegates certain powers and responsibilities onto the Mayor and Municipal Manager and requires all such expenditures to be tabled before council in an adjustment budget as soon as possible.

Adjustment budget Policy

A policy relating to adjustment budgets was adopted by council in during the 2006/07 budget process. This policy sets out the method and authority for proposing adjustments budgets to council during the financial year.

Debt Management Policy

A Debt Management Policy was adopted by council in 2007/08. This policy is meant to establish guidelines for the issuance, use of or budgeting of debt instruments within the municipality.

Lukhanji Adopted Final Budget

Write Off Policy

The municipality has many old and uncollectible accounts still within its active billing system. This write off policy (adopted in 2007/08) establishes guidelines and authorization levels and criteria to be used when writing off those debtor accounts that are deemed uncollectible.

Arrangements Policy

This policy (adopted in 2007/08) creates the framework to guide staff in entering into arrangements for payment with municipal customers that have problems paying their accounts.

The policy differentiates between indigent, domestic and business type customers. The policy also basis repayment schedules based upon the income levels of households and sets guidelines to use when dealing with indigents.

Lukhanji Adopted Final Budget

10 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. This section provides a comprehensive summary of all the assumptions used in preparing the budget.

Budget Assumptions Table 2013/14					
		Estimated 2012/13	Estimated 2013/14	Estimated 2014/15	Estimated 2015/16
1)	General Inflation Factor	4.8%	5.3%	5.0%	5.0%
2)	Interest Rates:				
	Borrowing	13.0%	13.0%	13.0%	13.0%
	Investing	6.0%	6.0%	6.0%	6.0%
3)	Increases - Rates and Tariffs:				
	Growth Factor	0.0%	1.0%	1.0%	1.0%
	Rates	10.0%	0.0%	0.0%	0.0%
	Electricity	11.0%	0.0%	0.0%	0.0%
	Refuse	7.0%	0.0%	0.0%	0.0%
	Water	6.0%	0.0%	0.0%	0.0%
	Sanitation	6.0%	0.0%	0.0%	0.0%
4)	Tax Base Growth	0.0%	0.0%	0.0%	0.0%
5)	Billing Collection Rates:				
	Rates	98.0%	0.0%	0.0%	0.0%
	Electricity	79.0%	0.0%	0.0%	0.0%
	Refuse	53.0%	0.0%	0.0%	0.0%
	Water	60.0%	0.0%	0.0%	0.0%
	Sanitation	59.0%	0.0%	0.0%	0.0%
	Debtor Interest	7.0%	0.0%	0.0%	0.0%
6)	Bulk Electricity Purchases				
	Growth Factor	0.0%	0.0%	0.0%	0.0%
	Bulk Cost Increases	13.5%	13.5%	13.5%	13.5%

Lukhanji Adopted Final Budget

	Estimated 2012/13	Estimated 2013/14	Estimated 2014/15	Estimated 2015/16
7) Salary Increases				
Salaries	7.8%	8.0%	6.0%	6.0%
Overtime	7.8%	8.0%	6.0%	6.0%
Contract Workers	4.0%	4.0%	4.0%	4.0%
8) WSSA contract increase	5.0%	5.0%	5.0%	5.0%
9) Equitable Share Allocation	109,210,000	117,362,000	127,591,000	127,591,000
10) Water/Sanitation Subsidy (from District)	42,574,127	-	-	-
11) Water/Sanitation Net	-	-	-	-
12) Library Allocation	4,150,000	4,300,000	4,300,000	4,300,000
13) Library Deficit	-	-	-	-
14) Property Sales	-	-	-	-
15) Small Equipment Purchases	-	-	-	-
16) Change in # of Staff	-	-	-	-
17) New Capital Purchases - Own Revenue	39,500,000	15,000,000	15,000,000	15,000,000

Some of the initial assumptions outlined above have change in some cases. For example, Library allocations to be received are budgeted at R4150000, council salaries to increase by 7.0% and the equitable share allocation to be received is at R112million for the 2013/14 budget year.

General inflation outlook and its impact on the municipal activities

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 48, 51, 58 and 59 from National Treasury for the next three years when preparing this medium term budget

Lukhanji Adopted Final Budget

Interest rates for borrowing and investment of funds

Based on historical trends and current market analysis we have used 10% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 6% rate for cash invested.

Rates, tariffs, charges and timing of revenue collection

The Lukhanji Municipality is still in the process of performing new valuations on property within the municipality. As a result of this, current valuations use property values sometimes dating back many years. Because of the uncertainty of when the new valuation roles will be completed we have conservatively used a zero percent increase in values for property. Rates are set to increase by 10% representing the CPIX.

A costing study was conducted in 2005/06 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. As a result of this study a new costing model was developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model is reflected in the proposed tariffs for the municipality this year.

Refuse charges are set to remain at 7% this year. This is as a result of the service not breaking even or running at a loss. This will have to be increased over a number of years to ensure that the service is fully funded.

Electrical service is dependent on bulk electric purchases from ESKOM. As a result of the 8.0% increase in the cost of bulk electricity, the tariffs charged to customers will increase this year by same margin. However, a final word from Nersa could change this percentage increase. Indigent customers will be subsidized as follows:

0 – 50kw	free
51kw onwards	7.0% Increase

The municipality performs the water and sanitation services under an agency contract with the Chris Hani District Municipality. The district must approve all tariff increases relating to the water and sanitation function. An indication was received from Chris Hani District municipality to increase the water and sanitation tariff with 6% as well. We have also increased the outer years of this budget with 6%.

Collection rates for each revenue source and customer type

(for more detail see section 15 – revenue by source and vote)

Lukhanji Adopted Final Budget

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts has been increased substantially over the past years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscience effort to address in the future.

Collection rates for services that are billed to the community are usually very different than the amount actually billed for a particular service. This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality began a project plan last year to improve the collection of the various billed services thru a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the credit control and debt collection policy was revised last year and a debtor's write off and arrangements policies were also added to the mix. The adoption of these policies is only one part of a multi prong approach to address this issue.

Average salary increases

When we include councillor allowances, salaries and related expenses make up just above 30% of the operating budget. This salary related expenses are increased each year by bargaining agreements controlled by SALGA.

Salaries for municipal workers are projected to increase steadily over the medium term budget forecast. For 2013/14 salaries are projected to increase 7.0%, for 14/15 to 15/16 a projected 5.0% increase is also used.

Lukhanji Adopted Final Budget

11 Funding the Budget

Fiscal Overview

Over the past few years the Lukhanji Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA. Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

The MFMA requires many things from the municipality in this respect. Some of these items include:

- 1) Payment of all creditors within 30 days;
- 2) using only realistically expected actual revenues and non-committed cash surpluses to fund the budget;
- 3) discontinue the use of short term borrowing (bank overdraft) to fund operating expenses; and
- 4) ensuring that all required reserve funds are 'cash backed'.

Primarily from a cash point of view, Lukhanji has faced serious financial difficulties over the past few years. Lukhanji is not alone. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are the solutions. Over the past years the municipality has been required to take on large numbers of employees, a large borrowing debt and a large population that simply do not have the income to pay the rates and tariffs required.

These conditions have resulted in overall low collection rates for services billed, growing pressure on salaries to become a greater and greater portion of the operating budget and finally, cash strapped bank accounts.

It is to this end the municipality has continued to focus its attention toward the past few years. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will end 2012/13 with enough cash at the end of the financial year to pay all of its creditors. This, however, must not be the end.

The municipality must strengthen its credit control and debt collection efforts. We must evaluate every area of operations and ask ourselves if we are doing things in the most efficient and effective way. We must make sure that those organs of state for which we supply agency functions pay for those functions in their entirety so that local Rand can be used to pay for the local services that we are required to perform.

Probably most important, we must be willing to change. We cannot continue to do things the way that we always have done them in the past.

Lukhanji Adopted Final Budget

New challenges always bring with them new opportunities. We must find those opportunities that present themselves and use them to better our municipality.

Funded verses a Balanced budget: Table SA 10

The implementation of the MFMA changes the prospective of the budget from a 'funds' prospective where the emphasis is on balancing funds going out to funds coming in to a more dynamic accounting prospective.

This new prospective requires us to analysis the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements.

Although we show revenues on an accrual basis we must ensure that revenues used to fund the budget are realistically anticipated to be collected.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has followed these principles and the directions put forth in NT circulars 41 and 42 concerning both the budget process and funding of a municipal budget.

We have made full disclosure on all revenues using accrual methods and all cash that is available has been shown where it is legally committed to be spent.

Cash flow for the 2013/14 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital.

Lukhanji Adopted Final Budget

EC134 Lukhanji Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	108,029	125,000	171,430	83,461	75,648	75,648	75,648	105,552	96,398	88,150
Cash + investments at the yr end less applications - R'000	18(1)b	2	103,818	221,595	282,702	215,054	281,883	281,883	281,883	206,006	192,762	181,713
Cash year end/monthly employee/supplier payments	18(1)b	3	4.4	4.4	5.5	2.3	2.1	2.1	2.1	2.8	2.2	1.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	35,850	37,999	55,874	39,484	84,697	84,697	84,697	69,662	54,654	54,315
Service charge rev % change - macro CPIX target exclusive	18(1)a ,(2)	5	N.A.	13.1%	11.8%	(0.1%)	3.6%	(6.0%)	(6.0%)	3.5%	3.8%	3.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a ,(2)	6	26.5%	58.0%	100.5%	70.8%	100.0%	100.0%	100.0%	80.2%	79.7%	79.7%
Debt impairment expense as a % of total billable revenue	18(1)a ,(2)	7	32.5%	35.9%	31.6%	29.9%	23.5%	23.5%	23.5%	25.3%	24.8%	24.6%
Capital payments % of capital expenditure	18(1)c ;19	8	3.2%	3.4%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	39.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	1	N.A.	1.8%	(32.9%)	62.0%	(38.3%)	0.0%	0.0%	(47.2%)	3.8%	3.8%
Long term receivables % change - incr(decr)	18(1)a	2	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3	1.3%	1.2%	1.5%	2.6%	3.0%	3.0%	3.2%	2.8%	2.4%	2.1%
Asset renewal % of capital budget	20(1)(vi)	4	0.0%	0.0%	0.0%	38.9%	52.2%	52.2%	0.0%	31.6%	42.9%	39.3%

Lukhanji Adopted Final Budget

11.2 – Financial Indicators – Table SA 8

The municipality is in the process of developing useful performance indicators that will be both meaningful and useful for detecting financial problems and trends that need to be investigated. These indicators are not available at this time but will be made public once finalized.

EC134 Lukhanji - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.1%	0.5%	2.0%	1.9%	1.8%	1.8%	1.8%	0.7%	0.4%	1.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.8%	0.6%	2.5%	2.5%	2.3%	2.3%	2.3%	1.0%	0.5%	1.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	39.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.9									
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	2.4	5.0	2.0	5.0	5.0	5.0	4.8	4.6	4.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6									
			0.9	2.7	0.5	2.7	2.7	2.7	3.2	2.9	2.6
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		26.5%	58.0%	100.5%	70.8%	100.0%	100.0%	100.0%	80.2%	79.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			26.5%	58.0%	100.5%	70.8%	100.0%	100.0%	100.0%	80.2%	79.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	58.6%	54.9%	34.3%	51.4%	30.4%	30.4%	30.4%	15.5%	14.5%	14.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		26.0%	17.3%	19.2%	21.5%	43.6%	43.6%	43.6%	5.4%	5.9%	6.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000)	0.31	0.3								
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.9%	23.4%	22.4%	24.7%	25.3%	25.3%	25.3%	27.3%	25.4%	25.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.9%	27.1%	0.0%	29.6%	28.1%	28.1%		30.9%	28.8%	28.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.3%	2.1%	2.4%	5.2%	4.3%	4.3%		4.4%	3.6%	3.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	2.8%	3.9%	4.4%	1.0%	4.1%	4.1%		3.9%	3.3%	3.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	17.8	24.5	35.3	38.7	38.7	38.7	53.6	58.4	68.7	73.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	127.1%	108.7%	61.7%	94.5%	53.2%	53.2%	53.2%	25.7%	24.3%	23.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.4	4.4	5.5	2.3	2.1	2.1	2.1	2.8	2.2	1.9

Lukhanji Adopted Final Budget

Sources of Funding

11.3 - Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2013/14 financial year are contained in **appendix A**. In this section we will highlight only the major changes proposed. We will concentrate on the four major tariffs of the municipality along with the property rates.

These five revenue sources will account for an almost R314.8 million in billed revenue for the municipality in 2013/14 and will account for an estimated R253.4 million in actual cash collection. The breakdown is as follows:

<u>Item</u>	<u>Billed (000's)</u>	<u>Cash (000's)</u>
• Property Rates	68,611	65,789
• Electricity	165, 963	134,303
• Water	30,706	19,710
• Wastewater	21,556	15,241
• Refuse Collection	27 ,985	18,317
• Total	<u>314,821</u>	<u>253,360</u>

Property Rates

The municipality still faces the challenges regarding valuations done by the service provider. Currently the municipality is trying to obtain solutions from the service provider regarding incorrect valuations as well properties not correctly identified in the valuation roll. This has hopefully be resolved and will enable the municipality to raise its rates correctly on 1 July 2013.

As shown in appendix A levied rates are proposed to be increased by **10%** this budget year.

Electricity Tariffs

The single largest revenue source for the municipality is the electricity tariff (R166.0 million next year). It is also the source of the single largest expenditure – bulk electricity purchases (budgeted at R131.7 million next year).

The vast majority of domestic users of the municipal electrical distribution system are using a 'pre-paid' meter system. Using this system the municipality is able to collect the tariff charge 'up front' and eliminate all bad debts associated with these customers. This is the reason that the collection rate from the electricity tariff is so high compared to other tariffs that are billed in the conventional way.

Some 3199 customers (including domestic, commercial and industrial) are billed via a conventional meter. As can be seen in the rates listed in appendix A the charge to these

Lukhanji Adopted Final Budget

customers is broken down into several components including fixed component and several usage based components.

The tariff increase put forth in the budget for electricity is **7.0%**.

Water and Wastewater Tariffs

Lukhanji delivers water and wastewater services in the capacity of an agent of the Chris Hani District Municipality. As such, the budget and any tariff increases are to be done in consultation with the district.

As of this time we are requesting a **6%** increase in both water and sanitation rates.

Currently the wastewater tariffs are billed to customers with water borne sewer connections based on the number of sewer connection points. Households are assumed and only charged for one connection point while commercial and industrial users are billed for the actual number of points that they have. Wastewater is an annual charge and may be paid annually or in monthly instalments if the rates and taxes of the relevant erf are also paid in monthly instalments.

Water is billed monthly based on usage with higher usage resulting in a higher charge. An availability charge is payable on all property where a connection to the water network is possible but not utilized.

All current/proposed water and wastewater tariffs are listed in appendix A.

Refuse Collection

Refuse collection tariffs are 'use based' fees that are based on factors such as the category of the customer and the number of removals required.

For 2013/14 a **7%** increase in refuse tariffs across the board is scheduled. The tariff could be increased next year as a result of the service not breaking even after the previous increases. According to circular 59 refuse tariff cost should be cost reflective.

The listing of proposed refuse tariffs is included in appendix A.

Lukhanji Adopted Final Budget

11.5 - Investments – cash backed accumulated surplus

This section documents particulars of existing investments and predicted levels of investments based on future strategies. The portfolio of investments should also be compliant with the MFMA, regulations and investment framework.

The following tables are included to show details concerning the municipality's investments.

11.6 - Table SA15 – Investments Particulars by Type

11.7 - Table SA16 – Investments Particulars by Maturity

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		733	225	103,035	48,946	103,035	103,035	106,242	93,742	81,242
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	733	225	103,035	48,946	103,035	103,035	106,242	93,742	81,242
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		733	225	103,035	48,946	103,035	103,035	106,242	93,742	81,242

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months								Rand thousand	
Parent municipality											
ABSA BANK		Call	CALL ACCOUNTS	Yes	Variable	0	0	0		106,242	5,460
Municipality sub-total										106,242	5,460
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									106,242	5,460

Lukhanji Adopted Final Budget

11.8 - Grant allocations

The following is a listing of grants included within the budget and a brief description of each.

MUNICIPAL INFRASTRUCTURE GRANT

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure in line with the MIG policy framework. Municipalities must adhere to the labour intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress

MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that a activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act.

LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and ongoing review, revision and submission of implementation plans to address weaknesses in financial management.

Lukhanji Adopted Final Budget

LOCAL GOVERNMENT SUPPORT GRANT

This grant is allocated to strengthen the capacity of municipalities, integrated planning and good governance, facilitate land and Infrastructure development and promotion of sustainable local economic and rural development as well as free basic services.

Conditions include proper utilization of the funds for which it is allocated and regular reporting in terms of the Division of Revenue Act.

Lukhanji Adopted Final Budget

11.9 -Table SA 18 - Transfers and grant receipts

Table SA 19 - Expenditure on transfers and grant programme

**Table SA 20 - Reconciliation of transfers, grant receipts and unspent
Funds**

The tables on the following pages give a detail listing of the allocations that the municipality anticipates receiving.

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		70,964	87,550	98,352	116,354	116,354	116,354	118,911	124,258	134,216
Local Government Equitable Share		70,964	86,908	96,062	109,210	109,210	109,210	112,656	118,544	128,228
Finance Management				1,500	1,500	1,500	1,500	1,550	1,600	1,650
Municipal Systems Improvement				790	800	800	800	890	934	967
EPWP Incentive			642	-	2,844	2,844	2,844	1,515	-	-
Integrated National Electrification Programme										
Infrastructure Skills Development Grant				-	2,000	2,000	2,000	2,300	3,180	3,371
Provincial Government:		10,422	6,581	-	4,150	4,150	4,150	-	-	-
Health subsidy		7,871	6,776	-						
Health subsidy		1,466	(195)							
Health subsidy		385								
Library Subsidy		700			4,150	4,150	4,150			
District Municipality:		33,979	32,505	36,500	42,574	42,574	42,574	46,714	47,701	48,711
Water and Sanitation Provider		33,979	32,505	36,500	42,574	42,574	42,574	42,574	43,561	44,571
Library Subsidy					-			4,140	4,140	4,140
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		115,365	126,636	134,852	163,078	163,078	163,078	165,625	171,959	182,927
Capital expenditure of Transfers and Grants										
National Government:		-	-	27,480	32,122	32,122	32,122	34,537	37,617	40,190
Municipal Infrastructure Grant (MIG)				26,480	32,122	32,122	32,122	34,537	37,617	40,190
Rural Households Infrastructure				1,000						
Neighbourhood Development Partnership										
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	7,801	7,801	-	-	-
Water and Sanitation Provider						5,301	5,301			
Fencing & Beautification						2,500	2,500			
Other grant providers: Thina Sinako		-	-	-	-	285	285	-	-	-
Total capital expenditure of Transfers and Grants		-	-	27,480	32,122	40,208	40,208	34,537	37,617	40,190
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		115,365	126,636	162,332	195,200	203,286	203,286	200,162	209,576	223,117

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		72,699	89,550	98,352	116,354	116,354	116,354	118,911	124,258	134,216
Local Government Equitable Share		70,964	86,908	96,062	109,210	109,210	109,210	112,656	118,544	128,228
Finance Management		1,000	1,250	1,500	1,500	1,500	1,500	1,550	1,600	1,650
Municipal Systems Improvement		735	750	790	800	800	800	890	934	967
EPWP Incentiv e			642	-	2,844	2,844	2,844	1,515	-	-
Integrated National Electrification Programme										
Infrastructure Skills Development Grant				-	2,000	2,000	2,000	2,300	3,180	3,371
Provincial Government:		-	-	-	-	-	-	-	-	-
Health subsidy										
Health subsidy										
Health subsidy										
District Municipality:		-	-	36,500	42,574	42,574	42,574	46,714	47,701	48,711
Water andSanitation Provider				36,500	42,574	42,574	42,574	42,574	43,561	44,571
Library Subsidy					-			4,140	4,140	4,140
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	72,699	89,550	134,852	158,928	158,928	158,928	165,625	171,959	182,927
Capital Transfers and Grants										
National Government:		27,896	6,980	27,480	32,122	32,122	32,122	34,537	37,617	40,190
Municipal Infrastructure Grant (MIG)		27,896	5,980	26,480	32,122	32,122	32,122	34,537	37,617	40,190
Rural Households Infrastructure			1,000	1,000						
Neighbourhood Development Partnership										
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		33,979	32,505	37,500	42,574	7,801	7,801	-	-	-
Water andSanitation Provider		33,979	32,505	37,500	42,574	5,301	5,301	-	-	-
Fencing &Beautification						2,500	2,500	-	-	-
Other grant providers:		-	-	-	-	285	285	-	-	-
Thina Sinako						285	285	-	-	-
Total Capital Transfers and Grants	5	61,876	39,485	64,980	74,696	40,208	40,208	34,537	37,617	40,190
TOTAL RECEIPTS OF TRANSFERS & GRANTS		134,575	129,034	199,832	233,624	199,136	199,136	200,162	209,576	223,117

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
-										
Operating expenditure of Transfers and Grants										
National Government:		70 964	87 550	98 352	116 354	116 354	116 354	118 911	124 258	134 216
Local Government Equitable Share		70 964	86 908	96 062	109 210	109 210	109 210	112 656	118 544	128 228
Finance Management				1 500	1 500	1 500	1 500	1 550	1 600	1 650
Municipal Systems Improvement				790	800	800	800	890	934	967
EPWP Incentive			642	-	2 844	2 844	2 844	1 515	-	-
Integrated National Electrification Programme										
Infrastructure Skills Development Grant				-	2 000	2 000	2 000	2 300	3 180	3 371
Provincial Government:		10 422	6 581	-	4 150	4 150	4 150	4 267	4 262	4 260
Health subsidy		7 871	6 776	-						
Health subsidy		1 466	(195)							
Sport and Recreation		385						117	112	110
Library Subsidy		700			4 150	4 150	4 150	4 150	4 150	4 150
District Municipality:		33 979	32 505	36 500	42 574	42 574	42 574	42 574	43 561	44 571
Water and Sanitation Provider		33 979	32 505	36 500	42 574	42 574	42 574	42 574	43 561	44 571
Library Subsidy										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		115 365	126 636	134 852	163 078	163 078	163 078	165 752	172 081	183 047
Capital expenditure of Transfers and Grants										
National Government:		-	-	27 480	32 122	32 122	32 122	34 537	37 617	40 190
Municipal Infrastructure Grant (MIG)				26 480	32 122	32 122	32 122	34 537	37 617	40 190
Rural Households Infrastructure				1 000						
Neighbourhood Development Partnership										
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	7 801	7 801	-	-	-
Water and Sanitation Provider						5 301	5 301			
Fencing & Beautification						2 500	2 500			
Other grant providers:		-	-	-	-	285	285	-	-	-
Thina Sinako						285	285			
Total capital expenditure of Transfers and Grants		-	-	27 480	32 122	40 208	40 208	34 537	37 617	40 190
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		115 365	126 636	162 332	195 200	203 286	203 286	200 289	209 698	223 237

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year						822	822	-		
Current year receipts					116 354	116 354	116 354	118 911	124 258	134 216
Conditions met - transferred to revenue		-	-	-	116 354	117 176	117 176	118 911	124 258	134 216
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					1 796	1 796	1 796	-		
Current year receipts					4 150	4 150	4 150	4 267	4 262	4 260
Conditions met - transferred to revenue		-	-	-	5 946	5 946	5 946	4 267	4 262	4 260
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year					38	38	38	-	-	-
Current year receipts								42 574	43 561	44 571
Conditions met - transferred to revenue		-	-	-	38	38	38	42 574	43 561	44 571
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year					822					
Current year receipts										
Conditions met - transferred to revenue		-	-	-	822	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	123 160	123 160	123 160	165 752	172 081	183 047
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year					4 182	2 911	2 911	-		
Current year receipts					32 122	32 122	32 122	34 537	37 617	40 190
Conditions met - transferred to revenue		-	-	-	36 304	35 033	35 033	34 537	37 617	40 190
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					825	825	825	-		
Current year receipts										
Conditions met - transferred to revenue		-	-	-	825	825	825	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year					612	585	585	-		
Current year receipts						7 801	7 801			
Conditions met - transferred to revenue		-	-	-	612	8 386	8 386	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts						285	285			
Conditions met - transferred to revenue		-	-	-	-	285	285	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	37 741	44 529	44 529	34 537	37 617	40 190
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	160 901	167 689	167 689	200 289	209 698	223 237
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

Lukhanji Adopted Final Budget

11.10 - Contributions and donations

Municipalities must budget for anticipated contributions and or donations. These could be in the form of cash or in kind. An example of an in kind contribution is infrastructure assets donated to the municipality free of charge by a developer as part of a residential development scheme. Municipalities must consider the financial and service delivery consequences of receiving contributions and donations. For example, the receipt of an infrastructure asset will require ongoing repairs and maintenance of the asset to maintain agreed service levels and standards. The revenue implications should also be considered. In the above example of a new residential development there should also be new rates and taxes on the new residential properties. Whether the new rates and taxes etc are set at levels sufficient to cover the ongoing costs of the new infrastructure is a policy decision for the council.

The municipality anticipates **no contributions and or donations** for the coming budget years.

11.11 - Sale of assets

All disposals of municipal assets is controlled by requirements put forth in the MFMA. Lukhanji anticipate selling of certain portions of surplus vacant land this financial year. The revenue from this will be utilized for once off maintenance to properties and the cost thereof has been budgeted.

11.12 - Carry over

Provision for the carryover of cash from unfinished programs and projects from the 2012/13 financial year to the 2013/14 financial year are excluded in the final budget presented for approval. These funds were allocated to a specific purpose in previous financial years but for a variety of reasons the project will not be completed by the end of the financial year.

A full listing of all cash roll - overs will be provided in an adjustment budget to council when these roll – overs are approved by the National Treasury by the 31st of August.

11.13 - Proposed Future Revenue Sources

Lukhanji Adopted Final Budget

Each year when preparing the budget, thought should be given to proposed future revenue sources that could be introduced. This section will highlight these, their potential impact on future budgets and any potential issues.

The largest single potential revenue source for the municipality is the collection of billed tariffs and rates. In addition, the completion of the valuation of property within the municipality is critical to the financial future.

Both of these items will be given top priority in the coming financial year in hopes of development strategies and plans to implement improvements in the future.

11.14 - Borrowing

Lukhanji Municipality does not at this stage anticipate taking up loans for the 2013/2014 financial year.

11.15 - TABLE SA17 - New Borrowing

The table on the following page outlines anticipated payments to borrowings for the year. These are Existing loans and finance leases for the purchase of plants and machinery.

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA17 Borrowing

Borrowing - Categorized by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)		2 500	2 134	341	571	1 792	1 792	2 210	2 649	132
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		4 996	4 772	3 584	2 133	2 133	2 133	1 715	1 276	3 793
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances					26 571	-	-	-	-	-
Financial derivatives										
Other Securities										
Municipality sub-total	1	7 496	6 906	3 925	29 275	3 925	3 925	3 925	3 925	3 925
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	7 496	6 906	3 925	29 275	3 925	3 925	3 925	3 925	3 925

Lukhanji Adopted Final Budget

12. - Table SA 21 - Disclosure on Allocations Made by the Municipality

The municipality currently does not make any allocations to other municipalities so this table is not included.

EC134 Lukhanji - Supporting Table SA21 Transfers and grants made by the municipality											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-

13 Disclosure on Salaries, Allowances and Benefits

The tables on the following pages give the required listings of salaries, Allowances, and personnel as required by the MFMA.

13.1 - TABLE SA23 - Salaries, Allowances and Benefits (Political Office bearers/councillors/senior managers)

13.2 - TABLE SA22 - Summary of councillor and staff benefits

13.3 - TABLE SA24 - Summary of Personnel Numbers

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		11 225	12 255		10 389	10 389	10 389	13 276	13 672	14 255
Pension and UIF Contributions						-	-			
Medical Aid Contributions						-	-			
Motor Vehicle Allowance					3 463	3 463	3 463	4 705	5 043	5 230
Cellphone Allowance					760	760	760	814	854	897
Housing Allowances						-	-			
Other benefits and allowances						-	-			
Sub Total - Councillors		11 225	12 255	-	14 612	14 612	14 612	18 795	19 569	20 382
% increase	4		9.2%	(100.0%)	-	(0.0%)	-	28.6%	4.1%	4.2%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 521	2 730		4 325	4 325	4 325	6 116	6 863	7 156
Pension and UIF Contributions		460	422		465	502	502	603	627	753
Medical Aid Contributions		183	137		168	228	228	580	614	707
Overtime						-	-			
Performance Bonus		319	326		443	443	443	534	561	589
Motor Vehicle Allowance	3	448	379		332	332	332	373	392	411
Cellphone Allowance	3					-	-			
Housing Allowances	3	29	23		20	22	22	14	15	16
Other benefits and allowances	3	15	12			-	-	11	13	13
Sub Total - Senior Managers of Municipality		3 976	4 029	-	5 753	5 852	5 852	8 231	9 084	9 646
% increase	4		1.3%	(100.0%)	-	1.7%	-	40.7%	10.4%	6.2%
Other Municipal Staff										
Basic Salaries and Wages		55 732	63 642		83 786	84 166	84 166	89 898	92 894	96 652
Pension and UIF Contributions		7 823	10 714		12 018	12 985	12 985	15 894	16 589	17 318
Medical Aid Contributions		8 451	7 695		8 489	9 442	9 442	11 603	12 014	13 139
Overtime		4 496	4 981		5 633	5 823	5 823	7 231	6 543	6 870
Performance Bonus		3 723	4 062		5 138	3 626	3 626	3 880	4 074	4 278
Motor Vehicle Allowance	3	2 538	2 527		2 839	2 999	2 999	3 209	3 369	3 538
Cellphone Allowance	3	16	17		1	1	1	1	1	1
Housing Allowances	3	250	213		237	245	245	262	275	289
Other benefits and allowances	3	1 345	2 957		5 074	2 628	2 628	2 781	2 953	3 100
Payments in lieu of leave						-	-			
Long service awards		325	486		316	489	489	523	549	577
Post-retirement benefit obligations	6					-	-			
Sub Total - Other Municipal Staff		84 699	97 294	-	123 531	122 404	122 404	135 281	139 261	145 761
% increase	4		14.9%	(100.0%)	-	(0.9%)	-	10.5%	2.9%	4.7%
Total Parent Municipality		99 900	113 578	-	143 896	142 868	142 868	162 307	167 914	175 789
TOTAL SALARY, ALLOWANCES & BENEFITS			13.7%	(100.0%)	-	(0.7%)	-	13.6%	3.5%	4.7%
		99 900	113 578	-	143 896	142 868	142 868	162 307	167 914	175 789
% increase	4		13.7%	(100.0%)	-	(0.7%)	-	13.6%	3.5%	4.7%
TOTAL MANAGERS AND STAFF	5,7	88 675	101 323	-	129 284	128 256	128 256	143 512	148 345	155 407

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		419 520		161 368			580 888
Chief Whip			393 300		152 628			545 928
Executive Mayor			524 400		196 328			720 728
Deputy Executive Mayor			-		-			-
Executive Committee			2 753 101		150 697			2 903 798
Total for all other councillors			6 921 761		2 897 919			9 819 680
Total Councillors	8	-	11 012 082	-	3 558 940			14 571 022
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 198 861		92 400	99 905		1 391 167
Chief Finance Officer			807 427	8 074		67 286		882 787
Director - Human Settlements			551 900	179 044	90 968	67 740		889 651
Director - Technical Services			746 999	7 470	66 000	67 740		888 208
Director - Community Services			649 981	172 653		44 380		867 014
Director - Corporate & Human Resources			532 558	46 200	46 200	67 740		692 698
<i>List of each official with packages >= senior manager</i>								
Strategic Manager			563 309	167 492	90 968	67 740		889 508
Director - IPED			532 558	101 186		44 380		678 124
								-
								-
Total Senior Managers of the Municipality	8,10	-	5 583 593	682 119	386 536	526 909		7 179 157
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	16 595 675	682 119	3 945 476	526 909		21 750 179

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Position s	Permane nt employe e	Contract employe es	Position s	Permane nt employe es	Contract employe es	Position s	Permane nt employe es	Contract employe es
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		54	54		54	54		54	54	
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	8		8	9		7	9		8
Other Managers	7	3		3	2		2			
Professionals		575	575	-	588	574	14	612	598	12
<i>Finance</i>		54	54		60	58	2	65	63	2
<i>Spatial/town planning</i>		54	54		43	42	1	46	42	2
<i>Information Technology</i>		3	3		4	4		4	4	
<i>Roads</i>		26	26		40	40		55	55	
<i>Electricity</i>		35	35		43	43		50	50	
<i>Water</i>		14	14		20	10	10	25	25	
<i>Sanitation</i>		22	22		25	24	1	26	26	
<i>Refuse</i>		95	95		121	121		117	117	
<i>Other</i>		272	272		232	232		224	216	8
Technicians		-	-	-	-	-	-	-	-	-
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)		55	47	8	55	47	8	53	48	8
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	695	676	19	708	675	31	728	700	28
% increase					1.9%	(0.1%)	63.2%	2.8%	3.7%	(9.7%)
Total municipal employees headcount	6, 10							67	64	3
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10							19	19	-

Lukhanji Adopted Final Budget

Table SA 25 - Budgeted monthly revenue and expenditure

**Table SA 26 - Budgeted monthly revenue and expenditure
(Municipal Vote)**

**Table SA 27 - Budgeted monthly revenue and expenditure
(Standard Classification)**

**Table SA 28 - Budgeted monthly capital expenditure
(Municipal Vote)**

**Table SA 29 - Budgeted monthly capital expenditure
(Standard Classification)**

Table SA 30 - Budgeted Monthly cash flow

The table on the following pages presents a monthly cash flow for the municipality over the next financial year.

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source	-															
Property rates		4 012	3 196	9 746	13 155	5 110	4 533	5 049	4 481	4 064	3 366	4 440	7 459	68 611	74 100	80 028
Service charges - electricity revenue		9 432	8 544	12 236	14 916	12 422	9 533	11 467	10 067	10 266	8 626	11 594	46 859	165 963	185 708	205 085
Service charges - water revenue		1 235	1 084	1 720	1 908	2 077	1 313	1 941	1 591	1 559	1 394	1 829	13 055	30 706	32 825	35 092
Service charges - sanitation revenue		797	927	2 116	3 302	1 249	933	1 108	1 016	960	773	982	7 447	21 611	23 107	24 707
Service charges - refuse revenue		1 268	1 024	2 285	1 734	1 643	1 174	1 611	1 507	1 465	1 234	1 574	11 468	27 986	29 945	32 041
Rental of facilities and equipment		44	44	44	44	44	44	44	44	44	44	44	1 993	2 476	2 476	2 476
Interest earned - external investments		455	455	455	455	455	455	455	455	455	455	455	455	5 460	5 460	5 460
Interest earned - outstanding debtors		1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 468	17 652	18 957	20 356
Fines		29	29	29	29	29	29	29	29	29	29	29	29	347	347	347
Licences and permits		324	324	324	324	324	324	324	324	324	324	324	324	3 889	3 889	3 889
Agency services		3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 612	43 350	56 474	57 235
Transfers recognised – operational		52 330	314	314	314	38 123	314	314	314	26 570	314	314	6 415	125 947	137 985	137 491
Other revenue		1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	608	11 719	12 066	12 228
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		76 019	22 034	35 363	42 274	67 570	24 746	28 436	25 923	51 831	22 652	27 678	101 191	525 718	583 339	616 437
Expenditure By Type	-															
Employee related costs		11 818	11 818	11 818	11 818	11 818	11 818	11 818	11 818	11 818	11 818	11 818	13 512	143 513	148 345	155 407
Remuneration of councillors		1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	18 795	19 569	20 382
Debt impairment		6 634	6 634	6 634	6 634	6 634	6 634	6 634	6 634	6 634	6 634	6 634	7 372	80 343	86 204	93 368
Depreciation & asset impairment		1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	18 263	18 263	18 263
Finance charges		108	108	108	108	108	108	108	108	108	108	108	955	2 140	964	5 597
Bulk purchases		10 794	10 351	16 312	10 520	10 587	10 344	9 772	10 706	9 949	10 409	11 080	10 000	130 826	183 731	204 513
Other materials		-	-	-	-	-	-	-	-	-	-	-	22 925	22 925	4 537	1 625
Contracted services		3 662	3 662	3 662	3 662	3 662	3 662	3 662	3 662	3 662	3 662	3 662	3 211	43 492	45 988	45 988
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		5 870	5 870	5 870	5 870	5 870	5 870	5 870	5 870	5 870	5 870	5 870	851	65 421	75 738	71 294
Loss on disposal of PPE													-	-	-	-
Total Expenditure		41 974	41 531	47 492	41 700	41 767	41 523	40 952	41 886	41 129	41 588	42 260	61 915	525 717	583 339	616 437
Surplus/(Deficit)		34 045	(19 496)	(12 129)	574	25 803	(16 777)	(12 516)	(15 963)	10 702	(18 936)	(14 582)	39 276	0	0	(0)
Transfers recognised – capital		11 512				13 733				8 792			-	34 037	37 617	40 190
Contributed assets		12 500											23 125	35 625	17 037	14 125
Surplus/(Deficit) after capital transfers & contributions		58 057	(19 496)	(12 129)	574	39 536	(16 777)	(12 516)	(15 963)	19 494	(18 936)	(14 582)	62 401	69 662	54 654	54 315
Surplus/(Deficit)	1	58 057	(19 496)	(12 129)	574	39 536	(16 777)	(12 516)	(15 963)	19 494	(18 936)	(14 582)	62 401	69 662	54 654	54 315

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	10 534	99 838	113 342	110 917
Vote 2 - FINANCE AND ADMINISTRATION		7 255	7 255	7 255	7 255	7 255	7 255	7 255	7 255	7 255	7 255	7 255	7 590	87 398	93 045	99 501
Vote 3 - PLANNING AND DEVELOPMENT		327	327	327	327	327	327	327	327	327	327	327	2 130	5 724	4 621	4 621
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 960	19 261	12 733	8 833
Vote 6 - COMMUNITY SAFETY		816	816	816	816	816	816	816	816	816	816	816	1 086	10 060	9 798	9 807
Vote 7 - SPORT AND RECREATION		435	435	435	435	435	435	435	435	435	435	435	435	5 214	7 214	5 214
Vote 8 - WASTE WATER MANAGEMENT		2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	4 735	36 298	35 948	37 563
Vote 9 - WASTE MANAGEMENT		3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	38 762	41 020	43 435
Vote 10 - ROADS TRANSPORT		2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	19 761	48 116	37 117	41 970
Vote 11 - WATER		6 438	6 438	6 438	6 438	6 438	6 438	6 438	6 438	6 438	6 438	6 438	(5 363)	65 456	80 640	84 216
Vote 12 - ELECTRICITY		14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	13 763	178 236	202 512	221 046
Vote 13 - OTHER		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Vote 15 - IPED												1 013	1 013	-	-	3 625
Total Revenue by Vote		48 591	48 591	48 591	48 591	48 591	48 591	48 591	48 591	48 591	48 591	48 591	60 876	595 379	637 993	670 752
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		3 680	3 680	3 680	3 680	3 680	3 680	3 680	3 680	3 680	3 680	3 680	3 675	44 155	45 622	47 045
Vote 2 - FINANCE AND ADMINISTRATION		3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	21 686	56 065	38 854	40 277
Vote 3 - PLANNING AND DEVELOPMENT		997	997	997	997	997	997	997	997	997	997	997	6 985	17 953	13 095	13 546
Vote 5 - COMMUNITY AND SOCIAL SERVICES		995	995	995	995	995	995	995	995	995	995	995	2 103	13 046	12 402	12 930
Vote 6 - COMMUNITY SAFETY		2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	3 731	27 356	26 810	27 900
Vote 7 - SPORT AND RECREATION		969	969	969	969	969	969	969	969	969	969	969	1 144	11 807	12 196	12 790
Vote 8 - WASTE WATER MANAGEMENT		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	(3 763)	23 734	34 515	33 130
Vote 9 - WASTE MANAGEMENT		2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	6 825	37 714	35 609	37 484
Vote 10 - ROADS TRANSPORT		1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	4 126	24 769	23 141	23 857
Vote 11 - WATER		6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	1 201	76 152	85 344	89 123
Vote 12 - ELECTRICITY		18 537	18 537	18 537	18 537	18 537	18 537	18 537	18 537	18 537	18 537	18 537	(15 291)	188 618	253 009	273 900
Vote 13 - OTHER		11	11	11	11	11	11	11	11	11	11	11	10	126	129	134
Vote 15 - IPED												4 224	4 224	2 613	2 613	4 321
Total Expenditure by Vote		44 460	44 460	44 460	44 460	44 460	44 460	44 460	44 460	44 460	44 460	44 460	36 655	525 717	583 339	616 437
Surplus/(Deficit) before assoc.		4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	24 221	69 662	54 654	54 315
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	4 131	24 221	69 662	54 654	54 315

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand																	
Revenue – Standard																	
<i>Governance and administration</i>		15 406	15 406	15 406	15 406	15 406	15 406	15 406	15 406	15 406	15 406	15 406	18 787	188 249	206 785	212 816	
Executive and council		8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	8 119	11 547	100 851	113 342	112 917	
Budget and treasury office		7 093	7 093	7 093	7 093	7 093	7 093	7 093	7 093	7 093	7 093	7 093	7 389	85 412	91 097	97 554	
Corporate services		194	194	194	194	194	194	194	194	194	194	194	(150)	1 986	2 345	2 345	
<i>Community and public safety</i>		2 791	2 791	2 791	2 791	2 791	2 791	2 791	2 791	2 791	2 791	2 791	3 833	34 536	29 349	23 458	
Community and social services		1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	2 311	19 261	12 336	8 436	
Sport and recreation		435	435	435	435	435	435	435	435	435	435	435	435	5 214	7 214	5 214	
Public safety		816	816	816	816	816	816	816	816	816	816	816	1 087	10 060	9 798	9 807	
<i>Economic and environmental services</i>		2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	21 891	53 840	41 737	46 590	
Planning and development		327	327	327	327	327	327	327	327	327	327	327	2 130	5 724	4 621	4 621	
Road transport		2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	2 578	19 761	48 116	37 117	41 970	
<i>Trading services</i>		26 506	26 506	26 506	26 506	26 506	26 506	26 506	26 506	26 506	26 506	26 506	27 183	318 752	360 120	387 885	
Electricity		14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	14 952	13 763	178 236	197 975	221 046	
Water		5 455	5 455	5 455	5 455	5 455	5 455	5 455	5 455	5 455	5 455	5 455	5 455	65 456	80 640	84 216	
Waste water management		2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	4 735	36 298	40 485	39 188	
Waste management		3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	38 762	41 020	43 435	
<i>Other</i>		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3	
Total Revenue – Standard		47 608	47 608	47 608	47 608	47 608	47 608	47 608	47 608	47 608	47 608	47 608	71 694	595 379	637 993	670 752	
Expenditure – Standard																	
<i>Governance and administration</i>		7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	27 262	104 445	87 090	90 017	
Executive and council		3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	5 577	48 379	48 235	49 741	
Budget and treasury office		2 142	2 142	2 142	2 142	2 142	2 142	2 142	2 142	2 142	2 142	2 142	16 125	39 685	26 799	27 955	
Corporate services		984	984	984	984	984	984	984	984	984	984	984	5 560	16 380	12 056	12 321	
<i>Community and public safety</i>		4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	6 978	52 209	51 408	53 620	
Community and social services		995	995	995	995	995	995	995	995	995	995	995	2 103	13 046	12 402	12 930	
Sport and recreation		969	969	969	969	969	969	969	969	969	969	969	1 144	11 807	12 196	12 790	
Public safety		2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	2 148	3 731	27 356	26 810	27 900	
<i>Economic and environmental services</i>		2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	11 111	42 722	36 236	37 403	
Planning and development		997	997	997	997	997	997	997	997	997	997	997	6 985	17 953	13 095	13 546	
Road transport		1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	1 877	4 126	24 769	23 141	23 857	
<i>Trading services</i>		27 318	27 318	27 318	27 318	27 318	27 318	27 318	27 318	27 318	27 318	27 318	25 721	326 217	408 476	435 263	
Electricity		15 718	15 718	15 718	15 718	15 718	15 718	15 718	15 718	15 718	15 718	15 718	15 718	188 618	248 472	273 900	
Water		6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	6 814	1 201	76 152	85 344	89 124	
Waste water management		1 978	1 978	1 978	1 978	1 978	1 978	1 978	1 978	1 978	1 978	1 978	1 978	23 734	34 515	33 130	
Waste management		2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	2 808	6 825	37 714	40 145	39 109	
<i>Other</i>		11	11	11	11	11	11	11	11	11	11	11	10	126	129	134	
Total Expenditure – Standard		41 330	41 330	41 330	41 330	41 330	41 330	41 330	41 330	41 330	41 330	41 330	71 082	525 717	583 339	616 437	

Lukhanji Adopted Final Budget

Surplus/(Deficit) before assoc.		6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	612	69 662	54 654	54 315
Surplus/(Deficit)	1	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	6 277	612	69 662	54 654	54 315

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL		-	72	65	180	100			35	90	100	185	458	1 285	1 317	2 000
Vote 2 - FINANCE AND ADMINISTRATION													-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT													-	-	-	-
Vote 4 - HEALTH													-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		560	1 880	2 400	720	980	2 300	1 040	650	840	900	930	13 200	6 300	3 200	
Vote 6 - COMMUNITY SAFETY													-	-	-	-
Vote 7 - SPORT AND RECREATION		520	750	250	650	200	450	560	200	300	250	300	570	5 000	7 000	7 000
Vote 8 - WASTE WATER MANAGEMENT													-	-	-	-
Vote 9 - WASTE MANAGEMENT													-	-	-	-
Vote 10 - ROADS TRANSPORT		800	2 300	2 000	1 600	1 800	1 500	780	2 500	2 500	3 200	2 500	18 576	40 056	30 395	32 882
Vote 11 - WATER													-	-	-	-
Vote 12 - ELECTRICITY													2 900	2 900	3 600	6 000
Vote 13 - OTHER													-	-	-	-
Capital multi-year expenditure sub-total	2	1 880	5 002	4 715	3 150	3 080	4 250	2 380	3 385	3 730	4 450	2 985	23 433	62 440	48 612	51 082
Single-year expenditure to be appropriated																
Vote 3 - PLANNING AND DEVELOPMENT				200					150				1 031	1 381	1 505	1 608
Vote 4 - HEALTH													-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES													378	378	-	-
Vote 6 - COMMUNITY SAFETY													270	270	-	-
Vote 7 - SPORT AND RECREATION													-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT													1 866	1 866	-	-
Vote 9 - WASTE MANAGEMENT													-	-	-	-
Vote 10 - ROADS TRANSPORT													1 783	1 783	-	-
Vote 11 - WATER													562	562	-	-
Vote 12 - ELECTRICITY		85	100	20		150		200	80	60	150	104	33	982	-	-
Capital single-year expenditure sub-total	2	85	100	220	-	150	-	200	230	60	150	104	5 923	7 222	1 505	1 608
Total Capital Expenditure	2	1 965	5 102	4 935	3 150	3 230	4 250	2 580	3 615	3 790	4 600	3 089	29 356	69 662	50 117	52 690

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure – Standard	1															
Governance and administration		–	300	85	180	100	–	–	65	90	140	260	65	1 285	1 881	2 010
Executive and council		–	300	85	180	100			65	90	140	260	65	1 285	1 881	2 010
Budget and treasury office													–	–	–	–
Corporate services													–	–	–	–
Community and public safety		1 080	2 630	2 650	1 370	1 180	2 750	1 600	850	1 140	1 150	300	2 148	18 848	8 000	6 500
Community and social services		560	1 880	2 400	720	980	2 300	1 040	650	840	900		1 578	13 848	3 000	5 500
Sport and recreation		520	750	250	650	200	450	560	200	300	250	300	570	5 000	5 000	1 000
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		800	2 300	2 200	1 600	1 800	1 500	780	2 650	2 500	3 200	2 500	21 390	43 220	36 636	38 181
Planning and development				200					150				1 031	1 381	1 400	1 290
Road transport		800	2 300	2 000	1 600	1 800	1 500	780	2 500	2 500	3 200	2 500	20 358	41 838	35 236	36 891
Environmental protection													–	–	–	–
Trading services		240	240	800	–	560	–	200	250	260	150	104	3 506	6 310	3 600	6 000
Electricity		240	240	800		560		200	250	260	150	104	1 078	3 882	3 600	6 000
Water													562	562	–	–
Waste water management													1 866	1 866	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Capital Expenditure – Standard	2	2 120	5 470	5 735	3 150	3 640	4 250	2 580	3 815	3 990	4 640	3 164	27 108	69 662	50 117	52 690

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15
Cash Receipts By Source													1		
Property rates	4 012	3 196	9 746	13 155	5 110	4 533	5 049	4 481	4 064	3 366	4 440	4 637	65 789	72 696	78 512
Property rates - penalties & collection charges												-			
Service charges - electricity revenue	8 544	12 236	14 916	12 422	9 533	11 467	10 067	10 266	8 626	11 594	11 594	13 037	134 303	148 318	163 979
Service charges - water revenue	1 084	1 720	1 908	2 077	1 313	1 941	1 591	1 559	1 394	1 829	2 058	1 235	19 710	16 123	17 233
Service charges - sanitation revenue												15 241	15 241	7 195	7 694
Service charges - refuse revenue	1 268	1 024	2 285	1 734	1 643	1 174	1 611	1 507	1 465	1 234	1 574	1 799	18 317	14 578	15 598
Service charges – other												-			
Rental of facilities and equipment	190	190	190	190	190	190	190	190	190	190	190	190	2 276	527	527
Interest earned - external investments	455	455	455	455	455	455	455	455	455	455	455	455	5 460	5 460	5 460
Interest earned - outstanding debtors	147	147	147	147	147	147	147	147	147	147	147	147	1 765	18 957	20 357
Dividends received												-			
Fines	29	29	29	29	29	29	29	29	29	29	29	29	347	347	347
Licences and permits	324	324	324	324	324	324	324	324	324	324	324	324	3 889	3 889	3 889
Agency services	3 612	3 612	3 612	3 612	3 612	3 612	3 612	3 612	3 612	3 612	3 612	3 612	43 350	56 474	57 235
Transfer receipts – operational	52 330	314	314	314	38 123	314	314	314	26 570	314	314	3 646	123 179	137 985	137 491
Other revenue	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	163	11 274	11 614	11 767
Cash Receipts by Source	73 006	24 257	34 937	35 469	61 489	25 197	24 399	23 895	47 887	24 104	25 747	44 515	444 901	494 164	520 090
Other Cash Flows by Source															
Transfer receipts – capital	14 050				9 287				11 200			(0)	34 537	37 617	40 190
Contributions recognised - capital & Contributed assets	20 000						15 625					-	35 625	12 500	12 500
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	107 056	24 257	34 937	35 469	70 776	25 197	40 024	23 895	59 087	24 104	25 747	44 514	515 063	544 281	572 780
Cash Payments by Type															
Employee related costs	11 962	11 962	11 962	11 962	11 962	11 962	11 962	11 962	11 962	11 962	11 962	11 962	143 543	148 345	155 407
Remuneration of councillors	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	1 566	18 795	19 569	20 382
Finance charges	35	35	35	35	35	35	35	35	35	35	35	35	425	964	988
Bulk purchases – Electricity	20 807	10 220	16 325	10 534	10 600	10 357	9 785	10 719	9 962	10 422	11 094	(0)	130 826	183 731	204 513

Lukhanji Adopted Final Budget

Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	340	340	340	340	340	340	340	340	340	340	340	340	4 084	45 988	45 987
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants – other	743	743	743	743	743	743	743	743	743	743	743	743	8 913	5 550	5 600
Other expenditure	5 419	5 419	5 419	5 419	5 419	5 419	5 419	5 419	5 419	5 419	5 419	5 419	65 028	75 738	71 294
Cash Payments by Type	40 873	30 286	36 391	30 599	30 666	30 423	29 851	30 785	30 028	30 488	31 159	20 066	371 615	479 885	504 171
Other Cash Flows/Payments by Type															
Capital assets	2 120	6 622	5 930	7 150	8 746	4 250	7 512	3 980	9 990	4 640	7 151	1 572	69 662	50 117	52 691
Repayment of borrowing	143	143	143	143	143	143	143	143	143	143	143	143	1 715	1 387	1 019
Other Cash Flows/Payments	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	3 680	22 925	22 046	23 147
Total Cash Payments by Type	44 886	38 800	44 214	39 642	41 304	36 585	39 256	36 657	41 911	37 020	40 203	25 460	465 917	553 435	581 028
NET INCREASE/(DECREASE) IN CASH HELD	62 170	(14 543)	(9 277)	(4 173)	29 472	(11 368)	769	(12 763)	17 176	(12 916)	(14 455)	19 054	49 146	(9 154)	(8 248)
Cash/cash equivalents at the month/year begin:	56 406	118 576	104 033	94 756	90 583	120 056	108 687	109 456	96 693	113 870	100 954	86 498	56 406	105 552	96 398
Cash/cash equivalents at the month/year end:	118 576	104 033	94 756	90 583	120 056	108 687	109 456	96 693	113 870	100 954	86 498	105 552	105 552	96 398	88 150

Lukhanji Adopted Final Budget

15 Measurable Performance Objectives (Revenue Source and Vote)

Provided in the following pages are summaries of annual measurable performance objectives for each vote. Also included is revenue by source and vote in Table 10. Annual performance objectives must be converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

15.1 Table 10 – Revenues by Source and Vote

The following pages contain the listing of revenue by Source and Vote.

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMINISTRATION	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL SERVICES	Vote 6 - COMMUNITY SAFETY	Vote 7 - SPORT AND RECREATION	Vote 8 - WASTE WATER MANAGEMENT	Vote 9 - WASTE MANAGEMENT	Vote 10 - ROADS TRANSPORT	Vote 11 - WATER	Vote 12 - ELECTRICITY	Vote 13 - OTHER	Vote 14 - HOUSING	Vote 15 - IPED	Total
R thousand	1																
Revenue By Source																	
Property rates			68,611														68,611
Property rates - penalties & collection charges																	-
Service charges - electricity revenue													165,963				165,963
Service charges - water revenue												30,706					30,706
Service charges - sanitation revenue									21,611								21,611
Service charges - refuse revenue										27,986							27,986
Service charges - other											38						38
Rental of facilities and equipment						2,476											2,476
Interest earned - external investments			5,460														5,460
Interest earned - outstanding debtors			5,534						3,512	4,266		3,976	364				17,652
Dividends received																	-
Fines									347								347
Licences and permits									3,889								3,889
Agency services									3,735			30,212					43,311
Other revenue		190	170	1,610		1,131	1,616	28		155	6,239		581				11,720
Transfers recognised - operational		95,732	9,621	2,300		4,140	171			6,355			7,628				125,947
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		95,922	89,396	3,910	-	7,747	9,759	28	34,486	38,762	6,277	64,894	174,536	-	-	-	525,717
Expenditure By Type																	
Employee related costs		14,073	22,134	8,590		11,388	20,709	10,610	4,758	14,760	11,018	12,487	12,889	98			143,512

Lukhanji Adopted Final Budget

Remuneration of councillors	18,795															18,795
Debt impairment		17,371						9,941	13,758		9,838	29,435				80,343
Depreciation & asset impairment	4,307	5,139								5,528		3,290				18,263
Finance charges	106	445							542	57		991				2,140
Bulk purchases								2			158	131,597				131,757
Other materials	53	795	45		275	229	323	6,254	2,936	3,842	5,171	2,989	14			22,925
Contracted services		1,886			4	2,188						6				4,085
Transfers and grants	3,777	1,550	2,300													7,627
Other expenditure	8,471	6,200	1,031		1,964	2,647	698	4,279	3,028	2,074	48,498	17,366	14			96,271
Loss on disposal of PPE																-
Total Expenditure	49,580	55,519	11,966	-	13,631	25,773	11,632	25,234	35,024	22,519	76,152	198,563	126	-	-	525,717
Surplus/(Deficit)	46,342	33,876	(8,056)	-	(5,884)	(16,015)	(11,604)	9,252	3,738	(16,241)	(11,257)	(24,026)	(126)	-	-	(0)
Transfers recognised - capital	1,500	-	630		13,200	-	5,000	-	-	11,307	-	2,900				34,537
Contributions recognised - capital																-
Contributed assets										35,125						35,125
Surplus/(Deficit) after capital transfers & contributions	47,842	33,876	(7,426)	-	7,316	(16,015)	(6,604)	9,252	3,738	30,191	(11,257)	(21,126)	(126)	-	-	69,662

Lukhanji Adopted Final Budget

Table SA34c - Consolidated Repairs & Maintenance by asset class.

Table SA34d – Consolidated Depreciation by asset class

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		6 527	5 104	7 942	20 176	19 764	19 764	21 193	19 419	16 909
Infrastructure - Road transport		1 329	1 451	2 289	2 159	4 079	4 079	4 843	3 892	3 946
<i>Roads, Pavements & Bridges</i>		1 293	1 386	1 612	2 085	2 353	2 353	3 156	2 181	2 209
<i>Storm water</i>		36	64	677	74	1 726	1 726	1 687	1 711	1 737
Infrastructure - Electricity		1 834	1 722	2 932	2 493	3 423	3 423	2 989	3 011	3 359
<i>Generation</i>		1 834	1 722	2 932	2 493	3 423	3 423	2 989	3 011	3 359
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		2 860	490	2 547	5 171	5 234	5 234	5 171	5 190	5 209
<i>Dams & Reservoirs</i>										
<i>Water purification</i>		2 860	490	2 547	5 171	5 234	5 234	5 171	5 190	5 209
<i>Reticulation</i>										
Infrastructure - Sanitation		503	1 440	174	7 854	2 852	2 852	6 254	6 272	3 291
<i>Reticulation</i>		503	1 440	174	7 854	2 852	2 852	6 254	6 272	3 291
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	2 500	4 176	4 176	1 936	1 054	1 104
<i>Waste Management</i>					2 500	4 176	4 176	1 936	1 054	1 104
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		169	165	351	326	509	509	413	426	440
Parks & gardens		91	86	287	117	379	379	283	296	309
Sportsfields & stadia						-	-			
Swimming pools						-	-			
Community halls		47	54	43	80	91	91	91	91	91
Libraries		13	11	21	39	39	39	39	39	39
Recreational facilities						-	-			
Fire, safety & emergency						-	-			
Security and policing						-	-			
Buses	7					-	-			
Clinics		18	13	-	90	-	-			
Museums & Art Galleries						-	-			
Cemeteries						-	-			
Social rental housing	8					-	-			
Other						-	-			
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		2 356	3 381	2 332	4 575	1 560	1 560	1 319	1 331	1 341
General vehicles										

Lukhanji Adopted Final Budget

Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		1 525	2 265	189	3 171	156	156	175	176	180
Computers - hardware/equipment						-	-			
Furniture and other office equipment						-	-			
Abattoirs						-	-			
Markets						-	-			
Civic Land and Buildings						-	-			
Other Buildings		536	850	1 756	1 117	1 117	1 117	854	818	821
Other Land						-	-			
Surplus Assets - (Investment or Inventory)						-	-			
Other		295	266	387	287	287	287	290	337	340
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	9 052	8 650	10 625	25 078	21 834	21 834	22 925	21 176	18 690
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		1.3%	1.2%	1.5%	2.6%	3.0%	3.0%	2.8%	2.4%	2.1%
R&M as % Operating Expenditure		2.6%	2.3%	2.6%	5.2%	4.3%	4.3%	4.4%	3.6%	3.0%

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA34d Consolidated Depreciation by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Depreciation by Asset Class/Sub-class										
-										
Infrastructure		-	-	-	-	6 818	6 818	8 818	8 818	8 818
Infrastructure - Road transport		-	-	-	-	4 528	4 528	5 528	5 528	5 528
<i>Roads, Pavements & Bridges</i>						4 528	4 528	5 528	5 528	5 528
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	2 290	2 290	3 290	3 290	3 290
<i>Generation</i>										
<i>Transmission & Reticulation</i>						2 290	2 290	3 290	3 290	3 290
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	-	8 945	8 945	9 445	9 445	9 445

Lukhanji Adopted Final Budget

General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment						3 807	3 807	4 307	4 307	4 307
Computers - hardware/equipment						-	-	-	-	-
Furniture and other office equipment						-	-	-	-	-
Abattoirs						-	-	-	-	-
Markets						-	-	-	-	-
Civic Land and Buildings						5 139	5 139	5 139	5 139	5 139
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Depreciation	1	-	-	-	-	15 763	15 763	18 263	18 263	18 263

Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

Lukhanji Adopted Final Budget

16 Disclosure on Implementation of MFMA & Other Legislation

The MFMA (Municipal Finance Management Act) became effective July 1st of 2004. Most of the requirements of the act took effect immediately; however, various delays were given to certain sections of the act based on the 'capacity' of the municipality as was determined by National Treasury. All local municipalities were classified as either a high, medium or low capacity municipality with each level given different implementation dates for the various delayed sections.

Lukhanji is classified as a medium capacity municipality and was required to meet the implementation dates put forth for medium capacity municipalities.

A MFMA implementation plan was developed to assist the municipality in implementing the required changes by the deadlines given. With only a few exceptions all sections of the MFMA were required to be implemented by Lukhanji by July 1st of 2006.

Many of the major changes required by the act have already been implemented by the municipality. Some of these include adoption and implementation of a new supply chain policy and establishment of a supply chain unit, the establishment of a budget and treasury office within the finance directorate, the adoption of various policies and procedures including policies for cash and investments, delegations within the organization, establishment of a new audit committee, policy on unforeseen and unexpected expenditures and other administrative requirements.

The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects). The budget must also be prepared and tabled to council much earlier than was previously required (by March 31st) and must be voted on in its final form before the end of May.

Much of the implementation of the MFMA involves new and sometimes complex budgetary and financial reporting requirements. Detailed monthly budgetary reports must be delivered to the Mayor along with quarterly performance indicators. The Mayor is required to make quarterly reports to the council on all aspects of the budgets implementation and any problems that need to be addressed. A mid year performance report is to be delivered to council along with recommendations on needed mid year adjustments that need to be made. Annual, quarterly and monthly reports are required to be delivered to National Treasury in very specific formats. All of these reporting requirements are already being met.

Lukhanji Adopted Final Budget

17 Budgets and SDBIPs – Departmental / Functional (internal)

A summary of each functional SDBIP within each directorate is provided in the following pages showing the information set out in MFMA Circular 13 under the section “Format of Departmental SDBIPs”:

- Purpose (outcomes);
- Service delivery description (outputs);
- Resources utilised (inputs);
- Inputs to detailed sector capital plans; and
- The link between performance measures in the SDBIP and performance contracts.

The summary of the Directorate SDBIP that gives performance targets and indicators for the 2013/14 year will be submitted to council in two weeks time.

TO BE submitted latter.

18 Budgets and SDBIPs - Entities & Other External Mechanisms

The municipality has no entities.

Lukhanji Adopted Final Budget

18.1 Summary of Detailed Capital Plans

Detailed capital plans, aligned to national and provincial sector plans, will be contained in the SDBIP as per MFMA Circular No 13. These should be summarised and referenced here. The detailed plans must be submitted to National Treasury with the budget documentation. Capital programmes should be approved as an overall comprehensive capital budget to ensure that projects can be executed in terms of the implementation plans. The summary of the detailed capital plan should reflect:

- *Information by programme and municipal ward*
- *The source of the funding for the capital programme*

18.2 – Table SA 34a - Capital expenditure by asset category for new assets

Table SA 34b – Capital expenditure by asset category for existing assets

Table SA 35 - Future financial implications of capital budget

Table SA 36 - Consolidated detailed capital projects

The following pages contain the listing of capital by category.

Table SA 35 – Future financial implications of the capital budget.

In calculating the present value of years 2016/17 to 2018/19, a discounting factor of 10% Was used, using 'the rule of thumb' and taking into account the cost of borrowing as Contained in the assumptions outlined in the beginning of the budget process and the CPIX.

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		194 302	211 511	-	18 820	15 854	15 854	18 668	12 000	20 518
Infrastructure - Road transport		102 213	119 096	-	-	-	-	5 858	-	2 318
Roads, Pavements & Bridges		102 213	119 096	-	-	-	-	5 858	-	2 318
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		83 849	84 212	-	4 929	4 929	4 929	3 882	3 000	6 000
Generation		83 849	84 212	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	2 189	2 189	2 189	3 882	3 000	6 000
Street Lighting		-	-	-	2 741	2 741	2 741	-	-	-
Infrastructure - Water		-	-	-	-	-	-	562	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	562	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	1 866	-	-
Reticulation		-	-	-	-	-	-	1 866	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		8 240	8 203	-	13 891	10 925	10 925	6 500	9 000	12 200
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	7 147	7 400	7 400	6 500	9 000	12 200
Gas		-	-	-	-	-	-	-	-	-
Other	3	8 240	8 203	-	6 743	3 525	3 525	-	-	-
Community		-	-	-	31 897	10 861	10 861	20 133	15 217	10 200
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	15 278	4 818	4 818	5 000	7 000	5 000
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	13 731	2 265	2 265	9 600	3 000	3 200
Libraries		-	-	-	189	175	175	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	285	313	313	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	1 111	2 500	2 500	3 600	3 900	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	1 302	789	789	1 933	1 317	2 000
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		91 284	91 284	-	-	-	-	-	-	-
Housing development		91 284	91 284	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		504 109	499 200	-	13 500	13 785	13 785	8 881	1 400	1 290

Lukhanji Adopted Final Budget

General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	
Plant & equipment				13 500	13 500	13 500	7 500			
Computers - hardware/equipment					-	-				
Furniture and other office equipment					-	-				
Abattoirs					-	-				
Markets					-	-				
Civic Land and Buildings					-	-				
Other Buildings					-	-				
Other Land					-	-				
Surplus Assets - (Investment or Inventory)					-	-				
Other		504 109	499 200		285	285	1 381	1 400	1 290	
Agricultural assets		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
Intangibles		-	8	-	-	-	-	-	-	
Computers - software & programming			8							
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	789 694	802 003	-	64 217	40 500	40 500	47 682	28 617	32 008

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
-										
Infrastructure		-	-	-	28 435	31 685	31 685	21 980	21 500	20 682
Infrastructure - Road transport		-	-	-	27 856	25 805	25 805	21 980	21 500	20 682
<i>Roads, Pavements & Bridges</i>					25 186	23 718	23 718	17 925	12 500	12 500
<i>Storm water</i>					2 670	2 087	2 087	4 056	9 000	8 182
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	574	574	574	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>					574	574	574			
Infrastructure - Sanitation		-	-	-	4	5 306	5 306	-	-	-
<i>Reticulation</i>					4	5 306	5 306			
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>	2									
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										

Lukhanji Adopted Final Budget

Other assets		-	-	-	12 500	12 500	12 500	-	-	-
General vehicles					2 500	2 500	2 500			
Specialised vehicles	10	-	-	-	9 000	9 000	9 000	-	-	-
Plant & equipment					1 000	1 000	1 000			
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	40 935	44 185	44 185	21 980	21 500	20 682
Specialised vehicles		-	-	-	9 000	9 000	9 000	-	-	-
Refuse					9 000	9 000	9 000			
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	38.9%	52.2%	52.2%	31.6%	42.9%	39.3%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	280.3%	280.3%	120.4%	117.7%	113.2%

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		1 285	1 317	2 000	2 211	24 321	2 675	18 122
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		1 381	1 505	1 608	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		13 578	6 300	3 200	9 800	1 020	1 200	8 004
Vote 6 - COMMUNITY SAFETY		270	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		5 000	7 000	7 000	3 000	4 500	12 000	11 612
Vote 8 - WASTE WATER MANAGEMENT		1 866	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		-	-	-	2 500	-	2 500	3 118
Vote 10 - ROADS TRANSPORT		41 838	30 395	32 882	15 500	12 700	22 000	30 881
Vote 11 - WATER		562	-	-	-	-	-	-
Vote 12 - ELECTRICITY		3 882	3 600	6 000	7 000	14 500	9 500	19 144
Vote 13 - OTHER		-	-	-	-	-	-	-
Vote 14 - HOUSING		-	-	-	-	-	-	-
Vote 15 - IPED		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total Capital Expenditure		69 662	50 117	52 690	40 011	57 041	49 875	90 879
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - FINANCE AND ADMINISTRATION								
Vote 3 - PLANNING AND DEVELOPMENT								
Vote 4 - HEALTH								
Vote 5 - COMMUNITY AND SOCIAL SERVICES								
Vote 6 - COMMUNITY SAFETY								
Vote 7 - SPORT AND RECREATION								
Vote 8 - WASTE WATER MANAGEMENT								
Vote 9 - WASTE MANAGEMENT								
Vote 10 - ROADS TRANSPORT								
Vote 11 - WATER								
Vote 12 - ELECTRICITY								
Vote 13 - OTHER								
Vote 14 - HOUSING								
Vote 15 - IPED								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		69 662	50 117	52 690	40 011	57 041	49 875	90 879

Lukhanji Adopted Final Budget

EC134 Lukhanji - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	R e f	Program/Project description	Proje ct number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS coordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information			
										Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal		
R thousand	4				6	3	3	5										
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																		
Vote 10 - ROADS TRANSPORT		Upgrade of Gravel Roads - Cluster 1			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					352	1	965	2	2 727	01 - 09	Renewal
Vote 10 - ROADS TRANSPORT		Upgrade of Gravel Roads - Cluster 2			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					352	1	965	2	2 727	10 - 19	Renewal
Vote 10 - ROADS TRANSPORT		Upgrade of Gravel Roads - Cluster 3			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					352	1	965	2	2 727	20 - 27	Renewal
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Community Halls			Yes	Community	Community halls					400	2	600			1	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Community Halls			Yes	Community	Community halls					400	2	600			4	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Community Halls			Yes	Community	Community halls					400	2	600			5	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Community Halls			Yes	Community	Community halls					400	2	600			7	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Ilinge Cemetery			Yes	Community	Cemeteries					200	1	300	1		10	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Lesseyton Cemetery			Yes	Community	Cemeteries					200	1	300	1		9	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Whittlesea Cemetery			Yes	Community	Cemeteries					200	1	300	1		17	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Ilinge Sport fields			Yes	Community	Sportsfields & stadia					000	3	000	3	3 000	15	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Sada Sport Stadium			Yes	Community	Sportsfields & stadia					000	2	000	2	2 000	1	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Ezibeleni Sport stadium					Sportsfields & stadia							000	2	2 000	12	
Vote 10 - ROADS TRANSPORT		Inter modal Taxi Rank			Yes	Infrastructure - Road transport	Other					500	6	000	9	12 200	all	New
Vote 10 - ROADS TRANSPORT		Repairs to surfaced roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					500	12	500	12	12 500	13	Renewal
Vote 10 - ROADS TRANSPORT		Community Halls					Roads, Pavements & Bridges					763	20	-			24	New
Vote 5 - COMMUNITY AND SOCIAL SERVICES		Community Halls					Community halls									3 200	20	New
Vote 3 - Planning & Development		PMU fees & Retention					Other					381	1	505	1	1 608		New
		Maobini Shearing Shed				Infrastructure - Other	Other					500					16	New
Vote8 - Sewerage & Sanitation		Phola Park					Sewerage purification					862	1				2,3	
		Fencing of Grazing Camps				Community	Other					000	1	317	1	2 000	24	New
Vote 12 - ELECTRICTY		Community Lighting				Infrastructure - Electricity	Street Lighting					900	2	600	3	6 000	4,6,1 4,6	New
Parent Capital expenditure	1											662	69	117	50	52 690		
Entities: <i>List all capital projects grouped by Entity</i>																		
Entity Capital expenditure												-	-	-	-	-		
Total Capital expenditure												662	69	117	50	52 690		

Lukhanji Adopted Final Budget



Lukhanji Municipality
BUDGET
APPENDIX A
RATES AND TARIFFS
2013/14 – 2015/16

Lukhanji Adopted 2013/14 Budget Report

Tariff Ref #	Sub #	Listing of Adopted Tariffs		2012/13	2012/13	2013/14	2013/14
		ALL TARIFFS ARE EXCLUSIVE OF VAT					
TECHNICAL SERVICES							
1		AVAILABILITY FEES					
		Monthly availability fee for electricity, water or sewerage point not connected to the reticulation network	Commercial	R 56.00		R 56.00	
			Domestic	R 45.00		R 45.00	
2		STORMWATER PIPES ACROSS FOOTPATHS : RESIDENTIAL BUILDINGS					
		That a stormwater pipe across a footpath be done by the Council at a labour only basis where the owner of the property will provide all material. The aforesaid to be to the discretion of the Director : Technical Services.					
3		PAVING OF SIDEWALKS : COMMERCIAL AND BUSINESS PREMISES					
		In the event that the owner/operator of a commercial or business concern wishes to improve his premises by means of paving the sidewalk adjacent to the premises, the owner/operator shall provide all material and the municipality shall provide labour only.					
4		SEWERAGE					
		Per point		R 678.82		R 719.55	
5		DOMESTIC WATER CONNECTION					
		Connection	Long	R 5,960.70		R 6,318.34	
		Connection	Short	R 2,921.36		R 3,096.64	
6		DEFECTIVE WATER METER					
		Testing of water meter on written request by consumer		R 196.63		R 208.43	
7		WATER TARIFFS		NORMAL TARIFF	IN DROUGHT SEASON	NORMAL TARIFF	IN DROUGHT SEASON
		TYPE	CATEGORY				
a		DOMESTIC/FLATS	0 KL TO 20 KL 0 KL TO 20 KL	R 31.68	R 63.35	R 33.58	R 67.15
			BASIC PER KL	R 3.90	R 7.80	R 4.13	R 8.27

Lukhanji Adopted 2013/14 Budget Report

		21 KL TO 50 KL	BASI C	R 49.80	R 99.61	R 52.79	R 105.58
		21 KL TO 50 KL	PER KL	R 4.63	R 9.26	R 4.91	R 9.82
		51 KL AND MORE	BASI C	R 72.42	R 144.83	R 76.76	R 153.52
		51 KL AND MORE	PER KL	R 5.43	R 10.87	R 5.76	R 11.52
b	BUSINESS AND INDUSTRIAL	0 KL TO 100 KL	BASI C	R 45.26	R 90.52	R 47.98	R 95.95
		0 KL TO 100 KL	PER KL	R 3.79	R 7.58	R 4.02	R 8.04
		101 KL TO 500 KL	BASI C	R 72.42	R 144.83	R 76.76	R 153.52
		101 KL TO 500 KL	PER KL	R 4.07	R 8.13	R 4.31	R 8.62
		500 KL AND MORE	BASI C	R 226.29	R 452.58	R 239.87	R 479.73
		500 KL AND MORE	PER KL	R 4.18	R 8.36	R 4.43	R 8.86
c	UNPURIFIED WATER		PER KL	R 0.25	R 0.51	R 0.27	R 0.54
d	GOLF CLUB		PER KL	R 0.11	R 0.22	R 0.12	R 0.24
BUILDING PLAN AND PLAN PRINTING FEES							
Building fees to be determined on the minimum value of alterations on existing buildings or the construction of new buildings be increased, as set out hereunder :							
		Building under tile		R 2,337.30		R 2,454.17	
		Building under iron		R 2,337.30		R 2,454.17	
		Outbuildings Open buildings (verandahs etc.)		R 2,337.30		R 2,454.17	
		Shell buildings		R 1,836.45		R 1,928.27	
		Internal alterations		R 801.36		R 841.43	
		Underground tanks		R 6,232.80		R 6,544.44	
		Porta pools		R 6,232.80		R 6,544.44	
		Swimming pools		R 6,232.80		R 6,544.44	
		Carports		R 9,282.42		R 9,746.54	
		Scrutiny fee (Excluding Government Housing Projects) - Minimum		R 389.55		R 409.03	
		Basic Charge		R 45.63		R 47.91	
		Fee - m2 x rate x 0.00275 + basic charge					
8							
		Plan printing fees :					
		Paper A2		R 16.54		R 16.54	
		Paper A1		R 19.48		R 19.48	
		Paper A0		R 31.84		R 31.84	
		Paper A3		R 3.22		R 3.22	
		Paper A4		R 0.95		R 0.95	
9							
10	ROAD PATCHING						

Lukhanji Adopted 2013/14 Budget Report

To replace Kerbing - Zone 1
 To replace Kerbing - Zone 2
 Road patching on work done by WSSA and the Post Office be as follows : Zone 1
 Road patching on work done by WSSA and the Post Office be as follows : Zone 2

R 228.17	/m2
R 283.82	/m2
R 395.12	/m2
R 473.03	/m2

R 228.17	/m2
R 283.82	/m2
R 395.12	/m2
R 473.03	/m2

PLANT AND VEHICLES

C A T	DESCRIPTION	2006/2007		PRIV ATE USE (VAT EXCL)		2012/13		PRI VAT E USE (VA T EXC L)		2012/13		PRI VAT E USE (VA T EXC L)	
		R	/K M	R	/K M	R	/KM	R	/K M	R	/KM	R	/K M
a	MOTOR CARS	R 1.80	/K M	R 3.61	/K M	R 2.00	/KM	R 4.15	/K M	R 2.00	/KM	R 4.15	/K M
b	1/2 TON LDVS	R 1.80	/K M	R 3.61	/K M	R 2.00	/KM	R 4.15	/K M	R 2.00	/KM	R 4.15	/K M
c	1 TON LDVS	R 2.42	/K M	R 4.85	/K M	R 2.69	/KM	R 5.60	/K M	R 2.69	/KM	R 5.60	/K M
d	2 - 3 TON TRUCKS	R 4.81	/K M	R 9.63	/K M	R 5.36	/KM	R 11.00	/K M	R 5.36	/KM	R 11.00	/K M
e	4 - 7 TON TRUCKS	R 8.00	+/ K M	R 16.00	+/ K M	R 8.90	/KM	R 18.00	+/ K M	R 8.90	/KM	R 18.00	+/ K M
		R 82.00	/H	R 130.00	/H	R 91.27	/KM	R 198.00	/H	R 91.27	/KM	R 198.00	/H
f	REFUSE TRUCKS	R 9.00				R 10.02	/KM			R 10.02	/KM		
g	TRAILERS	R 13.91	/K M	R 20.86	/K M	R 15.48	/KM	R 24.00	/K M	R 15.48	/KM	R 24.00	/K M
h	TRACTORS	R 102.15	/K M	R 203.30	/K M	R 113.69	/KM	R 265.00	/K M	R 113.69	/KM	R 265.00	/K M
i	FIRE BRIGADE VEHICLES F1			R 8.00	+/ K M			R 10.00	+/ K M			R 10.00	+/ K M
				R 198.00				R 228.00				R 228.00	
	F2			R 4.60	+/ K M			R 5.30	+/ K M			R 5.30	+/ K M
				R 198.00				R 228.00				R 228.00	
	F3			R 4.60	+/ K M			R 5.30	+/ K M			R 5.30	+/ K M
				R 198.00				R 228.00				R 228.00	
	F4			R 9.63	+/ K M			R 11.00	+/ K M			R 11.00	+/ K M
				R 214.70				R 247.00				R 247.00	
j	MOTOR CYCLES			R 10.00	+/ K M			R 1.15	+/ K M			R 1.15	+/ K M
k	TRACTOR DRAWN MOTORS	R 18.45	/H	R 27.60	/H	R 20.54	/H	R 32.00	/H	R 20.54	/H	R 32.00	/H

Lukhanji Adopted 2013/14 Budget Report

1 2		Type of Consumer	Pre-Payment metering (Single Phase)						
		Type of Connection	From existing low voltage (lv) reticulation to an underground two way cable box, supplied at consumers boundary, via a pole mounted box						
	c	TYPE	B2	Actual Cost	(i)		Actual Cost	(i)	
		KVA Range	15 - 50						
		Type of Consumer	Pre-Payment metering (3 Phase)						
		Type of Connection	From existing low voltage (lv) reticulation meter pillar box supplied at consumers boundary						
	d	TYPE	C1	Actual Cost	(i)		Actual Cost	(i)	
		KVA Range	15 - 20						
		Type of Consumer	Domestic/Commercial (1 Phase) Government Supplies Only						
		Type of Connection	From existing low voltage (lv) reticulation to the consumers point of supply at a pillar mounted meter box positioned on the boundary of the consumers premises (includes meter and circuit breaker)						
1 2	e	TYPE	C2	Actual Cost			Actual Cost		
		KVA Range	15 - 50						
		Type of Consumer	Domestic/Commercial (3 Phase)(Pre-Payment)						
		Type of Connection	From existing low voltage (lv) reticulation to the consumers point of supply at a pillar mounted meter box positioned on the boundary of the consumers premises (includes meter and circuit breaker)						
	f	TYPE	D1	Actual Cost			Actual Cost		
		KVA Range	51 - 80						
		Type of Consumer	Commercial						
		Type of Connection	From existing low voltage (lv) reticulation to the consumers point of supply at a meter cubicle mounted on the boundary of the consumers premises or cubicle or a meter room						
	g	TYPE	D2	Actual Cost			Actual Cost		
		KVA Range	50 - 200						
		Type of Consumer	Commercial/Industrial						
		Type of Connection	From existing substation to the low voltage (lv) reticulation supply point at a meter cubicle mounted on the boundary of the consumers premises or a cubicle on the consumers premises or a meter room						
	h	TYPE	D3	Actual Cost	(i)		Actual Cost	(i)	
		KVA Range	151 - 315						
		Type of Consumer	Commercial						
		Type of Connection	Miniature substation to be supplied by the Municipality, positioned either on the consumers premises or outside his boundary fence						
	i	TYPE	D4	Actual Cost	(i)		Actual Cost	(i)	
		KVA Range	315 - 500						
		Type of Consumer	Commercial						
		Type of Connection	Miniature substation to be supplied by the Municipality, positioned either on the consumers premises or outside his boundary fence						

Lukhanji Adopted 2013/14 Budget Report

1 2	j	TYPE	D5	Actual Cost	(i)		Actual Cost	(i)		
		KVA Range	500 - 700							
		Type of Consumer	Commercial							
		Type of Connection	Point of supply situated adjacent to or in integral with the substation building on the consumers premises							
		k	TYPE	E1	Actual Cost			Actual Cost		
		KVA Range	800 - 3500							
		Type of Consumer	LARGE							
		Type of Connection	11kv supply from the Municipality's metered circuit breaker to the consumers 11kv switchgear							
		l	TYPE	E2	Actual Cost			Actual Cost		
		KVA Range	<3500							
		Type of Consumer	LARGE							
		Type of Connection	11kv supply from the Municipality's metered circuit breaker to the consumers 11kv switchgear							
	m	TYPE	F1	Actual Cost			Actual Cost			
	KVA Range	0 - 500								
	Type of Consumer	Farm Supplies								
	Type of Connection	11kv overhead line from nearest point of supply, including transformer, metering, low voltage equipment and cabling								
	n	TYPE	F2	Actual Cost			Actual Cost			
	KVA Range	0 - 500								
	Type of Consumer	Temporary Connection								
	Type of Connection	Nearest to point of supply								
	o	Enernet Ripple Relay	All electrical geysers to be fitted with a ripple relay, supplied by the Municipality.		Free (ii)			Free (ii)		
NOTES										
	(i)	All material required to make the supply available is normally supplied by the Municipality. A customer could however, supply all material and carry out the entire work, but on the day of commissioning of the supply point, the entire installation gets handed over to the Municipality. The assets now belong to the Municipality who will be responsible for all maintenance and repairs in future. The customer only needs to pay the normal deposit fee.								
	(ii)	A ripple relay is fitted in an electrical geyser in order for the Municipality to restrict its maximum demand drawn from Eskom, by switching the geyser on or off. Hence there is no benefit to the customer, therefore the Municipality is responsible for supplying the relay free of charge.								
	(ii)	No conventional metering will be allowed for any single phase domestic and or commercial supplies, except for government installations.								
	(i)	Indigents will qualify in accordance with the Indigent Policy.								
	(v)	A 60/40 percent ratio for the collection of arrears on the purchase of pre-paid electricity by customers.								
1 3	ATTENDANCE TO FAILURE OF SUPPLY COMPLAINTS									
		Call-out during office hours : Rural								
	Call-out during office hours : Town									
				R 122.43				R 122.43		

Lukhanji Adopted 2013/14 Budget Report

	Call-out after office hours : Rural		
	Call-out after office hours : Town	R 144.69	R 144.69
	FEE FOR DISCONNECTION FOR NON-PAYMENT		
1	Additional deposit	R 166.95	R 166.95
4	Administration fee	R 55.65	R 55.65
	Paper Cut - Administration fee	R 55.65	R 55.65
	TESTING OF ELECTRICITY METERS		
1	Single Phase	R 183.65	R 183.65
5	Three Phase MD meter (KVA/KWH combination meter)	R 294.95	R 294.95
		R 500.85	R 500.85
	SPECIAL METER READINGS		
1	Town	R 94.61	R 94.61
6	Rural		
1	ALTERATIONS AND ADDITIONS TO EXISTING SERVICES	Actual Cost	Actual Cost
7			
	FAILURE TO KEEP APPOINTMENTS FOR INSPECTION AND FAILURE TO SUBMITT COMMENCEMENT FORMS		
1		R 55.65	R 55.65
8		R 55.65	R 55.65
	EQUIPMENT USAGE FEES		
1	Pipe Bender	N/A	N/A
9	Bending Brake (Folding Machine)	N/A	N/A
	Engraving of Labels	N/A	N/A
	Testing of Transformer oil	N/A	N/A
	Testing of pressure vessels, air compressor - general inspection	N/A	N/A
	Any other inspections	N/A	N/A
	Hydraulic Pumps	N/A	N/A
	Block and Tackle	N/A	N/A
	Labour (Minimun of 1 hour)	N/A	N/A
	ELECTRICITY TARIFFS		
2	DOMESTIC QUEENSTOWN		
0	SERVICE CHARGE	R 129.11	R 129.11
	Block 1 (0-50KWh)	R 0.66	R 0.66
	Block 2 (51-350KWh)	R 0.82	R 0.82
	Block 3 (351-600KWh)	R 1.09	R 1.09
	Block 4 (>600KWh)	R 1.29	R 1.29

Lukhanji Adopted 2013/14 Budget Report

	T			
b	2	PREPAYMENT		
		Block 1 (0-50KWh)	R 0.66	R 0.66
		Block 2 (51-350KWh)	R 0.82	R 0.82
		Block 3 (351-600KWh)	R 1.09	R 1.09
		Block 4 (>600KWh)	R 1.29	R 1.29
	T			
c	3	SMALL USERS (CONSUMPTION NOT EXCEEDING 80 KVA OR 20 000 KWH PER MONTH)		
		SERVICE CHARGE	R 466.35	R 517.64
		KWH<=500	R 1.3500	R 1.3500
		KWH>=500	R 1.0500	R 1.0500
	T			
d	4	PREPAYMENT - BUSINESS KWH (Inclusive of Vat)	R 1.3500	R 1.3500
		NON DOMESTIC LARGE POWER USERS		
	T			
e	5	CONSUMPTION NOT EXCEEDING 40 (KVA)		
		SERVICE CHARGE	R 879.76	R 976.53
		KWH	R 0.6039	R 0.6704
		KVA	R 163.40	R 163.40
		MINIMUM KVA	R 6,536.00	R 6,536.00
	T			
f	X	TIME OF USE (MINIMUM CONSUMPTION OF 100 000 KWH PER MONTH/ABOVE 80 KW-MAX)		
		LOW DEMAND		
		BASIC	R 421.90	R 468.30
		PEAK 07:00 - 10:00; 18:00 - 20:00	R 2.1405	R 2.3760
		STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00 SAT 07:00 - 12:00;		
		18:00 - 20:00	R 0.9315	R 1.0340
		OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK	R 0.4823	R 0.5353
		kvaRH (only applicable for KvaRh exceeding 30% of TOTAL kvh 0.96pf)	R 0.8276	R 0.9186
		HIGH DEMAND		
		BASIC	R 421.90	R 468.30
		PEAK 07:00 - 10:00; 18:00 - 20:00	R 2.1800	R 2.1800
		STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00	R 0.9700	R 0.9700
		OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK	R 0.4800	R 0.4800
		kvaRH (only applicable for KvaRh exceeding 30% of TOTAL kvh 0.96pf)	R 0.1023	R 0.1135
	T			
g	7	TIME OF USE (MINIMUM CONSUMPTION OF 200 000 KWH PER MONTH/ABOVE 150 KVA)		
		LOW DEMAND		
		BASIC	R 809.02	R 898.01
		DEMAND KW	R 65.45	R 65.45
		PEAK 07:00 - 10:00; 18:00 - 20:00	R 1.2769	R 1.4173
		STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00 SAT 07:00 - 12:00;		
		18:00 - 20:00	R 0.7935	R 0.8808
		OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK	R 0.4478	R 0.4970
		kvaRH (only applicable for KvaRh exceeding 30% of TOTAL kvh 0.96pf)	R 0.1023	R 0.1135
		HIGH DEMAND		
		BASIC	R 809.02	R 898.01

Lukhanji Adopted 2013/14 Budget Report

	DEMAND KW	R 69.96	R 77.65
	PEAK 07:00 - 10:00; 18:00 - 20:00	R 1.4151	R 1.5708
	STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00	R 0.7935	R 0.8808
	OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK	R 0.4823	R 0.5353
	kvaRH (only applicable for KvaRh exceeding 30% of TOTAL kvh 0.96pf)	R 0.1023	R 0.1135
	All units include an additional 1.5 cent charge approved by the NER for upgrading the electrical network. This tariff is not applicable to consumers receiving 50kw free electricity.		
	Note : The municipality increased its tariff only by 11% from 1 July 2012 to 30 June 2013 with no increase for indigents using 50 KW. The proposed tariff increase from 1 July 2012 to 30 June 2013 amounts to 11% and the following increases will be applicable to indigent consumers.		
	Registered indigents first 50KW	Free	Free
	51-100KW	22% Increase	As per Nersa
	In excess of 100 KW	28% Increase	As per Nersa
INFRASTRUCTURE DEVELOPMENT UNIT			
2 1	PERSONNEL CHARGES		
	Senior Professional/Technical/Management staff	R 607.70	R 607.70
	Professional/Technical/Management staff	R 353.93	R 353.93
	Supervisory staff Clerical and administrative staff	R 271.57 R 205.90	R 271.57 R 205.90
2 2	DISBURSEMENTS CHARGES		
	Typing	R 20.59	R 20.59
	Duplication	R 0.84	R 0.84
	Duplication Binding and Documents	R 2.05	R 2.05
	Plan Plotting (Mono)	R 8.30	R 8.30
	Plan Plotting (Colour)	R 3.34	R 3.34
	Telephone Calls	R 5.90	R 5.90
	Faxes (Outgoing)	R 4.12	R 4.12
	Faxes (Incoming)	R 0.44 R 0.56	R 0.44 R 0.56
2 3	TRANSPORT	As per AA table	As per AA table
2 4	LABOUR (Skilled/Semi Skilled)	Statutory minimum rate plus 10%	Statutory minimum rate plus 10%
2 5	OUTSIDE DISBURSEMENTS	Actual Cost plus 10%	Actual Cost plus 10%

Lukhanji Adopted 2013/14 Budget Report

	Potplants 15cm	R 35.00		R 35.00	
	Potplants 20cm	R 50.00		R 50.00	
	SEWAGE REMOVAL FEES				
30	Sewage Pump	R 42.40	p/h	R 44.94	p/h
	Tractor	R 265.00	p/h	R 280.90	p/h
	Sewer Tractor	R 31.80		R 33.71	
	Driver	R 53.00	p/h	R 56.18	p/h
	Staff (1)	R 42.40	p/h	R 44.94	p/h
	SWIMMING POOL FEES : VAT Inclusive				
31	Entrance fee (Adults)	R 8.00		R 8.00	
	Entrance fee (Children)	R 4.00		R 4.00	
	Season Tickets	R 120.00		R 120.00	
	BERRY & BONKOLO DAM USAGE FEES : VAT Inclusive				
32	Entrance fees : per vehicle with 5 people	R 35.00		R 35.00	
	Entrance fees : additional per person	R 6.00		R 6.00	
	Season Tickets	R 120.00		R 120.00	
	GAME RESERVE ENTRANCE FEES : VAT Inclusive				
33	Entrance fees : per vehicle with 5 people	R 35.00		R 35.00	
	Entrance fees : additional per person	R 6.00		R 6.00	
	Season Tickets	R 120.00		R 120.00	
	GAME RESERVE LAPA HIRE FEES				
34	Hire of Lapa	R 400.00		R 400.00	
	Deposit of Lapa (refundable under conditions)	R 300.00		R 300.00	
	Overtime		p/h		p/h
	Hire of Sunnyside during office hours	R 350.00		R 350.00	
	Guided Vehicle Tour	R 120.00	Plus Overtime Per Day Extra	R 120.00	Plus Overtime Per Day Extra
	Caravan or Tent	R 120.00		R 120.00	
	Electricity Only educational tours are free of charge.	R 65.00	Per Day	R 65.00	Per Day
	CEMETERY CHARGES EXCLUDING VAT				
	CEMETRIES ; MLUNGISI, EZIBELENI, WHITTLESEA & ILINGE				
35	Adult Plot	R 165.00		R 165.00	
	Casket Plot	R 190.00		R 190.00	
	Baby Plot	R 90.00		R 90.00	
	Digging of Adult Grave	R 235.00		R 235.00	
	Digging of Casket Grave	R 260.00		R 260.00	
	Closing of Grave	R 145.00		R 145.00	

Lukhanji Adopted 2013/14 Budget Report

	Closing of Baby Grave	R 110.00	R 110.00
	CEMETRIES - NEW		
	BERM SECTION		
36	Adult Plot	R 230.00	R 230.00
	Digging of Adult Grave	R 230.00	R 230.00
	Digging of Casket Grave	R 238.00	R 238.00
	Closing of Grave	R 210.00	R 210.00
	Exhumation of Body	R 955.00	R 955.00
	Funerals on Saturday additional Funerals on Sunday and Public Holidays		
	CEMETERY - MONUMENTAL SECTION		
37	Digging of Adult Grave	R 470.00	R 470.00
	Single Plot	R 355.00	R 355.00
	Double Plot	R 710.00	R 710.00
	Casket Grave	R 355.00	R 355.00
	Extra Deep Grave	R 205.00	R 205.00
	Outsize Casket Grave	R 255.00	R 255.00
	Funerals on Saturday additional Funerals on Sunday and Public Holidays		
	Closing of Grave	R 210.00	R 210.00
	Wall of Remembrance	R 300.00	R 300.00
	Ash Grave	R 130.00	R 130.00
	Burial of Ashes in existing grave	R 130.00	R 130.00
	Erection of monuments : Single Grave	R 160.00	R 160.00
	Erection of monuments : Double Grave	R 320.00	R 320.00
	Outsize Baby Grave Closing of Baby Grave		
	CEMETERY - BABY SECTION		
38	Digging of Grave	R 210.00	R 210.00
	Baby Plot	R 165.00	R 165.00
	EXHUMATION OF BODY		
39	Exhumation	R 955.00	R 955.00
	LIBRARY FEES		
	LIBRARIES FINES : VAT Inclusive		
40	1. Books, CD's, Art prints	R 1.00	R 1.00
	2. Video's	R 6.50	R 6.50
	3. Lost member pocket 3 Lost member card (PALS)	R 3.00 R 10.00	R 3.00 R 10.00
	4. Visitors	R 50.00	R 50.00

Lukhanji Adopted 2013/14 Budget Report

	5. Internet				
	6. Printing from Internet				
	7. Photocopies & Printing	R 1.00	Black	R 1.00	Black
		R 2.50	Black	R 2.50	Black
		R 6.00	Colour	R 6.00	Colour
		R 13.00	Colour	R 13.00	Colour
	8. Membership fees	R 45.00		R 45.00	
LIBRARY HALL HIRE FEES					
	Hall hire during office hours	R 50.00	p/h	R 50.00	p/h
	After hours (plus caretakers overtime)	R 60.00		R 60.00	
	Cups & Saucers per 50 persons or part thereof)	R 40.00		R 40.00	
4	Plates	R 30.00		R 30.00	
1	Cleaning	R 120.00		R 120.00	
	Admin Costs	10%		10%	
	Use of Kitchen	R 100.00		R 100.00	
	Urn	R 40.00		R 40.00	
	Stove	R 60.00		R 60.00	
POUND FEES					
	RATE OF COMPENSATION				
	For animals delivered to the pouNd, whether one or more per kilometer or portion of a kilometer	R 5.50		R 5.50	
4	For animals transported by vehicle, per kilometer or portion of a kilometer	R 15.00		R 15.00	
2	Use of commonage for initiation school	R 200.00		R 200.00	
	Deposit of initiation site	R 50.00		R 50.00	
	Price of Lucern	Actual		Actual	
TRESPASSING FEE					
4	Horses, cattle, and pigs per head	R 65.00		R 65.00	
3	Goats & Sheep per head	R 45.00		R 45.00	
POUND FEES					
4	Horses, cattle, and pigs per head	R 75.00		R 75.00	
4	Goats & Sheep per head	R 45.00		R 45.00	
SUSTENANCE FEES					
4	Horses, cattle, and pigs per head	R 80.00		R 80.00	
5	Goats & Sheep per head	R 45.00		R 45.00	
OTHER CHARGES					
4	Dipping Fees - (Cattle)	R 40.00		R 40.00	
6	Dosing Fees - (Goats, Sheep per Head)	R 35.00		R 35.00	
CALL OUTS					
4	18H00 to 06H00 and over weekends per call out to impound				
7					

Lukhanji Adopted 2013/14 Budget Report

		FIRE BRIGADE FEES		
TURNOUT				
5 1	Machines	R 275.00	R 275.00	
	Each service vehicle used	R 275.00	R 275.00	
	Veld fire units	R 120.00	R 120.00	
	Hazchem trailer	R 200.00	R 200.00	
TRAVELLING : KILOMETERS				
5 2	Machines	R 1,200.00	R 1,200.00	
	Veld fire units	R 700.00	R 700.00	
	Each service vehicle	R 700.00	R 700.00	
OPERATING				
5 3	Operating of pump and equipment	R 90.00	R 90.00	
	F4			
	Veld fire units	R 50.00	R 50.00	
STANDBY				
5 4	All vehicles per hour	R 60.00	R 60.00	
	Service vehicles	R 60.00	R 60.00	
	Fire extinguishers and foam	Foam plus 20%	Foam plus 20%	
TESTING OF EQUIPMENT AND INSTALLATION				
5 5	Sprinkler system Up to five installations per premises per installation	R 90.00	R 90.00	
	Over five installations per premises per installation	R 10.00	R 10.00	
Testing and Repairs : Hose and Couplings				
5 6	Hose (All diameters) Pressure testing per length	R 50.00	R 50.00	
	Vulcanising per patch	R 60.00	R 60.00	
	Big Suction	R 60.00	R 60.00	
	Big Suction (all diameters)	R 60.00	R 60.00	
	Wire bending each type	R 60.00	R 60.00	
	Big Suction Truing couplings (all diameters)	R 50.00	R 50.00	
	Hose per pair	R 50.00	R 50.00	
	Suction per pair	R 60.00	R 60.00	
	FIRE PERSONNEL FEES			
	5 7	For each hour during which members of the Fire Brigade are engaged in :		
Chief Fire Officer		R 85.00	R 85.00	
Each Officer		R 70.00	R 70.00	
Each Fireman		R 65.00	R 65.00	
FIRE STANDBY FEES				
5 8	Chief Fire Officer	R 85.00	R 85.00	
	Each Officer	R 70.00	R 70.00	
	Each Fireman	R 65.00	R 65.00	

Lukhanji Adopted 2013/14 Budget Report

FIRE CASUAL FEES					
59	Fire Fighting	R 60.00	p/h	R 60.00	p/h
For attendance of personnel or use of equipment and material :					
BREATHING OF APPARATUS					
60	Compressed air type	R 70.00 per set plus R30.00	per cylinder	R 70.00 per set plus R30.00	per cylinder
FIRE - OTHER CHARGES					
61	Recharging cylinders	R 70.00		R 70.00	
	Oxygen resuscitation apparatus plus cost of recharging	R 40.00		R 40.00	
	Portable lighting equipment - 5kw unit per hour	R 90.00	p/h	R 90.00	p/h
	Smoke extrator - Whilst in operation	R 90.00	p/h	R 90.00	p/h
	Smoke extrator - Whilst standing per hour	R 35.00	p/h	R 35.00	p/h
	Portable foam apparatus				
	Generator or branch per hour	R 70.00	plus	R 70.00	plus
	20% Admin fee			20% Admin fee	
	Medium expansion generator	R 70.00	plus	R 70.00	plus
	20% Admin fee			20% Admin fee	
	Portable tank	R 70.00		R 70.00	
	Chemicals				
	Water				
	For each hour or part thereof during which water is supplied :				
	Large bore hose	R 70.00		R 70.00	
Small bore hose	R 60.00		R 60.00		
Servicing of Fire Extinguishers					
Servicing and refilling of Extinguishers					
Equipment and material					
Floating pumps	R 70.00		R 70.00		
Lights	R 70.00		R 70.00		
TRAFFIC FEES					
Search fees					
62	Lost ticket	R 40.00		R 40.00	
Licensing Section		R 102.00		R 102.00	
Serving of Summonses					
63	Non-personal serving	R 65.00		R 65.00	
	Personal serving An extra is a non-personal summons is paid	R 100.00		R 100.00	
Impounding of vehicles					
64	Pound fees to:	R 150.00	p/day	R 150.00	p/day

Lukhanji Adopted 2013/14 Budget Report

		R 680.00 Tow In Should it be done within six months 100% additional	R 680.00 Tow In Should it be done within six months 100% additional
65	Control over functions held on a public road		
	Sport and Races		
	(a) Issuing of permit	R 200.00	R 200.00
	(b) Full time traffic assistance per person per hour	Actual Costs	Actual Costs
	(c) Tariff per km per vehicle	R 4.50	R 4.50
	The monies in (a - c) above will not be refunded if an event is cancelled for any reason. The monies in (a - c) must be paid in advance. These tariffs will not be applicable to the following : Local Schools, Welfare or non-profit making. Local sports clubs to pay R25.00 for a permit and actual overtime, where applicable.	R 45.00	R 45.00
66	Funerals		
	Per funeral (weekdays)	R 350.00	R 350.00
	Per funeral (weekends)	R 450.00	R 450.00
	Events (Fun Runs, Marathons)	per application	per application
67	Parking meter fees	R1.50 per 10 minutes	R1.50 per 10 minutes
	DPS	R 6.00 p/h	R 6.00 p/h
	Accidental Report OAR	R 132.00	R 132.00
FINANCIAL SERVICES			
68	VOTERS ROLL		
	Per copy per ward	R 5,000.00	R 5,000.00
69	INFORMATION TO THE PUBLIC		
	1. Computer printout of names and addresses or portion thereof	R 5,000.00	R 5,000.00
	2. Any valuation certificate or certificate of outstanding balance against a property excluding certificates in terms of Section 96 of Ordinance 20 of 1974	R 30.00	R 30.00
70	PHOTOCOPIES FOR PRIVATE PURPOSE		
	A4 Size per page (Black & White)	R 1.50	R 1.50
	A3 Size per page (Black & White)	R 3.00	R 3.00
71	FACSIMILE TRANSMISSION		
	International per A4 page	R 15.00	R 15.00
	National per A4 page	R 8.00	R 8.00
	Local per A4 page	R 2.50	R 2.50
72	INTEREST ON ALL OUTSTANDING FEES		
	Interest will be levied in terms of the standard rates.		
1	ALLOCATION TO SPCA		
	Allocation to SPCA R48000 - R150000	R 12,500.00 p/m	R 12,500.00 p/m

Lukhanji Adopted 2013/14 Budget Report

PROPERTY RATES				in the Rand		in the Rand		
7 3	Residential Businesses, Commercial, Industrial	R 0.00686		R 0.00686		R 0.00755		
	Educational Public Service Infrastructure	R 0.00858		R 0.00858		R 0.00944		
	Vacant Land	R 0.00686		R 0.00686		R 0.00755		
		R 0.00173		R 0.00173		R 0.00190		
		R 0.03015		R 0.03015		R 0.03317		
	INFRASTRUCTURE RATE (PHASE IN ON PREVIOUS NO VALUATION)	R 63.87		R 63.87		R 70.25		
CATEGORIES OF REBATES GRANTED								
7 4	Telkom Residential - Annual Payers Residential - Monthly Payers Government Municipal Commercial - Annual Payers Commercial - Monthly Payers Industrial - Annual Payers Industrial - Monthly Payers Businesses - Annual Payers Businesses - Monthly Payers Education Transnet Agricultural Institutional			As per policy		As per policy		
	REFUSE BAGS							
	Refuse Bags may be changed as per price increases to recover full costs.							
	ESTATES							
	CIVIC CENTER RENTALS							
	7 6		2006/07	2007/08				
					7	100%		
		CIVIC CENTRE : QUEENSTOWN	R 70.00	p/h	R 80.00	p/h	R 107.75	p/h
		CIVIC CENTRE : ASHLEY	R 62.00	p/h	R 70.00	p/h	R 96.00	p/h
		CIVIC CENTRE : WYNGAARDT	R 35.00	p/h	R 40.00	p/h	R 51.00	p/h
		CIVIC CENTRE : MLUNGISI	R 52.00	p/h	R 60.00	p/h	R 79.00	p/h
		CIVIC CENTRE : EZIBELENI	R 52.00	p/h	R 60.00	p/h	R 85.00	p/h
		CIVIC CENTRE : SKWEYIYA	R 52.00	p/h	R 70.00	p/h	R 85.00	p/h
CIVIC CENTRE : SADA & EKUPHUMLENI		R 42.00	p/h	R 45.00	p/h	R 63.00	p/effent	
CIVIC CENTRE : KAMASTONE, MCEULA, LESSYTON		R 42.00	p/h	R 50.00	p/h	R 74.00	p/effent	
CIVIC CENTRE : ILINGE & TAMBO VILLAGE		R 42.00	p/h	R 50.00	p/h	R 74.00	p/effent	
(NOTE: All are Excluding the Overtime Costs of the Caretaker)								

Lukhanji Adopted 2013/14 Budget Report

7 7	DEPOSITS					
	Political Parties	R 2,268.00			R 2,268.00	
	Funfuns where entrance fees are charged	R 2,268.00			R 2,268.00	
	Dances / Discos	R 2,268.00			R 2,268.00	
	Competitions / Contests of any nature	R 2,268.00			R 2,268.00	
	Parties	R 2,268.00			R 2,268.00	
	Graduation Ceremonies	R 1,134.00			R 1,134.00	
	Weddings Other forms of entertainment	R 2,268.00			R 2,268.00	
OTHER FACILITY RENTALS						
Hire of other facilities in the Town, VAN and Ezibeleni Halls						
7 8	Side Hall (Queenstown, Ezibeleni, Skweyiya, Sada & Ekuphumleni)	R 50.00	p/h		R 50.00	p/h
	Kitchen - Queenstown	R 117.00	p/day		R 117.00	p/day
	Kitchen (Ezibeleni, Skweyiya, Ekuphumleni Ashley Wyngaardt)	R 61.00	p/day		R 61.00	p/day
	Administration fee Samro (Civic Centres of Queenstown, Ashley Wyngaardt & Skweyiya)	R 22.68			R 22.68	
	Sound system	R 198.49			R 198.49	
	Urn	R 56.71			R 56.71	
	Stove	R 136.10			R 136.10	
	Bainmarie	R 73.72			R 73.72	
	Crockery Deposit (Additional to rental of crockery)	R 340.26			R 340.26	
	Cups & Saucers	R 0.79			R 0.79	
	Milk Jugs	R 0.69			R 0.69	
	Sugar Bowls	R 0.69			R 0.69	
	Serving Dishes	R 1.93			R 1.93	
	Plates	R 0.79			R 0.79	
	Side Plates	R 0.79			R 0.79	
	Pudding Bowls	R 0.79			R 0.79	
	Knives, Forks & Spoons	R 1.13			R 1.13	
	Tea Pots	R 1.93			R 1.93	
	Piano	R 56.71			R 56.71	
	Grand Piano	R 170.13			R 170.13	
	Table Cloth Large	R 28.36			R 28.36	
	Table Cloth Medium	R 19.28			R 19.28	
Table Cloth Small	R 11.34			R 11.34		
Fridge Sidehall	R 22.68			R 22.68		
Warming Tray						
Cleaning levy per function						
Monday to Friday 15H00	R 107.75			R 107.75		
Friday 15H01 to Sunday, incl. Public Holidays	R 136.10			R 136.10		

Lukhanji Adopted 2013/14 Budget Report

Night work allowance per hour payable in terms of Bargaining Council resolution
 Nominal Rate of R10-00 per hour
 Any Shortfall or Surplus between R25-00 be waived against administration fees.

LAND USE MATTERS					
7 9	Administration Costs	R 850.65		R 850.65	
	Rezoning fee	R 907.36		R 907.36	
	Advertisement Costs	R 737.23		R 737.23	
	Bed and Breakfast Applications	R 907.36		R 907.36	
	House Business	R 850.65		R 850.65	
	Land Use Penalty	R 6,238.10		R 6,238.10	
	Subdivision	R 850.65		R 850.65	
	Lease of Containers	R 226.84		R 226.84	
	Encroachment Infrastructure impact cost	R 567.10		R 567.10	
		Assess on merit in line with Council's policy		Assess on merit in line with Council's policy	
ADMINISTRATIVE MATTERS					
8 0	Copy of Title Deed	R 22.68		R 22.68	
	Deed searches per individual search	R 22.68		R 22.68	
	Photocopies A4 Size per page (Black & White)	R 1.13		R 1.13	
MUNICIPAL BUILDINGS : RENTALS					
8 1	Business Tariff:				
	Queenstown	R 68.05	p/m2	R 68.05	p/m2
	Ilinge	R 28.36	p/m2	R 28.36	p/m2
	Van	R 34.03	p/m2	R 34.03	p/m2
	Other Villages	R 22.68	p/m2	R 22.68	p/m2
	Whittlesea	R 28.36	p/m2	R 28.36	p/m2
	Ezibeleni & Mlungisi	R 28.36	p/m2	R 28.36	p/m2
	Residential Tariff :				
	Queenstown	R 39.70	p/m2	R 39.70	p/m2
	Ilinge	R 20.42	p/m2	R 20.42	p/m2
	Van	R 22.68	p/m2	R 22.68	p/m2
	Other Villages	R 11.34	p/m2	R 11.34	p/m2
	Whittlesea	R 20.42	p/m2	R 20.42	p/m2
	Ezibeleni & Mlungisi (Working on 80% of a suggested market related rental of R50-00 p/m2)	R 20.42	p/m2	R 20.42	p/m2
	Whittlesea CBD (Working on 80% of a suggested market related rental of R25-00 p/m2)				
	Ezibeleni & Mlungisi (Working on 80% of a suggested market related rental of R10-00 p/m2)				
	Residential Tariff :				
Queenstown & VAN (Working on 80% of a suggested market related rental of R30-00 p/m2)					
Whittlesea					

Lukhanji Adopted 2013/14 Budget Report

	(Working on 80% of a suggested market related rental of R7-50 p/m2)				
	Ezibeleni & Mlungisi (Working on 80% of a suggested market related rental of R7-50 p/m2)				
	Municipal Flats & Houses:				
	Uitsig Flats	R 2,551.95	p/m	R 2,551.95	p/m
	Fairview Flats	R 3,062.34	p/m	R 3,062.34	p/m
	Municipal Houses @ 82 PA Street	R 3,572.73	p/m	R 3,572.73	p/m
	Municipal Houses @ 1 Horwood Square	R 4,083.12	p/m	R 4,083.12	p/m
	Municipal Houses @ 1 New Street	R 3,317.54	p/m	R 3,317.54	p/m
ADMINISTRATION AND HUMAN RESOURCES					
8	ACCESS TO INFORMATION				
2	Request fee	R 45.00		R 45.00	
8	FEES FOR REPRODUCTION :				
3	A4 Size per page (Black & White)	R 1.00		R 1.00	
	Computer readable form - Stiffy disc				
	Computer readable form - Compact disc	R 50.00		R 50.00	
	Transcription of visual images, A4 or part thereof	R 35.00		R 35.00	
	Copy of visual images	R 80.00		R 80.00	
	Transcription of an audio record, A4 or part thereof	R 20.00		R 20.00	
	Copy of audio record	R 50.00		R 50.00	
	Advertising	R 800.00		R 800.00	



LUKHANJI LOCAL MUNICIPALITY

2013 - 2014

DRAFT RATES POLICY

Version 5.2

TABLE OF CONTENTS

1. DEFINITIONS	142
2. INTRODUCTION	149
3. CONSULTATION PROCESS	150
4. GUIDING PRINCIPLES	151
5. IMPERMISSIBLE RATES.....	151
6. PROPERTY CATEGORIES.....	152
7. RATING OF MULTIPLE USE PROPERTY.....	152
8. DIFFERENTIAL RATING	152
9. EXEMPTIONS, REDUCTIONS AND REBATES	153
10. PROCEDURES FOR GRANTING EXEMPTIONS, REBATES & REDUCTIONS	155
11. PENALTIES	156
12. PAYMENT OF RATES	157
13. ACCOUNTS TO BE FURNISHED.....	158

Lukhanji Adopted 2013/14 Budget Report

14. FREQUENCY OF VALUATION.....	158
15. REGISTER OF PROPERTIES	158
16. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY.....	159
17. REGULAR REVIEW PROCESSES.....	159
18. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES	159
19. ANNUAL REVIEW OF RATES POLICY	159
20. LEGAL COMPLIANCE.....	160

Lukhanji Adopted 2013/14 Budget Report

DEFINITIONS

'Act' means the Local Government: Property Rates Act, No 6 of 2004 and includes the regulations made in terms of Section 83 of the Act;

'Agent', in relation to the owner of a property, means a person appointed by the owner of the property-

(a) to receive rental or other payments in respect of the property on behalf of the owner; or

(b) to make payments in respect of the property on behalf of the owner;

'Agricultural purpose' in relation to the use of a property, excludes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game);

Other definitions:

'Annually' means once every financial year (1 July to the 30 June the following year);

'Appeal board' means a valuation appeal board established in terms of section 56;

'Assistant municipal valuer' means a person designated as an assistant municipal valuer in terms of section 35(1) or (2);

'Bona fide farmers' is a person that is fulltime farmer and if such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes;

'Category'

(a) in relation to property, means a category of properties determined in terms of Section 8; and

(b) in relation to owners of properties, means a category of owners determined in terms of section 15(2)

'Chief Financial Officer' means the Chief Financial Officer as defined in the Municipal Finance Management Act;

'Child-headed household' means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.

'Council' means the Council of the Lukhanji Municipality;

Lukhanji Adopted 2013/14 Budget Report

'Communal Land' as defined in Section 1 of the Communal Land Right Act of 2004;

'Data-Collector' means a person designated as a data-collector in Section 36;

'Date of valuation' means the date determined by a municipality in terms of section 31(1);

'District management area' means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

'District Municipality' means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

'Dominant use' in relation to a property means where a particular use is the largest proportion as compared to other uses on that property / pro rata

'Due date' means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

'Effective date'-

(a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1);

(b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect;

'Exclusion', in relation to a municipality's rating power, means a restriction of that power as provided for in section 17;

'Exemption', in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15;

'Financial year' means the period starting from 1 July in a year to 30 June the next year;

'Income Tax Act' means the Income Tax Act, 1962 (Act No. 58 of 1962);

'Infrastructure rate' the municipality retains the right to implement a levy as determined by council according to sec.7 and 11;

'Land reform beneficiary', in relation to a property, means a person who -

(a) acquired the property through -

(i) the Provision of Land and Assistance Act No. 126 of 1993; or

(ii) the Restitution of Land Rights Act No. 22 of 1994;

(b) holds the property subject to the Communal Property Associations Act No 28 of 1996;

(c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

Lukhanji Adopted 2013/14 Budget Report

'Land tenure right' means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

'Local Community', in relation to a municipality-

- (a) body that mean of persons comprising –
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
 - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

'Local Municipality' means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

'Market Value', in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

'MEC for Local Government' means the member of the Executive Council of a province who is responsible for local government in that provinc

'Multiple purposes', in relation to a property, means the use of a property for more than one purpose;

'Municipal Council' or **'Council'** means a municipal council referred to in section 18 of the Municipal Structures Act;

'Municipal Finance Management Act' means the Municipal Finance Management Act No. 56 of 2003;

'Municipal Systems Act' means the Local Government: Municipal Systems Act, No 32 of 2000;

'Municipality'-

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Municipal Demarcation Act No. 27 1998;

'Municipal Manager' means a person appointed in terms of section 54A of the Amended Municipal Systems Act 7 of 2011 of the Municipal Structures Act;

Lukhanji Adopted 2013/14 Budget Report

'Municipal-owned property' refers to property that is registered in the name of the Municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost or in terms of a rental agreement;

'Municipal Structures Act' means the Municipal Structures Act No 117 of 1998;

'Municipal Systems Act' means the Municipal System Act No. 32 2000;

'Municipal Valuer' or "Valuer of a municipality" means a person designated as a municipal valuer in terms of section 33(1) of the MPRA;

'Old order right' means a tenure or other right in or to communal land which (Ciskei, Transkei and RSA) :-

- (a) is formal or informal;
- (b) is registered or unregistered;
- (c) derives from or is recognised by law, including customary law, practice or usage; and
- (d) exists immediately prior to a determination by the Minister in terms of section 18, but does not include –
 - (i) any right or interest of a tenant, labour tenant, sharecropper or employee if such right or interest is purely of a contractual nature; and
 - (ii) any right or interest based purely on temporary permission granted by the owner or lawful occupier of the land in question, on the basis that such permission may at any time be withdrawn by such owner or lawful occupier;

'Occupier', in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

'Organ of state' means an organ of state as defined in section 239 of the Constitution;

'Owner'-

- (a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition

Lukhanji Adopted 2013/14 Budget Report

of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) a trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

‘Penalty’ in relation to the time period of underdeveloped vacant land, excluding agricultural land, which is not utilized in the specific time period as stipulated in the policy;

‘Permitted use’, in relation to a property, means the limited purposes for which the property may be used in terms of -

- (a) any restrictions imposed by -
 - (i) a condition of title;
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties;
- (b) any alleviation of any such restrictions;

‘Person’ includes an organ of state;

‘Prescribe’ means prescribed by regulation in terms of section 83;

‘Property’ means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

‘Property register’ means a register of properties referred to in section 23 of the MPRA;

Lukhanji Adopted 2013/14 Budget Report

'Protected area' means an area that is or has to be listed in the register referred to in section 10 of the Protected Area Act;

'Protected Areas Act' means the National Environmental Management: Protected Areas Act, 2003;

'Publicly controlled' means owned by or otherwise under the control of an organ of state, including -

- (a) a public entity listed in the Public Finance Management Act No. 1 of 1999.
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act;

'Public service infrastructure' means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

- (e) railway lines forming part of a national railway system (excluding the land upon which the railway line is based) ;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

'Rate' means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

'Rateable property' means property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;

'Rebate', in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

Lukhanji Adopted 2013/14 Budget Report

'Reduction', in relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating of the property at that lower amount;

'Register'-

- (a) means to record in a register in terms of-
 - (i) the Deeds Registries Act 47 of 1937; or
 - (ii) the Mining Titles Registration Act 16 of 1967; and
- (b) includes any other formal act in terms of any other legislation to record-
 - (i) a right to use land for or in connection with mining purposes; or
 - (ii) a land tenure right;

'Residential property' means a property included in a valuation roll in terms of section 48 (2)(b) as residential;

'Residential property: mixed use' refers to property that is used predominantly for residential purposes (51 % or more) but has significant portions of the property devoted to purposes that fall within other categories of property;

'Rural communal settlements' means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

'Sectional Titles Act' means the Sectional Titles Act No. 95 of 1986;

'Sectional title scheme' means a scheme defined in section 1 of the Sectional Titles Act;

'Sectional title unit' means a unit defined in section 1 of the Sectional Titles Act;

'Special State Owned Properties' properties that are owned by National and Provincial Government, used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle.

'Specified public benefit activity' means an activity listed in item 1 (welfare and 5 humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

'State trust land' means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights

'Vacant land' means land, excluding agricultural land, where no immovable improvements have been erected.

Lukhanji Adopted 2013/14 Budget Report

INTRODUCTION

The purpose of this document is to serve as the foundation for public consultations on the Rates Policy the Lukhanji Municipality wishes to adopt on 1 July 2013, in line with the market-based valuation of all properties in the Lukhanji Municipal area of jurisdiction.

This document aims to invite views on how the municipality intends to apply the rating policy mechanisms at its disposal in the 2013/14 financial year, as required by the Act (MPRA).

2.1 The Municipal Property Rates Act No. 6 of 2004 (MPRA) requires municipalities to develop and adopt rates policies consistent with the Act on the levying of rates on rateable property in the municipality.

2.2 Municipalities need a reliable source of revenue to provide basic services and perform its functions. Income derived from property rates are a most important source of revenue for the municipality.

2.3 Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include constructed and maintaining streets, roads, sidewalks, street lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Revenue from property rates is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

2.4 Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDP's) and budget processes, which a municipality invites communities to input prior to municipal council adoption of the budget.

2.5 The Constitution of the Republic of South Africa, sec 229 Of 1996, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation.

2.6 The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities

Lukhanji Adopted 2013/14 Budget Report

and in general to meet its obligations in terms of section 152 of the Constitution of the Republic of South Africa, 1996.

2.7 There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities.

2.8 Income derived from property rates is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that have been neglected in the past due to racially discriminatory, inadequate or inappropriate legislation and regulation.

2.9 It is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor.

2.10 The Constitution of the Republic of South Africa confers on Parliament the power to regulate the exercise by municipalities of their fiscal powers.

CONSULTATION PROCESS

1. Inspection period for Members of the Public and interested parties, runs during April and May of 2014 for the financial year 2014/2015.
2. Ward General Meetings and Public Information Sessions are to be held during April and May 2014 for the financial year 2014/2015. Dates and venues that will be announced by means of notices and newspaper advertisements during April and May of 2014.
3. Organisations, Associations, Forums, Groupings and or Individual members of the public who wish to make written submissions can do so by completing the available Rates Policy Comments/Suggestion form. These forms should be addressed to The Municipal Manager, Lukhanji Municipality, Private Bag X7111, Queenstown, 5320.
4. Upon conclusion of the consultation process the Lukhanji Municipality will assess the implications of submissions and will publish a final Draft Rates Policy.
5. The Rates Policy for 2014/15 is then tabled before Council with the adoption of the budget and will be legislated as a By-Law of Council.
6. The consultation process is in accordance with section 4 of the MPRA 6 of 2004.

Lukhanji Adopted 2013/14 Budget Report

GUIDING PRINCIPLES

In formulating the rates policy for Lukhanji Municipality the following guiding principles will be taken into account:

- Equity, i.e. that all categories of property and categories of owners be treated equitably in relation to each other
- Affordability, i.e. that the rates policy should take into account issues of affordability across categories of owners
- Poverty Alleviation, i.e. that the rates policy should facilitate poverty alleviation within the context of the mechanisms at its disposal
- Social and Economic Development, i.e. that the rates policy should within the context of the mechanisms at its disposal seek to enhance social and economic development
- Financial Sustainability and Cost Efficiency, i.e. that the rates policy should be cost efficient and should enhance the financial sustainability of the municipality
- Encourage Development of Property, i.e. that the rates policy should utilize the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality
- Community Participation, i.e. that the rates policy should be reflective of issues and options expressed during public engagements

IMPERMISSIBLE RATES

5.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

5.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates.

The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis

5.3 All existing rated property owners will not be phased in on the new valuation roll, except as prescribed by legislation.

Section 17 of the Act outlines Impermissible Rates, these include:

Lukhanji Adopted 2013/14 Budget Report

- the first 30% of the market value of public service infrastructure as defined in the Act
- protected areas
- (land with) mineral rights
- (land owned by) land reform beneficiaries
- the first R15 000 of the market value of residential property and properties used for multiple purposes of which one or more component thereof are used for residential purposes
- property used primarily for religious worshipping purposes, including an official residence occupied by the officiating office bearer

PROPERTY CATEGORIES

Lukhanji Municipality has the following property categories:

- (a) Residential properties
- (b) Business
- (c) Agricultural
- (d) Public Service Infrastructure
- (e) Communal and State Trust Land
- (h) State Owned Properties
- (i) Municipal Owned Properties
- (j) Schools including Public, Private and Early Childhood Development Centres
- (k) Vacant properties, excluding agricultural
- (l) Places of Worship
- (m) Public Benefit Organisations
- (n) Clinics and Institutions

RATING OF MULTIPLE USE PROPERTY

In determining the rating of multiple use properties Lukhanji Municipality classifies these properties in terms of Section 9(1) (b) of the Act, and will rate such properties based on their dominant use / pro rata.

DIFFERENTIAL RATING

The following factors will be taken into consideration for the purpose of differential rating:

Lukhanji Adopted 2013/14 Budget Report

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- The effects of rates on the property on the promotion of the social and economic development of a municipality.
- Differential rating among the various property categories will be done by way of setting ratios between the main categories of property and therefore different Cent amount in the Rand for different categories of property.
- In this context it is the intent to set different rates for residential properties in relation to commercial properties and different rates for different categories of vacant land as outlined in this policy.
- In addition exemptions, reductions in the value of properties and or rebates in respect of the cent in the rand payable, will be considered for various categories of owners, (such as for example owners receiving old age or disability grants), based on the outcomes of public consultations and rating policy decisions.

EXEMPTIONS, REDUCTIONS AND REBATES

Exemptions, reductions and the level of rebate granted to specific owners within each category of property situated within the Municipality's jurisdiction will be determined annually as part of the review and determination of the Rates Policy and Budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden amongst the categories of property that constitute the property rates base of the Municipality.

Based on the guiding principles underpinning this policy and subject to any changes in national legislation, the following categories of property owners will be considered on annual application where applicable for exemptions, rebates and reductions:

Exemptions:

- a) Child headed households (exempt if owner registered/court of law approval)
- b) Owners of property situated within an area affected by a declared disaster area within the meaning of the Disaster Management Act, No. 57 of 2002 for the time period as stipulated.
- c) The Municipality may exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property for the financial year applicable.
- d) Public Service Infrastructure
- e) Places of Worship
- f) Municipal owned properties
- g) Duly registered public benefit organisations
- h) Communal Land as defined in Section 1 of the Communal Land Right Act of 2004;
- i) Land Reform Beneficiaries Sect 17 (1)g.
- j) Properties in areas where accounts cannot reach owners by mail.

Rebates and Reductions:

Lukhanji Adopted 2013/14 Budget Report

- k) Indigent households as defined in the municipality's indigent policy;
- l) Beneficiaries of old age grants;
- m) Beneficiaries of disability grants;
- n) Owners of properties who are not beneficiaries of old age or disability grants, but whose income is equivalent to that of such beneficiaries and who meet the criteria as defined in the municipality's indigent policy;
- o) Owners of properties who are unemployed
- p) bona fide farmers;
- q) Sporting bodies;
- r) Demolished properties
- s) Grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

Indigent households: The Council has adopted an "Indigent Policy" that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided if they do not automatically receive it.

Bona fide farmers: In the case of properties that are used for agricultural purposes, the owner(s) may qualify for an agricultural rebate, subject to the following conditions:

- a) The property must be used for *bona fide* agricultural purposes.
- b) The usage of the property must accord with the zoning scheme for the area.
- c) The owner must be registered with the South African Revenue Service as a farmer and must submit a copy of the last IT48 ("calculation of taxable income from farming operations") together with the application for a rebate. If no IT48 can be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue an agricultural certificate to the owner of the property after an inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.
- d) If the owner is a company or a close corporation, which would preclude the South African Revenue Services from issuing an IT48 on behalf of the owner, upon application, a municipal official, authorised by the Municipal Manager shall issue an **agricultural certificate** to the owner of the property after inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.
- e) The land owner must prove that he/she has complied (or is awaiting confirmation of application) with the National Veld and Forest Fire Act 101 of 1998 and legislation governing the control of alien invasive species.

Rebates Applicable to Bona Fide Farmers and Agricultural Properties will be 65% for Farmers not receiving the following services from the Municipality:

Lukhanji Adopted 2013/14 Budget Report

Water

Electricity

Sewerage

Farmers receiving the above services from the Municipality will receive a rebate according to the services which they receive.

An additional 5 % rebate could be granted to farmers that contributes to job creation provided that proof be given of:

- The number of jobs created
- That the salaries/wages given to employees meet the minimum standards set by Government.

Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBO's performing a specific public benefit activity and registered in terms of the Income Tax Act for tax reduction because of those activities, it is proposed that PBOs performing the following specified public benefits activities be exempted from rating:

- Welfare and humanitarian, for example PBOs providing disaster relief.
- Health Care, for example PBO's providing counseling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- Education and development, for example a PBO's providing early childhood development services for pre-school children.

Lukhanji Municipality will consider rebates in respect of public and independent schools as well as early childhood development centres.

Lukhanji Municipality may consider rebates in respect of Special State Owned Properties used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle in the open market.

PROCEDURES FOR GRANTING EXEMPTIONS, REBATES & REDUCTIONS

- (a) Applications for exemptions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer on an annual basis
- (b) Applications must reach the Municipality before 31 May 2013, for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated once the application has been approved

Lukhanji Adopted 2013/14 Budget Report

- (c) All applications must be made under oath. In addition, applications for exemptions by public benefit organisations must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act.
- (d) All other property owners seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption. Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption. Where this is not the case, the property will form part of the category multiple use properties and those portions not used for the purpose for which application for exemption has been made will be re-valued and property rates levied in accordance with the category/categories of property applicable. An application for an exemption or rebate must authorise the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn, if already effective.
- (e) Applications for a reduction in rates based on a reduction in value of a property must be made on the prescribed form within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon. The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.
- (f) The effective date of an exemption or rebate shall be the date when the Municipality approves the application for exemption or rebate, irrespective of whether or not the property qualified for exemption or rebate in terms of its use prior to that date.
- (g) The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false. In accordance with Section 15(3) of the Act, the Municipal Manager of the Municipality shall annually table in the Council of the Municipality:
 - (i) list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and
 - (ii) statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17 (1) (a), (e), (g), (h) and (i) of the Act.

The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.

PENALTIES

In relation to the time period of underdeveloped vacant land which is not utilized in the specific time period as stipulated in the agreement and or title deed, a periodical escalation will be applicable

Lukhanji Adopted 2013/14 Budget Report

PAYMENT OF RATES

- 12.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis; or
 - (b) annually, before 30 September each year.
 - (c) a once off application to pay on a monthly basis should be submitted in May of each year
- 12.2 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 12.3 Rates payable on an annual basis, excluding annual rates levied on state owned properties, will be subject to a discount determined by council if paid in full on or before 30 September of each year.
- 12.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly installments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policy of the municipality.
- 12.5 The municipality retains the right to implement a levy as determined and approved by council according to sec.7 and 11, for properties identified as suitable for a standard infrastructure rate. This is in terms of the Act and serves to simplify the billing of property rates for lower value properties.
- 12.6 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality. Should an owner default on his debt for three consecutive months the amount is payable immediately. Application is not automatically resumed but re-application has to take place for monthly payments.
- 12.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 12.8 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 12.9 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

Lukhanji Adopted 2013/14 Budget Report

ACCOUNTS TO BE FURNISHED

- 13.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 13.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 13.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

FREQUENCY OF VALUATION

- 14.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 14.2 In accordance with the Act the municipality, under exceptional circumstances, may decide to extend the validity of the valuation roll to 5 (five) years by applying for approval to the MEC for Local Government and Housing in the province.
- 14.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.
- 14.4 Interim valuations may be done on a continual basis to fix short term problems.

REGISTER OF PROPERTIES

- 15.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 15.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

Lukhanji Adopted 2013/14 Budget Report

- 15.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
 - ii. Rebate or reduction in terms of section 15,
 - iii. Exclusions as referred to in section 17.
- 15.4 The register will be open for inspection by the public at elected municipal offices during office hours or on the website of the municipality.
- 15.5 The municipality will update Part A of the register during the supplementary valuation process.
- 15.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

The municipality must in terms of Section 6 of the MPRA N0 6 of 2004 adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

REGULAR REVIEW PROCESSES

The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and with legislation.

ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES

This policy has been approved by the Municipality in terms of resolutiondated..... and comes into effect on 1 July 2013.

ANNUAL REVIEW OF RATES POLICY

Lukhanji Adopted 2013/14 Budget Report

The municipality will annually review, and if necessary amend its rates policy taking into account public comments and inputs.

LEGAL COMPLIANCE

In terms of Section 229 of the Constitution of the Republic of South Africa Act No. 108 of 1996, a municipality may impose rates on property.

In terms of Section 4(1) (c) of the Municipal Systems Act No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of Section 2(1) of the Municipal Property Rates Act No. 6 of 2004, a municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.

The Council of the Municipality will impose a rate in terms of the aforementioned legislation. Consequently, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.

This Property Rates Policy ('the Policy') is in terms of the Municipal Property Rates Act No 6 of 2004 and in conjunction with the Municipal Financial Management Act of 2003.

BIODIVERSITY ACT

'Critical Biodiversity Area' refers to areas defined as Critical Biodiversity Areas 1 and 2 (CBA1; CBA2) as defined in the Conservation Assessment and Plan that forms part of the Municipal Spatial Development Framework (SDF);

'Long-term protected critical biodiversity area' refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of thirty years or in perpetuity, and entered into the title deeds of the land;

'Short-term protected critical biodiversity area' refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of five years.

Lukhanji Municipality

Write Off Policy



Lukhanji Adopted 2013/14 Budget Report

Write off Policy Lukhanji Municipality

1: Introduction

The Lukhanji Municipality is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to recover money owed to the Council. However, there will be situations where the debt recovery process fails to recover all or some of the debt. In such cases the debt needs to be recommended for write off. Writing off the debt allows the Council to **reclaim VAT** and ensures that the level of debtors is not overstated in the Council's financial statements.

2: Authorisation Levels

The recommended delegated levels for write off are as follows:

- | | |
|--|-------------------------------|
| • Revenue Manager | Account Balance up to R30,000 |
| • Chief Financial Officer | up to R50,000 |
| • Chief Financial Officer in consultation with the Finance Committee | R50,001+ |

3: Detail of Debt To Be Written Off

The following information needs to be provided for each debt to the officer / member who will authorize the write offs:

- Debtor's name
- Debtor's address
- Description of debt
- Period of debt and/or date(s) of invoice
- Amount to be written off
- Reason for the write off

Supporting documentation must be retained and available that shows:

- Evidence to support the write off
- Recovery history
- Details of tracing and enquires carried out

In considering a debt for write off the following conditions will apply:

- Each case will be considered on its merits;
- Each request will be supported by relevant documentation;

Lukhanji Adopted 2013/14 Budget Report

- Each case will receive authorization from the appropriate authorized officer and/or member in accordance with policy;
- Appropriate records of all authorized write offs will be maintained and reviewed periodically against live caseload.

4: Write Off Criteria

Each case needs to be considered on its own merits, but there are a number of reasons for a debt being passed for write off (appendix 1 and summarized below):

- **Not Cost Effective To Recover** – The amount outstanding is not cost effective to pursue (de minimis). Collection costs would outweigh the amount recovered.
- **Claimant Deceased** - The customer is deceased and there are insufficient funds in the estate with which to discharge the debt.
- **Claimant Absconded** - The customer is gone away and tracing proves unsuccessful
- **Bankruptcy** – The debtor is the subject of insolvency proceedings and so recovery action is not allowed
- **Ill Health** – Severe health considerations:
- **Undue Hardship** – Where the recovery of the debt will cause undue hardship:
- **All Avenues Exhausted** – Where the recovery process has been exhausted and there are no realistic prospects for recovery.
- **Child-headed household** where household headed by a child younger than 18 years old verified and approved by Ward Councilor.
- **Registered Destitute and Indigents** accounts in arrears to be written off in full including property rates once the required documentation is completed and approved by Indigent Steering Committee. Any property sold after the write off is granted the full amount to be recovered from sale. Any default on account after the write off the credit control and debt collection processes to follow without further notice.
- **Registered Destitute and Indigents** who submitted building plans after the write off is granted the full amount will be reversed.
- **Incentive for Domestic debtors on outstanding accounts in excess of 90 days:**
25% payment on account - 25% discount and arrangement for the balance.
50% payment on account – 50% discount.
This incentive is valid for a period of six months i.e. 1st July 2013 – 31st December 2013.
Any property sold after incentive is granted, 50% of the amount to be recovered from sale.

Any cases that fall outside of these criteria should be submitted to the CFO for further consideration for approval.



**CREDIT CONTROL
AND
DEBT COLLECTION
POLICY**

Lukhanji Adopted 2013/14 Budget Report

INDEX

PREAMBLE

DEFINITIONS

1. Principles
2. Duties and Functions
 - 2.1 Duties and Functions of Council
 - 2.2 Duties and Functions of the Executive Mayor
 - 2.3 Duties and Functions of the Municipal Manager
 - 2.4 Duties and Functions of Communities, Ratepayers and Residents
 - 2.5 Duties and Functions of Ward Councillors
3. Area of Application
4. Application for Services
5. Customer Service Agreements
6. Deposits and Guarantees
7. Accounts and Billing
8. Metering of Consumable Services
9. Valuation
10. Customer Assistance Programmes
 - 10.1 Water Leak Rebate
 - 10.2 Rates Rebate
 - 10.3 Arrangements for Settlement
 - 10.4 Payment of Rates by Instalments
 - 10.5 Indigent Assistance Scheme
 - 10.6 Free Basic Services
11. Government departments
12. Communication
13. Payment Facilities and Methods
14. Enquiries and Appeals
15. Debt Collection
16. Meter Readings
17. Theft and Fraud
18. Reporting and Performance Management

PREAMBLE

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

Lukhanji Adopted 2013/14 Budget Report

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 (*'the Systems Act'*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority;

AND WHEREAS Chapter 8, section 64 of the Municipal Finance Management Act stipulates that an Accounting Officer of a municipality is responsible for effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy.

IT IS HEREBY ADOPTED: a credit control and debt management policy of the Lukhanji Municipality.

DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

"Act" The Local Government Acts: Systems Act, 2000 (Act No 32 of 2000), The Municipal Finance Management Act (MFMA) (Act No 56 of 2003), as amended from time to time;

"Arrangement" A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed.

"Arrears" Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

"Authorized Representative"
Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

"billing" Refers to the process of charging for services provided by issuing

Lukhanji Adopted 2013/14 Budget Report

Accounts;

- “CFO”** The person appointed as the Chief Financial Officer of the Municipality in terms of the provisions contained in the MFMA, or his or her nominee.
- “Council”** The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Lukhanji Municipality established by part 7 of provincial notice 80, dated 27 September 2000;
- “Credit Control”** Credit control encompasses all the functions relating to the management of the contract with and collection of monies owed by customers of municipal services including but not restricted to:
- Signing of a valid service agreement, the payment of a service deposit and the verification of the customers’ creditworthiness.
 - Accurate meter readings at fixed intervals
 - Accurate and regular billing
 - Regular communication to customers
 - Provision of Indigent support
 - Maintain efficient and affordable service levels and standards within Councils financial constraints and capacity
 - Provide appropriate payment terms and options
 - Provide an effective and efficient enquiry system
 - Implement consistent credit control measures with the aim to enforce a culture of payment for services and a commitment to pay the current account and service any arrears monthly.
 - Furnish monthly reports to Council on the performance of revenue collection.
- “customer”** Any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;
- “debt collection”** Entails all actions to ensure the effective collection of all monies due to the municipality;
- “defaulter”** Any Person who is owing the Council arrear monies in respect of rates and / or service charges;
- “effective disconnection”** Includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorised reconnection (tampering and/or by-passing) of the disconnected service
- “engineer”** The Director : Technical Services and/or his delegated official of Council;
- “equipment”** A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
- “financial year”** Means a year ending 30 June
- “gender”** Any reference to the one gender shall include reference to the other

Lukhanji Adopted 2013/14 Budget Report

“Implementing Authority”

Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.

“interest”

A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

“municipal account”

An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

“Municipality”

Means the Lukhanji Municipality.

“ Municipal Manager”

The person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

“municipal services”

Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, sundries and any other services for which service charges are levied;

“occupier”

Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

“owner” –

- (a) The person in whom from time to time is vested the legal title to premises;
- (b) In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- (c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
- (d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- (e) In relation to-
 - i. A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
 - ii. A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

Lukhanji Adopted 2013/14 Budget Report

(f) Any legal person including but not limited to-

- i. A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
- ii. Any department of State;
- iii. Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;
- iv. Any Embassy or other foreign entity;

“premises”

Includes any piece of land, the external surface boundaries of which

Is delineated on-

- a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or
- b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

“rates”

means a municipal rate on property envisaged in section 229(1)(a) of the constitution and the Property Rates Act (Act Number 6 of 2004).

Lukhanji Adopted 2013/14 Budget Report

“ratable property”

means a property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act

“service” means a municipal service rendered by the municipality and includes the supply of electricity, water, sanitation and refuse removal

“Supervisory Authority”

Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act

“tampering” means the unauthorised reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an unmetered service

1. PRINCIPLES

- 1.1 The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 1.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 1.3 A copy of the application form including conditions of services and a copy of the Lukhanji’s Council credit control and debt collection policy must be handed to every new customer on date of application for services.
- 1.4 Billing is to be accurate, timeous and understandable.
- 1.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 1.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 1.7 Enforcement of payment must be prompt, consistent and effective.
- 1.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 1.9 Incentives and disincentives may be used in collection procedures.
- 1.10 Results will be regularly and efficiently reported by the Municipal Manager and the Executive Mayor.
- 1.11 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 1.12 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

Lukhanji Adopted 2013/14 Budget Report

2. DUTIES AND FUNCTIONS

2.1. Duties and Functions of Council

- 2.1.1. To approve a budget consistent with the needs of communities, ratepayers and residents in line with the financial capability of Council.
- 2.1.2. To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.

Lukhanji Adopted 2013/14 Budget Report

- 2.1.3. To facilitate sufficient funds to give access to basic services for the poor.¹
- 2.1.4. To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.²
- 2.1.5. To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.³ (Debt collection target to be determined by Council annually.)
- 2.1.6. To approve a reporting framework for credit control and debt collection.
- 2.1.7. To consider and approve by-laws to give effect to the Council's policy.
- 2.1.8. To monitor the performance of the Executive Mayor (Supervising Authority) regarding credit control and debt collection.
- 2.1.9. To revise the budget should Council's targets for credit control and debt collection not be met;
- 2.1.10. To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- 2.1.11. To establish a Municipal Internal Legal Debt Collection Unit to attend to the Legal Process of Collection up to the hand over of debtors for the implementation of the Execution process. The utilisation of external role players to achieve this goal in the interim.
- 2.1.12. To ensure that a list of attorneys is compiled in terms of Council's Procurement Policy, who will be utilised as part of the Legal process of Council in legal action instituted in terms of Council's Policy for matters relating to debt collection.
- 2.1.13. To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Executive Mayor and Municipal Manager and Service Provider respectively in compliance with the relevant Acts.
- 2.1.14. To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection.
Alternatively to appoint a Service Provider as debt collection agent (such service provider must be a registered debt collection agent in terms of legislation).

¹ Preferably, the equitable share should be set-aside for this purpose.

² The bad debt provision should at least reflect the increase in debtors during the previous financial year.

³ A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

Lukhanji Adopted 2013/14 Budget Report

- 2.1.15. To assist the Municipal Manager in the execution of his duties, if and when required.
- 2.1.16. To provide funds for the training of staff.

2.2 DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR

- 2.2.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws¹.
- 2.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws².
- 2.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes³.
- 2.2.4 To report to Council.

2.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

- 2.3.1 To implement good customer care management systems.
- 2.3.2 To implement council's credit control and debt collection policy.
- 2.3.3 To install and maintain an appropriate accounting system as required by the MFMA and appropriate regulations.
- 2.3.4 To bill customers.
- 2.3.5 To demand payment on due dates.
- 2.3.6 To raise penalties for defaults.
- 2.3.7 To appropriate payments received.
- 2.3.8 To collect outstanding debt.
- 2.3.9 To provide different payment methods.
- 2.3.10 To determine credit control and debt collection measures.
- 2.3.11 To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 2.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- 2.3.13 To set performance targets for staff.
- 2.3.14 To submit the appointment of staff to Council to execute council's policy and by-laws in accordance with council's staff policy.

Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive Mayor must –a) Oversee and monitor -

¹ (i) The implementation and enforcement of the municipality's customer care, credit control and debt collection policy and any by-laws enacted in terms of section 98; and

² (ii) The performance of the municipal manager in implementing the policy and any by-laws.

³ (b) When necessary, evaluate or review the policy and any by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and

Lukhanji Adopted 2013/14 Budget Report

- 2.3.15 To delegate certain functions to the Directors of departments.
- 2.3.16 To determine control procedures.
- 2.3.17 To monitor contracts with service providers in connection with credit control and debt collection
- 2.3.18 To report to the Executive Mayor.

2.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

- 2.4.1 to fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- 2.4.2 to pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- 2.4.3 to observe the mechanisms and processes of the municipality in exercising their rights.
- 2.4.4 To allow municipal officials access to their property to execute municipal functions
- 2.4.5 To comply with the by-laws and other legislation of the municipality.
- 2.4.6 to refrain from tampering with municipal services and property.

2.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS

- 2.5.1 to hold regular ward meetings wherein the credit control and debt collection policy and procedures of Council are addressed.
- 2.5.2 to adhere to and convey council policies to residents and ratepayers and in particular the credit control and debt collection policy and procedure.
- 2.5.3 To adhere to the Code of Conduct for Councillors.
- 2.5.4 Ward Committees will act in terms of roles and functions as approved by Council and assist in the dissemination and distribution of information relating to the cc and dc proc of Council.

Lukhanji Adopted 2013/14 Budget Report

3. AREA OF APPLICATION

This policy applies throughout the area of the Municipality of Lukhanji.

4. APPLICATION FOR SERVICES

- 4.1 Customers who require a service must enter into a written service agreement with the Municipality which service agreement shall incorporate documentary annexures as determined and required by the municipality.
- 4.2 The process must occur at least five days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- 4.3 The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- 4.4 Customers who illegally consume services without this agreement will be subject to punitive action.
- 4.5 No consumer/client may be allowed to open a tenant account if the owner of the property is in arrears with services.
- 4.6 A customer/tenant must have a written letter of approval from the owner or estate agent who is acting on behalf of the owner permitting the Municipality to open a services account on the property with the relevant prescribed deposit.
- 4.7 If a tenant vacates the property where services are being provided without written notice to the Municipality then the owner of said property will be liable for any outstanding balance.

5. CUSTOMER SERVICE AGREEMENTS

- 5.1 Customer service agreements are those agreements that are entered into between the client and the Municipality for the supply of municipal services and shall include the documentary annexures as required.
- 5.2 The contents of the agreement includes this policy as well as:

An undertaking by clients:

- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs on an attorney client basis, interest, any administrative levy relating to disconnection and/or reconnection of services and personally liable as surety for legal entities;
- That any alleged non-receipt of an account does not stop the collection process;
- To agree that Council may conduct an ITC credit verification of his credit affairs.
- An additional/higher deposit may be required to be paid depending on the associated risk as determined by Council from time to time.

Lukhanji Adopted 2013/14 Budget Report

- That they will provide Council with all information and documentation required to assess credit worthiness of the customer.
- To furnish Council on application with all information relating to insolvency, sequestration, administration and or any other legal impediment relating to his status

6. DEPOSITS

6.1 The deposits are payable when new customers sign on and when existing customers move to a new supply address. Customers must pay a deposit equal to an amount as determined by Council annually. The municipality may increase or decrease deposits to suit the particular circumstances.

6.2 Before services can be provided, a service deposit is required to be paid by the customer to the Municipality.

Residential properties:

- The deposit is payable in cash for all clients.
- Only destitute indigents are exempted from paying the deposit.
- Indigent clients : R150.00
- Prepaid meter Domestic : R350.00
- Conventional electricity meter : R450.00
- Non Profit Organisation : R500.00
- Businesses : from R2500.00 to a maximum of R100.000
- Deposit that are paid will only be refunded at the closure of the account after settlement of all levies, service charges, sundry charges, rates & taxes due to the Municipality.
- Cash deposits retained on behalf of customers shall not earn interest.
- Any deposit held by or on behalf of a customer shall, on being claimed, be refunded within 60 days after the termination of the clients agreement after deducting any amount due by the client to the Municipality.
- Unclaimed deposits will be forfeited, after allocation to any arrears outstanding to the Municipality, 6 months after the final account has been processed.
- The Municipality may at any time when the deposit is found to be inadequate require a customer to increase the deposit, in which event the customer shall, within 30 days after being so required, deposit with the Municipality such additional sum.
- Deposits of new Business and Industrial clients will be determined based on the type of business being established and will be determined by the Revenue Manager or his/her delegate.
- Consumers deposits shall be applicable only to the account for which they have been allocated initially and may not be transferred by the Municipality between customer service agreements.
- Prior to the Municipality entering into a new agreement with a customer, the customer shall provide to the Municipality information pertaining to previous Municipal accounts to assist in assessment of his credit worthiness. The Municipality shall not enter into an agreement without compliance with this requirement and the Municipal Official shall conduct a verification search of previous Municipal accounts held. Any outstanding accounts should be paid in full.

6.3 Customers must pay a deposit.

Lukhanji Adopted 2013/14 Budget Report

- Residential properties as determined by Council's Tariff Policy annually.
- Non-SA Citizens -
All persons who are not SA Citizens and do not hold fixed property shall be required to pay triple the deposit as determined for residential properties.
- Non-Domestic -
As determined by Council's Tariff Policy annually.

6.4 The Municipality shall increase the required deposit of defaulting _____ customers who are disconnected or should be disconnected in accordance with this policy, to a figure as determined by the Council's Tariff Policy.

6.5 The Municipality may apply the deposit towards any and all arrears arising on a service account and thereafter shall apply (6.4) here of.

7. ACCOUNTS AND BILLING

7.1 Customers will receive one consolidated bill for all Lukhanji municipal services to a property, which is situated within the boundaries of the municipality.

7.2 Accounts are produced in accordance with the meter reading cycles.

7.3 An account will be rendered each month in cycles of approximately 30 days.

7.4 The Municipality will undertake reasonable steps to have the accounts delivered to all customers. However non-receipt of an account does not prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a copy of the account, before the due date.

7.5 Accounts must be paid on the due date as indicated on the account.

- Interest on arrears will accrue after due date if the account remains unpaid as at due date, irrespective of the reason for non-payment.
- Indigents and destitute indigents are exempted from all interest charges
- A levy on late payments as determined by Council's Tariff Policy will be raised if the account remains unpaid as at due date irrespective of the reason for non-payment.

7.6 Payments for accounts must be received by

- close of business on or before the due date at a Municipal pay-point.

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- In the case of any electronic payments or payments via agents, the money must be received in the municipal bank account by close of business on or before the due date and/or Council notified accordingly.

7.7 Inter-Governmental Transfers

- The Accounting Officer must immediately inform the National Treasury of payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days (Section 64.3 of the MFMA)

7.8 Customers who have failed

- To pay the service charges levied by due date,
- or to comply with the conditions of supply of services

shall receive no further notification of Councils intention to disconnect services as such notification is supplied on the services account w the debt collection process will be implemented.

Lukhanji Municipality

Arrangements Policy



Arrangements Policy Lukhanji Municipality

1: Introduction

The Lukhanji Municipality is committed to taking all reasonable steps to recover money owed to the Council. However, there are situations where the customer has legitimate problems paying accrued tariffs and fees. In such cases the customer needs to have a method by which arrangements may be made to pay off the debt.

This policy sets forth the policy framework that is to be used when entering into arrangement agreements with customers.

Lukhanji Adopted 2013/14 Budget Report

2: Principles to be applied:

- Council will only entertain up to a maximum of three arrangements per customer.
- All arrangements will be subject to a monthly review. Debtors who defaulted on three occasions in respect of arrangements made will be denied the privileged of making further arrangements and the full amount becomes payable.
- In the event of a material change to the personal circumstances of the applicant the customer may apply to the CFO for a review of the arrangement.
- Council will entertain no arrangements on accounts that have been handed over for legal action.
- Arrangements will be concluded with customers based on the classification of their account. For purposes of this policy the following classifications will apply:
 - Domestic indigent or destitute indigent customer
 - Domestic customer
 - Business customer

3: Arrangement Requirements for all Customers

The following requirements are relevant to all customers entering an arrangement regardless of their account classification:

- Customers with arrangements must have their credit electricity meters converted to prepayment electricity meters (exception given to large electrical users).
- **The customer must:**
 - Sign an acknowledgement of debt
 - Acknowledge that interest will be charged at the prescribed rate.
 - Acknowledge that if the arrangements being negotiated later are defaulted on, restrictions of water supply and disconnection of electricity or blocked from buying electricity on the Prepayment System will follow immediately, as will proceedings.
 - Acknowledge liability of all legal costs incurred.
- Where the customer who wants to enter into an arrangement agreement is not the owner of the property, written permission must be obtained from the owner before the Municipality may enter into such an agreement or sworn affidavit from the police indicating the information pertaining the period the tenant occupied the house.
- Should the tenant obtain permission from the owner but then defaults on the arrangements, the owner must be notified in writing of the default.

Lukhanji Adopted 2013/14 Budget Report

- Where the customer has been put under administration, written permission must be obtained from the Administrator and the owner of the property before any arrangements can be made.
- All arrangements will be made in writing according to section 57 of the Magistrates Act 1944 on the prescribed form.
- When making arrangements the following documents are required: copy of an ID and proof of income. (No arrangements will be made without these documents)

4: Domestic Indigent (or Destitute Indigent) Customers (with municipal electricity service) Arrangements

If a customer is classified as an indigent or destitute indigent and is a customer of the municipal electricity service (indigent as used here will refer to both classifications) as per the council's Indigent Policy the following criteria will apply to arrangements made:

- The indigent customer will be required to pay their current monthly account regularly each month. (This is the amount due after the indigent subsidy has been deducted.)
- The indigent or destitute indigent's arrear debt will be placed on the electricity prepaid system and 40% of each purchase will be allocated to the payment of arrears.
- If regular payment of the current monthly account is maintained then only the 40% of payment received for electricity purchases will be allocated to arrears.
- If regular payment of the current monthly account is not maintained then the monthly account will be collected first from the first electricity purchase each month before electricity can be purchased and thereafter 40% of payment received will be allocated to arrears.

5: Domestic Customer Arrangements

If a customer is classified as a domestic (non-indigent) customer or as an indigent customer that does not receive municipal electrical service, then the following criteria will apply to arrangements made:

- The domestic customer will be required to pay 10% of debt before arrangement can be made. The customers will be required to pay their current monthly accounts regular each month. In addition to this requirement the following arrangements may be made to eliminate the arrears debt:
- If the customers are in the income group that has a total household income of **less than R5,000 per month** that customer may make arrangements to pay their arrears over a period of **36 months, interest free** provided payments are made monthly by the due date.
- If the customers are in the income group that has a household income of **more than R5,000 per month** that customer may make arrangements to pay their arrears over a period of **24 months, interest free** provided payments are made monthly by the due date.

Lukhanji Adopted 2013/14 Budget Report

- If the customer has annual charges the annual charges will be converted to monthly charges.

6: Business Customer Arrangements

If a customer is classified as a business customer then the following criteria will apply to arrangements made:

- The customer must pay full balance or 40% of the capital arrears
- The balance of the capital arrears (60%) must be paid off over no more than a 6 month period.
- Failure to maintain the arrangement will result in full debt collection processes being implemented.

7. Collection Processes

- Disconnection / blocking of electricity supply
- Issuing of letter of demands
- Final notices and Summons
- Handover of accounts to the attorneys

7: Breach of Arrangements

In the event of breach of arrangements, all arrear arrangements instalments plus the current monthly account must be paid before the arrangement can be reinstated. If the required payments are not made, debt collection action will be instituted immediately as per the Credit Control and Debt Collection Policy.



INDIGENT POLICY

Lukhanji Adopted 2013/14 Budget Report

TABLE OF CONTENTS

DEFINITIONS	185	
INTRODUCTION	186	
1. POLICY PRINCIPLES	6	
2. POLICY OBJECTIVES	6	
3. THE LEGISLATIVE FRAMEWORK	6	
4. QUALIFICATION CRITERIA	7	
5. TARGETING OF INDIGENT HOUSEHOLDS	7	
6. EXTENT OF INDIGENT SUPPORT	8	
6.1 Water	8	
6.2 Electricity	9	
6.3 Refuse removal	9	
6.4 Sanitation	9	
6.5 Property Rates	9	
6.6 Rental (Dwellings and Sites)	9	
6.7 Burials	9	
6.8 Transfer of properties	9	
6.9 Food security	9	
6.10 Basic Energy	10	
7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES		10
8. ASSISTANCE PROCEDURES	11	
8.1 Communication	11	
8.2 Institutional arrangements	191	
8.3 Application/Registration	192	
8.4 Assessment & Screening of Applicants	192	
8.5 Recommendation	192	
8.6 Right of appeal	192	
9. PROCESS MANAGEMENT	192	
9.1 Applications	192	
9.2 Validity period	192	
9.3 Death of Registered Applicant	192	
9.4 Publication of Register of Indigent Households	192	
9.5 Arrears and excess usage of allocations	192	
9.6 Termination of Indigent Support	193	
9.7 Audit and review	193	
9.8 Exit Programme	193	
10. MONITORING AND REPORTING	193	
<u>11. CAPACITY BUILDING</u>	<u>14</u>	

Lukhanji Adopted 2013/14 Budget Report

DEFINITIONS

“child headed household” means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

“household” means as a registered owner or tenant with or without children who reside on the same premises;

“indigent” means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area for example two state pensioners, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

“Indigent Management System” an electronic management system applied by Lukhanji Municipality for the management of the register for indigent households;

"municipality" means the Lukhanji Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councilor, agent or employee;

“FBS Co-ordinator” an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

- (a) to ensure that applications for indigent support are received and assessed;
- (b) to ensure that applications are captured on the Indigent Management System;
- (c) to ensure that information on applications are verified, screened and that regular audits/ site visits are executed; and
- (d) to authorise expenditure with regard to indigent support.

'occupier' means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

- (a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

“indigent debtor” means the head of an indigent household, inclusive of destitute indigent, being old age pensioner, the unemployed and households with a total monthly income as determined in this policy:

- (a) who applies for the provision of service from the municipality, and
- (b) who makes application for indigent support in terms of this Policy,
- (c) who shall be regarded as the representative of all members of his/her household.
- (d) Which indigent household members shall not own any other fixed property other than the property for which application is made, which premises has access to municipal to municipal services.

Lukhanji Adopted 2013/14 Budget Report

'indigent register' means the Microsoft Access database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following key information:

- Indigent customer details
- Socio-economic details
- Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio economic reporting

'owner', in relation to immovable property, means -

- (a) the person in whom is vested the legal title thereto provided that -
 - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
 - (ii) the occupier of immovable property occupied in terms of servitude or right analogous thereto shall be deemed the owner thereof;
- (b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- (c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- (d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

'premises' includes any piece of land, the external surface boundaries of which are delineated on -

- (a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

'rates' means any tax, duty or levy imposed on property by the Council;

"Poverty" is defined with reference to a poverty line i.e if a household earns gross income lower than the set amount that a household and its members are deemed to be living in poverty.

"Municipal Manager" means the municipal manager of Lukhanji municipality or his/her nominee acting in terms of power delegated to him/her by the said municipal manager with the concurrence of the council.

INTRODUCTION

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

Lukhanji Adopted 2013/14 Budget Report

The municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic services through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

1. POLICY PRINCIPLES

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

- 1.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay;
- 1.2 To link this policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;
- 1.3 To promote an integrated approach to free basic service delivery; and
- 1.4 To engage the community in the development and implementation of this policy;

2. POLICY OBJECTIVES

In support of the above principles the objective of this policy will be to ensure the following:

- 2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 2.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- 2.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
- 2.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
- 2.5 To ensure co-operative governance with other spheres of government; and
- 2.6 To enhance the institutional and financial capacity of the municipality to implement the policy.

3. THE LEGISLATIVE FRAMEWORK

This policy is designed and implemented within the framework of the following legislation:

- The Constitution of the RSA, 1996;
- The Municipal Systems Act, 2000 (Act 32 of 2000);

Lukhanji Adopted 2013/14 Budget Report

- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- The Property Rates Act, 2004 (Act 6 of 2004).

4. QUALIFICATION CRITERIA

Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

- 4.1 The applicant must be a resident of the municipality.
- 4.2 The applicant must be in possession of a valid South African identity document.
- 4.3 The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold is an income of not less than two state pensions per month.
- 4.4 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- 4.5 Any occupant or resident of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- 4.6 A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- 4.7 The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.

5. TARGETING OF INDIGENT HOUSEHOLDS

The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

Lukhanji Adopted 2013/14 Budget Report

Depending on capacity the municipality may apply any or a combination of the following targeting methods:

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2. Service consumption	Metered services in urban and rural areas.
3. Property value	Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15000 in terms of the Property Rates Act, 2004.
4. Household income	Threshold determined in terms of socio-economic analysis.
5. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

6. EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

6.1 Water

Each registered indigent household shall receive water fully subsidised to a maximum of 10kl per month, including the basic charges for such supply; provided that –

6.1.1 Where the consumption exceeds 10 kl per month the municipality shall be entitled to restrict water supply to the property or billed the excess amount.

6.1.2 Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

6.2 Electricity

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

6.3 Refuse removal

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.

Lukhanji Adopted 2013/14 Budget Report

6.4 Sanitation

Each registered indigent household shall be fully subsidised for sanitation as provided for in the annual budget.

6.5 Property Rates

The first R 150 000 (hundred and fifty Thousand Rand) value of a property of a registered indigent not be rated. The R 150 000 includes the R 15000 as required by the Municipal Property Rates Act 6 of 2004. Any value in excess of the R150 000 will be rated on the normal tariff as determined by Council.

6.6 Rental (Dwellings and Sites)

Subsidy will be granted to indigent households in respect of all dwellings or sites belonging to the municipality;

6.7 Burials

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.

6.8 Transfer of properties

In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost.

6.9 Food security

Where the need exists, the municipality may enter into agreements with registered non-profitable organisations to establish soup kitchens or other forms of food supply.

6.10 Basic Energy

Indigent households in informal settlements where limited or no electricity is available, may be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management regulations of the municipality and that the support given does not exceed the level of support given to other indigent households

7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures :

- 7.1 The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
- 7.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.
- 7.3 The representative will submit applications to the Chief Financial Officer.

Lukhanji Adopted 2013/14 Budget Report

7.4 The FBS Co-ordinator must verify all applications and he or she must notify:

- 7.4.1 The representative, whether an application was successful or not, with regard to the water consumption; and
- 7.4.2 The unit owner whether an application was successful or not, with regard to the property rates and other related charges.
- 7.4.3 The Chief Financial Officer will credit the monthly municipal account :-
 - 7.4.3.1 Water account of the Retirement Centre or Old Age Home with water and sewerage charges, the amount of which will be calculated by dividing the total number of kilolitres of water consumed by the number of units in the complex, but up to a maximum of 200 liters of water per day for each unit that qualifies for assistance.
 - 7.4.3.2 General rates and refuse charges account of the unit owner with the full amount charged.
- 7.4.5 The representative must, in respect of monthly water credits allowed under indigent support, ensure that such credits are off-set against the monthly levies of the relevant individual units; such representative also being required, once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of poor households which qualify for assistance, have been adjusted by the amounts credited to the account of the Retirement Centre or Old age Home.

8. ASSISTANCE PROCEDURES

8.1 Communication

The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

- 8.1.1 Ward Committees;
- 8.1.2 Traditional Leaders, where applicable;
- 8.1.3 Community Development Workers[CDWs]
- 8.1.4 Community Based Organisations;[NGOs]
- 8.1.5 Local radio stations and news papers;
- 8.1.6 Municipal accounts;
- 8.1.7 Imbizo's and road shows; and
- 8.1.8 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

8.2 Institutional arrangements

The municipality must designate existing staff or appoint officials, or engage properly Community Development Workers who have been trained in terms of the municipality's

Lukhanji Adopted 2013/14 Budget Report

directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area.

8.3 Application/Registration

A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.

8.4 Assessment & Screening of Applicants

Upon registration of an application, all information must be verified by the FBS Co-ordinator / Indigent Steering Committee.

8.5 Recommendation

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database. Those applications that qualify for Indigent support in accordance with the system are going to be referred to the Indigent Steering Committee [ISC] for approval.

8.6 Right of appeal

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal to the Chief Financial Officer [CFO] of the municipality within 10 days from the date on which the decision was communicated to the applicant.

9. PROCESS MANAGEMENT

9.1 Applications

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

9.2 Validity period

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time.

9.3 Death of Registered Applicant

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

9.4 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment.

Written objections from the public must be referred to the FBS Co-ordinator who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

9.5 Arrears and excess usage of allocations

9.5.1 Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.

Lukhanji Adopted 2013/14 Budget Report

- 9.5.2 No interest may be calculated on the arrears.
- 9.5.3 If the applicant exits from the indigent support programme within the six months period in arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality;
- 9.5.4 Where an indigent household exceeds the water consumption level approved by the municipality, the supply may be restricted.

9.6 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

- 9.6.1 Upon death of the account-holder or the head of the household where no accounts are rendered.
- 9.6.2 At the end of the 12 months cycle.
- 9.6.3 Upon sale of the property in respect of which support is granted.
- 9.6.4 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded..
- 9.6.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
 - 9.6.5.1 All arrears will become payable immediately;
 - 9.6.5.2 Stringent credit control measures will apply; and
 - 9.6.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

9.7 Audit and review

The municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled annually.

9.8 Exit Programme

Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments and the private sector.

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

The municipality must promote exit from indigence by -

- 9.8.1 identifying indigents for inclusion in public works projects;
- 9.8.2 initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;
- 9.8.3 facilitation of opportunities to enter the informal trade market;
- 9.8.4 facilitation of food security projects; and
- 9.8.5 liaison with National and Provincial departments to include indigent persons in their public works programmes.

10. MONITORING AND REPORTING

Lukhanji Adopted 2013/14 Budget Report

10.1 The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

- 10.1.1 Number of indigent households applications received;
- 10.1.2 Amount of subsidy allocated per benefit category;
- 10.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 10.1.4 performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:
 - 10.1.4.1 Number of applications for indigent support dealt with;
 - 10.1.4.2 Time taken to process and finalise applications;
 - 10.1.4.3 Site visits undertaken;
 - 10.1.4.4 Awareness initiatives; and
 - 10.1.4.5 Exit initiatives.
- 10.1.5 Changes in the registered status of indigents.

11. CAPACITY BUILDING

- 11.1 The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:
- Database management
 - Demand and revenue management
 - Policy and by-law implementation

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LUKHANJI

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BUDGET APPROVAL AND CERTIFICATION

Following the Draft Budget adopted by council on the 10th April 2013, comments were invited from all stakeholders and interested parties during the months of April and May.

In addition, rounds of ward consultative meetings were held to present the 2013/14 Draft Budget. The Capital Budget, which contains the municipality's proposed projects in the various wards and communities, was unveiled in the road show. The 2013/14 tariffs, that was used in the operational budget was also explained to the public.

Having given all stakeholders an opportunity to express their views with regards to the above mentioned issues, the Lukhanji Municipal council is satisfied that all necessary planning activities as envisaged in the Budget process adopted in August 2012 were carried out.

The municipal council therefore adopted the 2013/14 Budget and Supporting documents, with the 2013/14 IDP document on 6th June 2013.

Quality Certificate

I, Gideon Judeel, Acting Municipal Manager of Lukhanji Municipality, hereby certify that the Final Budget and Supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Final Budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Mr. Gideon Judeel
Acting Municipal Manager
Lukhanji Municipality EC 134

Signature

Date

20/6/13