



Ikwezi Local Municipality

Final
Service Delivery & Budget Implementation Plan

Year: 2011/2012

Period: 1 July 2011 – 30 JUNE 2012

Department: All

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1. INTRODUCTION

A municipality of contrasts

The Ikwezi Local Municipality is located within the Eastern Cape Province, one of nine local municipalities located within the Cacadu District Municipality (CDM). Jansenville is bordered by the Sundays River south of the town. The R75 between Port Elizabeth and Graaff-Reneit dissects the town in a north / south direction. Klipplaat is dominated by pre-dominantly defunct railway lines and shunting yards whereas Waterford may be characterised as a small rural node historically established to serve the surrounding farming community

Size

Ikwezi include three main settlements namely Jansenville, Klipplaat and Waterford accommodating a population of 11 452 (2 576 households) and cover an area of 4,449.7 km². It is an area characterized by low population density and high levels of poverty. 76% of households earn less than R1 600 per month and the documented levels of unemployment are documented ranging from 33% to 71%. Economic studies generally describe the area as having very limited economic potential with all settlements rated as level 1 settlement hierarchy. (ABP 2009) The area is challenged with excessive bulk water constraints as well as very poor quality water.

Council and Administration

Ikwezi Municipality is being governed by a Council of 5 members including a part-time Speaker/Mayor. All members of the Council preside over a specific portfolio committee.. Currently the Ikwezi Local Municipality has three Section 56/57 departments namely:

- Office of the Municipal Manager
- Directorate : Finance and Administration
- Directorate : Infrastructure and Community Development

Budget 2011/12

The Municipality adopted its budget for 2011/2012 on 28 April 2011. The budget gives effect to the strategic priorities of the Municipality and is not a management or implementation plan. The SDBIP therefore serves as a “*contract*” between the administration, council and community expressing the goals and objectives set by council as quantifiable outcomes that can be implemented by the administration over the next 12 months. It provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget.

The SDBIP is the link between the IDP, budget and performance agreements of management and it includes detailed information on how the budget will be implemented by means of forecast cash flows, service delivery targets and performance indicators. The SDBIP is a dynamic document that may be continually revised by the Municipal Manager and other top Directors, as actual performance after each month or quarter is taken into account.

COMPONENTS OF THE SDBIP

Section 1 of the MFMA defines the SDBIP as

“a detailed plan approved by the mayor of a municipality in terms of section 53(i)(c)(ii) for implementing the municipality’s delivery of municipal services and its annual budget, and which must indicate –

- (a) *projections for each month of*
 - (i) *revenue to be collected by source; and*
 - (ii) *operational and capital expenditure, by vote:*
- (b) *service delivery targets and performance indicators for each quarter.”*

OBJECTIVE OF SDBIP

It serves as supplementary support document to the approved budget represented as a policy document. It further serves as a record of the Key Performance Areas (KPA) with their corresponding Key Performance Indicators (KPI).

APPROVAL OF THE SDBIP

Chapters 7 and 8 of the MFMA deal with the approval of the SDBIP. Chapter 8 requires from the accounting officer (Municipal Manager) to submit a SDBIP within 28 days of the budget being approved as well as drafts of the annual performance agreements required in the Municipal Systems Act.

Chapter 7 of the MFMA requires the executive mayor to “take all reasonable steps” to ensure that the SDBIP is approved within 28 days after the approval of the budget and that the SDBIP is made public no later than 14 days thereafter.

IMPLEMENTATION OF THE SDBIP

The responsibilities of the executive mayor with regard to budgeting control and the early identification of financial problems is set out in section 54 of the MFMA.

When the executive mayor receives budget monitoring reports in terms of Sections 71 and 72 of the MFMA, he/she must check whether the budget is being implemented in accordance with the SDBIP.

If it is decided to amend the SDBIP, any revisions to the service delivery targets and performance indicators must be made with the approval of council following an adjustments budget. The revised SDBIP must be made available to the public.

THE SDBIP PROCESS IN IKWEZI

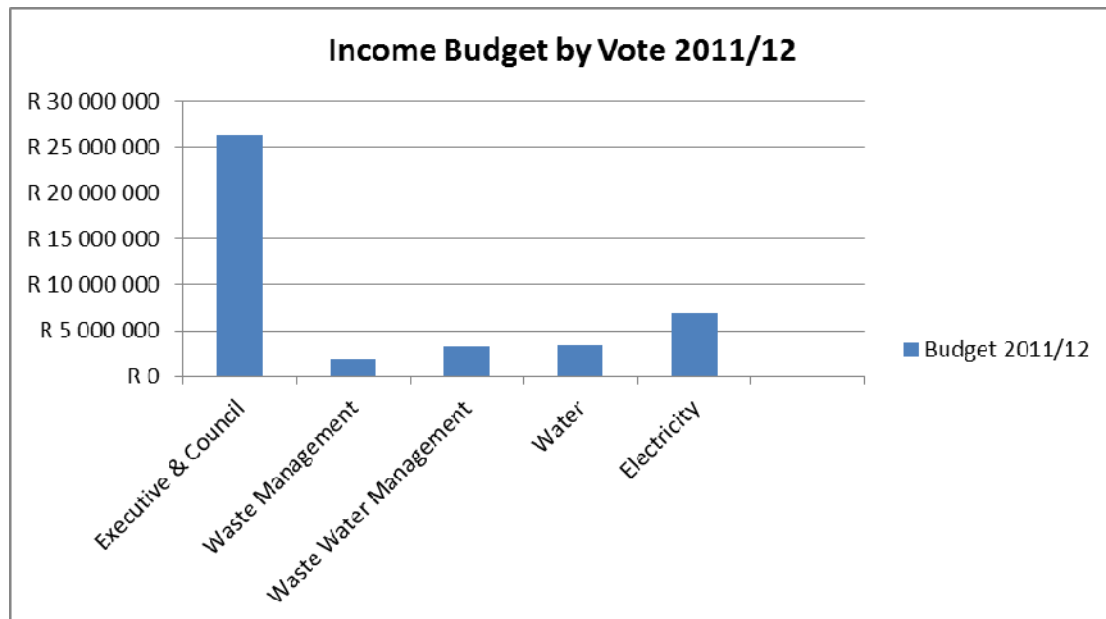
The Financial Services Department with the assistance of PMS and other department's, played a major role in the production of this SDBIP. The detailed quarterly performance indicators and cash flow projections are contained in the SDBIP document.

2. INCOME - BUDGETS

2.1. Budgeted Income Table

Income Budget by Vote	Budget 2011/12
Executive & Council	R 26 254 853
Waste Management	R 1 866 764
Waste Water Management	R 3 233 750
Water	R 3 411 500
Electricity	R 7 035 181
Total Income Budget by Vote	R 41 802 048

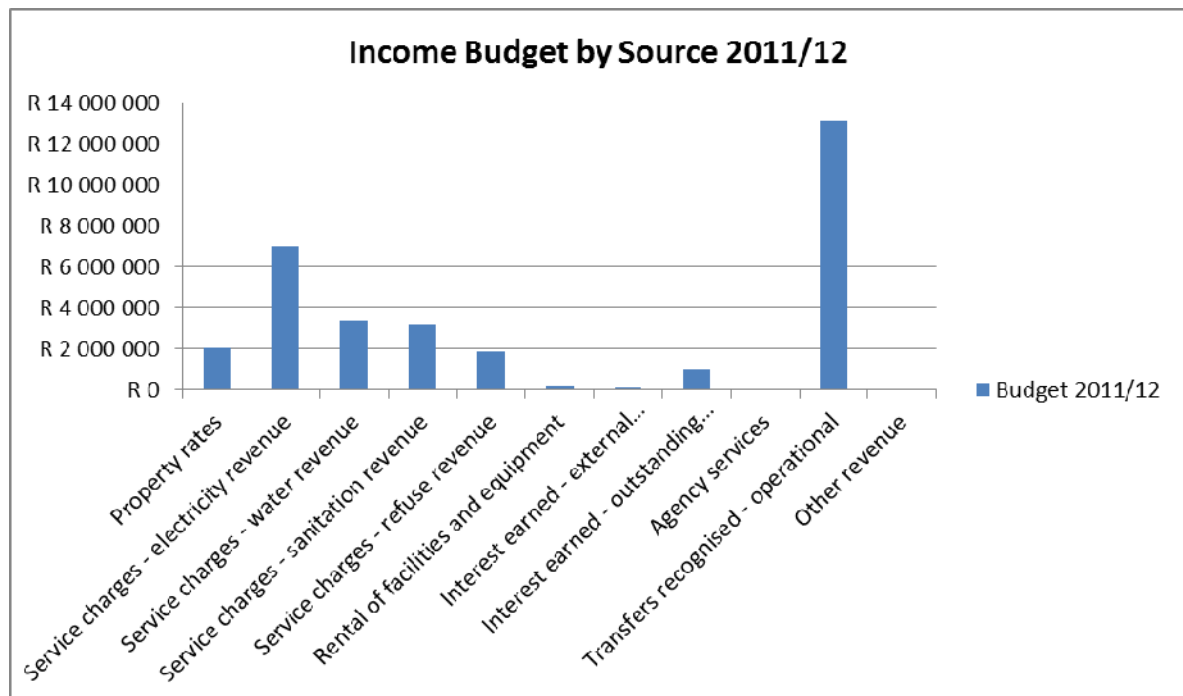
2.2. Budgeted Income Graph



2.3. Source of Budgeted Income Table

Income Budget by Source	Budget 2011/12
Property rates	R 2 109 400
Service charges - electricity revenue	R 7 035 181
Service charges - water revenue	R 3 411 500
Service charges - sanitation revenue	R 3 233 750
Service charges - refuse revenue	R 1 866 764
Rental of facilities and equipment	R 207 700
Interest earned - external investments	R 140 000
Interest earned - outstanding debtors	R 1 003 668
Agency services	R 127 200
Transfers recognised - operational	R 13 117 805
Other revenue	R 19 080
Grants	
Total Income Budget by Source (excluding capital transfers and contributions)	R 32 272 048

2.4. Source of Budgeted Income Graph

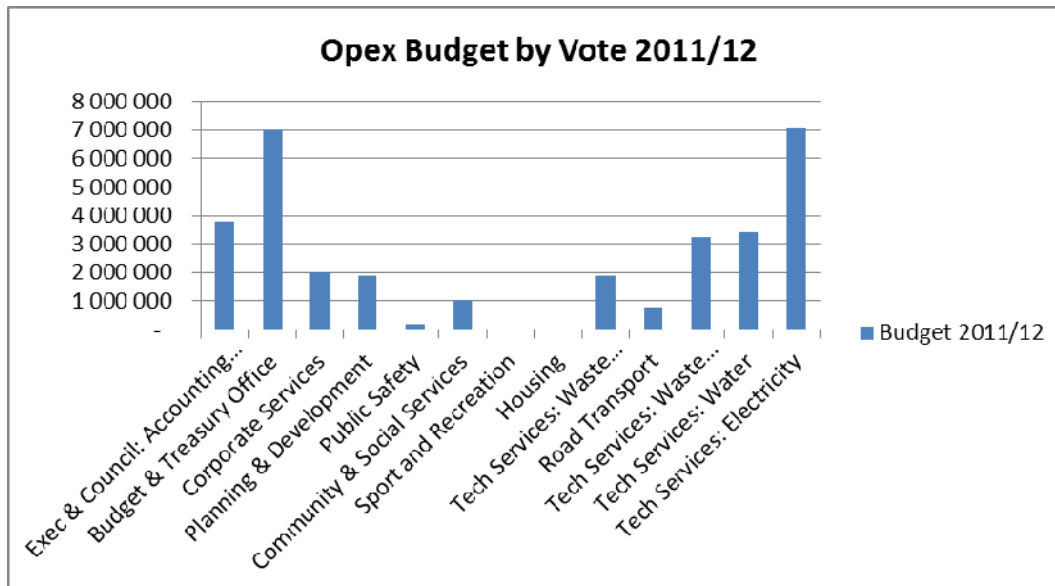


3. EXPENDITURE - BUDGETS

3.1. Budgeted Operating Expenditure Table

Operating Expenditure Budget by Vote	Budget 2011/12
Exec & Council: Accounting Officer	3 789 361
Budget & Treasury Office	7 004 051
Corporate Services	2 027 150
Planning & Development	1 867 156
Public Safety	193 727
Community & Social Services	1 057 226
Sport and Recreation	17 816
Housing	-
Tech Services: Waste Management	1 866 764
Road Transport	767 975
Tech Services: Waste Water Management	3 233 750
Tech Services: Water	3 411 500
Tech Services: Electricity	7 035 181
Total Operating Expenditure Budget by Vote	R 32 271 657

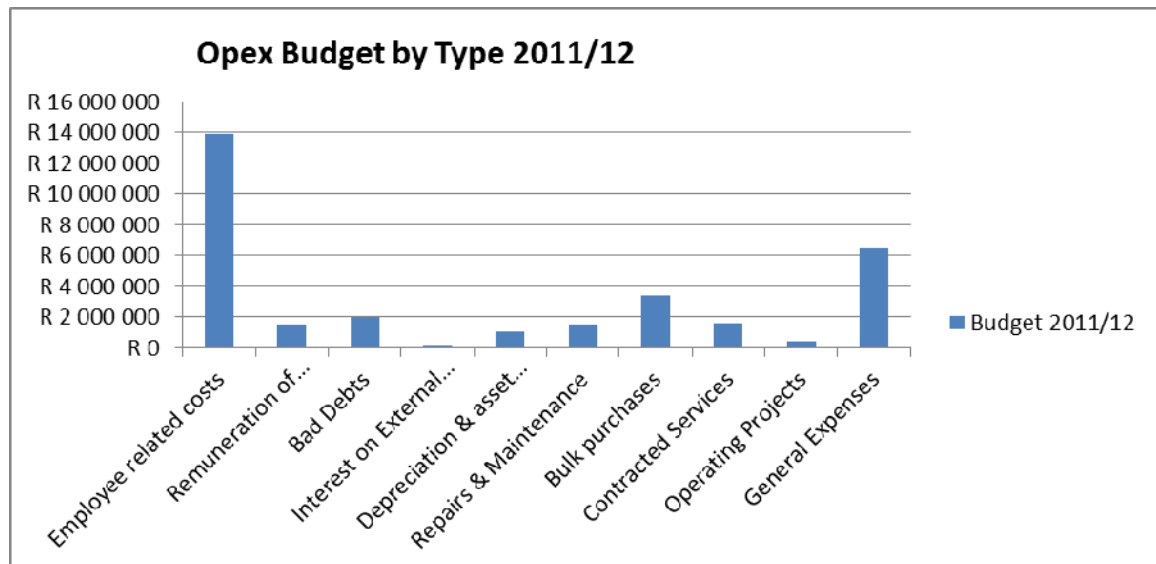
3.2. Budgeted Total Expenditure Graph



3.3. Budgeted Operating Expenditure by Type

Operating Expenditure Budget by Type	Budget 2011/12
Employee related costs	R 13 943 545
Remuneration of councillors	R 1 421 432
Bad Debts	R 2 012 160
Interest on External Borrowings	R 208 000
Depreciation & asset impairment	R 1 093 250
Repairs & Maintenance	R 1 464 890
Bulk purchases	R 3 406 000
Contracted Services	R 1 624 400
Operating Projects	R 408 720
General Expenses	R 6 437 570
Total Operating Expenditure by Type	R 32 019 967

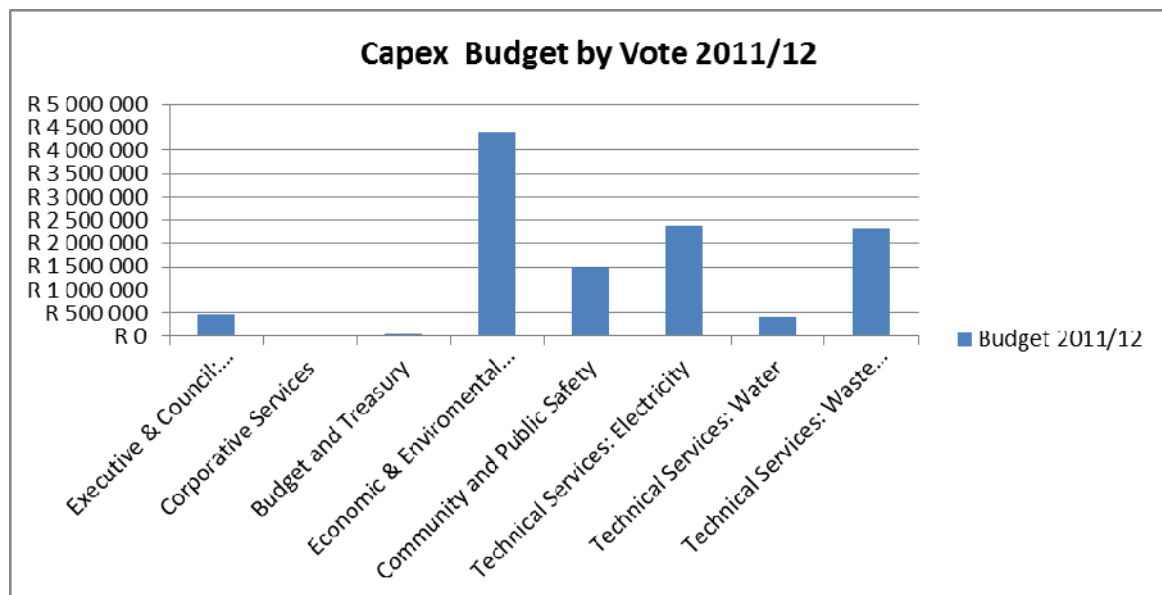
3.4. Budgeted Operating Expenditure by Type Graph



3.5. Budgeted Capital Expenditure Table

Capital Expenditure Budget by Vote	Budget 2011/12
Executive & Council: Accounting Officer	R 465 000
Corporative Services	R 15 000
Budget and Treasury	R 50 000
Economic & Enviromental Services: Road Transport	R 4 400 000
Community and Public Safety	R 1 500 000
Technical Services: Electricity	R 2 400 000
Technical Services: Water	R 400 000
Technical Services: Waste Water Management	R 2 300 000
Total Capital Expenditure Budget by Vote	R 11 530 000

3.6. Budgeted Capital Expenditure Graph



3.7. Sources of Funding Capital Expenditure

Capital Budget Sources of Funding	Budget 2011/12
National Govt	R 8 446 000
Borrowings	R 2 000 000
Internal Funds	R 1 084 000
Total Capital Budget Sources of Funding	R 11 530 000

3.8. Sources of Funding Capital Graph

