



ANNUAL BUDGET OF GARIEP MUNICIPALITY



2013/14 -2014/15 -2015/16 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS



TABLE OF CONTENTS

1. ANNUAL BUDGET

1.1 Mayor’s Report	<u>3-6</u>
1.2 Council Resolutions	<u>7-8</u>
1.3 Executive Summary	<u>9-12</u>
1.4 Operating Revenue Framework	<u>13-15</u>
1.5 Operating Expenditure Framework	<u>16-17</u>
1.6 Capital Expenditure	<u>18-19</u>
1.7 Annual Budget Tables	<u>20-23</u>

2. SUPPORTING DOCUMENTS

2.1 Overview of the Annual Budget Process	<u>24-30</u>
2.2 Budget Process Overview	<u>31-32</u>
2.3 Measurable Performance Objectives and Indicators	<u>33-35</u>
2.4 Overview of Budget Related-Policies	<u>36-37</u>
2.5 Supporting Schedules	<u>38</u>
2.13 Municipal Manager’s Quality Certificate	<u>39</u>



PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

This is arguably one of the most difficult budgets I have worked with in my seven years as a mayor of this municipality. When we tabled the Medium Term Expenditure Framework last year, we were still awaiting the release of the results of the Census 2011 which were due to be released in November of the same year. With baited breaths, we waited hoping that the review the Local Government Equitable Share Formula (LGES), which started early last year and was meant to be concluded once the 2011 Census results are known, was going to improve the share this municipality receives from nationally raised revenues. However, it turned out differently for as matters stand, the Census 2011 results have returned a worse allocation from the nationally raised revenues for this municipality. It is unclear as to the reasons for the decrease in equitable share and grants. I have accordingly requested that letters be written to relevant offices and explanation sought as to the reasons for decline.

Suffice it to say that the distribution of the nationally raised revenue between the spheres of government and within each sphere is still far from being helpful. Much against the existing evidence and most importantly our submissions in the consultation meetings, it relies on the numbers as opposed to the huge development challenges arising from skewed the apartheid spatial planning. It is a fact that those outlying rural municipalities, such as this one carry a bigger burden of under development and poverty resulting from many years of systematic neglect. Add to this the virtual non- existence if limited revenue base from which these municipalities can raise revenue. Even those theoretical sources of revenue, such as the property rates become academic in an area where, out of eleven thousand properties, you have seven thousand below the value of R50 000. Surely; no serious revenue can result from that exercise and the mandatory review of the valuation roll becomes financially burdensome under these circumstances



Council and management within local government have a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Gariep Local Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available

In the last year, the management was instructed to ensure that electricity distribution is returned to the municipality through the cancellation of the transfer agreement. This has not been achieved, leaving the municipality with no option but to devise other strategies to increase revenue. All attempts to solicit Eskom's assistance in doing so have been stonewalled. This includes the proposal by the municipality to have a levy imposed on Eskom customers for contribution to non-trading services such as roads and storm water and street lighting

The following underlying factors were also taken into consideration with the compilation of the 2013/2014 budget:

- The current socio economic circumstances of our communities and especially the high rate of unemployment
- External factors having a direct impact on the budget such as the Eskom tariff increase, consumer inflation, the wage agreement concluded with organized labour as well as other cost factors influencing service delivery.

Expenditure for the 2013/2014 operating budget now totals just less than R154 551 million. Although the budget has increased significantly over the ten years, so have the priorities, such that the gap between the two is forever widening.



We are of course fortunate that this Council actively maintained and upgraded infrastructure, such as municipal buildings, electricity and roads for many years. The remainder of the operational budget provides for the continuation of the high levels of service delivery that Gariiep's dwellers are accustomed to. I am pleased to announce that our able administration is pulling all stops to ensure that the municipal's cash-flow position is improving with each day passes. The strategy of stringent debt collection together with the careful management of expenditure shall be the order of the day. Our data integrity is improving; revenue enhancement on collection is shaping in a desired path. We take note and appreciate our valued partnership with Kagiso Trust in this regard. None should, however be lulled into complacency, we should and will continue to double our efforts.

You will note that the Council is proposing a Capital Budget of more than R19 million, with only R 11 434 million of that coming from the 2013/2014 MIG allocation and the rest being the rollover amount for which the municipality remains liable. This allocation is down from of R12 044, million in the previous budget. Some of the infrastructure and community projects contained in both the capital budgets for the coming year include:

- 1) Completion of phase 2 of the Burgersdorp Town Hall at R 5.6 million
- 2) The Thembisa Access Road – R 5,6million
- 3) Mzamomhle Interconnection Roads – R4.1 million
- 4) Revamp of the Traffic Testing Centre – R1 083 million; and
- 5) Recapitalization of Electricity-R 3. million

The municipality has approved the following tariffs increases;

Electricity: domestic use – 10 %

Electricity Business- 10 %

Refuse Removal – 28 %

Rates & Taxes – 6 %

Amenities -6 %



SDBIP (SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN)

The high level service delivery and budget implementation plan (SDBIP) is attached herewith and is an indication of service delivery targets that is set for the 2013/2014 financial year. Emphasis is placed on sustaining and improving service delivery levels and extending services to all our communities. Further, the accounting officer has been instructed to formulate performance agreements to be signed no later than 31 July 2013.

IN CONCLUSION

The budget submitted here today is another step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

Please allow me to express my appreciation to the following persons:

- To all members of the municipal council from across the political spectrum for their contribution to the budget process.
- To the Municipal Manager and his staff for the hard work and long hours put in for the compilation of the budget.
- To all the members of the public and stakeholders for their participation and valuable contributions in the budgeting process.

I thank you!



1.2 COUNCIL RESOLUTIONS

On 30 June 2013, the council of Gariep Local Municipality met in the Council Chambers in Rugby Hall to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Gariep Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:

RESOLVED THAT: 28/2013

1. Gariep Local Municipality **resolves** that the Annual Budget for the Municipality for the Financial year 2013/14 and the two projected outer years, 2014/15 and 2015/16 **be approved**.
2. All the resolutions attached to the Mayor's Report and the Accounting Officers Executive Summary **be approved**.
3. Budgeted Financial Performance (Revenue and Expenditure by Standard classification) **be approved**.
4. Budgeted Financial Performance (Revenue and Expenditure by Standard by Municipal vote) **be approved**.
5. Budgeted Financial Performance (Revenue and Expenditure by Standard by type) **be approved**.
6. That all proposed tariffs **be approved**.
7. Council **resolves** that the amended budget related policies as reflected in the documentation **be approved**.
8. Council **resolves to approve** the subsidy applicable to support only poor households (registered Indigent Debtors), earning less than R 2 520.00 per month for the budget year 2013/14.
9. The Integrated Development Plan for 2013/14 to 2015/16 **be approved** with amendments and alignment in the IDP and Budget and the changes in the IDP objectives.
10. The Service Delivery and Budget Implementation Plan for 2013/14 **be submitted** to the Mayor.
11. All budget related policies **be approved**.



2. The Council of Gariiep Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for refuse removal – as set out in Annexure C
 - 2.4. the tariffs for use of municipal amenities – as set out in Annexure D

3. The Council of Gariiep Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexures E.

4. To give proper effect to the municipality's annual budget, the Council of Gariiep Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year limited to an amount of equal to the approved roll over per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 EXECUTIVE SUMMARY

I echo the sentiments expressed by the report of the mayor above. The municipality has experienced declining revenues over the last few years. This can be attributed to a number of reasons including; unemployment leading to high indigence rates, the growing disenchantment with the local state generally and therefore non-payment by those who can afford to pay, wide spread theft of electricity, aging infrastructure leading to a rise in technical loses and the inexplicable decrease of allocations to the municipality. This affects both conditional and unconditional grants. That out of just over eleven thousand households, seven hundred five hundred are indigent is not an exaggeration. Again, the municipality's inability to enforce credit control in especially black and coloured townships due to electricity distribution by ESKOM is not an excuse but a fundamental limitation.

The problems alluded to in last year's Executive Summary have not been fully addressed and continue to cast a dark shadow over the budget being presented. The budget deficit currently at R 37 351 million is very concerning. It must be emphasised that the only reason this budget will be presented to council for approval is that there are current negotiations which will, in all likelihood, result in the elimination of the deficit. These relate to a written confirmation by ESKOM that they are liable for the payment of wheeling charges for use of the municipality's network in arrears they directly supply. The only outstanding element to these negotiations is the period of liability, with

ESKOM insisting that they will only pay up to and including 2006, calculated as three years since the municipality gave notice of its intention to take over the network/ In terms of this logic, any amount hitherto would have prescribed. However, the collapse of these may spell a doom for the balancing of the budget.

The municipality's service delivery priorities were reviewed as part of this year's planning and budget process. As can be expected in similar exercises, not least in circumstances where resource constraints are as prevalent as they are in the case of the municipality, funds were transferred from low- to high-priority programmes so as to maximise impact. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R6.8 million. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, overtime, refreshments and catering.



The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. To this extent, meter reading has been identified as one of the major obstacles to the credibility of our billing system. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 28; 51; 54; 55; 66 & 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Impact of the Roll over funds in the current MTREF;
- The progressive move to implement the Activity Based Costing method other than the historic or incremental budgeting method;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and
- Availability of affordable capital/borrowing.



The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Consultant Fees;
 - Furniture and office equipment;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2013/14 MTRE**

R thousand	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	99 995	97 816	112 547	118 787
Total Operating Expenditure	150 857	154 551	162 896	171 693
(Surplus)/ Deficit for the year	38 818	37 351	39 368	41 494
Total Capital Expenditure	12 044	19 383	10 981	11 411

Total operating revenue has decreased by just over 2 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue shows a steady increase, equating to a total revenue increase of over R17million over the MTREF when compared to the 2012/13 financial year.



1.4 OPERATING REVENUE FRAMEWORK

Gariiep LM provides most of the services to its community, however water and sanitation is provided on behalf of the DM and therefore for the first time the revenue for water and services is not in the budget of the municipality.

The table below summarises the revenue by source for the 2013/2014 MTREF

EC144 Gariiep - 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	7,066	9,083	10,382	6,557	6,557	6,557	–	6,924	7,298	7,692
Property rates - penalties & collection charges					1,014	1,014	1,014		1,071	1,129	1,190
Service charges - electricity revenue	2	12,299	12,929	10,973	22,434	23,719	23,719	–	40,992	43,205	45,538
Service charges - water revenue	2	4,098	4,038	25,452	8,966	13,205	13,205	–	–	–	–
Service charges - sanitation revenue	2	1,978	2,538	127	7,723	4,122	4,122	–	–	–	–
Service charges - refuse revenue	2	2,062	2,249	8,981	7,712	9,042	9,042	–	5,281	5,566	5,866
Service charges - other											
Rental of facilities and equipment		194	192	223	165	68	68		357	377	397
Interest earned - external investments		204	28	75						–	–
Interest earned - outstanding debtors		4,209	3,776	7,046	1,167	1,167	1,167		4	4	5
Dividends received										–	–
Fines		117	113	40	99	99	99		105	110	116
Licences and permits		802	954	1,055	667	664	664		659	695	732
Agency services		4,364			4,210	4,210	4,210		3,999	4,215	4,443
Transfers recognised - operational		16,661	42,429	31,107	39,126	31,238	31,238		34,912	33,986	35,743
Other revenue	2	3,675	8,671	12,109	371	4,889	4,889	–	3,512	15,962	17,065
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		57,729	87,002	107,571	100,211	99,995	99,995	–	97,816	112,547	118,787



In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

EC144 Gariep - 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									
<u>Operating Transfers and Grants</u>										
National Government:		15,083	21,171	24,407	28,337	28,337	28,337	29,148	29,074	30,677
Local Government Equitable Share		15,083	19,221	22,167	24,997	24,997	24,997	25,608	26,340	27,760
Finance Management			1,200	1,450	840	840	840	890	934	967
Municipal Systems Improvement			750	790	1,500	1,500	1,500	1,650	1,800	1,950
EPWP Incentive					1,000	1,000	1,000	1,000		
Provincial Government:		-	-	-	1,235	1,235	1,235	5,764	4,912	5,066
DEDEA-EPWP								2,000	1,000	1,000
Sport and Recreation					1,147	1,147	1,147	1,147	1,147	1,147
Local Government Support					88	88	88	117	112	110
Local Government Support(LED)Capacity								2,500	2,653	2,809
District Municipality:		-	-	-	7,888	-	-	-	-	-
<i>Joe Gqabi</i>					7,888	-	-			
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	15,083	21,171	24,407	37,460	29,572	29,572	34,912	33,986	35,743



Capital Transfers and Grants										
National Government:		2,000	–	10,928	12,044	12,044	12,044	11,434	10,981	11,411
Municipal Infrastructure Grant (MIG)				9,928	12,044	12,044	12,044	11,434	10,981	11,411
Integrated National Electrification Programme		2,000		1,000						
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
<i>Joe Gqabi</i>										
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	2,000	–	10,928	12,044	12,044	12,044	11,434	10,981	11,411
TOTAL RECEIPTS OF TRANSFERS & GRANTS		17,083	21,171	35,335	49,504	41,616	41,616	46,346	44,967	47,154

As indicated in the table above, the municipal revenue base remains a main challenge. However, through the intervention of national and provincial treasury the municipality has reworked on all its tariffs and is now implementing a cost reflecting tariffs for most of its services. Important to note that electricity remains as one of the most challenging service to provide, this is because of the limitation in terms of increases based on the NERSA approval. For the year under review, even though average increase for the electricity was 7.5% NERSA has approved Gariiep for 10%.



1.5 OPERATING EXPENDITURE FRAMEWORK

The municipality’s expenditure framework for the 2013/2014 budget and MTREF is informed by the following:

- The implementation of the revenue enhancement plan and debt collection and credit control with emphasis at BTO in particular revenue section;
- Management and reduction of electricity losses with a view of making electricity an anchor in revenue protection and maximum collection;
- Investing in employees and filling of all critical post; and
- Conforming to relevant legislation in terms of funding the budget over the medium-term as informed by section 18 and 19 of the MFMA

The following table reflect the high level summary of the 2013/2014 budget and MTREF:

EC144 Gariiep - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

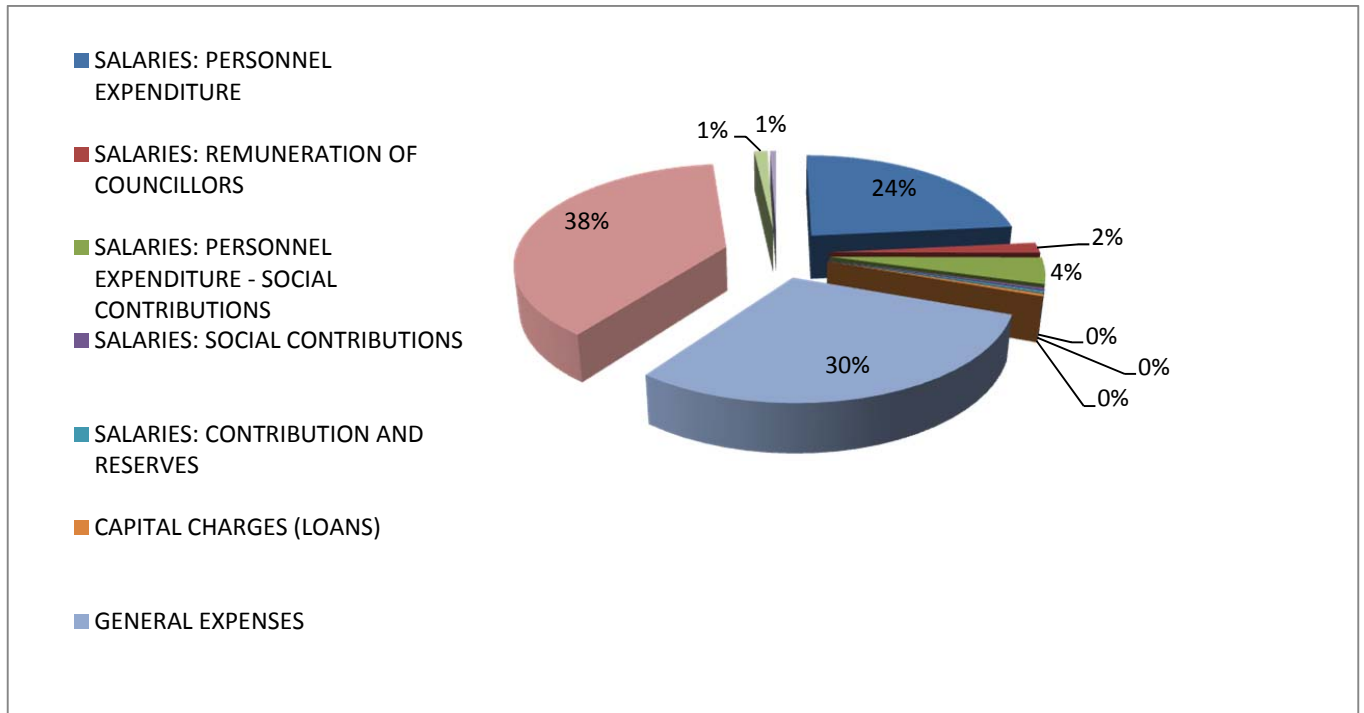
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type	-										
Employee related costs	2	27,789	31,023	32,280	40,392	33,180	33,180	-	39,046	41,155	43,362
Remuneration of councillors		1,722	1,850	2,570	2,654	3,052	3,052		1,549	1,632	1,720
Debt impairment	3	40,846	8,262	53,322	5,075	5,075	5,075		2,506	2,641	2,784
Depreciation & asset impairment	2	-	2,140	10,809	7,665	7,665	7,665	-	8,094	8,532	8,992
Finance charges				2,684	1,015	1,015	1,015		240	253	267
Bulk purchases	2	6,787	6,784	23,123	14,569	24,645	24,645	-	34,808	36,687	38,669
Other materials	8										
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	19,253	-	-	-	-	-	-
Other expenditure	4, 5	23,431	25,707	33,068	41,594	76,223	76,223	-	68,307	71,995	75,899
Loss on disposal of PPE											
Total Expenditure		100,575	75,767	157,856	132,216	150,857	150,857	-	154,551	162,896	171,693

The employee cost continues to rise, for this year it’s mainly because the municipality has taken a stand to fill all critical post in particular in service delivery sections and customer care. Council has come to realise that most of its consumers are not happy hence the poor payments of services, beefing up of the customer care unit and ensure that all queries are resolved and therefore the credit control processes can be implemented without any hindrances. This was one of the recommendations of the first phase of the revenue enchainment report.



Bulk purchases have also increased very much, hence the council has approved that all possible losses be dealt with immediately on electricity and electricity distribution.

Expenditure by major type 2013/2014





1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of the capital expenditure by vote:

EC144 Gariiep - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description 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	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 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-



Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		105	-	-	1,065	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	1,564	2,742	4,442	4,442	-	6,683	-	-
Vote 6 - TECHNICAL SERVICES		7,577	15,401	9,500	11,415	13,895	13,895	-	12,700	10,981	11,411
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		7,683	15,401	11,064	15,221	18,337	18,337	-	19,383	10,981	11,411
Total Capital Expenditure - Vote		7,683	15,401	11,064	15,221	18,337	18,337	-	19,383	10,981	11,411

An amount of R19.3 million has been appropriated for the current year (2013/2014) financial year. This includes MIG current years allocation and the Rollover of just about R7 million. Roads infrastructure will receive a highest allocation in the current year.

1.7 ANNUAL BUDGET TABLES

The following attempts to present the main budget tables as required in terms of section 8 of the municipal budget and reporting regulations. These tables set out the municipality's 2013/2014 budget and MTREF as approved by council on the 30th of June 2013.

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality successfully managed to restore its financial viability and consequently its obligations are cash-backed.



EC144 Gariiep - 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	7,066	9,083	10,382	7,571	7,571	7,571	-	7,995	8,427	8,882
Service charges	20,437	21,755	45,534	46,834	50,088	50,088	-	46,272	48,771	51,405
Investment revenue	204	28	75	-	-	-	-	-	-	-
Transfers recognised - operational	16,661	42,429	31,107	39,126	31,238	31,238	-	34,912	33,986	35,743
Other own revenue	13,362	13,706	20,473	6,680	11,097	11,097	-	8,637	21,363	22,758
Total Revenue (excluding capital transfers and contributions)	57,729	87,002	107,571	100,211	99,995	99,995	-	97,816	112,547	118,787
Employee costs	27,789	31,023	32,280	40,392	33,180	33,180	-	39,046	41,155	43,362
Remuneration of councillors	1,722	1,850	2,570	2,654	3,052	3,052	-	1,549	1,632	1,720
Depreciation & asset impairment	-	2,140	10,809	7,665	7,665	7,665	-	8,094	8,532	8,992
Finance charges	-	-	2,684	1,015	1,015	1,015	-	240	253	267
Materials and bulk purchases	6,787	6,784	23,123	14,569	24,645	24,645	-	34,808	36,687	38,669
Transfers and grants	-	-	-	19,253	-	-	-	-	-	-
Other expenditure	64,277	33,970	86,389	46,669	81,298	81,298	-	70,813	74,637	78,683
Total Expenditure	100,575	75,767	157,856	132,216	150,857	150,857	-	154,551	162,896	171,693
Surplus/(Deficit)	(42,847)	11,235	(50,285)	(32,005)	(50,862)	(50,862)	-	(56,734)	(50,349)	(52,905)
Transfers recognised - capital	9,147	7,286	5,925	14,156	12,044	12,044	-	19,383	10,981	11,411
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(33,699)	18,521	(44,360)	(17,849)	(38,818)	(38,818)	-	(37,351)	(39,368)	(41,494)
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(33,699)	18,521	(44,360)	(17,849)	(38,818)	(38,818)	-	(37,351)	(39,368)	(41,494)
Capital expenditure & funds sources										
Capital expenditure	7,683	15,401	11,064	15,221	18,337	18,337	-	19,383	10,981	11,411
Transfers recognised - capital	6,423	5,255	11,064	14,156	18,337	18,337	-	19,383	10,981	11,411
Public contributions & donations	1,260	10,146	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	1,065	-	-	-	-	-	-
Total sources of capital funds	7,683	15,401	11,064	15,221	18,337	18,337	-	19,383	10,981	11,411
Financial position										
Total current assets	7,555	7,575	38,094	89,078	89,078	89,078	-	94,042	99,096	104,423
Total non current assets	7,947	(9,799)	68,987	68,987	75,886	83,474	-	91,822	96,780	102,006



Total current liabilities	53,583	52,754	17,438	27,764	27,764	27,764	–	21,924	2,201	2,381
Total non current liabilities	2,349	13,782	17,198	2,920	2,920	2,920	–	3,119	2,903	2,718
Community wealth/Equity	(40,430)	(68,760)	72,445	127,381	134,280	141,869	–	160,821	190,772	201,330
Cash flows										
Net cash from (used) operating	7,714	14,216	10,276	(20,976)	(20,272)	(20,272)	–	108,460	(40,201)	(42,372)
Net cash from (used) investing	(7,683)	(15,401)	(5,676)	(14,156)	(18,337)	(18,337)	–	(19,383)	(10,981)	(11,411)
Net cash from (used) financing	(449)	(518)	(977)	(680)	(930)	(930)	–	(200)	(211)	(222)
Cash/cash equivalents at the year end	375	(1,328)	2,295	(26,842)	(30,568)	(30,568)	8,971	89,481	38,088	(15,917)
Cash backing/surplus reconciliation										
Cash and investments available	938	788	458	460	460	460	–	461	462	463
Application of cash and investments	51,851	47,265	(2,985)	(61,102)	(61,101)	(61,101)	–	(70,704)	(85,070)	(89,588)
Balance - surplus (shortfall)	(50,912)	(46,477)	3,443	61,563	61,562	61,562	–	71,166	85,532	90,051
Asset management										
Asset register summary (WDV)	–	–	68,987	68,987	75,886	83,474	91,822	91,822	96,780	102,006
Depreciation & asset impairment	–	2,140	10,809	7,665	7,665	7,665	8,094	8,094	8,532	8,992
Renewal of Existing Assets	–	–	–	2,742	4,442	4,442	4,442	5,600	–	–
Repairs and Maintenance	–	–	1,739	3,550	3,451	3,451	1,435	1,435	1,512	1,592
Free services										
Cost of Free Basic Services provided	5,777	5,777	17,406	17,406	17,406	19,253	21,178	21,178	23,296	23,296
Revenue cost of free services provided	14,310	14,310	14,310	16,542	16,542	16,542	13,143	13,143	14,392	15,766
Households below minimum service level										
Water:	9	9	9	9	9	9	9	9	9	9
Sanitation/sewage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	1	1	1	1	1	1	1	1
Refuse:	2	2	2	2	2	2	2	2	2	2



The annual budget tables are attached to this document as Tables A1 to A 10.

The Budget tables are:

Table A1 - Budget Summary

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A4 - Budgeted Financial Performance (revenue and expenditure)

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

Table A5A - Budgeted Capital Expenditure by vote, standard classification and funding

Table A6 - Budgeted Financial Position

Table A7 - Budgeted Cash Flows

Table A8 - Cash backed reserves/accumulated surplus reconciliation

Table A9 - Asset Management

Table A10 - Basic service delivery measurement

PART 2 – SUPPORTING DOCUMENTS

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the IDP and Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Gariiep IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

KEY DEADLINES

ACTION PLAN	PURPOSE	RESPONSIBLE PERSON	TIMELINES
IDP Framework Plan	Preparation of District IDP Framework Plan	IDP Manager	25 July 2012
Develop and table process plan to Council	To secure Council approval	Mayor	31 August 2012
Submission of Annual report to the Auditor General	For auditing purposes	Municipal Manager	31 August 2012
Attend District Planning Session	IDP Alignment	Municipal Manager	August –March 2012
Review Sector plans in accordance with the Provincial Assessment Report	Respond to gaps identified in the Provincial IDP Assessment Report	Heads of Departments	02 September 2012
Advertise start of the IDP and Budget Process	For Public participation in accordance with section 19 of the MSA	Municipal Manager	06 September 2012
District Rep Forum	Review strategic objectives for service delivery and development for the next three year budgets, collate ideas of priority issues and project teams to discuss projects in more detail	Mayor and MM	17 September 2012
Gariiep 1st IDP Rep Forum	Review strategic objectives for service delivery and development for the next three year budgets, collate	Mayor	20 September 2012



ACTION PLAN	PURPOSE	RESPONSIBLE PERSON	TIMELINES
	ideas of priority issues and project teams to discuss projects in more detail		
Strategic Planning Session	Progress review, backlogs and craft strategies for the next financial year	Municipal Manager	10-14 September 2012
Engagements with Sector Departments	Agree on specific projects and programmes to be included during this financial year	Heads of Departments	25 September 2012
SDBIP Reporting	1st Quarterly report	Heads of Departments Middle Managers	28 September 2012
PMS Steering Committee Meeting	Performance Monitoring	Mayor	10 October 2012
IDP and Budget Steering Committee	To oversee and coordinate the IDP and Budget Process	MM	15 October 2012
Public Participation Outreaches	Community Engagement and IDP Review	Mayor	16-18 October 2012
Engagements with designated groups	Consultation with youth, women, ex-combatants, Disable Association and Children	Special Programmes Coordinator	30 October 2012
IDP and Budget Steering Committee	Review of IDP	Municipal Manager	20 November 2012
Gariiep 2nd IDP Rep Forum	Discuss projects and Budget projections. Consolidate and prepare proposed budget and plans for three years taking into account previous year's performance	Mayor	29 November 2012
Review of the SDF and other old plans	To incorporate new information, trends and infrastructure plans	Director Technical Services	29 November 2012
District IDP Rep Forum	Discuss projects and Budget projections. Consolidate and prepare proposed	Mayor and MM	03 December 2012



ACTION PLAN	PURPOSE	RESPONSIBLE PERSON	TIMELINES
	budget and plans for three years taking into account previous years performance		
Review Financial Policies	IDP and Budget alignment	Chief Financial Officer	10 December2012
SDBIP Reporting	2ndQuarterly report	Heads of Departments Middle Managers	31 December2012
PMS Steering Committee	Performance Discussion	Mayor	14 January2013
Draft IDP in place	For inputs and comments	Municipal Manager	15 January 2013
Draft Budget	Budget/IDP discussions	Chief Financial Officer	16 January 2013
Public Participation Outreaches	Draft IDP and Budget	Mayor	21-24 January 2013
IDP and Budget Steering Committee	Draft IDP and Budget discussion	Mayor	07 February 2013
Review Community Based Planning	Development of the Ward Based Plans	Municipal Manager	12-14February2013
Gariiep 3rdIDP Rep Forum	Engage provincial and national sector departments on finalization of their inputs into the municipality budget and IDP	Mayor	07 March 2013
IDP and Budget Steering Committee	IDP and Budget Alignment	Mayor	12 March 2013
District IDP Rep Forum	Engage provincial and national sector departments on finalization of their inputs into the municipality budget and IDP	Mayor and MM	18 March 2013
Preparation of Draft SDBIP (consolidation workshop)	Performance check	Municipal Manager	21 March 2013
Development of Tariffs policy	Tariff control and changes	Chief Financial Officer	28 March 2013
Council meeting for the Mayor to table Draft IDP and Budget plus draft SDBIP for debate	Approval of draft IDP and Budget plus draft SDBIP	Council	29March 2013
IDP and Budget Steering Committee	Approved draft IDP Discussion and alignment	Mayor	02 April 2013



ACTION PLAN	PURPOSE	RESPONSIBLE PERSON	TIMELINES
SDBIP Reporting	3rdQuarterly report	Heads of Departments Middle Managers	31 March2013
PMS and Steering Committee	Performance Discussion	Mayor	10 April2013
Advertise Draft IDP andBudget	For public comments	Municipal Manager	12 April 2013
Public Participation Outreaches	Draft IDP for comments	Mayor	22-25 May 2013
Send draft IDP andBudget to MEC	For comments	Municipal Manager	24 April 2013
Gariep 4thIDP Rep Forum	Presentation of final IDP to Sector departments (National and Provincial) and inclusion of departments final inputs	Mayor	09 May 2013
District IDP Rep Forum	Presentation of final IDP to Sector departments (National and Provincial) and inclusion of departments final inputs	Mayor and MM	13 May 2013
Attend Provincial IDP Assessment	For MEC Comments	Municipal Manager CFO Director Technical Services IDP/PMS Manager Acting HR Manager	May 2013
IDP and Budget Steering Committee Meeting	Consider changes towards final draft	Municipal Manager	18 May 2013
Final IDP and Budget Adopted	Council Resolution	Mayor	31 May 2013
Adopted IDP submitted to MEC	Compliance	Municipal Manager	08 June 2013
Adopted IDP Published	Public notice	Municipal Manager	14 June 2013
Draft SDBIP and Draft Performance Agreements submitted	Tabled before Council for adoption	Municipal Manager	18 June 2013
Final SDBIP adoption	Council resolution for final SDBIP	Mayor	21 June 2013
SDBIP Reporting	4thQuarterly report	Heads of Departments	30 June2013



ACTION PLAN	PURPOSE	RESPONSIBLE PERSON	TIMELINES
		Middle Managers	
PMS Steering Committee	Performance reporting	Mayor	10 July 2013
Adopted SDBIP published	Tabled before Council	Municipal Manager	12 July 2013
Adopted SDBIP submitted to Council and MEC	Compliance	Municipal Manager	25 July 2013

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Gariiep IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure a financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Policy priorities and strategic objectives
- Improved and sustainable revenue
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury’s MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.



2.1.4 Community Consultation

The members of the Public will be afforded an opportunity to express their views and comments on the documents. Comments will be considered in the final documents if necessary. The said documents will be adopted by Council at its meeting as prescribed by the legislation.

WARD(s)	DATE	VENUE	TIME
03	14/05/2013	Steynsburg Town Hall	11h00
02	14/05/2013	Khayamnandi Community Hall	14h00
04	14/05/2013	Burgersdorp Rugby Hall	17h30
04	15/05/2013	Mzamomhle Community Hall	11h00
05	15/05/2013	Thembisa Community Hall	14h00
03	15/05/2013	Eureka Community Hall	17h00
01	16/05/2013	Venterstad Town Hall	11h00
01	16/05/2013	Oviston Community Hall	14h00

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Gariiep Local Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.



The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Gariiep Local Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

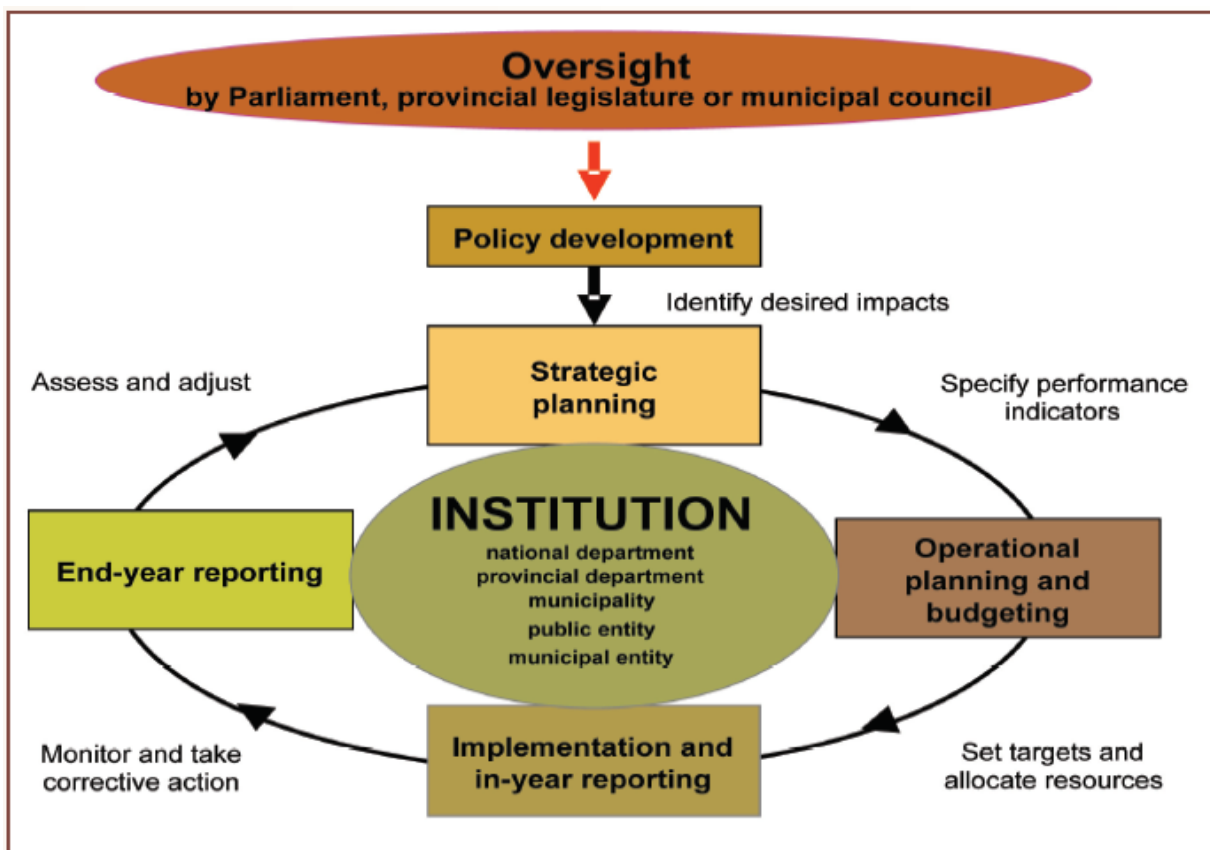


Figure 5 Planning, budgeting and reporting cycle

The performance of the Gariiep Local Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

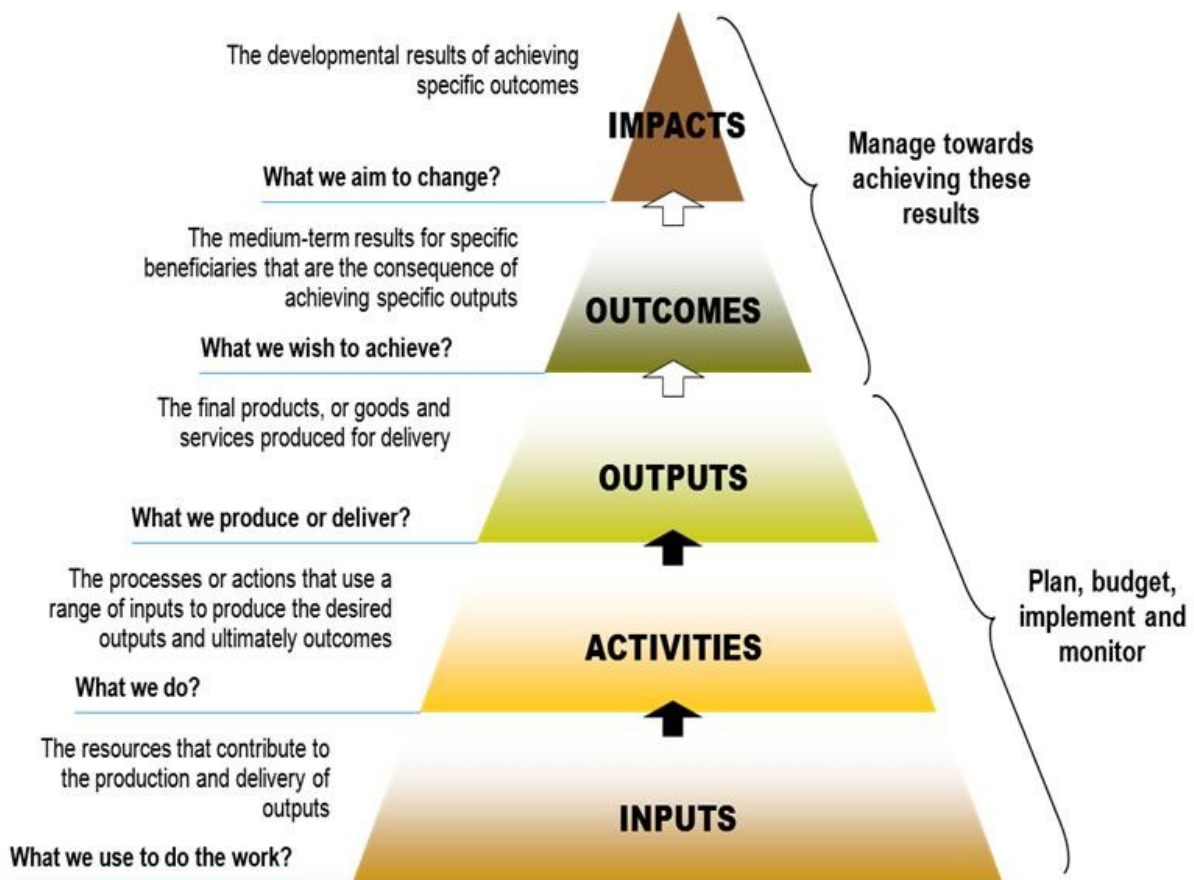


Figure 6 Definition of performance information concepts



2.3.1 Performance indicators and benchmarks

2.3.2 Free Basic Services: basic social services package for indigent households

The municipality has a high level of indigent, in this current year an amount of at least R21m is allocated for indigent subsidies. This is for services including electricity, refuse removal; water and sanitation.



2.4 OVERVIEW OF BUDGET RELATED-POLICIES

The municipalities budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

This policy has been reviewed to be in line with the latest by laws and is available in the municipal website

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

This policy has been reviewed to be in line with the latest GRAP standards

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was amended and approved to comply with the latest regulations of which the amendments will be extensively consulted on.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Gariep Local Municipality's system of delegations

2.4.6 Cash Management and Investment Policy

The Gariep Local Municipality's Cash Management and Investment Policy was amended by Council. The aim of the policy is to ensure that the municipal's conditional grants are adequately managed, especially the funds set aside for the specific purposes.

2.4.7 Tariff Policies

The Gariep Local Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2011/12 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2012/13 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the budget related policies are available on the Gariep Local Municipality's website

2.5 SUPPORTING SCHEDULES

- SA 1 Supporting detail to "Budgeted Financial Performance"
- SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept)
- SA3 Supporting detail to "Budgeted Financial Position"
- SA4 Reconciliation to IDP strategic objectives and budget (revenue)
- SA 5 Reconciliation to IDP Strategic objectives and budget (operating expenditure)
- SA6 Reconciliation to IDP strategic objectives and budget (capital expenditure)
- SA7 Measurable performance objectives
- SA8 Performance Indicators and benchmarks
- SA9 Social, economic and demographic statistics and assumptions
- AS10 Funding measurements
- SA11 Property rates summary
- SA 12 Property rates by category (current year and budget year)
- SA13 Service Tariffs by category
- SA14 Housing bills
- SA15 Investment particulars by type
- SA16 Investment particulars by maturity
- SA17 Borrowing
- SA18 Transfers and receipts
- SA19 Expenditure on transfers and grant programme
- SA20 Reconciliation of transfers, grant receipts and unspent funds
- SA21 Transfers and grants made by the municipality
- SA22 Summary councillor and staff benefits
- SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)
- SA24 Summary of personnel numbers
- SA25 Budgeted monthly revenue and expenditure
- SA26 Budgeted monthly revenue and expenditure (municipal vote)
- SA27 Budgeted monthly revenue and expenditure (standard classification)
- SA28 Budgeted monthly Capital Expenditure (municipal vote)
- SA29 Budgeted monthly Capital expenditure (standard classification)
- SA30 Budgeted Monthly cash flow
- SA31 Entities not required
- SA32 Lost of external mechanisms
- SA33 Contracts having future budgetary implications
- SA34a Capital expenditure on new assets by asset class
- SA34b Capital expenditure on the renewal of existing assets by asset class
- AS34c Repairs and maintenance expenditure by asset class
- AS35 Future financial implications on the capital budget
- SA36 Detailed capital budget
- SA37 Projects delayed from previous financial years



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QUALITY CERTIFICATE

I, Thembinkosi Athwell Mawonga, Municipal Manager of Gariep Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

T A Mawonga

Municipal Manager of Gariep Municipality (EC 144)

Signature

Date