

6 Disclosure on implementation of MFMA and other legislation

It is the opinion of the municipality that compliance with MFMA and other legislation is steadily improving. This assertion is based on the evaluation of the control environment, production and submission of the required reports to the relevant authorities. Most of the compliance reports/issues are captured in the SDBIP of the different and relevant s56 Deputy municipal managers.

7 Service Delivery and Budget Implementation Plan (SDBIP)

In terms of section 69 of MFMA, the Accounting Officer is required to submit to the Mayor a Service Delivery and Budget Implementation Plan within 14 days after approval of the budget. In line with section 69, the Municipal Manager will submit a SDBIP to the Executive Mayor within 14 days after approval of the budget. The Executive mayor must within 14 days approve the SDBIP.

8 Summary of detailed capital plan

Below is the summary of the detailed capital expenditure plans submitted by the different cost centers of the municipality and shown below as appendix #7(a):

CAPITAL BUDGET 2008/2009 - SUMMARY (Appendix #7(a))

Department	2008/2009 (R)	2009/2010 (R)	2010/2011 (R)
Executive & Council	56,500,000	-	-
Finance & Admin	15,355,000	136,483	-
Planning & Development	53,225,000	-	-
Health	2,820,000	-	-
Community & Social Services	7,614,280	2,286,087	-
Housing	-	-	-
Public Safety	3,583,000	-	-
Sport and Recreation	-	6,846,887	7,414,204
Environmental Protection	-	-	-
Waste Management	8,760,000	56,894,050	20,905,898
Waste Water Management	-	-	-
Road Transport/Stormwater	26,623,500	75,404,113	139,206,145
Water	91,951,190	114,338,469	130,113,884
Electricity	26,783,500	28,430,551	15,130,174
Capital expenditure by vote	293,090,470	284,336,640	312,770,305

The above capital expenditure by GFS classification allocations have been informed by the parameters set by the Mayor and the accounting officer.

The funding of the budgeted capital expenditure is summarized in the appendix #7 (b) below as follows:

Secured Funds for 2008/2009 Capital Budget (Appendix 7(b))

	<i>Detail</i>	<i>Amount (R)</i>
A1	Municipal Infrastructure Grant (MIG)	R 74,083,790
A2	MIG Counter funding - ELM own funds	R22,976,400
B	Neighbourhood Development Partnership Grant (Technical Assistance)	R 5,000,000
C	Integrated National Electrification Programme (Municipal) Grant	R 1,000,000
D	Department of Sports, Recreation, Arts and Culture	R 3,210,280
E	Neighbourhood Development Partnership Grant (Capital Grant)	R 46,000,000
E	Own capital funds (ELM)	R 84,320,000
F	Minor capital items	R 13,500,000
G	Ward based capital projects	R 43,000,000
	Total	R 293,090,470

The table below, shown as appendix #8, is presented to show and inform in respect of the secured funding as reflected in the Division of Revenue Act of 2008. The above capital expenditure budget is fully cash backed. This secured funding amounted to R134 045 000 as shown below in the attached appendix #8 in respect of external funding. ELM secured funds are contained in Supporting Table4a: Investment particulars by maturity (page 80). It must be noted that the differences in MIG amounts in Appendix 7(b) and #8 are due to funds that are reallocated to the operational expenditure budget.

Appendix #8

National Government Grants	2008 - 2009	2009 - 2010	2010 - 2011
Municipal Infrastructure Grant (MIG)	76,588,000	89,643,000	73,445,000

National Government Grants	2008 - 2009	2009 - 2010	2010 - 2011
Integrated National Electrification Programme (Municipal) Grant	1,000,000	7,000,000	10,000,000
Neighbourhood Development Partnership Grant (Capital Grant)	46,000,000	64,325,000	92,435,000
Neighbourhood Development Partnership Grant (Technical Assistance)	5,000,000	5,880,000	1,695,000
Total	128,588,000	166,848,000	177,575,000

Source: DORA 2008

National Treasury has advised Emfuleni in writing that there is a possible R270 million available through the Neighbourhood Development Partnership Grant. This amount has not been accounted for in the budget as the amounts have not been gazette. Emfuleni with the Sedibeng District municipality are working together to finalize plans related to accessing these funds.

8.1 Political and management parameters

The guidelines on the percentage (%) allocation of proposed capital expenditure were derived in consultation with the Mayor. The detailed percentage split of capital allocations are shown below. The allocations are to be applicable to the ELM funds contributed towards capital expenditure. The proposed budget of capital expenditure is approximately R100 000 000, excluding the counter funding related to Municipal Infrastructure Grant and ward based projects. This amount is to be completely funded by internal resources of the municipality and excludes committed grant funds, as summarized in Supporting Table 4a: Investment particulars by maturity and Capital funding by source (page 80).

It was proposed that approximately 85% (eighty five percent) of the capital expenditure should be directed outward looking and towards service delivery, with the remaining approximately 15% (fifteen percent) directed inwards towards internal administration. This amounted to +-R13,500,000 in total.

The eighty five percent (85%) of the capital expenditure was proposed to be allocated to the maximum of the percentages below as follows:

Electricity - 20%

Roads and storm water - 30%

Waste management - 10%

Water - 15%

Social services - 20%

Others - 5%

The priority in respect of the capital expenditure goes to the projects in the wards list which the municipality may not be able to execute in the current year financial year 2007 - 2008. The next priority projects goes to the balance of the projects that did not make the list of the ward projects. The implication is that managers must plan with wards in mind, cluster wards as much as possible and ensure that as many people as possible experience service delivery.

8.1.1 Carry over projects

It is anticipated there will be funds appropriated for capital expenditure left over from the current financial year 2007 - 2008. The reason for the under expenditure is due to the lack of capacity to deliver on the additional projects approved by council in the adjustment budget. It is the intention of council to carry over the projects into the new financial year 2008 - 2009. Due to the time available the balance of the projects not undertaken in 2008 will be executed and sufficient appropriate resources committed.

As a part of addressing the short coming the municipality will be looking to clustering the wards and ensure that service delivery is cross cutting and as much areas experience service delivery.

9 Budgeted Financial Statements

The budgeted financial statements are attached as appendix #9(a) (Balance Sheet)(page 83) and #9(b) (Income Statement)(page 82). It must be noted that the budgeted financial statements projections are based on the actual audited financial statements for the financial year 2006 - 2007.