

INTEGRATED DEVELOPMENT PLAN/BUDGET 2006/07

MTREF

PURPOSE:

To seek council approval of the 2006/07 MTREF budget.

BACKGROUND:

On 14 December 2005 a draft budget was tabled to council. Thereafter, extensive consultations had taken place with stakeholders. Stakeholders who attended the meeting included members of the community, representatives from youth organisations, agriculture, business, mining, Traditional leaders and healers.

Outcomes of the consultative process:

The meetings were well attended and 1152 representatives had signed the register. The consultative process had evoked the enthusiasm of communities in their participation in government programmes and has revealed the nature and extent of developmental challenges facing the municipality as a service provider. What was evident was that the IDP was responding to immediate community needs rather than long term planning.

The inputs from these consultative meetings were recorded and submitted for consideration and, if necessary, included in the IDP and budget.

Alignment with national, provincial and district priorities:

The priorities of the district were aligned with that of national and provincial which is the access to basic potable water for all by 2008, access to basic sanitation at RDP level by 2010, electricity to all households by 2012, reduce unemployment by half by 2014, economic growth of 6% by 2010, all schools and clinics have access to water and sanitation by 2007 and access to education and health care to all.

Strategic priorities:

The following key strategic priorities for the municipality shall provide direction to the planning and implementation process as well as to inform the operations of the whole organisation:

- Development of institutional capacity and efficient financial management geared towards efficient delivery of services;
- Facilitation of access to land to ensure sustainable land use management for the entire district;
- Maximisation of economic growth and development through developing local economic opportunities and facilitating community empowerment;
- Promote and implement social and development programmes;
- Fostering of community participation and ownership of municipal programmes through effective communication;

- Strengthen the co-ordination of governance structures and facilitate sound intergovernmental relations.

Local economic development and tourism:

The challenges facing the municipality are to build an increased prosperity for all residents, sustainable job and income generation and better distribution of wealth. In order to attain this objective it is imperative that people participate in the mainstream economy of the district. Programmes to be undertaken are:

Farmers support programme	R 500 000
LED Agency	R 500 000
District marketing and profiling	R 550 000
SMME support & development	R 500 000

Free basic services:

Due to the high unemployment level, the greater part of the population are indigents who rely on the free basic services. An amount of R 17 452 440 has been budgeted for the provision of such services.

Other services:

The following services have also been budgeted for:

Health services	R 3 750 000
Disaster management	R 2 110 000
Sports, arts and culture	R 1 000 000

Infrastructure investments:

The backlog in the number of households having access to potable water has reduced from 35.9% to 17.5%. The overall reduction in the number of households receiving water below prescribed minimum standard is 46 415. The number of households who receive water at minimum standards of service and above has increased by an impressive 66 084 households. Although there is a greater backlog in sanitation services, the district priority is to ensure that all its citizens have access to potable water by 2008 and access to basic sanitation at RDP level by 2010.

The following investments have been proposed to further reduce the backlog:

Service	2006/07	2007/08	2008/09
Water	140 309 859	184 210 000	203 725 428
Sanitation	13 350 000	13 950 000	6 200 000
Roads	8 896 384	0	0
Community Build	17 550 000	7 500 000	0
TOTAL	180 106 243	205 660 000	209 925 428

Investment per municipality:

WATER	2006/07	2007/08	2008/09
Groblersdal	40 537 453	47 450 000	33 000 000
Fetakgomo	25 700 000	32 800 000	27 000 000
Tubatse	25 293 000	35 590 000	56 700 000
Marble Hall	22 988 669	20 260 000	19 345 428
Makhuduthamaga	25 790 737	48 110 000	67 680 000
TOTAL	140 309 859	184 210 000	203 725 428
SANITATION			
Groblersdal	0	650 000	5 100 000
Fetakgomo	2 000 000	7 000 000	100 000
Tubatse	2 500 000	0	0
Marble Hall	8 850 000	2 800 000	1 000 000
Makhuduthamaga	0	3 500 000	0
TOTAL	13 350 000	13 950 000	6 200 000
ROADS			
Groblersdal	274 000	0	0
Fetakgomo	8 250 000	0	0
Tubatse	0	0	0
Marble Hall	0	0	0
Makhuduthamaga	324 384	0	0
TOTAL	8 896 384	0	0
COMMUNITY BL			
Groblersdal	1 400 000	0	0
Fetakgomo	1 000 000	0	0
Tubatse	8 650 000	0	0
Marble Hall	1 000 000	0	0
Makhuduthamaga	3 500 000	0	0
Sports Complex	2 000 000	7 500 000	0
TOTAL	17 550 000	7 500 000	0

The operating budget comprises revenue to be received by the municipality and expenditure to run the day to day affairs of the municipality. The municipality expects to receive the following revenue to fund both its operational and capital budgets:

REVENUE:

Replacement grant for RSC levies	R 27 841 000
Equitable share	R 96 958 000
Municipal infrastructure grant	R 169 706 455
Other grants	R 5 850 000
Other income	R 11 910 240
Carry over from previous year	R 6 379 195
 GRAND TOTAL	 R <u>318 644 890</u>

EXPENDITURE:

Operating		R 134 503 647
Employee related costs	R 48 133 297	
Councillors allowances	R 9 453 213	
Repairs and maintenance	R 8 205 000	
Special projects	R 3 900 000	
Contracted services	R 500 000	
Free Basic Services	R17 452 440	
General Expenses	R 43 873 697	
Contribution to Reserves	R 2 986 000	
 Capital: Administrative and infrastructure		 R 184 141 243
 GRAND TOTAL		 R <u>318 644 890</u>
 SURPLUS		 R 0

RECOMMENDATION:

- 3.1 It is recommended that Council resolve to approve the Annual Budget for the financial year 2006/07 and for the two projected outer years 2007/08 and 2008/09 as set out in the following schedules:**
 - 3.1.1 Operating revenue by source reflected in Schedule 1 (See Schedule Below);**
 - 3.1.2 Operating expenditure by GFS classification reflected in Schedule 2(a) (See Schedule Below);**
 - 3.1.3 Capital expenditure by GFS classification reflected in Schedule 3(a) (See Schedule Below);**

3.1.4 Capital funding by source reflected in Schedule 4 (See Schedule Below).

3.2 It is recommended that Council resolve to adopt the Integrated Development Plan reflected in the separate document.

MEDIUM TERM REVENUE & EXPENDITURE PROJECTIONS - 2006/07 TO 2008/09

SCHEDULE 1 REVENUE BY SOURCE	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Exp. Framework		
					Budget Year	Budget Year +1	Budget Year +2
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	2006/07 Budget E	2007/08 Budget F	2008/09 Budget G
Operating Revenue by Source							
Property rates	0	0	0	0	0	0	0
Property rates - penalties imposed and collection charges	0	0	0	0	0	0	0
Service charges - electricity revenue from tariff billings	0	0	0	0	0	0	0
Service charges - water revenue from tariff billings	0	0	0	0	0	0	0
Service charges - sanitation revenue from tariff billings	0	0	0	0	0	0	0
Service charges - refuse removal from tariff billings	0	0	0	0	0	0	0
Service charges - other	-13,306	-1,000	-1,000		-1,000	-1,000	-1,000
Regional Service Levies - turnover /Grant new system	-11,324,372	-21,000,000	-21,000,000				
Regional Service Levies - remuneration	-11,628,034	-9,000,000	-9,000,000		0	0	0
Rental of facilities and equipment	-99,969	-50,220	-14,256		-9,240	0	0
Interest earned - external investments	-1,288,654	-8,000,000	-8,301,500		-10,500,000	-6,000,000	-4,500,000
Interest earned - outstanding debtors	-294,430	-209,000	-159,000		-150,000	-100,000	-40,000
Royalties	-289,239	-300,000	-100,000		-50,000	-50,000	-50,000
Tender Documents	-266,490	-150,000	-150,000		-200,000	-150,000	-50,000
Government grants & subsidies	-67,622,133	-243,282,000	-267,537,613		-300,355,455	-336,034,828	-388,797,428
Unspent grants from previous year					-6,379,195		
Contribution by GSDM					-1,000,000	0	0
Public contributions & donated or contributed PPE	0	0	0	0	0	0	0
Gain on disposal of property plant and equipment	0	0	0	0	0	0	0
Total Revenue By Source	-92,826,627	-281,992,220	-306,263,369	0	-318,644,890	-342,335,828	-393,438,428

Column Definitions:

A. The figures provided for 2004/05 have yet to be audited.

B. The original budget approved by council for the 2005/06 budget year.

C. The budget for 2005/06 budget year as adjusted by council resolution in terms of section 28 of the MFMA.

D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.

E. The amount to be appropriated for the 2006/07 budget year.

F. The indicative projection for 2007/08

G. The indicative projection for 2008/09

MEDIUM TERM REVENUE & EXPENDITURE PROJECTIONS - 2006/07 TO 2008/09

SCHEDULE 2(a) OPERATING EXPENDITURE BY GFS	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Exp. Framework		
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	Budget Year	Budget Year +1	Budget Year +2
					2006/07 Budget E	2007/08 Budget F	2008/09 Budget G
Executive & Council	8,963,210	26,536,713	24,569,183		35,170,955	33,820,697	35,953,174
Finance & Admin	17,036,609	34,976,125	33,816,923		34,023,055	38,817	40,341,339
Planning & Development	18,395,282	15,889,105	12,579,105		11,671,483	10,675,571	11,170,110
Health	844,357	2,510,474	1,710,474		2,508,833	2,984,002	3,108,565
Community & Social Services	3,401	3,204,373	3,204,373		4,924,677	3,743,125	5,510,137
Housing	0	0	0	0	0	0	0
Public Safety	415,738	5,103,870	5,303,870		5,362,132	5,807,147	6,275,383
Sport and Recreation	64,514	1,404,422	1,404,422		1,346,785	1,476,867	1,589,519
Environmental Protection							
Waste Management	0	0	0		0	0	0
Waste Water Management	0	0	0		0	0	0
Road Transport	0	4,700,142	4,250,142		5,075,167	5,376,605	6,066,975
Water	13,948,301	26,370,824	27,325,797		31,434,562	37,138,218	40,333,195
Electricity	0	0	0	0	0	0	0
Transfer to Restricted Assets (Reserves)	520,000	4,371,000	6,354,000		2,986,000	8,128,635	6,900,000
OPERATING EXPENDITURE BY VOTE	60,191,412	125,067,048	120,518,289	0	134,503,647	109,189,683	157,248,396

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E. The amount to be appropriated for the 2006/07 budget year.

F. The indicative projection for 2007/08

G. The indicative projection for 2008/09

MEDIUM TERM REVENUE & EXPENDITURE PROJECTIONS - 2006/07 TO 2008/09

SCHEDULE 3(a) CAPITAL EXPENDITURE BY GFS	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Exp. Framework		
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	Budget Year 2006/07 Budget E	Budget Year +1 2007/08 Budget F	Budget Year +2 2008/09 Budget G
Executive & Council	138,590	30,500	30,500		50,000	50,000	50,000
Finance & Admin	690,908	1,980,000	2,947,149		2,730,000	1,088,000	1,355,000
Planning & Development	97,459	65,000	65,000		0	0	0
Health	0	0	0	0	0	0	0
Community & Social Services	1,068,863	56,000	56,000		20,000	50,000	50,000
Housing	0	0	0	0	0	0	0
Public Safety	0	3,068,000	3,068,000		1,200,000	2,300,000	0
Sport and Recreation	2,523,723	12,000	638,049		2,020,000	7,500,000	0
Environmental Protection	0	0	0	0	0	0	0
Waste Management	0	0	0				
Waste Water Management	6,548,203	13,053,870	25,586,437		13,350,000	13,950,000	6,200,000
Road Transport	612,959	6,749,000	8,750,130		8,896,384	100,000	0
Water	142,475,522	150,337,897	137,811,556		140,324,859	184,255,000	203,755,428
Electricity	0	0	0	0	0	0	0
Comm Bids + General & Unallocated CHECK CHECK	16,223,208	1,572,000	14,405,171		15,550,000	0	0
CAPITAL EXPENDITURE BY VOTE	170,379,435	176,924,267	193,357,992	0	184,141,243	209,293,000	211,410,428

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D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.

E. The amount to be appropriated for the 2006/07 budget year.

F. The indicative projection for 2007/08

G. The indicative projection for 2008/09

MEDIUM TERM REVENUE & EXPENDITURE PROJECTIONS - 2006/07 TO 2008/09

SCHEDULE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Exp. Framework		
					Budget Year	Budget Year +1	Budget Year +2
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	2006/07 Budget E	2007/08 Budget F	2008/09 Budget G
National Government							
Amounts allocated / gazetted for that year	0	-155,393,000	-155,393,000		-166,828,455	-193,098,828	-227,275,428
Amounts carried over from previous years							
Total Grants & Subsidies - National Government	0	-155,393,000	-155,393,000	0	-166,828,455	-193,098,828	-227,275,428
Provincial Government							
Amounts allocated / gazetted for that year							
Amounts carried over from previous years							
Total Grants & Subsidies - Provincial Government	0	0	0	0	0	0	0
District Municipality							
Amounts allocated for that year	-170,379,435	-1,531,267	-37,938,992		-17,312,788	-16,194,172	15,865,000
Amounts carried over from previous years							
Total Grants & Subsidies - District Municipalities	-170,379,435	-1,531,267	-37,938,992	0	-17,312,788	-16,194,172	15,865,000
Total Government Grants & Subsidies	-170,379,435	-156,924,267	-193,331,992	0	-184,141,243	-209,293,000	-211,410,428
Public Contributions & Donations	0	0	0		0	0	0
Accumulated Surplus (Own Funds)	0	-20,000,000	-26,000		0	0	0
External Loans	0	0	0	0	0	0	0
TOTAL FUNDING OF CAPITAL EXPENDITURE³	-170,379,435	-176,924,267	-193,357,992	0	-184,141,243	-209,293,000	-211,410,428

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E. The amount to be appropriated for the 2006/07 budget year.

G. The indicative projection for 2008/09

Notes:

1. All municipalities must follow the format above for standardisation.

2. Use Zero (0) where no amount is applicable.

3. Total Capital Expenditure agrees to Total Funding