

Knysna Municipality



Medium Term Revenue And Expenditure Framework

Budget 2009/10 To 2011/12



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Glossary

Adjustments Budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Budget - The financial plan of the Municipality.

Budget Related Policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

KPI's - Key Performance Indicators. Measures of service output and/or outcome.

MFMA - The Municipal Finance Management Act - No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Net Assets - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, spending without, or in excess of, an approved budget.

Virement - A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - One of the main segments into which a budget. In Knysna Municipality this means at directorate level.

Section 1 - Mayoral Budget Speech

Speaker, Deputy Mayor, Councillors, Municipal Manager, Directors, senior officials, representatives from Provincial departments, members of the Media, members of the Public, Ladies & Gentlemen:

Introduction

On 9 May 2009 the Honourable Jacob Zuma, President of the ANC, was inaugurated as the fourth democratically elected State President of our country. President Zuma made the following statement that I believe all of us here fully endorse.

I quote:

"It is my fervent hope that our public servants heard our campaign message and understand that it shall not be business as usual. We expect hard work and utmost dedication".

In recent weeks there have been a number of articles and letters in various publications highlighting the remuneration of senior officials and Councillors. I shall go into the details of the salaries and bonuses referred to in the articles later in my address, but what was abundantly clear were the sentiments of residents regarding our performance.

Therefore I am sure that all of us in the chamber will fully agree when I say that IT CAN NOT BE BUSINESS AS USUAL. ALL OF US, RICH AND POOR, FROM WARD 1 TO WARD 8 AND FROM SEDGEFIELD TO BRACKENHILL EXPECT HARD WORK AND UTMOST DEDICATION FROM OUR PUBLIC SERVANTS!

At a strategic bosberaad held on Tuesday the Executive Committee and senior officials commenced a process which will ultimately culminate in rigorous and improved performance throughout our administration. We have heeded your clearly articulated concerns and taken them to heart.

In the draft Medium Term Income and Expenditure Framework, the Chief Financial Officer has stated, "Unless somebody is prepared to donate a few hundred million to Knysna, we are not going to be able to equalize or enhance services at the speed, and to the level we would wish for. Now we need to do the best we can within our fiscal circumstances. In recent years Knysna has expanded rapidly and whilst this budget does not represent a pause, it may represent a time-out".

A time out is a period for reflection and for rejuvenation. It is a time to reflect on what we are currently doing, compare it to what we should be doing and then putting processes in place to achieve that.

So what should we be doing?

Economists tell us that in Knysna the gap between the have's and the have-nots is amongst the worst in the country. Closing that gap via targeted service delivery in conjunction with local economic development and job creation must be our focus. Later in this address I will be giving details of some of the programmes we are developing or expanding to close this gap.

This budget has been prepared in the middle of an international recession. Knysna is not unique in this regard. The most immediate and obvious effect of the recession on Knysna is the clear drop in domestic and international tourism. At home people are holidaying for shorter periods and there is a growing trend away from Hotel and Bed and Breakfast accommodation to self-catering units.

The second effect has been on the local construction and property related sectors and the related job losses - a direct cause for the fall in private expenditure. As Knysna's narrow economy is largely reliant on these sectors, any negative impact is translated directly onto the Knysna economy.

The Governor of the Reserve Bank at a recent Monetary Policy Committee meeting said,

"the global recession is likely to be severe and protracted. But what is more disturbing is that South Africa's growth outlook is dependent on a broader global recovery and there are no signs of any immediate rebound".

In other words things are going to get worse before they get better.

With such a backdrop it is imperative that this Council approves a budget that aims to alleviate the living costs for our poorer and lower middle income communities and still grow our economy to provide jobs as fast as we can. This budget, as far as we can control matters, does exactly that.

Operating Income

Over the last six years this Council, under all parties, has deliberately and systematically followed the approach of trying to equalize rates and tariffs as far as possible. We have moved from a position where in 2003 the poorer, under-serviced communities of this municipality, were subsidising the richer communities. In terms of overall taxation the playing field is now nearly level, but in terms of service provision we all know that we still have a long way to go.

The equalization has taken place by holding the basic charges payable below the level of the rates increases. What we are doing in this budget completes the process of disposing of the unbalanced basic charges for water, sewer and refuse removal.

We have completed the new market-value general valuation roll last year, an exercise being repeated all over the country. I am aware that some ratepayers are unhappy with the outcome of the process, but an examination of the final values and subsequent sales has shown that in the majority of cases the values are accurate. There are anomalies - there will always be anomalies - and we are dealing with them through the interim valuation process.

I must stress there were no legal challenges to the outcomes and the Appeal Board finished its processes within 9 months. For this I thank the CFO and his valuation team for the professional way they interacted with the public, including over 4000 residents who were contacted directly via telephone, SMS or e-mail.

A very special word of thanks also to Mr. Perino Pama, the chairman of the Appeal Board, and his team: Mr. Neels Muller and Mr. Gerald Logan.

Turning to the IDP and Public Participation

The Integrated Development Plan is a constitutional and legal process required by all Municipalities. However, apart from the legal requirements, there are sound reasons for Municipalities to undertake an IDP, as it is a critical management tool to drive transformation, growth and development at local government level.

As the strategic plan of the Municipality, the IDP informs financial planning and budgeting. Public participation is critically important for a credible IDP.

During our 11 intensive and well-advertised IDP and budget road shows to all eight wards, our communities were given opportunity to articulate their concerns and needs. This process also allowed for submissions regarding the draft budget. On the whole the road show was well-attended and certain communities made concerted efforts to fully engage, to be constructive and to assist in identifying areas for improvement. Unfortunately not all wards had the same level of commitment, notably Ward 5 had less than 5 attendees and in the "Fraaisig/Rykmanshoogte" area of Ward 8 only 3 members of the public attended the engagement.

Based upon this pattern, it can be assumed that members of our more privileged communities do not consider the IDP and Budget engagements as important but would rather opt for written submissions. Unfortunately this often results in a poor understanding of the IDP and Budget as there is no opportunity for well thought-out debates as is the case during public hearings.

The hearings raised various service delivery issues that we will focus on this year. The most important issues raised were housing and job creation. Ladies and gentlemen, as we all know, in terms of our Constitution, housing is a National and Provincial responsibility. Local authorities act as an implementation agent. We will endeavour to discuss the issue of housing allocations with National and Provincial Government in order to increase our delivery to all communities in need of shelter. I shall return to the issue of job creation later.

I would like to take this opportunity to thank all the officials who spent long and late hours ensuring that the budget and IDP were made accessible and sensible for our communities

I turn now to the submissions made on the draft budget:

A specific issue raised by ward 5 was the effect of the incidence shift of removing the basic charges as originally envisaged. I have therefore requested the CFO to remove the sewer and refuse charges equally over two years. This will not affect the revenue budget, but it will mitigate the incidence shift somewhat. I am of the opinion that after the valuation effects, a level of mitigation is fair. The reason for doing this over two years is that we are required to undertake another general valuation in two years time and the basic charges need to be removed by then.

The assessment rate will increase by 7,5%. By recovering the sewer and refuse basic charges from the rates means that the increase in rates payable shifts according to property value. The modelling we have done indicates that

properties valued around R2 million will be paying slightly less than they would have if we had increased rates and tariffs directly. Ratepayers with properties below R1,4 million will actually be paying less than they currently do. The rationale behind scrapping the basic charges is that if you cannot measure something, how can you charge for it?

The water tariff will rise by 10%, however the basic water charge is also being scrapped and this will be recovered through the new stepped tariffs. We are also collapsing the stepped tariff bands 11-15kl and 16-20kl into one band. This is designed to conserve a scarce resource through consumption charging when the need arises. Consumers using more than 30kl and more specifically above 40kl, will pay penalty tariffs and a portion of this will be channelled directly to a water capital replacement reserve for future capital expansion.

As we are all aware the electricity tariff is outside of Council's control. The latest submission to NERSA, the Electricity Regulator, is for a 34% increase. I repeat what I said last year. It is Council who experiences the non-payment effects and the wrath of consumers who cannot afford the magnitude of increase, not ESKOM. The effect of last year's increase is still being felt on our cash flow and another significant increase, in the midst of a recession, means we will be very closely monitoring our income. Unfortunately related cutbacks in some services cannot be ruled out.

Another important addition on the income side is that the rebate on rural properties will be phased out over two years. The rebate will be reduced from 80% to 50 % from 1 July 2009 and to the domestic level of 20% from 1 July 2010. The farmers' rebate remains at 80%.

With properties now valued at market value a house is a house regardless of where it is and there is no justification to keep the rural rebate. We are fully aware that the rural properties are valued below their town equivalents and this has also been taken into consideration when we made the decision.

In an effort to promote a sustainable natural environment we have introduced a "green" rebate for properties or estates which are not gated or classified by our Provincial government as Nature Reserves. These properties will have to demonstrate that they are actively involved in an alien eradication scheme. The rebate will be an additional 30% from July.

With regards to Bed and Breakfasts and letting accommodation we are again revising the system. The split system for B & B's introduced was partially successful, but it needs to be coordinated with our planning and zoning requirements. The final decision is that B & B accommodation with up to eight lettable rooms will be regarded as domestic, but will lose their domestic rebates. Above eight rooms will be treated as businesses and be rated as such. We ask for cooperation from the accommodation industry. Until now many properties have been operating illegally and the Finance team has proof of these illegal practices. Our policies, zoning scheme and by-laws are being amended and we will not hesitate to take action for non-compliance.

Finally with regard to vacant land: We will no longer subsidise developers who are holding land. Land will be taxed at the appropriate level as soon as the first transfer takes place or as soon as the services are available, whichever comes first. We will no longer wait for a development to be completed or sold before taxing.

Operating Expenditure

I turn to the Operating budget

During recent years Knysna Municipality has grown rapidly due to an influx at both ends of the income scale. This has placed severe pressure on our town's infrastructure.

It is logical that there is growth in our poorer communities and there has to be growth in our wealthier communities. The welcome contributions from National and Provincial government do not meet all our requirements and the balance has to come from the wealthier section of the community. Our biggest problem is that we do not have a sufficiently robust business sector to allow for meaningful cross-subsidisation. This means the cost falls more heavily on the domestic, property owning sector.

We will strive to increase private partnerships to compliment our delivery. To date we have been very successful in the housing sector. One example is the ABSA housing development in Hornlee and Heidevallei, another is the Own Haven Housing Development. Both developments are focused on delivering decent and affordable housing.

To ensure increased service provision in recent years we have increased our internal capital contributions and we have borrowed as a good business should. Whilst not suggesting that we predicted the recession, we had already begun to carefully control our borrowing requirement because of the spiralling borrowing costs. These costs would have been more manageable if all things had remained equal. The recession has changed that. I should point out that since 2002, this municipality has borrowed almost R140 million and yet our outstanding liabilities have only increased by R22 million in the same period. That is good control, Ladies and Gentlemen.

The next issue I want to touch on is in relation to salaries and bonuses. I referred to this in my introduction and will now elaborate further.

Salaries and bonuses have to be budgeted for at the worst case scenario and the current worst case scenario increase, as negotiated with Unions at national level, has to be shown at 16%.

This increase has been based upon 11% on the fixed packages of staff and 15% for medical aid increases. Added to this is a requirement for TASK provision of R1,55 million as per a SALGA resolution. In an attempt to mitigate these costs no vacancies will be filled until January 2010 and after a budget review.

The salaries of the Municipal Manager and his Directors are at the appropriate level based on the cost of attracting high calibre staff to this area. All but one is on a five-year fixed-term contract, UNLIKE many of their neighbouring colleagues who are more secure with ten and fifteen year contracts. The CFO, who is on his second five-year contract, was appointed in 2002 and if you increase that original salary at inflation levels since his appointment, you will arrive at a salary very close to the one he receives now, and not the "worst case scenario" amount shown in the budget documentation.

The bonuses of our Municipal Manager and his Directors are set by national regulations and also have to be budgeted for at the maximum possible award.

In terms of contractual and legal requirements all bonuses awarded are decided by a performance committee which includes the Mayor, the Chair of the Audit Committee, the Portfolio Committee chairperson and an external representative. Here I just want to mention that none of our officials received full performance bonuses during the last financial year, as we believe that harder work is required.

With regard to the comments about Councillors' salaries, they are remunerated on a scale set by the National Minister. Knysna's Councillors are on level 3 out of 6. The scale is based on population and budget size. There is no discretion, we have to comply. In some instances other Councils also make provision for secretaries, assistants, offices and discretionary budgets for Councillors and Ward Committees. This does not happen in Knysna in an effort to keep costs down.

If the proposed maximum increases and specifically the fixed package increases for any Council member or official are lower, the budget provision will be immediately switched directly to service delivery.

My final comment on this is around performance. Performance is linked to the IDP priorities which bring us back to Knysna 2020. The priority of this Council is to deliver services in all areas, but with particular emphasis on our poorer areas. Therefore, whilst delivery may not appear visible to some residents, it is actually very visible to the majority of residents.

What is agreed is that performance must be improved and a new and very detailed performance measuring system is being introduced under the direction of the Municipal Manager from 1 July 2009.

I trust this will appease some of the issues raised.

In my introduction, I mentioned closing the gap between the have's and the have-nots through targeted service delivery, local economic development and job creation. These flow directly from the recommendations at the ANC conference at Polokwane and were detailed in the ANC election manifesto. The recommendations referred to "more jobs, decent work and sustainable livelihoods".

Targeted service delivery will be via specific projects in specific communities, for example clean-up programmes. A list of these projects has been drawn up and the feedback on the projects will be given on a monthly basis at the relevant section 80 committee and the Budget Committee.

While the investment in social spending usually decreases in times of recession, we are determined to ensure that social development remains a priority. We will focus on youth development and education in terms of bursary allocations.

The Local Economic Development initiatives undertaken by our LED coordinator are proceeding very well. These include the training and support of emerging entrepreneurs. A further major initiative is the introduction of specific expenditure targets for all spending departments to ensure that our expenditure is concentrated locally.

The delegated expenditure limits of R 2 000 and R 30 000 will have local spend targets of 95% and 85% respectively. In the 2010/11 budget, targets will be introduced for delegated expenditures up to R200 000 and for all Tenders and all Requests for Quotations. Targets for BEE and SMME spend will be introduced when our local entrepreneurs database is more mature.

Ladies and Gentlemen, it is of no benefit to our local economy to award contracts to businesses in Gauteng or Cape Town when locally-owned businesses are employing and developing local people. But we are not going to simply give hand-outs to local business, as our community is entitled to value for money and service providers must perform to exacting standards. I am sure that this initiative will lead to a situation in future where most of Council's expenditure occurs locally.

Council will also strive to promote the use of local labour in public and private developments. While we cannot interfere in the management of business, we will facilitate community involvement and development. We will grow the Expanded Public Works Programme which may require the appointment of external project managers on contract. We must be honest with ourselves and admit that internally we are limited as far as project management skills are concerned. The way forward must be to externalize the process, even if additional costs have to be borne within the projects.

Ladies and Gentlemen, the total operating expenditure budget is R346 million, an increase of 6.4% on the current adjusted estimate.

Capital Budget

The capital budget before us is the largest capital budget in the history of this municipality, despite the recession. All over the world governments are increasing capital expenditure to increase job creation. We are doing the same. The budget consists of a managed borrowing programme, a reduced spend on lower-end housing and a number of roll over projects, mainly related to the floods.

The reasons for the managed borrowing I have discussed earlier. In terms of regulations any funds received from the Municipal Infrastructure Grant, have to be met with a 20% own contribution by the municipality. Next year we will only borrow to match this responsibility, except for a small amount for two Public-Private Partnership road projects if necessary, and the R8 million commissioning costs of a new electricity transformer. After all it makes no sense to have purchased a new transformer and then not be able to connect it.

The Housing budget for service and top structures has been slashed by 40% by Province to R31 million and we no longer have the resources to top up the housing budget at previous levels. We will do the best we can with what we are given, but it is disappointing that after receiving awards for housing delivery and three years of exceptional growth, we may now have to slow that delivery down but we will not compromise on quality.

The issue of rollover projects is an area that concerns me greatly. I can appreciate that a number of the present rollovers have been caused by delays of funding agreements, sometimes internally and sometimes with other spheres of government. I can also understand if there are community issues involved which from experience I know to be complicated. The cemetery is a good example of this. I do not appreciate expenditure delays caused by what is basically poor planning. There seems to me to be too much of this going on and once again it comes down to performance - or lack thereof. We must stop budgeting for poorly planned and poorly committed projects.

The total capital budget will amount to some R 81,5 million, a R 10 million increase on the current year.

Conclusion

I started by saying that this is not a pretty budget. It is however a very innovative budget on the income side, a performance and targeted budget on the expenditure side and a growth budget on the capital side. It also affords us an opportunity to re-examine what we are doing and, more importantly, what we should be doing.

The ANC manifesto states that "our country needs change in the way government relates to our people and in the delivery of services". As Executive Mayor I demand exceptional performance and the highest levels of service delivery from both Councillors and officials. If they are not prepared to dedicate themselves and give that performance, then there is no place for them in this team. We will deliver and we will be seen to deliver.

My thanks as always on these occasions to my fellow Executive Councillors, all ordinary Councillors, the Municipal Manager, his Directors and all the staff employed by this Council. At this point I note our soon to depart Director: Strategic Services Mr. Lubabalo Gwintsa. Mr. Gwintsa has been the driver behind our recently awarded Neighbourhood Redevelopment Grant of R50 million, the importance of which will filter through hopefully from next year. Lubabalo on behalf of Council, I thank for what you have done and wish you well in your new endeavours.

My final thanks to the CFO and his team. Budgeting in a growth environment is not easy, but budgeting in a recession is a nightmare and in these difficult times it becomes quite clear who one can depend on.

Councillors, ladies and gentlemen, I now present for your approval the budget for 2009/2010 and the Medium Term Expenditure and Income framework for the period 2009/2012.

Section 2 - Budget Related Resolutions

Knysna Municipality

MTREF 2009/2010

These are the resolutions that will be approved by Council with the final adoption of the budget in May:

RESOLVED:

- [a]. That the annual budget of Knysna Municipality for the financial year 2009/10; and indicative for the two projected years 2010/11 and 2011/12, as set-out in the schedules contained in Annexure 1, be approved:
 - 1.1 Schedule 1: Operating revenue by source
 - 1.2 Schedule 2: Operating expenditure by vote
 - 1.3 Schedule 2(a): Operating expenditure by GFS classification
 - 1.4 Schedules 3 and 3(a): Capital expenditure by vote and by GFS classification
 - 1.5 Schedule 4: Capital funding by source
- [b]. Property rates reflected in Annexure 2 and any other municipal tax reflected in Annexure 2 are imposed for the budget year 2009/10.
- [c]. Tariffs and charges reflected in Annexure 2 are approved for the budget year 2009/10.
- [d]. The measurable performance objectives for revenue from each source reflected in Annexure 3 are approved for the budget year 2009/10.
- [e]. The measurable performance objectives for each vote reflected in Annexure 3 are approved for the budget year 2009/10.
- [f]. Council notes the amended Integrated Development Plan adopted on 29 May 2009 reflected as summarised in section 5.
- [g]. Council notes the performance indicators tabled with the budget for subsequent approval by the Executive Mayor reflected in Annexure 3.
- [h]. The amended policies for credit control, debt collection and indigents as reflected in Annexure 6 are approved for the budget year 2009/10.
- [i]. The other new and/or amended budget related policies reflected in Annexure 6 are approved for the budget year 2009/10.

Section 3 - Chief Finance Officer's Introduction

BACKGROUND

Last year I said that the circumstances surrounding the 2008/09 budget contributed to it being the most complex and difficult budget in recent memory. I was wrong. The circumstances regarding the 2009/10 budget have been far more complicated, but I have no doubt that the measures and policies we are putting in place in this budget will serve Knysna well and ensure that we can go into the worst of the present recession with confidence and that they will be relevant to take full advantage of the economic upswing that will undoubtedly follow.

Having been mistaken about the circumstances surrounding the budget however, unfortunately I have been proved very correct when it got down to the detail. Last year at this time I stated that the impact of the Eskom problem would hit Knysna Municipality directly both in our cash flow and on increased debtors. It did and it has. Sadly there does not seem to be any alleviation in the forthcoming financial year and I fully expect that the cumulative effect of Eskom will lead a number of local authorities needing to be bailed out by National Treasury. Knysna so far has managed to stay afloat, but only just. The biggest irony is that National Treasury piously state in their Budget Circular that the local authority must fully justify any rate or tariff increases above 6% to our ratepayers as though this is the panacea to all ills. Even their own headline inflation estimate is sitting at 10,8% and when one considers that municipal budgeting operates approximately 18 months behind the economic cycle, trying to justify 6% is a bit of nonsense.

The simple fact is that in an economy such as Knysna which is a domestically driven economy, even a minor economic downturn is going to have seriously negative multiplier effects on the municipality in terms of its cash flow.

I also made the point last year that municipalities such as Knysna which are regionally divorced from larger population centres can simply no longer afford to contemplate large scale capital works. The Sedgefield water debacle is a classic case in point where the municipality is expected, seemingly by both other spheres of government as well as some local residents, to build an R 120 million water treatment works in a community with a municipal taxpaying base of only 2500. Knysna, on its own, with a tax base five times that of Sedgefield, could not afford those outlays. The time has come for national government to stop tinkering at the margins of local government and restructure it properly and by that I mean removing the heavy infrastructure and heavy capital components of local government, bringing in economies of scale as to how those services are managed and by extension then placing them on a financial footing that becomes meaningful and sustainable. By doing this we would also stop the perennial and increasingly irrelevant debate that takes place regarding on-going maintenance. Maintenance costs money in exactly the same way as salaries and borrowing costs and all this debate does is move money from Peter to Paul with no improvement in service delivery.

The problems that exist in municipal finance are little to do with accounting, budgeting or management. They are about who, how, why, what and where. Functionally local government in South Africa is still stuck in the 1970's and until those problems are addressed, all the concomitant financial problems will remain and indeed worsen.

Capital Budget

Knysna Municipality has a very simple financial philosophy that says our assets should be in the ground and not in the bank. People do not pay rates and taxes for their money to sit in a bank earning interest. They pay for services to be established, maintained and where possible expanded. If they wanted the money to sit in the bank they would have kept the money in their own account.

The municipality for its part has geared that money precisely to establish, maintain and expand. However in a declining economy with high interest rates, high fixed salary increases and high external tariff demands, the ability of Knysna to maintain its borrowing requirements at the necessary levels has diminished. Over the last two budgets we have deliberately reduced our borrowings and for the forthcoming financial year we are reducing them again. Apart from the lowering of our long term borrowing costs a major reason for this is to ensure that the moneys we do have are spent. Too often in the past there have been roll-overs on budgets which give a twofold impression of either poor budgeting at the departmental level or poor management in its inability to spend what it has. This budget is therefore about spending what we have and spending it on what is needed rather than indulging in esoteric planning and budgeting with limited long-term success.

Interestingly, the total capital budget is still similar to those of previous years notwithstanding the fact that housing construction will be curtailed somewhat and we are still awaiting approvals from national government as to how we can spend our flood relief moneys optimally and on the areas of greatest need.

Our borrowings have been limited to matching the co-funding requirement on our Municipal Infrastructure Grant and there is therefore little own capital revenues available in this budget.

Operating Expenditure

Local government is correctly moving to a point where its budgeting must be undertaken on a realistic cash basis. The down side of this is that unless you have meaningful cash reserves available your income must closely match your expenditure. This is all well and good in normal economic conditions but when you are faced with 16% salary increases, 20% redemption cost increases and prices for tenders, goods and services that are in excess of 200% more than other parts of the country, to put it mildly it can cause a little bit of a problem.

Serious cuts and measures have therefore had to be made to ensure this budget is affordable but meaningful. Importantly a freeze is being placed on

the filling of posts until January 2010. This is not unique in local government and in fact is being implemented in many business situations all over the world. A 16% salary increase is way beyond any rational affordability levels and seriously calls into question the current pay system in South African local government. To highlight the pay absurdity even more, a financial clerk post in both Eden District Municipality and George Municipality pays about R 120,000 per annum. The equivalent post in Knysna Municipality, which requires the same qualifications and experience, pays R 70,000. Somewhere something is totally wrong!

The issue of the difference in the costs of goods and services in the Southern Cape and most especially Knysna vis-à-vis other areas of the country is problematic but is unlikely to change in the short to medium term. This is about the economic issues of location, land and labour availability and transportation networks. It will take decades before we see material changes in these conditions. Knysna simply does not have spare land to attempt to meaningfully shift its economic profile.

Operating Income

Last year we introduced a new General Valuation roll based on market values. It was not an easy process but I am far happier we did it then rather than wait until this year. At least it is now bedded down and we can start to properly enhance our revenue from a firm basis without further massive increases.

As far back as 2003 we identified that our rate and tariff structure was somewhat less than equitable but delayed changing it materially until the new General Valuation was in place. A reason for this was the historical nature that Knysna is a tourist town needing "tourist" tariffs. The time is now right to review those tariffs, especially those which have no relationship with the ability to pay principle.

This budget therefore moves towards the scrapping of the fixed annual charges for domestic refuse and sewerage. The first step is being made in 2009/2010 by reducing these annual charges by 50%. The remaining 50% will be scrapped in 2010/11. The charges for the so-called domestic sewerage "honey-sucker" will also be scrapped.

There will be a debate in some quarters surrounding service levels, service availability and tariffs. The fact is that these are basic charges for services which exist at different levels. They bear no relationship to the actual service costs and the charging of these services is not standardised in any way on either a local or national level. Moving them into the rates brings both standardisation and equity. Interestingly in all of the models we have looked at, the amount charged in total when measured against the value of property, i.e. the service cost still remains more punitive on lower valued properties.

We have also decided that the present rebate for "rural" dwellers must be removed and this will be done over two years until parity with urban dwellers is reached. There is absolutely no justification, most especially in a market value taxation system, as to why property owners in a rural setting receive a different rebate. Previously the argument was that they did not receive the

same services but that argument nowadays does not hold water. We will be enhancing the rebate principle of rural maintenance. That is if property owners can be seen to be maintaining the environment in a cohesive, measurable and meaningful manner and in accordance with "green standards", they will receive a rebate, but the areas or properties involved must be open to the public. Gated or private open space/land will not be permitted rebates.

We will also be reviewing the current Bed and Breakfast charges and simplifying them to a system whereby those with less than 10 bedrooms will be regarded as domestic properties, but not receive any rebates and those above ten bedrooms will be regarded as businesses. There will also be stricter adherence to the zoning issues involved and a self-policing mechanism introduced by the B & B's.

BOTTOM LINE

The bottom line on this is as follows:

The capital budget will amount to some R81,5 million including R7,4 million of the December 2008 DoRA allocation awarded for flood damage caused in November 2007. The 2009/2010 budget is R13 million more than the original capital budget for 2008/09.

The new operating expenditure budget is R346 million up 14% on last year's original and 4% up on the final projected figures.

The operating revenue budget will show average rates increases of 7,5% and tariff increases of 10% but these will vary as to the extent of the incidence shift experienced from the halving of the refuse and sewer basic charges on domestic properties and the concomitant adjustment being made to the assessment rates to compensate for the necessary revenue.

CONCLUSION

This is not a budget for growth and it is not a budget with much in the way of meaningful deliverables. It is not a pretty budget and nor is it a particularly pleasing budget. This is a holding budget designed to alleviate the poorest in our community as far as possible without penalising the wealthier elements that drive our local economy and it is a technical budget in that it endeavours to place us in a position to move forward when the economy begins to improve by ensuring we have the beginnings of a positive cash position.

Unless somebody is prepared to dump a few hundred million on Knysna, or we find oil in the lagoon, we are not going to be able to equalise services or enhance services at the speed and to the level we would wish. Therefore we are stuck with doing the best we can within our own fiscal circumstances. In the last few years Knysna has expanded very rapidly and whilst this budget does not represent a pause, it may be described as a time out.

Section 4 - Budget Overview

Introduction

The main issues in regard to the budget 2009/10 are;

- A 34% increase in electricity tariffs (pending final approval of the ESKOM increases by NERSA);
- Overall spending on infrastructure of R 81,5 million in 2009/10
- R 19 million for water infrastructure in 2009/10,
- R 11 million for roads infrastructure in 2009/10,
- R 14 million for electricity infrastructure in 2009/10,
- R 32 million for housing and related infrastructure in 2009/10.

The National, Provincial and District Context

The Municipality's budget must be seen within the context of the policies and financial priorities of National, Provincial and district government. In essence, the spheres of Government are partners in meeting the service delivery challenges faced in Knysna. Knysna Municipality alone, however, cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources as well as the achievement of their own policies.

The National Context

South Africa has achieved considerable success in achieving macroeconomic stability; however, the economy is still plagued with high levels of unemployment and poverty.

The following table shows the allocations to Knysna Municipality as set out in the National Budget Division of Revenue Bill in the MTEF period;

Allocations 2009/10 - 2011/12			
	Medium Term Estimates		
R million	2009/10	2010/11	2011/12
Total Allocation	38,594	44,176	50,657
Equitable share and related	18,849	20,956	23,208
Infrastructure	20,995	21,470	25,359
Capacity building and restructuring	2,000	1,750	2,090

Provincial Government

	2009/10 Allocation (R'000)	2010/11 Allocation (R'000)	2011/12 Allocation (R'000)
Total Provincial Transfers to Knysna	32,499	38,568	45,777

In addition to the transfers, the Provincial Treasury also publishes the distribution of Provincial payments by the location of provincial payment

agencies operating in the Province. It provides some indication of the benefit incidence of provincial expenditure by district and municipalities, and hence how much government investment is going into Knysna: 10,23% of the total Provincial budget is spent in the Eden District (up from 7,73% in 2008/2009), and of that 24,01% is spent in Knysna which is an increase of 2,93% from 2008/2009.

National Treasury Budget Circular

Each year, National Treasury issues a circular to municipalities advising them of the budget parameters within which municipalities should work when preparing their budgets.

The headline CPI forecast for 2009/10, 2010/11 and 2011/12 is 5,4 percent, 5,1 percent and 4,6 percent respectively. However figures emanating from the major financial institutions suggest that these figures are more likely to be at 9 percent on average falling to 6 percent. The current estimate for 2008/09 in the MFMA Circular is 10,8 percent!

The growth parameters apply to tariff increases for property rates, user and other charges raised by municipalities and municipal entities, to ensure that all spheres of government support the national macroeconomic policies, unless it can be shown that external factors impact otherwise.

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted

prudential limits and that obligations can be met in the short, medium and long term); and

- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

Fiscal Overview of Knysna Municipality

Over the past financial years via sound and strong financial management, Knysna Municipality has moved internally to a position of relative financial stability. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management.

For the second time in three years the municipality received an unqualified audit report from the Auditor-General and in the other year it was only very technical qualifications that caused the A-G issues. As I said last year the switch over to GRAP has had huge ramifications not least amongst the professional staffing at the local government level. Knysna municipality cannot afford the salaries that are a prerequisite to GRAP. There is already a dearth of qualified accountants in South Africa and the complexities that are GRAP in local government are such that outside of the metropolitan areas it is highly unlikely that qualified accountants are going to be available to work at the salaries on offer internally and Knysna has therefore taken steps to manage the situation externally.

Long term financial planning

During the course of the financial year Knysna obtained a credit rating of Baa2 and a Baseline Credit Assessment of 12. The assessment stated... "the BCA of 12 reflects a narrow but growing local economic base that is largely dependent upon tourism. The moderate growth of Knysna over the last few years, coupled with the migration of people to the area, has increased the service delivery challenges for the municipality. Financial management and budget planning is sound, but it has to be managed within narrow financial parameters given the challenges and limited financial resources. The planned increase in Knysna's debt burden to fund the budgeted capital expenditure is expected to remain high over the medium term and will increase the risk profile of the municipality".

In many respects the credit rating was a bit like reading the transcript of a stuck record. We knew what it was going to say and unfortunately there is very little we can do about it. It will certainly not allow us access to the capital markets to any new extent, although that is not because of either the rating or the financial performance of the municipality. It is simply the fact that the appropriate lending institutions are not particularly interested in

"mini bond issues" to local authority's the size of Knysna. In retrospect therefore it is a reasonably good rating with little intrinsic value.

Budget Process 2009/10

The budget process in Knysna followed the requirements of the MFMA.

A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August 2008.

The proposed budget must be tabled in Council by the end of March 2009. A period of consultation then follows. At the culmination of the consultation process the Mayor must consider any representations and decide if any amendments should be made to the budget.

The final budget has to be agreed by Council by the end of May 2009.

The Municipality's budget is again prepared on a 3 year basis. This takes into account the National and Provincial 3 year allocations to the Municipality. It is necessary to plan and budget on a 3 year basis to take account of resource constraints and also capacity constraints on service delivery. The MFMA requires municipalities to prepare 3 year budgets to ensure more thorough financial planning and provide for seamless service delivery.

However as was the case last year, in the present uncertain economic climate, both capital and operating income and expenditure figures in the outer years are indicators of need or wish, and in some instances hope, rather than of reality.

Operating expenditure in 2009/10 is budgeted at R 346 million, a 4% increase on the revised budget i.e. projected year end expenditure for 2008/09, and 6,5% increase on the adjusted budget for 2008/09.

NERSA has yet to approve the final increase that will be allowed to ESKOM. Electricity has therefore been budgeted at the proposed increase of 34% increase as stipulated in an MFMA Circular received from National Treasury... Current income growth projections for water and sewerage have been amended to 9%, 11% and 12% for 2009/10, 2009/10 and 2010/11 respectively, however these remain subject to growth indicators of 0%, 2% and 3% respectively. The additional refuse cost associated with the closure of the "Choo-Tjoe" has necessitated an increase of 19% over two years to break even and we are also piloting the introduction of 240l "wheelie bins" in certain areas for a long term introduction.

The closure of the "Choo-Tjoe" is both an absolute tragedy and an absolute travesty for Knysna. This is a tourist region and the "Choo-Tjoe" is an iconic tourist attraction which directly and indirectly brought in millions to the local economy. Whilst one can appreciate the attitude of Transnet that "it is not in the business of running tourist trains", neither is the Knysna municipality in the business of having to put up with derelict railway sidings, railway line eyesores and generally unkempt and badly maintained Transnet infrastructure. If Transnet is not prepared to run the "Choo-Tjoe" then they should hand over the various assets involved and let the municipality work out a way to turn them into economic and tourist returns. What is happening is currently a disgrace and is at the expense of this region.

The municipality will set out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This will be done in the form of the quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). This must be agreed by the Mayor within 28 days of agreement of the final budget and forms the basis for the Municipality's in year monitoring.

Section 5 - Review of the Knysna Integrated Development Plan

Introduction

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are inter-related documents. The IDP is the budget in words, just as the budget is the IDP in figures. In the past two years comprehensive efforts have been towards ensuring that the two documents are closely link.

Second Generation IDP

The Department of Provincial and Local Government has assisted municipalities in developing a second five year IDP referred to as second generation IDP. Through this process Knysna Municipality has endeavoured to improve the participation of the public in the IDP process. Knysna Municipality has considered the IDP in line with the following National Government and Provincial Government imperatives regarding the formulation of the IDP's:

- Clear analysis and strategy
- Basic Services and Infrastructure delivery
- Community involvement
- Institutional delivery capacity - resource framework

Knysna's vision: The town that works for all

The Knysna Municipality has a vision which drives the Integrated Development Plan namely that of "The town that works for all".

The Municipality is faced with aggressive growth in the context of the Geographic Gross Product, Population Growth and general town construction mainly in the form of tourism facilities, golf courses and domestic construction.

The greatest challenge for Knysna Municipality has been to build its own absorptive capacity in order to ensure that such growth translates into economic development of the town. Critical issues for sustainability of the town's growth have been ensuring that the town has adequate infrastructure. Infrastructure investments requirements of this town far outstrip the available income. The challenge is for the Municipality to move faster in finding innovative funding options for financing capital needs.

Most recently the challenges alluded on above have resurfaced and continues to force the Municipality to act decisively. The Sedgefield water crisis is a case in point. This is happening against the backdrop of a worsening global economic crisis. This crisis has already transcended into the Municipal area of operation. Knysna Municipality has had to cut the budget by 5% across the board during the current financial year. It has been further required to consider drastic cuts to help avert over expenditure.

All of these challenges are compounding on an already existing problem of disparity between the affluent communities of Knysna and the historically disadvantaged communities which are mainly coloured and black. The Municipality is yet to find effective instruments geared at ensuring that the development of the poorest areas is gaining momentum. Council has therefore introduced what it terms "The Neighbourhood Revitalisation Programme" which hopefully will prove to be the desired response to the plight of the poor.

Partnerships with other strategic role-players must be a logical step towards addressing the challenges with which the Municipality is faced. The consolidation of relationships with the private sector is extremely crucial. National and Provincial Governments should also prove to be valuable partners. Knysna's human capital wealth must also be harnessed.

Key challenges facing Knysna

Knysna Municipality is faced with a complex set of development challenges; their outlook is consistent with the broader challenges facing local government albeit with some peculiarities:

i. Sustainable Infrastructure Investment

The rapid growth of the town has put a lot of pressure on the town's infrastructure. Bulk infrastructure needs are growing at an unprecedented rate which the Municipality is struggling to match. This however is now complicated by the stated unwillingness of Eskom to grant Knysna the additional power it requires to "grow" the town.

ii. Focused development of the previously disadvantaged

The poor communities of the Knysna areas are subjected to the worst living conditions and the Municipality is demonstrating a commitment towards poverty alleviation. Programmes with clear funding intentions are being designed for that purpose. The Neighbourhood Revitalisation Programme is the desired response to this problem.

iii. Integrated Human Settlement

The provision of housing settlements with a strong emphasis on sustainability is an important issue for Knysna Municipality. Within the context of a composite set of development needs of the previously disadvantaged, the Municipality will address the need for housing. Although some of the obstacles regarding successful housing provision are not necessarily within the control of the municipality i.e. access to land, the challenge still remains for Council to devise creative strategies to deal with this matter. In line with that the Council has engaged with the other spheres of government i.e. DWAF & Department of Public Works. The Integrated Human Settlement strategy will pave the way for future housing provision in the Knysna area; however the caveat that is Eskom needs to be repeated.

iv. The challenge of promoting Local Economic Development

The need for the diversification of the local economy through facilitating the emergence of previously underperforming sectors is an important catalyst for economic development. Our Local Economic Development strategy must focus on mainstreaming the previously disadvantaged people. Crucial to this will be the need to work in partnership with relevant stakeholders in boosting employment and fostering SMMEs.

v. The challenge of ensuring municipal financial viability

A municipality lives and dies by its ability to balance needs with resources. Knysna Municipality cannot generate sufficient resources to properly satisfy all its needs. Therefore those needs will have to be managed and dealt with in a financially sustainable manner. Promises of quick and easy solutions are simply lies.

vi. The challenge of municipal transformation and institutional development

Staff development is crucial to meet the challenges of Knysna and the new ethos of local government. The Employment Equity imperatives have to be assessed continually to ensure that Knysna Municipality's transformation remains in line with the broader transformation agenda of South Africa. Included in this must be an accelerated emphasis on growing and developing our own timber. Knysna does not have the luxury of competing in terms of salary and therefore our ability to attract qualified and quality staff is severely limited. We must therefore develop from within. The drastic increase on the interns is a good illustration of this commitment.

vii. Public Participation

Public Participation is an important feature of any democratic environment. Although the legislative environment provides adequately for public participation, Knysna Municipality is challenged to ensure that it continues to build on its successes over the last few years.

The Strategic Objectives

Seven strategic objectives have been developed to realize the vision and meet the challenges highlighted above, these are;

- 5.1 A caring and contented town
- 5.2 A successful and respected town
- 5.3 An attractive and sustainable town
- 5.4 A reliably functioning town
- 5.5 A financially sound town
- 5.6 A dynamic and welcoming town
- 5.7 A town prepared for the future

The Knysna IDP has a direct expression from the above mentioned objectives; the IDP through its strategies seeks to reinforce the strategic objectives as articulated above.

The five year IDP and the budget

The budget for the year 2009/10 is prepared in such a manner that it is a financial expression of the Integrated Development Plan. Through the Capital budget Knysna Municipality has attempted to address some of the key issues pushed out in the IDP.

The operating budget will again focus on delivering quality front-line services, encouraging economic activity and relieving poverty amongst the marginalized communities. The Operating Budget must attempt to fill the gaps regarding those issues that the capital budget has not been able to address.

It is imperative that resources are used in the most effective way to meet the needs and challenges identified in the IDP. All budgeted expenditure, both operating and capital, must clearly link to the IDP strategic objectives. This linkage will be evidenced via the Service Delivery and Budget Implementation Plan (SDBIP) which gives effect to the IDP in that it is the key document used for measuring implementation of policy in a detailed way. Each service has measurable performance objectives and indicators shown on a quarterly basis.

The SDBIP must be finalized within 28 days after the approval of the Municipality's budget and made public 14 days after that.

Section 6 - Budget 2009/10 to 2011/12; Key Figures

Summary of Operating Expenditure & Revenue by Directorate

Operating Expenditure By Directorate

	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Indicative 2010/2011 R'000	Indicative 2011/2012 R'000
Executive & Council	17,127	18,636	20,977	23,448
Corporate	9,153	7,799	8,330	8,628
Finance	6,332	6,263	6,631	7,161
Strategy	7,989	6,957	6,913	7,760
Planning	50,663	36,690	43,548	53,234
Community	59,945	65,207	71,007	76,626
Electrical	91,292	110,735	139,475	172,178
Technical	89,670	93,786	93,520	102,587
Total Operating Expenditure	332,172	346,074	390,401	451,622

Operating Revenue By Directorate

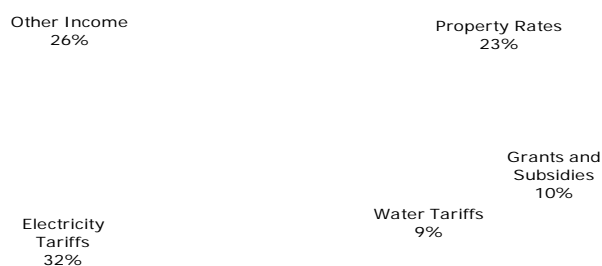
	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Indicative 2010/2011 R'000	Indicative 2011/2012 R'000
Executive & Council	2,393	3,471	4,541	4,995
Corporate	1,794	1,430	1,489	1,545
Finance	90,598	97,672	106,598	117,953
Strategy	859	5,500	3,557	5,410
Planning	54,302	34,514	39,935	51,616
Community	27,343	31,455	31,363	34,636
Electrical	101,572	133,426	172,549	220,119
Technical	68,353	86,834	81,963	87,317
Total Operating Expenditure	347,214	394,302	441,995	523,591

Summary of Operating Revenue by Funding Source

Operating Revenue By Funding Source

	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Indicative 2010/2011 R'000	Indicative 2011/2012 R'000
Property Rates	82,681	90,037	98,976	109,914
Grants and Subsidies	52,366	41,071	39,024	46,975
Water Tariffs	32,051	34,940	38,920	43,849
Electricity Tariffs	93,974	125,135	165,225	212,124
Other Income	86,142	103,119	99,850	110,729
Total Operating Income	347,214	394,302	441,995	523,591

Operating Revenue by Funding Source - 2009/2010



Summary of Capital Expenditure

Capital Expenditure by Directorate

	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Projection 2010/2011 R'000	Projection 2011/2012 R'000
Executive & Council	-	1,490	-	-
Corporate	200	-	-	-
Finance	165	700	-	-
Strategy	2,200	5,000	3,557	5,410
Planning	27,478	22,308	23,825	33,250
Community	9,883	6,051	1,000	1,779
Electrical	9,403	13,958	8,280	1,200
Technical	21,754	31,998	20,828	17,561
Total Capital Expenditure	71,083	81,505	57,490	59,200

Summary of Capital Funding

Capital Funding by Source

	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Projection 2010/2011 R'000	Projection 2011/2012 R'000
Borrowing	34,917	26,638	13,770	9,741
National Grants & Subsidies	4,978	27,786	20,720	24,459
Provincial Grants & Subsidies	27,997	20,000	23,000	25,000
District Municipality Grants & Subsidies	700	1,891	-	-
Public Contributions & Donations	1,490	1,000	-	-
Municipality Funds	1,000	4,190	-	-
Total Capital Funding	71,083	81,505	57,490	59,200

Section 7 - Directorate 3 Year Operating and Capital Budgets

This section describes Directorate budgets and highlights the capital and operating expenditure budgets and the Directorate's operating revenue.

EXECUTIVE & COUNCIL

Introduction to Directorate

The Directorate includes the Office of the Municipal Manager who is the head of Administration of the Municipality.

Medium Term Budget Summary

Executive & Council				
	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Indicative 2010/2011 R'000	Indicative 2011/2012 R'000
Operating Revenue	2,393	3,471	4,541	4,995
Operating Expenditure	17,127	18,636	20,977	23,448
Capital Expenditure	-	1,490	-	-

Main challenges facing the service over the next 3 years and proposed solutions

The main challenge is to establish an effective and representative Top Management Team that has all the skills to function in an integrated manner and to deliver on the difficult challenges which Knysna must deal with over the coming IDP cycle. The Top Management Team must ensure that a solid foundation, on which effective service delivery can take place, is established.

This will include:

- ⇒ Establishing a customer focus ethos;
- ⇒ Imbedding the principles of Batho Pele;
- ⇒ A positive work ethic and sound discipline;
- ⇒ Understanding the notion of "developmental local government" and the importance of positive community involvement in the activities of Council;
- ⇒ Enskilling our staff through more focussed training and development.

Key Deliverables

To firmly establish the corporate and individual performance measuring System to ensure that council is delivering appropriate services in an affordable and sustainable manner. Produce and innovative and dynamic reviewed IDP that will lead to significant and visible gains in service delivery and will assure the long term future of Knysna. Rigorous and comprehensive public involvement and consultation will be followed as an integral part of the IDP process.

CORPORATE SERVICES

Introduction to Directorate

Function

The Directorate Corporate Services ensures the proper functioning of all decision making structures including Council, Mayoral Committee and any standing and other committees. It is responsible for the conveying of decisions to the Directorates, sound administration, and the provision of legal advice to protect the municipality's best interests. It provides the municipality with suitable staff to meet its objectives, and provides guidance on human resource matters and co-ordinates training of staff. It takes care of administration of municipal property, insurance of municipal assets and safe-keeping of all documentation.

Disciplines

This directorate comprises the following functional areas:

- Administration
- Committee Services & Secretariat
- Human Resources
- Property Administration
- Legal Services
- Records & Archives

Medium Term Budget Summary

	Corporate			
	Revised	Budget	Indicative	Indicative
	2008/2009	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000	R'000
Operating Revenue	1,794	1,430	1,489	1,545
Operating Expenditure	9,153	7,799	8,330	8,628
Capital Expenditure	200	-	-	-

Main challenges facing the service over the next 3 years and proposed solutions

The provisioning of office accommodation for the political office bearers and staff in order to enable them to effectively execute their tasks and to render a service to the communities. The growth of the staff component is in line with service delivery areas of council.

Office space in the immediate vicinity, as of the municipal precinct is situated on the boundary of the Central Business District, is presently being rented at astronomical premium amount. The biggest challenge is to create permanent accommodation which is the property of council and in doing so, eliminate the exorbitant rental council pays to landlords. Provisions of the other facilities and venues for meetings, training, etc. must also be addressed.

Council is obliged in terms of legislation to consult with its communities on a number of matters and must therefore have a healthy ward committee system in place. The establishment of a Public Participation Unit to co - ordinate and drive the Council Public Participation Strategy and to maintain the

effectiveness of the ward committees is a high priority, but the availability of funding to finance the project is a matter of concern. The sourcing of scarce skills remains a challenge, mainly as the council cannot compete with the private sector in the open market. Budgetary resources are not available for this purpose. The appointment of other key staff in the Human Resource and legal disciplines is also restricted due to lack of funds.

Key Deliverables

- ⇒ Delivery of adequate office accommodation for the office bearers and staff
- ⇒ Establishing of a public participating unit
- ⇒ Providing administrative, legal, archival and human resource support to council and the office administration.
- ⇒ To ensure the effective functioning of council and its committees by providing them with the necessary support and infrastructure.

FINANCIAL SERVICES

Introduction to Directorate

Mission

The Directorate is committed to providing cost effective financial services to the Council, Customers and Municipal Departments in order to address the socio-economic position of the broader community of Knysna.

Function

To deliver cost effective financial services to Council, residents and Municipal Departments which address the socio-economic position of the broader community within the financial capabilities of Council.

Disciplines

The Directorate contains the following service related disciplines:

- Financial Administration
 - Budget
 - Financial Statements
 - Asset Management & Insurance
- Expenditure
 - Stores
 - Creditors & Procurement
 - Payroll
- Income
 - Debtors Billing
 - Revenue Collection
- Management Information Services
 - Data Processing
 - Management Information Reporting

Medium Term Budget Summary

	Finance			
	Revised	Budget	Indicative	Indicative
	2008/2009	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000	R'000
Operating Revenue	90,598	97,672	106,598	117,953
Operating Expenditure	6,332	6,263	6,631	7,161
Capital Expenditure	165	700	-	-

Main challenges facing the service over the next 3 years and proposed solutions

The main challenges are:

The creation of a one-stop shop within procurement that will cater for all departments and the tandem emphasis on purchasing locally and allowing for greater entry into the Knysna environment for local BEEs. The introduction of procurement targets in ensuring that the municipal spend is maximised locally. This will begin with all expenditure under the delegated amount of R 2,000 having to be local and 90% of all expenditure under the delegated

amount of R 30,000 having to be local. Targets for the delegated amount of up to R 200,000 are currently being examined.

Taking the Customer Centre and by implication the Council to a far higher level of customer care by introducing cost-effective technology throughout Council. This will involve the splitting of traditional income functions from customer functions and transferring staff accordingly.

The inability of Council to attract competent, qualified, additional accounting staff means that Council will have to (a) outsource this function on a more regular basis for the time being and (b) ensure that we are utilising technology and up-dating our financial systems as often and as far as possible. This will mean extending the VIM system where appropriate and appointing suitable service providers to assist where necessary.

All of the above place a greater emphasis on IT and we also need to deepen our skills base not only within the ICT department but throughout Council. An IT literate workforce will save Council millions which can be used for improved and extended service delivery provided we can provide suitable and relevant IT platforms.

For the most part however, the role of Finance over the next two years is to keep the municipality going, i.e. oiling the wheels of the municipality with what little money we have in as an efficient manner as possible. That means there will be a heavier emphasis on internal financial control than in the past.

Key Deliverables

- Creation of a dedicated taxation section to maximise revenue opportunities
- Customer Care Implementation Plan and System
- ICT skills identification and training plan for all staff in conjunction with Human Resources
- VIMS expansion plan
- Strengthened core financial management centre

STRATEGIC SERVICES

Introduction to Directorate

The Directorate is the most recent to be established by Knysna Municipality. It is an embodiment of the developmental local government which is the overarching character of local government in the current conjuncture.

Function

The Directorate's function is to ensure that Knysna Municipality develops a sound strategic direction and further ensure that such a strategic direction is properly captured in all the principal planning documents of Knysna Municipality which would include the Budget and the Departmental Plan.

The Directorate is further charged with the responsibility of poverty alleviation through a clear and sound strategy to deal with poor communities; this is expected to be further enabled by the development and implementation of a Local Economic Development Plan.

Disciplines

The following are disciplines of the Directorate:

- Integrated Development Plan
- Community Based Planning
- Organisational Performance Management Systems
- International Relations
- Inter Governmental Relations
- Local Economic Development
- Neighbourhood Revitalisation Programme
- Sport Development
- Annual Report

Medium Term Budget Summary

	Strategy			
	Revised	Budget	Indicative	Indicative
	2008/2009	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000	R'000
Operating Revenue	859	5,500	3,557	5,410
Operating Expenditure	7,989	6,957	6,913	7,760
Capital Expenditure	2,200	5,000	3,557	5,410

Main challenges facing the service over the next 3 years and proposed solutions

- The review of the second generation Integrated Development Plan and proper monitoring of its implementation.
- Writing of the Municipality's Local Economic Development Plan and identification/implementation of bankable LED Plan.
- Facilitate the Development of Township Economies.
- Ensure Proper Alignment of the PMS/IDP and BUDGET.
- Facilitate access to sport facilities by the youth.

- Ensure that the Council achieve sound Inter Governmental Relations.
- Collation of the Annual Report

Key Deliverables

- Annual Report
- Reviewed IDP
- Local Economic Development Plan
- SMME Growth
- Township Development Plans
- Decent Sport Infrastructure
- LED Projects
- Project Based International Partnerships
- Visible change in the living condition of the poor people.

PLANNING AND DEVELOPMENT SERVICES

Introduction to Directorate

Mission

The Directorate is committed to providing cost effective planning and development services to the Council, Clients and Municipal Departments in order to address the socio-economic position of the greater community of Knysna.

Function

To deliver cost effective planning and development services to the public of the Greater Knysna Municipal Area, within the framework of scarce resources, environmental requirements and socio-economic objectives.

Disciplines

The Directorate contains the following service related disciplines:

- Town Planning and Building Control
 - Spatial planning
 - Major land use applications
 - Minor land use applications
 - Building Control
- Integrated Human Settlement
 - Housing letting
 - Housing Administration
 - Housing Development
- Environmental Management
- Land reform

Medium Term Budget Summary

	Planning			
	Revised	Budget	Indicative	Indicative
	2008/2009	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000	R'000
Operating Revenue	54,302	34,514	39,935	51,616
Operating Expenditure	50,663	36,690	43,548	53,234
Capital Expenditure	27,478	22,308	23,825	33,250

Main challenges facing the service over the next 3 years and proposed solutions

The Vision 2020 and Flenters/Robololo/Concordia projects are progressing well. However, based upon the drastic decrease in Council's contribution to housing, the roll out of housing will diminish significantly. The Municipality has also been informed that Provincial allocations will be leaner and the opportunities for accessing unspent funds are decreasing.

The focus will be on increasing the variety and affordability of housing over the next three years. Projects include Heidevallei and Hornlee Affordable Housing Development in conjunction with ABSA bank; the investigation into

the back yarders upgrade program, for which Knysna is a pilot study for the Western Cape; the development of Community Residential Units and further investigation of sites suitable for gap housing. The Karatara planning is almost complete and provides a wonderful opportunity for tenure upgrade within an integrated development.

The Municipality will also be focussing on the Youth in Housing, Women in Construction and the incubation of SMMEs within the housing roll-out. The Housing Consumer Program will assist in educating and informing new home owners of their rights and responsibilities.

Council will maintain its policy of zero-tolerance for illegal structures as it strives to meet the 2014 target. However, given the current economic crisis the search by the urban poor for job opportunities and living space will continue to ensure that the Municipality is challenged in this regard.

The Municipality has been identified as a Built Environment Support Program member. This project, over the next three years, will look at expanding and developing the Integrated Human Settlement Strategy and the Spatial Development Framework into credible and sustainable project-linked strategies.

The sourcing of professional staff is extremely critical not only from the National scarcity but the local conditions of high cost of living in Knysna. Three of the four departments are operating on 50% or less professional capacity, indeed the Land Reform section has no staff at all. These are extremely worrying statistics in the light of our current and future development needs. The Council will be paying a premium for this lack of capacity and will have to compensate with contractors and consultants. This must be seen against the background of the budget cuts and cost-saving requirements. Indeed all our highly capable staff are horrendously stretched and ultimately stressed as to their capacity.

The increased demands and stringent requirements of Environmental Management means that detailed planning and EIA approvals will now have to be undertaken by Council well ahead of any proposed development in order that the required assurances can be given to these Environmental authorities that the Council can provide the service. Funding will have to be provided earlier for this planning process not to delay developments. The existing skills and capacity gap in the EM Department is thus of great concern.

Cost saving initiatives

- No spatial planning
- No new vehicles required by Housing
- Decrease in fuel
- Decrease in 90% operating votes by at least 5%
- Limited use of external professional consultants
- Minimising Council contribution for housing

Key Deliverables

The key deliverables (in broad terms) over the next three years will be:

- Increasing and maintaining sufficient professional, administrative and supervisory capacity.
- Finalization of at least two SDF studies.
- Finalisation of the BESP program.
- Finalisation of the Back yarders upgrades social and technical studies.
- Finalisation of Own Haven Phase I.
- Finalisation of the Sedgefield Infill project.
- Commencement of transfer of Karatara properties.
- Commencement of the Community Residential Units project.
- Grant funding for housing must be exploited to its maximum.
- Infrastructure and maintenance planning must be completed to allow for future development in Rheenendal, Sedgefield, and parts of Hornlee and Karatara.

COMMUNITY SERVICES

Mission

To give effect to the developmental mandate contemplated in Sec 153 of the Constitution by rendering acceptable standards of service relating to the key performance areas of this directorate so as to ensure an environment conducive to optimal personal growth.

Function

To deliver effective community services to the residents of, and the visitors to, the Greater Knysna Municipal Area.

Key Performance Areas

The Directorate contains the following key performance areas:

- **Solid Waste:**
 - Waste Management [Waste Collection & Cleansing]
 - Street Cleaning
 - Refuse Removal and Transfer Station
 - Sanitation
 - Cemeteries
- **Library Services**
 - Museums
 - Arts & Culture
 - Heritage
- **Parks & Recreation:**
 - Parks
 - Recreational Areas
 - Sport fields
 - Swimming Pool
- **Protection Services:**
 - Fire Brigade
 - Law Enforcement
 - Traffic Policing, Drivers Licences & Vehicle Licensing
 - Disaster Management

Medium Term Budget Summary

	Community			
	Revised	Budget	Indicative	Indicative
	2008/2009	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000	R'000
Operating Revenue	27,343	31,455	31,363	34,636
Operating Expenditure	59,945	65,207	71,007	76,626
Capital Expenditure	9,883	6,051	1,000	1,779

Main challenges facing the service over the next 3 years and proposed solutions

Knysna 2010 Base Camp Bid

Should Knysna be identified as a base camp for some of the international teams, this will undoubtedly further strain the already limited financial resources. The biggest challenge in hosting a team is the fact that very little time is allowed for planning and budgeting and with the cost-cutting initiatives already implemented, presenting the Knysna Municipal to our international visitors, will not only be a huge challenge, but a welcome one.

Department: Solid Waste

Land availability for a new cemetery remains a challenge.

A positive Record of Decision was issued for the development of garden refuse sites and four sites are being developed for this use. The existing site [Old Place] will be closed and the area rehabilitated.

Council also resolved to actively participate in the Regional Waste Management plan the result of which will be transporting our waste to a regional landfill site.

Department: Libraries, Heritage, Arts and Culture

The recruitment and retaining of suitably qualified individuals remains a challenge and impacts negatively on service delivery. Strong efforts are made to promote on Urban Heritage in the older established historically disadvantaged areas.

Department: Parks and Recreation

Alien eradication and the overgrowing of our open spaces has become a huge challenge with criminal elements further exacerbating this problem by using these areas for their activities. Areas such as these are identified in conjunction with SAPS and are cleared by contractors.

The over-utilisation of sport fields remains a challenge and this directorate is looking forward to, in conjunction with the Strategic Services Directorate, access/apply for funds for upgrades.

Department: Protection Services

In this department, serious challenges are faced in the Divers Licence section due to resignations and special attention needs to be given to this challenge so as to reduce the waiting periods by applicants.

Traffic Law Enforcement is ongoing and the implementation of the AARTO [Administration Adjudication of Road Traffic Offences] Act will have a big impact on motorists and related administrative functions of the Traffic Department.

Cost Saving Initiatives

Operationally the budget for the directorate has already been adjusted downwards by an average 12%. This will directly affect service delivery and Managers have been requested to, from July 2009, exercise very close control over their operational expenditure and to come up with innovative ways to cut costs.

Key Deliverables

- Ensure effective and efficient management and utilization of open spaces
- To improve and maintain the horticultural aspects of Knysna Municipality
- To ensure safe and available sport and recreational services.
- To expand the Library service via suitcase and container libraries
- To increase the availability of family literacy, ECD and ABET
- To promote local heritage
- To ensure diverse and relevant displays and collections
- Ensure an effective functioning of the Waste management
- Ensure effective and efficient management of the burial and cemetery services.
- Ensure a clean and welcoming municipal area
- Ensure clean and well maintained public toilet facilities within Knysna area

ELECTRICAL SERVICES

Introduction to Directorate

Disciplines

The Electro Technical Engineer's Department undertakes the following functions:

- Electricity Administration & Distribution
- Street Lighting
- Mechanical Workshop

Medium Term Budget Summary

	Electrical			
	Revised	Budget	Indicative	Indicative
	2008/2009	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000	R'000
Operating Revenue	101,572	133,426	172,549	220,119
Operating Expenditure	91,292	110,735	139,475	172,178
Capital Expenditure	9,403	13,958	8,280	1,200

Main challenges facing the service over the next 3 years and proposed solutions

- To deliver an electrical supply which complies with the minimum standards as required by NRS 047 and NRS 048.
- To ensure the electrical infrastructure is adequate to supply the demand for electrical supply within the limitations of the available funding.
- To be able to attract suitably qualified and skilled staff to Knysna taking into consideration the imbalance between the cost of living and the salaries offered in Knysna/Sedgefield.

Capital Investment - Highlights over the next 3 years

The densification policy is placing an increased burden on the existing electrical infrastructure which was not designed to supply the type of development being experienced. Funding of the upgrading of the existing networks remains difficult as result of the high cost of funding the above projects.

Key Deliverables

Ensure minimum power outages in all areas

Ensure all formal residents have electrical supply

Ensure losses in the electrical system be kept to a minimum

TECHNICAL SERVICES

Introduction to Directorate

Function

The Technical Services directorate provides civil engineering services for the public of Knysna. As such the Directorate operates a central office in Knysna and two area offices namely, the Belvidere Area office, serving Brenton, Belvidere and Rheenendal and the Sedgefield Area office, serving Buffalo Bay, Sedgefield and Karatara.

The function of the Directorate is to provide cost effective civil engineering services within the framework of scarce resources, environmental requirements and socio-economic objectives of the broader community of Knysna.

Disciplines

The Technical Services Directorate contains the following service related disciplines.

- Civic Buildings
 - ⇒ Maintenance and construction management of all municipal buildings.
- Public works
 - ⇒ Maintenance and construction of streets and storm water systems and construction of ad hoc projects such as sports fields.
- Sewerage Treatment Services
 - ⇒ Maintenance, construction and operation of Waste Water Treatment Plants (WWTP). The following plants are in operation:
 - Knysna WWTP
 - Brenton WWTP
 - Belvidere WWTP
 - Rheenendal WWTP
 - Sedgefield WWTP
 - Karatara WWTP
- Sewerage Reticulation Services :
 - ⇒ Maintenance, construction and operation of sewerage reticulation network and pump stations. There are 70 municipal sewerage pump stations in the Greater Knysna.
- Water Treatment Works
 - ⇒ Maintenance, construction and operation of raw water supply schemes and water purification facilities. The following supply schemes are operated:
 - ⇒ Knysna: water supplies from Knysna River, Gouna River and Glebe Dam and Knysna Water Treatment Plant (WTP).
 - ⇒ Belvidere and Brenton borehole and treatment systems
 - ⇒ Rheenendal: water supplies from Homtini river and Rheenendal WTP
 - ⇒ Buffalo Bay: water supplies from Goukamma river and Buffalo Bay WTP
 - ⇒ Sedgefield: water supplies from Karatara River and Sedgefield WTP.

- ⇒ Karatara: water supplies from Karatara River and Karatara WTP.
- Water Reticulation Systems
 - ⇒ Maintenance, construction and operation of water reticulation network and potable water reservoirs, there are 38 reservoirs in the greater Knysna.

Medium Term Budget Summary

Technical				
	Revised 2008/2009 R'000	Budget 2009/2010 R'000	Indicative 2010/2011 R'000	Indicative 2011/2012 R'000
Operating Revenue	68,353	86,834	81,963	87,317
Operating Expenditure	89,670	93,786	93,520	102,587
Capital Expenditure	21,754	31,998	20,828	17,561

Main challenges facing the service over the next 3 years and proposed solutions

The bulk service infrastructure of water supplies and sewerage treatment has reached capacity to provide for the needs of the Town and its areas. The challenge will be find funding for these projects to meet the development demands of the growth of Knysna. In some cases development will have to be curtailed until financial resources are available. As most of these bulk infrastructure projects have extended planning cycles 5 years or more it must also be ensured that the planning momentum is not lost.

Local services also require replacement or upgrading either due to ageing infrastructure or additional demands of development. Again funding will be critical and where possible funding from new developments will be utilized for this purpose. The use of a dedicated services augmentation fund is essential.

In establishing local infrastructure Council will have to go further in it's planning than before due to the stringent requirements of the Environmental Departments. Detail planning and EIA approvals will now have to be undertaken by the Council well ahead of any proposed development in order that the required assurances can be given to these Environmental authorities that the Council can provide the service. Funding will have to be provided earlier for this planning process not to delay developments.

The support of Government in the form of direct support for funding from the Department of Water Affairs and Forestry is going to be essential their position that basic water supplies are met is insufficient to deal with the needs of a growing economy.

In the light of the need of the essential services for funding, roads infrastructure is also going to take a back seat. Roads infrastructure improvement will be dependent on Provincial and National Roads funding or from levies on new developments. Council will actively be pursuing these sources.

The sourcing of technical staff is extremely critical not only from the National scarcity but the local conditions of high cost of living in Knysna. The Council will be paying a premium for this lack of in house resources from artisans to engineers and will have to compensate with contractors and consultants. Consultants will have to be used more and more for administrative and supervising functions. Learner programs and mentoring opportunities will also be explored.

Capital Budget 2009/10

Although the Capital budget now includes the additional DoRA allocation made in December 2008 that related to the flood damage from November 2007, there still remains to be finalised the utilisation of the previous DoRA allocation for the flooding in Sedgefield due to the outstanding resolution of the grant funding from Disaster Management.

Subsequent to the draft budget, provision for the following projects has been made in the approved 2009/2010 budget:

- Repair to sea walls, with specific emphasis on Leisure Isle
- Concordia road taxi route over run
- Glebe pipeline
- Sedgefield desalination water supply (Partial provision pending remaining outcome of Disaster Management)

The following projects are considered to be committed but remain unfunded or only partly funded depending on the remaining grant funding decision:

- Eastford raw water pump station: R 2,000,000; *current renovation of pumps for better assurance of supply*
- Raise Akkerkloof dam: R 600,000; *postponed water augmentation project due to funding required for pumps*
- Water augmentation and licenses: R 2,000,000; *essential to maintain the momentum of planning for water sources.*

The above are really committed projects and every effort should be made to fund them.

There are Capital projects where the implication of not doing them has been brought to the Councils attention but no budget is available. These are unfunded priorities and will negatively affect the growth of the town if not proceeded with, for example:

- Knysna Sewer works extension: R 38,000,000; *EIA has been completed and capacity is soon to be exceeded which will have a detrimental effect on the effluent to the lagoon*
- N2/Nekkies intersection: R 5,500,000; *road safety at the intersection is very poor, SANRAL have offered to fund 50%*
- Buffalo Bay water works improvements R 2,000,000; *chemical quality of the water cannot be improved with the existing plant*

- Sedgefield sewer works upgrading: R 16,000,000; *current DWAF license has been withdrawn as standards cannot be achieved.*

Operating Budget: 2009/10

R93,8 million was allocated for operating costs to Technical Services Directorate for 2009/10. After the allocation of funds to the fixed cost elements of items such as electricity supplies, chemicals for water treatment and operational contracts, the following is a summary of the effects of the restriction in operating budget. It must also be noted that the R93,8 million is only R4 million more than the expected expenditure for 2008/09 and nowhere near the requirements for 2009/10.

- Repairs and maintenance of Civic Buildings: This vote includes offices and various departments' buildings. The proposed budget has been kept at the same figures as 2008/09 and implies no refurbishment or major renovations, only essential breakages and repairs will be possible. The 2008/09 budget was depleted in January 2009 and cost increases next year will mean less work will be possible. The provision for maintenance for staff accommodation was already overspent in November 2008 and the new budget will again only allow for repairs to breakages and minor maintenance. Housing and offices are deteriorating without sufficient maintenance.
- Resealing of roads: No provision has been possible for resealing of roads in 2009/10. From the report that recently served before the ID & HIS committee it was clear that R 10-16 million was required over the next two years to catch up with the resealing program. This means next year R16 million will be required for this purpose. Roads that cannot be effectively patched will have to be returned to gravel roads.
- Re-gravelling of roads: Expenditure has been reduced below 2008/09 figures and had to be supplemented with funds from hire charges. With cost escalation this implies that 8 km of gravel roads can be attended to out of a total of 46,5 km of gravel roads in the Greater Knysna.
- Water and Sewerage infrastructure: repairs and maintenance; only funding for breakages and blockages has been provided. Very little funding is available for preventative maintenance, some camera work on pipelines where there are problems is possible but the following will not be able to be undertaken:-
 - Ø Replacement of old pipelines.
 - Ø Cleaning of pipelines and reservoirs
 - Ø Investigations into pollution sources
 - Ø Replacement of water meters.
 - Ø Provision of meters for housing schemes

The sections will function even more on a reactive basis, rather than a proactive basis, than in the past and inflation will severely impact on available funds for maintenance. The budget makes asset management a pipe dream for the foreseeable future.

Key Deliverables

The key deliverables over the next three years in broad terms are:

- Sufficient Technical administrative and supervising capacity.
- Finalization of feasibility studies and approvals for Knysna's additional water resources.
- Completion of emergency measures for water supplies.
- Upgrading of Sedgefield waste water treatment plant.
- Extension of Knysna's waste water treatment plant.
- Completion of Master Plans for water and sewer services to meet the demands for development indicated by the Spatial Development Plan.
- Upgrading of the major water and sewer reticulation for Knysna.
- Detail planning and approvals for water and sewer infrastructure for development areas.
- Funding for maintenance of infrastructure on an annual basis to ensure the level of service is met.
- Grant funding for infrastructure is exploited to its maximum.
- Infrastructure and maintenance planning must be completed so that when funding is available the projects can be promptly implemented.
- Interface with National Roads agencies for the planning and construction of the toll highway for Knysna and Sedgefield.
- Levering of additional financial sources for both Capital projects and operations.

The challenge remains scarce human resources and scarce financial resources.

Annexure 1 - National Treasury Required Budget Schedules, Supporting Tables and Charts

The budget schedules 1 to 4 contained in this annexure have been introduced by National Treasury with the aim of ensuring transparency and consistency between municipalities in the presentation of their budget information.

The schedules relate to section 17 of the Municipal Finance Management Act which states "An annual budget of a municipality must be a schedule in the prescribed format". When agreeing the budget, the Council's resolution must refer to these budget schedules.

The supporting tables and graphs are not part of the prescribed format and are included to assist users' understanding of the information.

The schedules include the use of Government Finance Statistics (GFS) classifications. The use of these tables should allow for a more meaningful comparison between municipalities although any such comparison should still be treated with a degree of caution until the new GRAP accounting standards are common to all local authorities.

Annexure 1 (a) - Budget Schedules, Tables & Graphs

Schedule 1 - Revenue by Source

SCHEDULE 1 REVENUE BY SOURCE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Indicative R'000	Indicative R'000
	A	B	C	D	E	F	G
<u>Operating Revenue by Source</u>							
Property rates	58,235	78,581	78,283	80,873	87,845	96,430	107,085
Property rates - penalties imposed	1,442	1,625	1,625	1,808	2,192	2,546	2,829
Service charges - electricity revenue from tariff billings	72,225	88,597	100,150	93,974	125,135	165,225	212,124
Service charges - water revenue from tariff billings	27,791	35,728	35,728	32,051	34,940	38,920	43,849
Service charges - sanitation revenue from tariff billings	11,914	13,483	13,483	13,838	15,012	16,640	18,668
Service charges - refuse removal from tariff billings	12,483	14,360	14,360	14,329	15,561	17,285	19,425
Service charges - other	9,424	5,480	5,480	4,633	3,821	3,744	3,837
Regional Service Levies - turnover							
Regional Service Levies - remuneration							
Rental of facilities and equipment	2,821	2,589	2,589	2,400	2,580	2,751	2,924
Interest earned - external investments	6,226	6,530	6,530	6,274	5,648	5,365	5,419
Interest earned - outstanding debtors	3,404	3,805	3,805	4,507	4,840	5,224	5,662
Dividends received							
Fines	1,575	1,276	1,276	1,825	1,912	2,053	2,267
Licenses and permits	1,497	1,466	1,466	1,454	1,373	1,373	1,373
Income for agency services	1,717	1,728	1,728	1,695	1,695	1,695	1,695
Government grants & subsidies - operating	38,681	33,429	49,295	52,366	41,071	39,024	46,975
Government grants & subsidies - capital	38,024	26,358	27,237	34,276	49,677	43,720	49,459
Public contributions & donated or contributed PPE	6,550	0	577	890	1,000	0	0
Gain on disposal of property plant and equipment	302	100	100	22	0	0	0
Total Revenue By Source	294,312	315,135	343,712	347,214	394,302	441,995	523,591

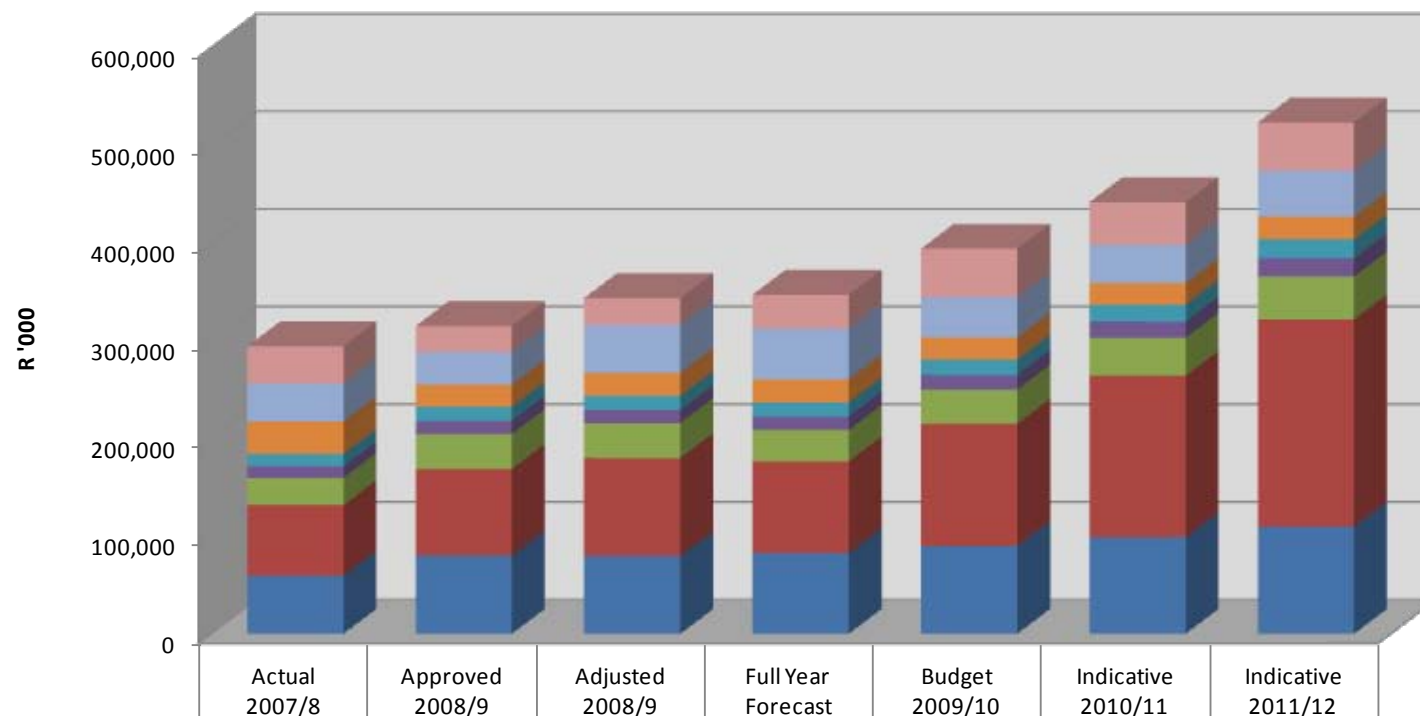
Column Definitions:

- The audited actual for 2007/08 per the audited financial statements.
- The original budget approved by council for the 2008/09 budget year.
- The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
- The amount to be appropriated for the 2009/10 budget year.
- The indicative projection for 2010/11
- The indicative projection for 2011/12

Notes:

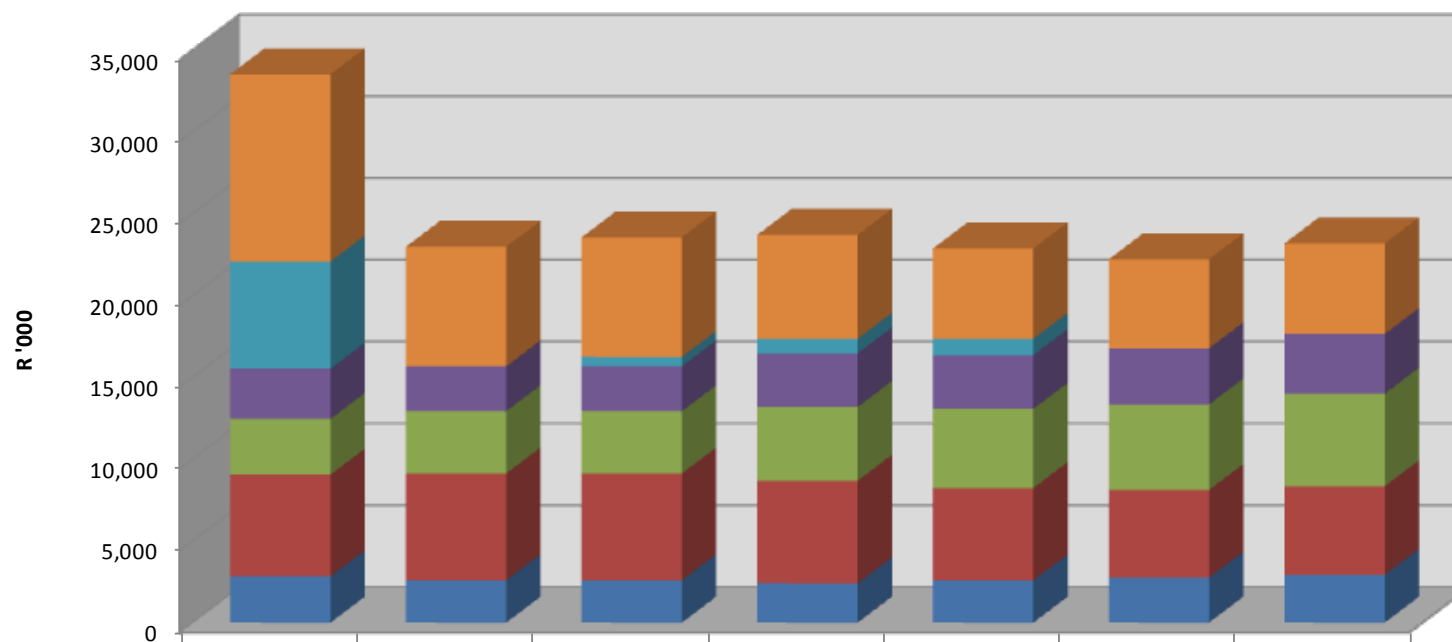
- Income foregone is included in Property Rates and Service Charges

Revenue by major source (see next chart for breakdown of other income)



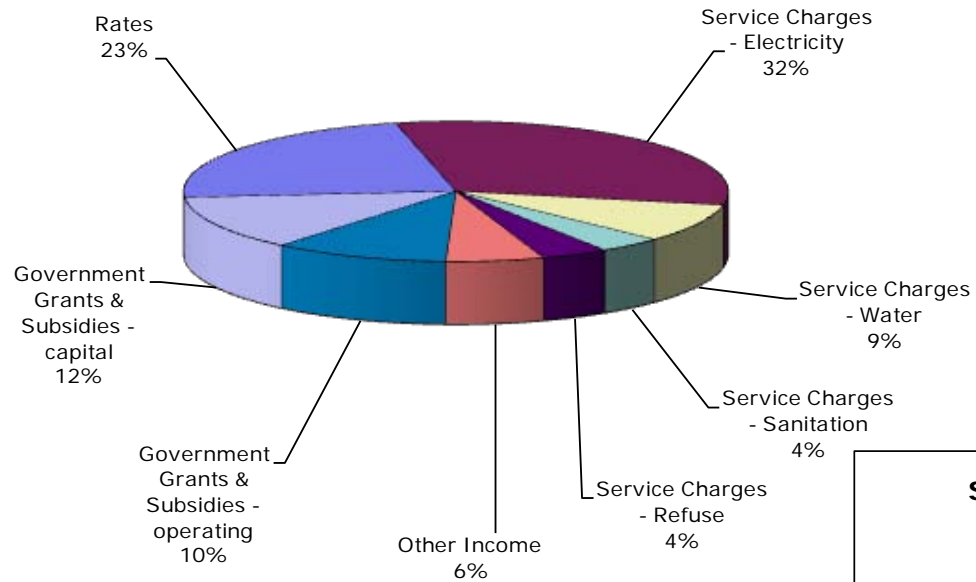
Government Grants & Subsidies - capital	38,024	26,358	27,237	34,276	49,677	43,720	49,459
Government Grants & Subsidies - operating	38,681	33,429	49,295	52,366	41,071	39,024	46,975
Other Income	33,517	22,974	23,551	23,700	22,869	22,205	23,177
Service Charges - Refuse	12,483	14,360	14,360	14,329	15,561	17,285	19,425
Service Charges - Sanitation	11,914	13,483	13,483	13,838	15,012	16,640	18,668
Service Charges - Water	27,791	35,728	35,728	32,051	34,940	38,920	43,849
Service Charges - Electricity	72,225	88,597	100,150	93,974	125,135	165,225	212,124
Rates	59,677	80,206	79,908	82,681	90,037	98,976	109,914

Revenue by minor source (breakdown of Other Income from previous chart)

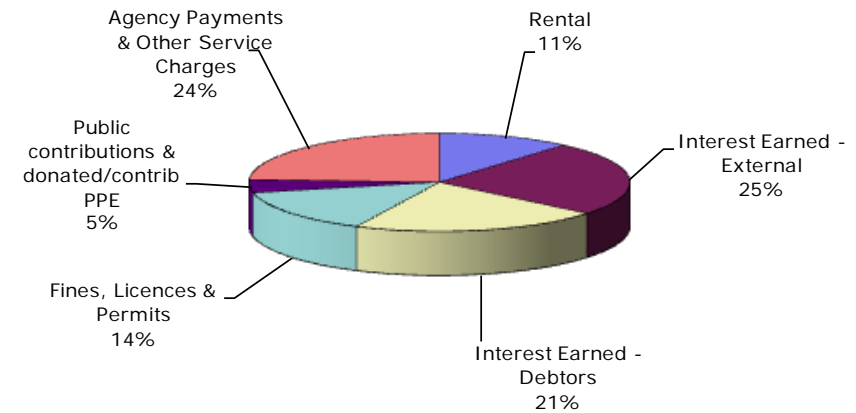


	Actual 2007/8	Approved 2008/9	Adjusted 2008/9	Full Year Forecast 2008/9	Budget 2009/10	Indicative 2010/11	Indicative 2011/12
Agency Payments & Other Service Charges	11,444	7,308	7,308	6,350	5,516	5,439	5,532
Public contributions & donated/contrib PPE	6,550	0	577	890	1,000	0	0
Fines, Licences & Permits	3,072	2,742	2,742	3,278	3,285	3,426	3,640
Interest Earned - Debtors	3,404	3,805	3,805	4,507	4,840	5,224	5,662
Interest Earned - External	6,226	6,530	6,530	6,274	5,648	5,365	5,419
Rental	2,821	2,589	2,589	2,400	2,580	2,751	2,924

Schedule 1 - 2009/2010 Revenue by Major Source



Schedule 1 - 2009/2010 Revenue by Minor Source



Schedule 1(a) - Revenue by Vote

SCHEDULE 1 (a)	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
EXECUTIVE & COUNCIL	2,301	2,474	2,474	2,393	3,471	4,541	4,995
Council General Expenses	1,693	1,751	1,751	1,670	2,678	3,695	4,056
Municipal Manager	608	723	723	723	793	846	939
CORPORATE SERVICES	1,923	1,438	1,438	1,794	1,430	1,489	1,545
Director: Corporate & Administration	1,675	1,282	1,282	1,066	1,194	1,253	1,309
Human Resources	249	156	156	728	236	236	236
FINANCIAL SERVICES	68,407	88,454	88,156	90,598	97,672	106,598	117,953
Director: Finance	153	400	400	400	500	750	840
Assessment Rates	59,677	80,206	79,908	82,681	90,037	98,976	109,914
Budget & Treasury	8,562	7,831	7,831	7,511	7,128	6,865	7,192
Information Technology	16	17	17	6	7	7	7
STRATEGIC SERVICES	615	1,372	1,472	859	5,500	3,557	5,410
PLANNING & DEVELOPMENT	50,211	28,394	43,472	54,302	34,514	39,935	51,616
Building Control & Town Planning	2,623	1,733	1,733	1,099	991	960	987
Housing	47,588	26,661	41,739	53,203	33,523	38,975	50,629
COMMUNITY & SOCIAL SERVICES	24,232	27,039	26,326	27,343	31,455	31,363	34,636
Cleansing	17,880	20,863	20,133	20,522	22,199	24,445	27,354
Library & Heritage	425	757	774	972	2,877	855	966
Parks & Recreation	903	859	859	847	888	933	976
Public Safety	5,024	4,560	4,560	5,001	5,491	5,130	5,340
ELECTRICAL SERVICES	80,856	93,777	107,468	101,572	133,426	172,549	220,119
TECHNICAL SERVICES	65,766	72,187	72,906	68,353	86,834	81,963	87,317
Director: Technical	679	429	852	871	603	753	903
Public Works	7,652	1,104	9,133	7,253	12,953	4	4
Water & Waste Water Purification	18,170	17,619	18,209	18,539	18,549	28,824	36,426
Water & Waste Water Reticulation	39,265	53,035	44,712	41,689	54,729	52,382	49,984
OPERATING REVENUE BY VOTE	294,312	315,135	343,712	347,214	394,302	441,995	523,591

Notes:

1. Income foregone is included against the votes where the revenue is recognised.

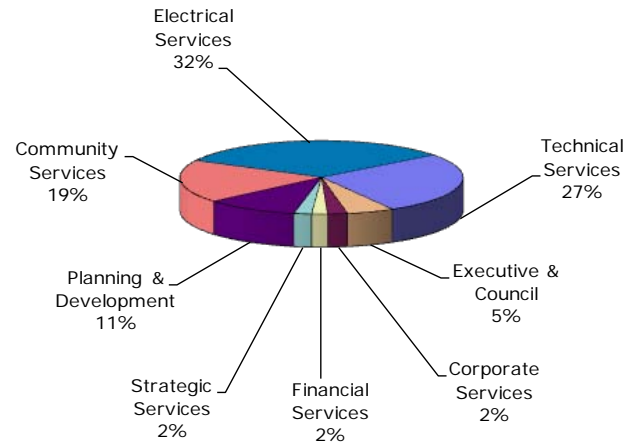
Schedule 2 - Operating Expenditure by Vote

SCHEDULE 2 OPERATING EXPENDITURE BY VOTE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year	Budget Year +1	Budget Year +2
					2009/10	2010/11	2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Indicative R'000 F	Indicative R'000 G
Executive & Council	20,141	17,105	15,358	17,127	18,636	20,977	23,448
Council General Expenses	19,555	15,723	14,107	15,847	17,843	20,131	22,509
Municipal Manager	586	1,383	1,251	1,280	793	846	939
Corporate Services	7,101	7,624	7,308	9,153	7,799	8,330	8,628
Director: Corporate	1,058	2,031	1,852	2,011	2,612	2,745	2,666
Administration & Human Resources	6,043	5,593	5,456	7,142	5,187	5,585	5,962
Financial Services	5,245	5,379	5,821	6,332	6,263	6,631	7,161
Director: Finance	4,601	4,218	4,626	4,530	5,102	5,627	5,958
Assessment Rates	-15,787	-16,142	-15,530	-15,486	-17,066	-18,773	-20,249
Budget & Treasury Office	17,337	17,364	16,801	17,357	18,220	19,770	21,446
Information Technology	-906	-60	-77	-69	7	7	7
Strategic Services	4,683	7,933	7,647	7,989	6,957	6,913	7,760
Planning & Development	38,946	38,266	47,961	50,663	36,690	43,548	53,234
Director: Planning	-	-	1,251	1,243	1,618	1,712	1,987
Building Control & Town Planning	4,221	5,765	5,680	5,744	6,477	7,002	7,604
Housing	34,724	32,501	41,030	43,676	28,596	34,835	43,643
Community & Social Services	54,722	57,810	58,367	59,945	65,207	71,007	76,626
Director: Community	93	-15	-376	-443	-	-	-
Cleansing	23,357	25,404	25,454	25,547	28,637	30,991	33,387
Library & Heritage	5,556	6,493	6,770	7,688	8,714	9,789	10,855
Parks & Recreation	10,935	10,696	10,675	10,705	11,123	11,936	12,735
Public Safety	14,781	15,233	15,844	16,449	16,732	18,290	19,650
Electrical Services	71,061	83,867	95,737	91,292	110,735	139,475	172,178
Technical Services	79,600	80,194	87,176	89,670	93,786	93,520	102,587
Director: Technical	783	418	625	1,419	603	753	903
Public Works	33,696	29,890	34,318	34,921	36,836	31,397	34,428
Water & Waste Water Purification	13,775	15,669	16,114	15,841	18,324	20,303	22,448
Water & Waste Water Reticulation	31,346	34,218	36,119	37,489	38,023	41,067	44,808
OPERATING EXPENDITURE BY VOTE	281,499	298,179	325,374	332,172	346,074	390,401	451,622

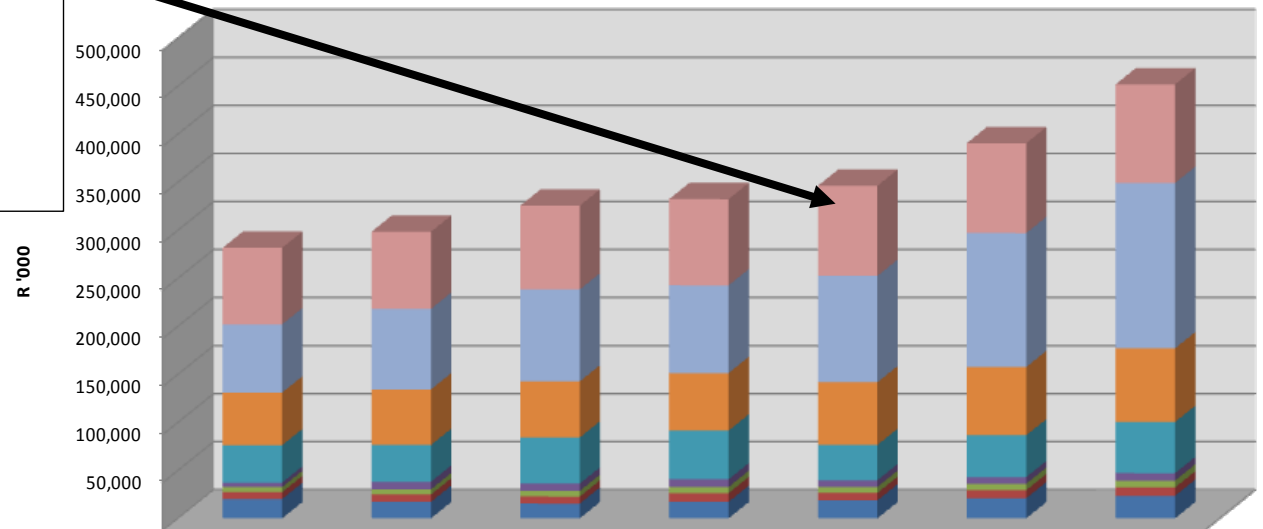
Note:

Operating expenditure is reflected after inter-departmental charges have been taken into account; i.e. the total cost of primary services is reflected.

2009/2010 Operating Expenditure by Directorate (Vote)



Operating Expenditure by Vote



	Actual 2007/8	Approved 2008/9	Adjusted 2008/9	Full Year Forecast 2008/9	Budget 2009/10	Indicative 2010/11	Indicative 2011/12
Technical Services	79,600	80,194	87,176	89,670	93,786	93,520	102,587
Electrical Services	71,061	83,867	95,737	91,292	110,735	139,475	172,178
Community Services	54,722	57,810	58,367	59,945	65,207	71,007	76,626
Planning & Development	38,946	38,266	47,961	50,663	36,690	43,548	53,234
Strategic Services	4,683	7,933	7,647	7,989	6,957	6,913	7,760
Financial Services	5,245	5,379	5,821	6,332	6,263	6,631	7,161
Corporate Services	7,101	7,624	7,308	9,153	7,799	8,330	8,628
Executive & Council	20,141	17,105	15,358	17,127	18,636	20,977	23,448

Schedule 2(a) - Operating Expenditure by GFS Classification

SCHEDULE 2(a) OPERATING EXPENDITURE BY GFS	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
					Budget R'000 E	Indicative R'000 F	Indicative R'000 G
Executive & Council	20,141	17,105	15,358	17,127	18,636	20,977	23,448
Finance & Admin	22,443	26,376	25,298	28,522	26,674	28,087	30,348
Planning & Development	4,221	5,765	6,931	6,987	8,077	8,700	9,585
Health	2,862	2,813	3,022	3,116	3,447	3,744	4,028
Community & Social Services	6,549	7,659	7,798	8,822	10,052	11,238	12,401
Housing	34,724	32,501	41,030	43,676	28,596	34,835	43,643
Public Safety	12,931	13,214	13,782	14,375	14,434	15,802	16,976
Sport and Recreation	10,935	10,696	10,675	10,705	11,123	11,936	12,735
Waste Management	17,438	19,082	18,992	18,846	21,000	22,690	24,444
Waste Water Management	19,047	20,044	20,441	20,238	25,311	26,671	30,186
Road Transport	27,685	24,820	30,082	30,720	29,965	25,179	26,843
Water	31,346	34,218	36,119	37,489	38,023	41,067	44,808
Electricity	71,176	83,885	95,845	91,549	110,735	139,475	172,178
OPEX BY GFS	281,499	298,179	325,374	332,172	346,074	390,401	451,622

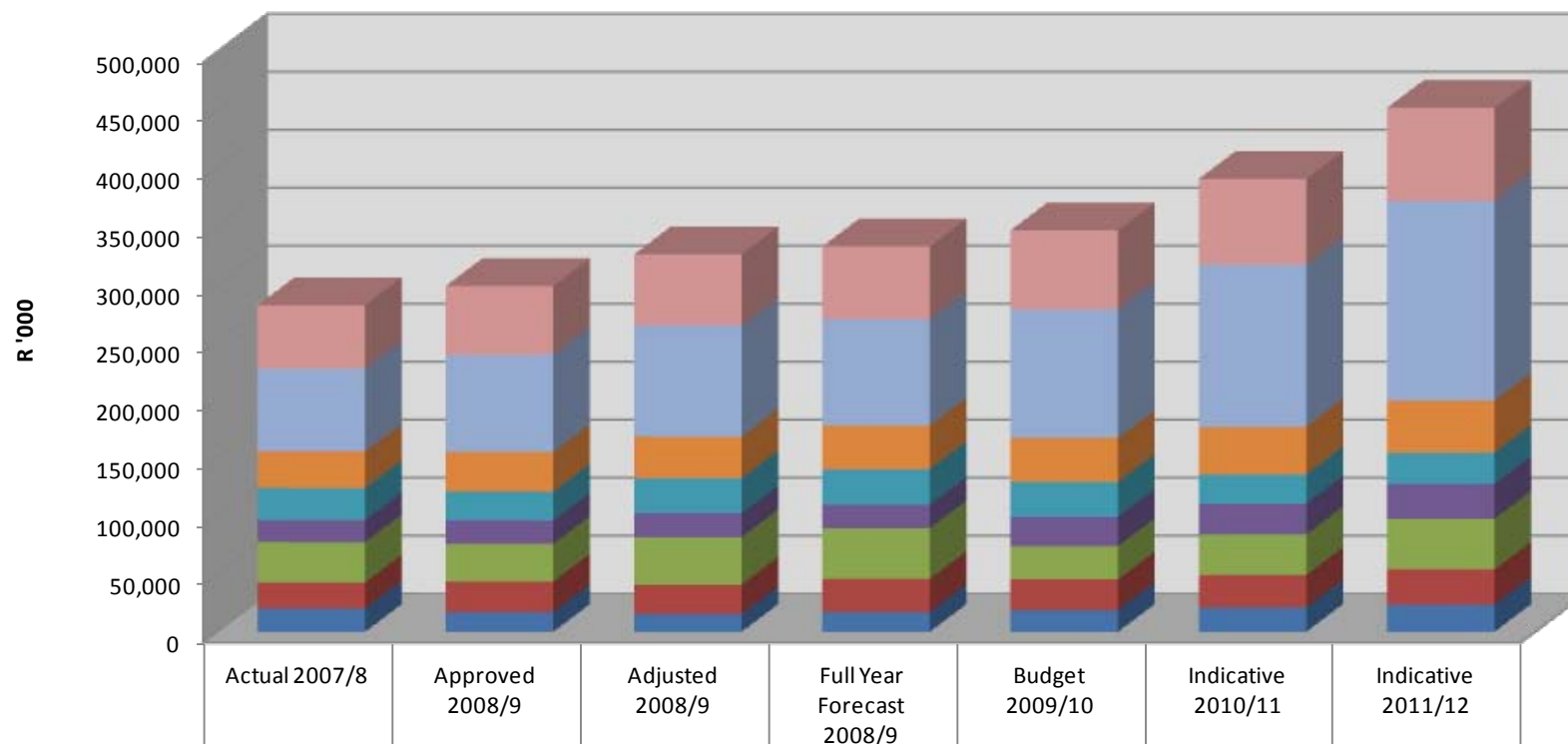
Column Definitions:

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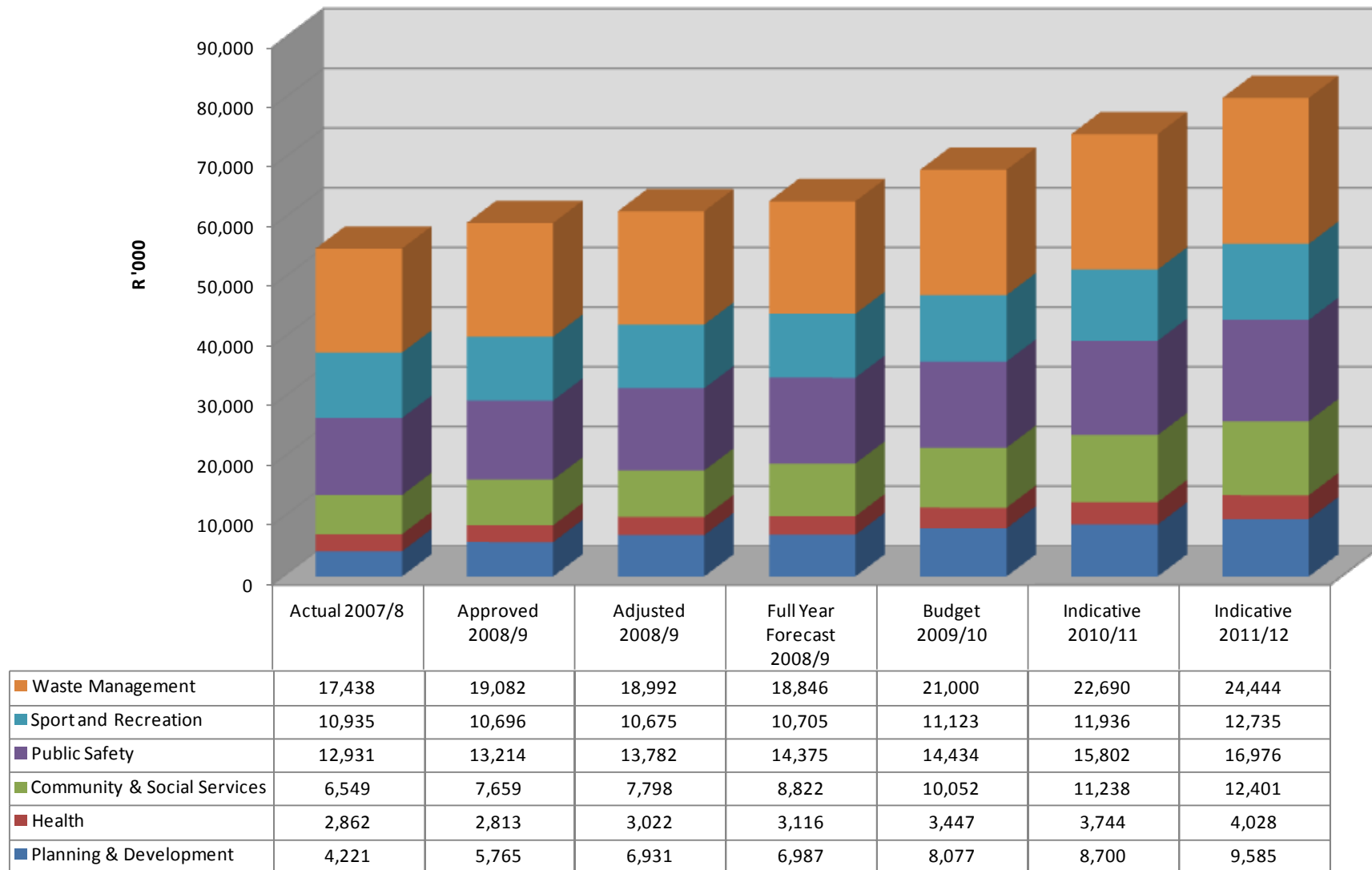
Notes:

Operating expenditure is reflected after inter-departmental charges have been taken into account; i.e. the total cost of primary services is reflected.

Operating expenditure by major GFS (see next chart for breakdown of Other)



Operating expenditure by minor GFS (breakdown of Other from previous chart)



Schedule 2 (b) - Operating Expenditure by Category

SCHEDULE 2(b) OPERATING EXPENDITURE BY CATEGORY	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/8	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Indicative R'000	Indicative R'000
<u>Operating Expenditure by Category</u>							
Employee related costs	87,534	92,327	93,382	97,205	109,285	120,018	130,260
Councillors remuneration	3,633	3,923	3,923	3,923	4,537	4,945	5,316
Contribution to bad debt provision	1,245	2,235	2,235	2,681	11,688	12,857	14,143
Collection costs	38	72	68	72	65	74	86
Depreciation and amortisation	22,934	25,792	25,792	25,792	22,765	25,604	29,724
Impairments	1,343	0	0	0	0	0	0
Repairs and maintenance	18,544	22,880	20,357	20,319	19,030	22,492	27,586
External interest paid	15,524	18,998	18,998	18,998	20,889	22,714	24,128
Actuarial losses	3,383	0	0	0	0	0	0
Bulk purchases	38,048	45,057	57,317	53,505	69,262	92,202	119,394
Contracted services	11,620	12,592	11,503	11,619	11,859	12,701	13,539
Grants and subsidies paid	5,336	4,935	4,953	4,981	4,940	5,309	5,577
Operating grant expenditure	25,350	16,907	31,212	34,283	22,222	18,068	23,767
General Expenses	46,968	52,460	55,635	58,793	49,532	53,416	58,101
Total Operating Expenditure By Category	281,499	298,179	325,374	332,172	346,074	390,401	451,622

These are the categories of expenditure as reflected in the Annual Financial Statements: Statement of Financial Performance

NET ASSET EFFECTS ON ACCUMULATED SURPLUS/DEFICIT	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Indicative R'000	Indicative R'000
<u>Net Assets by Category</u>							
Transfers to/from capital replacement reserve	2,635	2,548	2,436	2,154	6,148	9,983	31,493
Transfers to/from housing development fund	(2,468)	0	0	0	0	0	0
Offsetting of depreciation	(7,844)	(11,962)	(11,962)	(11,498)	(9,469)	(12,069)	(15,024)
Capital grants used to purchase PPE	38,024	26,358	27,237	34,276	49,677	43,720	49,459
Public donations used to purchase PPE	6,550	0	577	890	1,000	0	0
	36,896	16,944	18,288	25,822	47,356	41,634	65,928

Expenditure (including Net Asset Effects)	318,395	315,123	343,662	357,993	393,430	432,035	517,550
Revenue by Source (per Schedule 1)	294,312	315,135	343,712	347,214	394,302	441,995	523,591
Net Effect on Accumulated (Surplus) / Deficit	24,082	(12)	(50)	10,779	(872)	(9,960)	(6,041)
Statement Financial Performance (Surplus) / Deficit	12,814	16,956	18,338	15,042	48,228	51,594	71,969

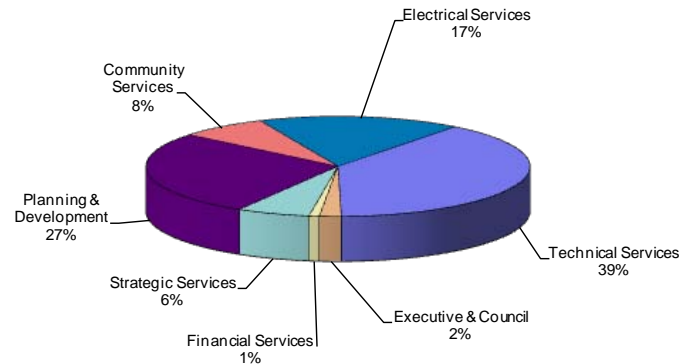
Schedule 3 - Capital Expenditure by Vote

SCHEDULE 3 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget Year 2009/10	Indicative 2010/11	Indicative 2011/12
					Budget R'000 E	Budget R'000 F	Budget R'000 G
Executive & Council	194	-	-	-	1,490	-	-
Corporate Services	130	200	200	200	-	-	-
Financial Services	1,527	-	214	165	700	-	-
Budget & Treasury Office	972	-	214	165	-	-	-
Information Technology	555	-	-	-	700	-	-
Strategic Services	579	1,910	2,600	2,200	5,000	3,557	5,410
Director: Strategy	579	1,910	2,600	2,200	5,000	3,557	5,410
Planning & Development	29,791	11,840	18,698	27,478	22,308	23,825	33,250
Building Control & Town Planning	11	-	-	-	-	-	-
Housing	29,780	11,840	18,698	27,478	22,308	23,825	33,250
Community Services	4,674	12,383	12,288	9,883	6,051	1,000	1,779
Director: Community	52	-	-	-	-	-	-
Cleansing	2,174	8,256	8,045	6,209	1,281	1,000	1,779
Library & Heritage	104	1,423	1,239	1,053	2,550	-	-
Parks & Recreation	526	675	675	349	70	-	-
Public Safety	1,818	2,029	2,329	2,272	2,150	-	-
Electrical Services	14,711	7,380	10,237	9,403	13,958	8,280	1,200
Electricity	14,711	7,380	10,237	9,403	13,958	8,280	1,200
Technical Services	20,140	34,904	26,507	21,754	31,998	20,828	17,561
Director: Technical	89	1,000	1,019	1,019	-	-	-
Public Works	4,107	4,882	8,431	5,566	11,688	-	-
Water & Waste Water Purification	6,559	22,822	11,364	9,816	12,346	14,341	17,561
Water & Waste Water Reticulation	9,384	6,200	5,693	5,352	7,964	6,487	-
CAPITAL EXPENDITURE BY VOTE	71,746	68,617	70,744	71,083	81,505	57,490	59,200

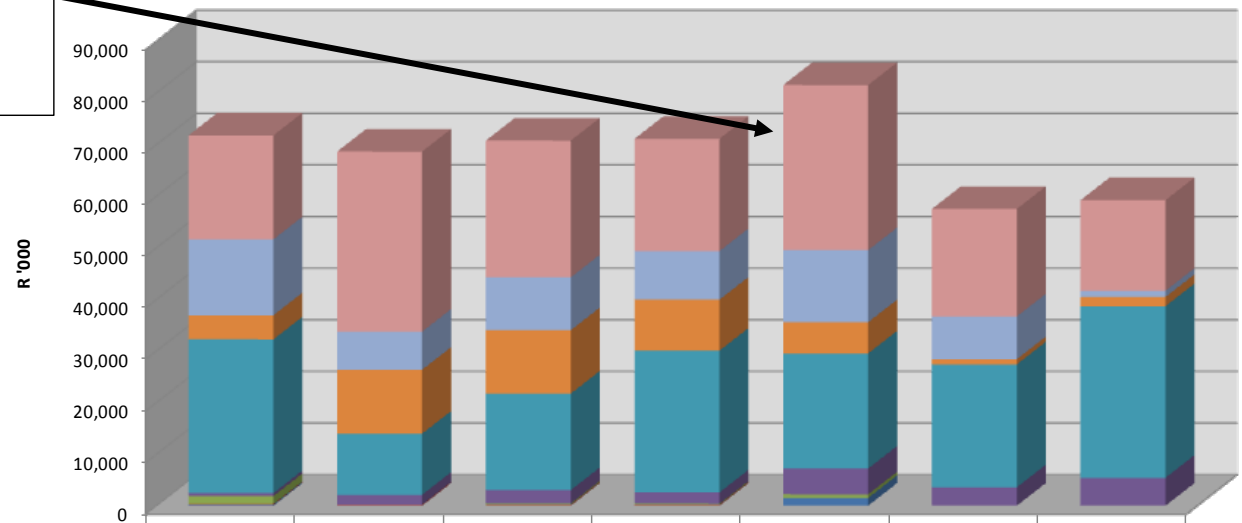
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- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

**2009/10 - Capital Expenditure
by Directorate (Vote)**



Capital expenditure by Directorate (Vote)



	Actual 2007/8	Approved 2008/9	Adjusted 2008/9	Full Year Forecast 2008/9	Budget 2009/10	Indicative 2010/11	Indicative 2011/12
Technical Services	20,140	34,904	26,507	21,754	31,998	20,828	17,561
Electrical Services	14,711	7,380	10,237	9,403	13,958	8,280	1,200
Community Services	4,674	12,383	12,288	9,883	6,051	1,000	1,779
Planning & Development	29,791	11,840	18,698	27,478	22,308	23,825	33,250
Strategic Services	579	1,910	2,600	2,200	5,000	3,557	5,410
Financial Services	1,527	0	214	165	700	0	0
Corporate Services	130	200	200	200	0	0	0
Executive & Council	194	0	0	0	1,490	0	0

Schedule 3(a) - Capital Expenditure by GFS Classification

SCHEDULE 3(a) CAPITAL EXPENDITURE BY GFS	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget Year 2009/10	Indicative 2010/11	Indicative 2011/12
					Budget R'000 E	Indicative R'000 F	Indicative R'000 G
Executive & Council	194	-	-	-	1,490	-	-
Finance & Admin	2,404	2,440	3,363	2,714	5,737	3,557	5,410
Planning & Development	11	-	-	-	-	-	-
Community & Social Services	105	3,040	2,956	1,153	3,167	1,000	1,779
Housing	29,780	11,000	17,858	26,938	22,308	23,825	33,250
Public Safety	1,798	2,029	2,329	2,272	2,150	-	-
Sport and Recreation	526	675	675	349	70	-	-
Waste Management	1,588	5,133	5,092	4,873	664	-	-
Waste Water Management	6,665	6,806	7,965	7,918	791	11,860	17,561
Road Transport	4,097	3,182	6,731	4,066	13,314	-	-
Water	9,893	26,122	12,728	10,886	19,519	8,968	-
Electricity	14,687	8,190	11,047	9,913	12,295	8,280	1,200
CAPITAL EXPENDITURE BY GFS	71,746	68,617	70,744	71,083	81,505	57,490	59,200

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- G. The indicative projection for 2011/12

Schedule 4 - Capital Funding by Source

SCHEDULE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
					Budget R'000 E	Budget R'000 F	Budget R'000 G
National Government							
Amounts allocated / gazetted for that year	8,031	3,767	4,376	4,151	20,395	20,720	24,459
Amounts carried over from previous years	-	9,925	352	827	7,391	-	-
Total Grants & Subsidies - National Government	8,031	13,692	4,728	4,978	27,786	20,720	24,459
Provincial Government							
Amounts allocated / gazetted for that year	29,048	11,000	17,957	27,036	20,000	23,000	25,000
Amounts carried over from previous years	-	466	961	961	-	-	-
Total Grants & Subsidies - Provincial Government	29,048	11,466	18,918	27,997	20,000	23,000	25,000
District Municipality							
Amounts allocated for that year	944	-	-	-	-	-	-
Amounts carried over from previous years	-	200	2,591	700	1,891	-	-
Total Grants & Subsidies - District Municipalities	944	200	2,591	700	1,891	-	-
Total Government Grants & Subsidies	38,024	25,358	26,237	33,676	49,677	43,720	49,459
Public Contributions & Donations	2,051	1,000	1,577	1,490	1,000	-	-
Accumulated Surplus (Own Funds)	7,133	1,200	1,200	1,000	4,190	-	-
External Loans	24,538	41,059	41,730	34,917	26,638	13,770	9,741
TOTAL FUNDING OF CAPITAL EXPENDITURE³	71,746	68,617	70,744	71,083	81,505	57,490	59,200

Column Definitions:

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- F. The indicative projection for 2009/10
- G. The indicative projection for 2010/11

Annexure 1 (b) - Other Supporting information

Supporting Table 1: Reconciliation of IDP and Budget - Revenue

SUPPORTING TABLE 1 RECONCILIATION OF IDP & BUDGET - REVENUE		Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
		2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
		Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Strategic Objective	Action Plan							
Caring & contented town	Targeted development of deprived areas	615	1,372	1,472	859	5,500	3,557	5,410
Caring & contented town	New housing	47,588	26,661	41,739	53,203	33,523	38,975	50,629
Caring & contented town	Social development & community safety	6,601	6,856	6,873	7,538	9,525	7,220	7,624
Successful & respected town	Relationship Building	153	400	400	400	500	750	840
Attractive & sustainable town	Spatial direction	211	204	204	106	96	93	96
Attractive & sustainable town	Infill development	2,413	1,529	1,529	993	895	867	891
Attractive & sustainable town	CBD enhancement	3,504	5	5	180	1,380	5	5
Reliably functioning town	Bulk infrastructure	160,070	185,713	198,970	188,679	240,207	277,897	333,540
Reliably functioning town	Exploring service partnerships	679	429	852	871	603	753	903
Financially sound town	Revenue enhancement	61,335	81,488	81,190	83,742	91,159	100,154	111,145
Financially sound town	Expenditure reform	48	-	-	-	-	-	-
Financially sound town	Long term financial prosperity	495	750	750	750	1,000	1,000	1,250
Dynamic & welcoming town	Business process improvement	8,031	7,081	7,081	6,761	6,200	5,940	6,020
Dynamic & welcoming town	Customer care	-	-	-	0	-	-	-
Dynamic & welcoming town	Performance management	-	-	-	-	-	-	-
Dynamic & welcoming town	Safe, healthy and well trained staff	250	156	156	728	236	236	236
Town prepared for the future	Knysna 2020 social dialogue	608	723	723	727	793	846	939
Town prepared for the future	Knysna 2020 partnerships	1,696	1,751	1,751	1,670	2,678	3,695	4,056
Town prepared for the future	Operation wireless	16	17	17	6	7	7	7
TOTAL OPERATING REVENUE		294,312	315,135	343,712	347,214	394,302	441,995	523,591

Column Definitions:

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Supporting Table 2: Reconciliation of IDP and Budget - Operating Expenditure

SUPPORTING TABLE 2		Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
RECONCILIATION OF IDP & BUDGET - OPEX		2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Strategic Objective	Action Plan	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Caring & contented town	Targeted development of deprived areas	3,535	7,539	7,573	7,357	6,538	6,477	7,186
Caring & contented town	New housing	33,526	30,908	38,675	41,395	27,504	33,596	42,249
Caring & contented town	Social development & community safety	28,092	29,393	29,473	30,102	31,271	34,030	36,473
Successful & respected town	Relationship Building	3,522	3,740	4,079	4,111	4,570	4,839	4,993
Successful & respected town	Deepening the tourism supply chain	4,485	4,000	4,000	4,000	4,000	4,305	4,563
Successful & respected town	Local Business Growth	409	1,132	785	909	1,208	1,294	1,531
Attractive & sustainable town	Spatial direction	2,470	3,510	4,660	4,587	5,506	5,918	6,574
Attractive & sustainable town	Infill development	1,131	1,427	1,552	1,570	1,617	1,762	1,895
Attractive & sustainable town	CBD enhancement	8,680	4,732	3,419	3,670	3,952	4,197	4,503
Attractive & sustainable town	Protected areas	261	510	352	478	421	451	504
Reliably functioning town	Bulk infrastructure	144,107	160,855	183,804	181,864	206,129	234,986	277,057
Reliably functioning town	Exploring service partnerships	7,399	7,635	7,666	8,505	8,707	9,725	10,938
Financially sound town	Revenue enhancement	-12,279	-12,526	-11,993	-11,880	-13,562	-14,999	-16,217
Financially sound town	Expenditure reform	2,523	2,905	2,711	2,740	3,053	3,318	3,556
Financially sound town	Long term financial prosperity	5,448	6,328	6,045	6,360	6,282	6,771	7,427
Dynamic & welcoming town	Business process improvement	9,709	9,361	9,183	9,515	10,373	11,435	12,048
Dynamic & welcoming town	Customer care	6,269	5,963	4,648	4,780	5,311	5,722	6,119
Dynamic & welcoming town	Safe, healthy and well trained staff	4,666	5,657	5,331	6,007	5,414	5,847	6,278
Dynamic & welcoming town	Performance management	3,924	4,877	4,622	4,780	4,853	5,349	5,823
Town prepared for the future	Knysna 2020 social dialogue	5,555	5,070	5,202	5,985	5,306	5,738	6,160
Town prepared for the future	Knysna 2020 partnerships	14,396	10,875	9,313	11,054	12,694	14,536	16,604
Town prepared for the future	Operation wireless	3,672	4,291	4,275	4,282	4,928	5,104	5,359
TOTAL OPERATING EXPENDITURE		281,499	298,179	325,374	332,172	346,074	390,401	451,622

Column Definitions:

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C. The budget for 2008/09 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 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.

E. The amount to be appropriated for the 2009/10 budget year.

F. The indicative projection for 2010/11

G. The indicative projection for 2011/12

Supporting Table 3: Reconciliation of IDP and Budget - Capital Expenditure

SUPPORTING TABLE 3		Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
RECONCILIATION OF IDP & BUDGET - CAPITAL EXPENDITURE		2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Strategic Objective	Action Plan	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Caring & contented town	Targeted development of deprived areas	579	3,500	4,190	3,390	8,511	3,557	5,410
Caring & contented town	New housing	29,780	11,000	17,858	26,938	22,208	24,025	34,450
Caring & contented town	Social development & community safety	2,502	5,840	5,967	3,645	2,620	-	-
Successful & respected town	Creating jobs from development	-	-	-	-	3,642	-	-
Attractive & sustainable town	Spatial direction	10	-	-	-	-	-	-
Attractive & sustainable town	Infill development	1	-	-	-	-	-	-
Attractive & sustainable town	CBD enhancement	3	-	-	-	-	-	-
Reliably functioning town	Bulk infrastructure	36,876	46,147	40,277	34,771	38,834	29,908	19,340
Reliably functioning town	Exploring service partnerships	89	1,000	1,019	1,019	2,153	-	-
Financially sound town	Expenditure reform	225	-	-	-	-	-	-
Financially sound town	Long term financial prosperity	18	-	130	94	-	-	-
Financially sound town	Revenue enhancement	372	200	284	271	-	-	-
Dynamic & welcoming town	Business process improvement	386	-	-	-	-	-	-
Dynamic & welcoming town	Customer care	12	930	1,019	955	-	-	-
Dynamic & welcoming town	Performance management	52	-	-	-	-	-	-
Dynamic & welcoming town	Safe, healthy and well trained staff	5	-	-	-	3,537	-	-
Town prepared for the future	Knysna 2020 social dialogue	11	-	-	-	-	-	-
Town prepared for the future	Knysna 2020 partnerships	269	-	-	-	-	-	-
Town prepared for the future	Operation wireless	555	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE		71,746	68,617	70,744	71,083	81,505	57,490	59,200

Column Definitions:

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- B. The original budget approved by council for the 2008/09 budget year.
- C. The budget for 2008/09 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 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

Supporting Table 4: Investment Particular by Type

SUPPORTING TABLE 4 INVESTMENT PARTICULARS BY MATURITY (as at 30 April 2009)	Account	Reference	Period of Investment	Type of Investment	Expiry date of Investment	Monetary Value R'000	Interest to be Realised R'000
<u>Name of Institution / Investment ID</u>							
Investec	21941501	21-01	call	Bank Deposit	call	4,317	9.10%
Nedbank	7881056231/02	78-02	call	Bank Deposit	call	4,069	9.00%
Nedbank	7881531940/26	78-26	call	Bank Deposit	call	564	9.00%
Nedbank	7881042702/03	78-03	call	Bank Deposit	call	10,426	9.10%
Old Mutual	111175668	11-68	call	Bank Deposit	call	13,833	11.61%
Old Mutual	111182089	11-89	call	Bank Deposit	call	11,625	12.22%
ABSA	2068509365	20-65	30days	Bank Deposit	2009/05/08	1,272	10
Nedbank	7881531940/28	78-28	1yr	Bank Deposit	2009/08/18	5,805	343
Investec	21941420	21-20	15yrs	Promissory Note	2017/04/24	10,451	21,909

Supporting Table 5: Government Grants & Subsidies (Received)

SUPPORTING TABLE 5 GOVERNMENT GRANTS & SUBSIDIES - ALLOCATIONS	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
<u>National Grant Allocations</u>							
1. Equitable Share [DPLG]	13,331	16,522	18,083	18,083	18,849	20,956	23,208
2. Municipal Systems Improvement Grant [DPLG]	150	400	400	400	500	750	840
3. Local Government Financial Management Grant [NT]	495	750	750	750	1,000	1,000	1,250
4. Municipal Infrastructure Grant (Project Mngt Unit) [DPLG]	343	427	408	427	600	750	900
5. Municipal Infrastructure Grant (Flood Roll Over)	5,903	9,925	352	827	14,514	-	-
6. Municipal Infrastructure Grant (Capital) [DPLG]	3,138	3,527	4,136	3,911	14,287	16,663	14,049
7. Integrated National Electrification Programme [DME]	1,555	240	240	240	1,108	500	5,000
8. Neighbourhood Development Partnership Grant [NT]	-	-	-	-	5,000	3,557	5,410
9. Expanded Public Works Program Incentive Grant	-	-	-	-	500	-	-
10. Masibambane [DWAF]	252	-	423	423	-	-	-
Sub Total - National Grant Allocations	25,169	31,791	24,792	25,061	56,358	44,176	50,657
<u>Provincial Grant Allocations</u>							
1. Integrated Housing & Human Settlement Development Grant [Local Government & Housing]	45,370	25,576	38,540	49,747	31,997	38,043	45,181
2. Emergency Housing Program (Flood Relief) [Local Government & Housing]	-	-	7,794	8,163	-	-	-
3. Maintenance of Proclaimed Roads [Transport & P/Works]	3,487	-	-	176	70	-	-
5. Public Transport Facility / Non-motorised Transport [Transport & Public Works]	1,044	-	495	495	-	-	-
6. Public Transport Facility (Roll Over) [Transport & Public Works]	-	466	466	466	-	-	-
7. Library Capital [Arts & Culture]	-	-	99	99	-	-	-
8. Library Staff Conditional Grant [Arts & Culture]	221	382	283	382	360	450	518
9. Community Development Workers [Local Gov & Housing]	42	72	72	30	72	75	78
10. Housing Consumer Education Programme [Local Government & Housing]	51	-	-	3	-	-	-
Sub Total - Provincial Grant Allocations	50,402	26,496	47,749	59,560	32,499	38,568	45,777
<u>EDEN District Municipality Grant Allocations (WC)</u>							
Operating Grants: LED Learnership	-	-	100	100	-	-	-
Capital Grants (Roll Over): Priority Funding	685	-	2,391	500	1,891	-	-
Capital Grants (Roll Over): Special Allocation	-	200	200	200	-	-	-
Sub Total - Municipal Grant Allocations	944	200	2,691	800	1,891	-	-
SUB TOTAL GOVERNMENT GRANT ALLOCATIONS	76,515	58,487	75,231	85,421	90,748	82,744	96,434
Umsobomvu Youth Fund: Youth Advisory Centre	190	300	300	129	-	-	-
National Lottery Distribution Trust Fund: Sports Infrastructure	-	1,000	1,000	600	-	-	-
LGSETA Learnerships	-	-	-	492	-	-	-
SUB TOTAL OTHER GRANT ALLOCATIONS	190	1,300	1,300	1,221	-	-	-
TOTAL GRANT ALLOCATIONS	76,705	59,787	76,531	86,642	90,748	82,744	96,434

Supporting Table 6: New Borrowings

SUPPORTING TABLE 6(a) NEW BORROWING	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
		<i>Note: Prepared in terms of capital expenditure values</i>					
External Loan: 5 year	8,390	5,046	4,701	4,292	320	-	-
External Loan: 10 year	2,600	5,884	6,884	5,712	3,970	-	-
External Loan: 15 year	-	-	-	-	1,500	-	-
External Loan: 20 year	15,000	19,679	22,657	17,921	9,170	13,770	9,741
NEW BORROWING	25,990	30,609	34,242	27,924	14,960	13,770	9,741

SUPPORTING TABLE 6(b) PREVIOUSLY SECURED BORROWING	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
		<i>Note: Prepared in terms of capital expenditure values</i>					
External Loan: 5 year	89	450	450	349	70	-	-
External Loan: 10 year	19	1,620	2,410	2,210	-	-	-
External Loan: 20 year	1,320	8,380	4,628	4,434	11,608	-	-
EXISTING BORROWING	1,427	10,450	7,488	6,993	11,678	-	-

TOTAL BORROWING	27,417	41,059	41,730	34,917	26,638	13,770	9,741
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Column Definitions:

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- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
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- F. The indicative projection for 2010/11
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Supporting Table 7: Grant Allocations (Given)

SUPPORTING TABLE 7 GRANT ALLOCATIONS	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
<u>Allocations to Other Organisations</u>							
1. Bursaries: School	-	69	69	69	90	96	102
2. Bursaries: Tertiary	-	208	208	208	-	-	-
3. Grants-in-aid (Awarded annually after adjudication)	498	450	468	468	500	535	570
4. Knysna Aids Council	43	-	-	-	-	-	-
5. Knysna Animal Welfare	120	119	119	119	200	213	137
6. Knysna Tourism	4,485	4,000	4,000	4,000	4,000	4,305	4,563
7. Executive Mayoral Donations	154	58	58	86	100	110	133
8. Deputy Executive Mayoral Donations	35	32	32	32	50	50	72
TOTAL ALLOCATIONS TO OTHER ORGANISATIONS	5,336	4,935	4,953	4,981	4,940	5,309	5,577

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- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
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Supporting Table 8: Disclosure of Salaries, Allowances & Benefits

SUPPORTING TABLE 8	Salary	Social	Allowances	Performance	Total
DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS	Rand ('000) pa	Contributions⁴		Bonuses	Package
		Rand ('000) pa	Rand ('000) pa	Rand ('000) pa	Rand ('000) pa
<u>Councillors</u>					
Political office bearers by designation:					
Executive Mayor	410	30	165	-	605
Deputy Executive Mayor (Also Member of Executive Committee)	352	-	135	-	487
Member of Executive Committee 1	330	-	128	-	458
Member of Executive Committee 2	275	41	140	-	456
Speaker	282	42	159	-	484
Provide a total for all other councillors	1,234	122	692	-	2,048
<u>Officials of the Municipality</u>					
Municipal Manager (MM)	868	183	119	151	1,321
Chief Finance Officer	938	29	53	133	1,153
Senior managers reporting to MM by designation:					-
Director: Community Services	474	114	179	98	865
Director: Corporate Services	635	117	119	120	991
Director: Planning & Development	669	123	79	120	991
Director: Technical Services	886	200	53	114	1,253
Director: Strategic Services	673	52	146	120	991
TOTAL COST OF REMUNERATION TO MUNICIPALITY	8,026	1,054	2,165	857	12,102

Notes:

1. Total package must equal the total cost to the municipality.
2. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality
3. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MFMA s 57)
4. Social contributions include pensions, medical aid, UIF, group life insurance, etc

Supporting Table 8a: Summary of Total Salaries, Allowances & Benefits

SUPPORTING TABLE 8a SUMMARY OF TOTAL SALARIES, WAGES, ALLOWANCES etc	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget Year 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F	Budget Year +2 2011/12 Budget R'000 G
<u>Councillors (Political Office Bearers plus Other)</u>							
Basic Salaries	2,296	2,527	2,527	2,527	2,883	3,085	3,267
Pension & Medical Aid Contributions	190	187	187	187	236	252	267
Allowances	1,146	1,210	1,210	1,210	1,419	1,518	1,607
Sub Total - Councillors	3,633	3,923	3,923	3,923	4,537	4,855	5,141
<u>Senior Managers of the Municipality (s 57 of Systems Act)</u>							
Basic Salaries	3,568	4,212	4,587	4,587	5,143	5,503	5,827
Pension & Medical Aid Contributions	513	634	634	634	818	876	927
Allowances	485	458	580	580	747	799	846
Performance Bonus	365	616	616	616	857	917	971
Sub Total - Senior Managers of Municipality	4,931	5,920	6,417	6,417	7,565	8,094	8,572
<u>Other Municipal Staff</u>							
Basic Salaries	44,001	52,511	48,685	49,938	57,217	62,460	67,215
Pension Contributions	7,639	8,545	8,571	8,787	10,193	11,127	11,975
Medical Aid Contributions	5,696	6,211	6,169	6,380	8,795	9,586	10,305
Other Social Contributions	1,759	1,945	1,978	2,067	2,316	2,525	2,714
Allowances	4,041	3,455	3,985	4,876	5,105	5,579	6,010
Overtime, Standby & Travel Claims	4,404	2,995	4,289	5,114	4,266	4,648	5,006
Uniforms, Bursaries & Internship Program	582	127	127	127	90	96	103
Volunteers & Temporary/Casual Staff	3,819	3,600	6,160	6,058	4,671	5,255	5,729
Bonuses	3,725	4,049	4,031	4,149	4,528	4,953	5,339
Provisions for TASK Implementation	-	-	-	-	1,547	2,321	3,481
Leave Pay Contribution	2,230	1,619	1,619	1,942	1,542	1,648	1,762
Defined Benefit Plan Expenses	4,708	1,350	1,350	1,350	1,450	1,724	2,048
Sub Total - Other Municipal Staff	82,603	86,407	86,965	90,788	101,721	111,924	121,689
TOTAL EMPLOYEE COSTS	91,167	96,251	97,305	101,129	113,822	124,872	135,401

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E. The amount to be appropriated for the 2009/10 budget year.

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G. The indicative projection for 2011/12

Supporting Table 9: Monthly Cash Flows

SUPPORTING TABLE 9 MONTHLY CASH FLOWS	Budget July 2009 R'000	Budget August 2009 R'000	Budget September 2009 R'000	Budget October 2009 R'000	Budget November 2009 R'000	Budget December 2009 R'000	Budget January 2010 R'000	Budget February 2010 R'000	Budget March 2010 R'000	Budget April 2010 R'000	Budget May 2010 R'000	Budget June 2010 R'000	Budget Full Year 2009/10 R'000	Budget Full Year 2010/11 R'000	Budget Full Year 2011/12 R'000
Cash Receipts by Source															
- Revenue receipts (incl consumer debtors)	19,542	30,935	37,780	29,890	21,990	21,606	20,394	20,864	22,505	18,971	21,918	21,791	288,186	345,600	412,081
- External loans received	-	1,314	2,519	1,790	369	1,574	-	2,536	2,062	0	1,289	7,984	21,438	13,770	9,741
- Grants and subsidies	5,353	7,144	4,747	2,363	7,210	8,583	7,308	13,758	16,831	7,652	6,029	3,771	90,748	82,744	96,434
- Public donations	29	157	150	40	57	181	49	67	39	117	52	62	1,000	-	-
- Consumer deposits	193	215	198	238	277	129	142	206	192	183	220	240	2,434	2,483	2,557
- Receipts from long-term debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Insurance claims	79	21	34	17	22	35	180	251	56	44	42	203	983	983	983
- Statutory Receipts (incl VAT)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	25,196	39,786	45,427	34,338	29,925	32,109	28,073	37,683	41,684	26,967	29,551	34,051	404,789	445,580	521,796
Cash Payments by Type															
- Salaries, wages and allowances	8,321	9,133	8,886	8,411	13,070	9,434	9,577	8,617	9,320	9,208	8,706	9,686	112,370	123,240	133,530
- Cash and creditor payments	16,625	17,443	17,544	16,714	15,035	13,402	16,436	15,101	18,197	13,092	14,264	23,247	197,100	225,580	272,180
- Capital payments	2,798	5,681	5,206	4,376	6,290	9,382	2,470	3,939	8,222	6,246	9,707	17,188	81,505	57,490	59,200
- External loans repaid	870	361	199	-	49	5,377	-	399	178	97	0	4,534	12,065	13,637	14,476
- Statutory Payments (incl VAT)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Consumer deposits repaid	96	119	93	132	180	118	135	77	145	109	110	120	1,434	3,286	3,368
- Other payments	88	103	121	81	75	383	429	341	311	442	529	527	3,430	3,690	4,010
Total Cash Payments by Type	28,800	32,840	32,048	29,714	34,699	38,095	29,046	28,474	36,374	29,195	33,317	55,302	407,904	426,923	486,764
NET INCREASE / (DECREASE) IN CASH & INVESTMENTS	-3,604	6,945	13,380	4,624	-4,774	-5,986	-974	9,209	5,310	-2,229	-3,766	-21,251	-3,115	18,657	35,032

Supporting Table 10: Capital Expenditure by Category

TABLE 10 CAPITAL EXPENDITURE BY CATEGORY	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year	Budget Year +1	Budget Year +2
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	2009/10 Budget R'000 E	2010/11 Budget R'000 F	2011/12 Budget R'000 G
INFRASTRUCTURE	61,872	52,567	53,165	56,450	72,578	52,933	52,011
Land and Buildings	-	-	-	-	-	-	-
Roads, pavements, bridges and stormwater	3,025	3,450	6,999	4,395	11,377	-	-
Water Reservoirs and reticulation	9,486	24,572	11,178	9,368	19,188	8,968	-
Car parks, bus terminals and taxi ranks	-	-	-	-	5,000	-	-
Electricity reticulation	15,810	8,120	10,977	9,843	13,893	9,105	9,450
Sewerage purification and reticulation	5,540	3,900	5,343	5,297	330	11,860	17,561
Housing	28,004	11,000	17,858	26,938	20,500	23,000	25,000
Street lighting	-	-	-	-	1,626	-	-
Refuse sites	6	710	810	610	664	-	-
Other	-	815	-	-	-	-	-
COMMUNITY	756	4,720	5,457	3,433	3,117	1,000	1,779
Establishment of parks & gardens	56	50	50	44	-	-	-
Sportsfields	108	1,000	1,000	600	-	-	-
Libraries	-	232	227	227	2,500	-	-
Museums & art galleries	-	185	137	137	-	-	-
Other	592	3,253	4,043	2,426	617	1,000	1,779
OTHER ASSETS	8,014	8,329	8,117	7,260	5,160	3,557	5,410
Other motor vehicles	4,153	2,525	2,414	2,262	1,313	-	-
Plant & equipment	1,692	4,037	3,458	3,072	985	-	-
Office equipment	1,537	227	520	497	1,312	-	-
Security measures	-	110	145	145	-	-	-
Civic Land and Buildings	632	1,430	1,580	1,284	1,550	3,557	5,410
SPECIALISED VEHICLES	1,105	3,001	4,004	3,939	650	-	-
Refuse	403	2,469	3,497	3,479	-	-	-
Fire	702	532	507	461	650	-	-
TOTAL CAPITAL EXPENDITURE	71,746	68,617	70,744	71,083	81,505	57,490	59,200

Column Definitions:

- A. The audited actual for 2007/08 per the audited financial statements.
- B. The original budget approved by council for the 2008/09 budget year.
- C. The budget for 2008/09 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 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

Annexure 2 - Rates and tariffs 2009/10

Rates, tariffs and other charges

Please see the separately attached tariff schedule.

The average increases for 2009/2010 are:

- Assessment rates 7,5%
- Refuse 10%
- Sanitation 10%
- Water 10%
- Electricity *34%

** The National Energy Regulator is only scheduled to consider and decide on Eskom's application for an interim price increase on 25 June 2009. Following the outcome of the decision, the electricity tariffs for 2009/2010 will be finalised and approved by Council.*

Annexure 3 - Measurable Performance Objectives

Adoption of the Service Delivery and Budget Implementation Plan

The Service Delivery and Budget Implementation Plan must be approved by the Mayor within 28 days after the final approval of the budget.

Contents of the SDBIP

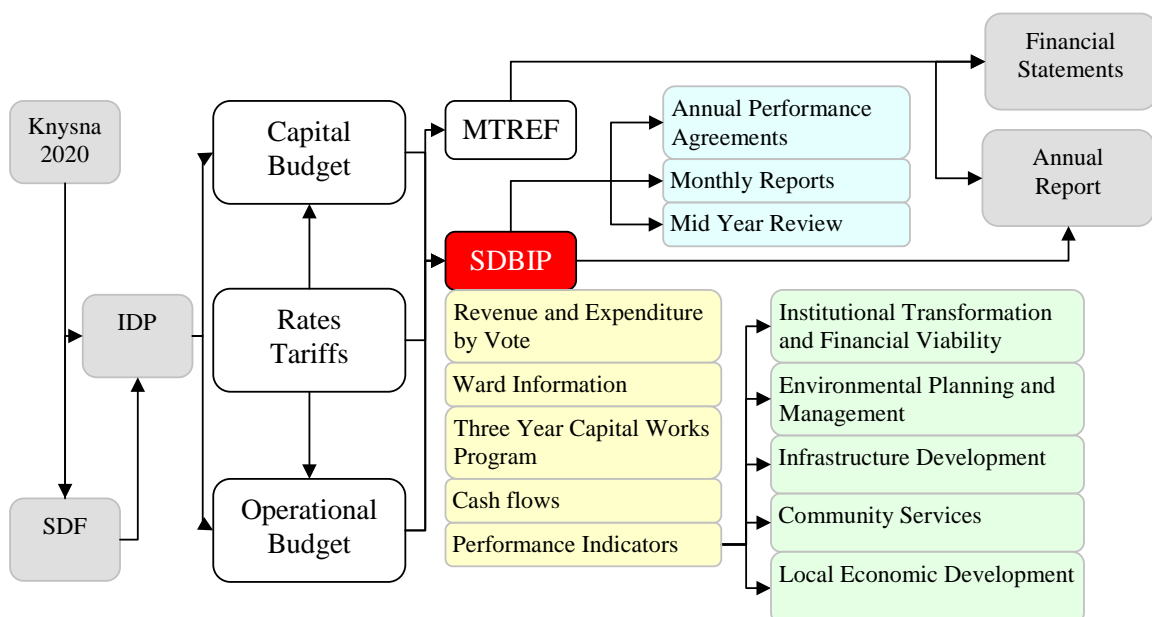
The SDBIP must contain monthly projections of income and expenditure and quarterly projections of measurable performance objectives which are included in this annexure.

Some annual targets are still to be confirmed. These will be included in the final budget documentation and SDBIP.

SDBIP requirements

Traditionally the Annual Budget process was driven by the Finance Directorate and delivered a document lacking in community participation, departmental input and measurable outcomes. With the introduction of the IDP, MTREF, SDBIP and Annual Report additional requirements are placed on departments that to a large degree have not been addressed.

The SDBIP is essentially a business plan and is an integral part of the financial planning process. Although its approval is required after the budget, its preparation occurs in tandem with the budget process. The SDBIP is the connection between the budget and management performance agreements, and it includes detailed information on how the budget will be implemented, by means of forecast cash flows and service delivery targets and performance indicators. The schematic below sets out its importance in the municipal reporting cycle.



In recent dealings with Local Authorities both National and Provincial Government have been referring to five KPAs they regard as essential to Local Authorities meeting their responsibilities (Project Consolidate, MTEC3, etc) these are:

1. Institutional Transformation and Financial Viability
2. Environmental Planning and Management
3. Infrastructure Development
4. Community Services
5. Local Economic Development

The existing and proposed performance indicators for 2009/2010 will be reviewed during the last quarter of the 2008/2009 SDBIP cycle and any amendments will be included in the SDBIP for the Mayor's approval.

Measurable Performance Objectives 2009/2010

Directorate	Municipal Manager				
GFS Classification	Executive and Council				
Department	Council : General Expenses				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Municipal management capacity and capability				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Performance agreement & contract signed	Signing of performance contracts for all managers and municipal manager	6	6	6	Johnny Douglas
KPA	Municipal Transformation and Institutional (Capacity) Development:- Financial management, Programme management, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
SDBIP approved by Mayor	Mayor approves SDBIP within 28 days of council's approval of the budget	1	1	1	Johnny Douglas
KPA	Local Economic Development:- Tourism				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Performance of Knysna Tourism	Quarterly reports submitted to Council by Knysna Tourism	4	4	4	Johnny Douglas
KPA	Financial Viability Municipal financial management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Medium Term Revenue and Expenditure Framework 2007/2008 Budget	Completion of draft 2008/09 Operating and Capital Budget and formal approval by Council by 31 May	1	1	1	Grant Easton

Department	Municipal Manager : Administration				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Plans, policies and regulations				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Review Internal Audit	Completed Internal Audit Plan for 2008/2009	-	-	1	Johnny Douglas
Publication of Internal Audit Plan	Approval by Council of an annual internal audit plan	1	1	1	
SDBIP submitted to Mayor	Submit draft SDBIP to the Mayor for approval	1	1	1	
Number of audits undertaken	The total number of internal audit reports prepared (Section 62(1)(c) of the MFMA)	20	20	20	
Publication of Annual Budget	Publication of annual budget (draft) in terms of section 22 of the MFMA	1	1	1	Grant Easton
Review of the Disaster Management Plan.	Review and agreement by council of Municipality Disaster Management Plan	1	1	1	Charl Botha
KPA	Municipal Transformation and Institutional (Capacity) Development:- Municipal management capacity and capability				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Review of organisational structure	Review of approved organisational structure of the organisation	1	1	1	Johnny Douglas
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Withdrawals from municipal bank accounts	The accounting officer must within 30 days after the end of each quarter—MFMA 11(4)	4	4	4	Grant Easton
Progress on capital expenditure	Total expenditure on capital projects divided by the latest agreed capital programme.	68%	100%	90%	

Department	Municipal Manager : Administration (continued)				
KPA	Financial Viability Municipal financial management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Submission of Annual Budget	Submit annual budget in terms of section 24(3) of the MFMA to National and Provincial treasury	1	1	1	Grant Easton
Timeous submission of claims to insurers	80% of all claims submitted within one week	80%	80%	80%	Grant Easton
KPA	Environmental Planning and Management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Engage in environmental awareness programmes to ensure that communities of Knysna understand and appreciate the value of the environment	No of awareness campaign	-	1	1	Johnny Douglas
Design, Implement and review the Environment Management Systems Framework	EMP adopted by Council	-	1	-	
Identification and Implementation of the EMS Pilot projects	No of Pilots implemented	-	1	1	
Development and Implementation of the EMS Roll Out Plan	% of targets met	-	1	1	

Directorate	Corporate Services				
GFS Classification	Finance & Administration				
Department	Archives				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Financial management, Programme management, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Contract Management	All contracts to be captured on collaborator system	75%	100%	-	Reginald Smit
Property Management	Finalisation of ownership of all council land on system (asset register)	75%	100%	-	
Department	Human Resources				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Personnel				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of municipality's budget spent on implementing its workplace skills plan	Skills Development Plan adopted by Council	0%	0%	100%	Reginald Smit
Financial Assistance to students at tertiary level - Employees	Total number of employees receiving Financial assistance in Knysna municipality	25	12	12	
Number of functionally illiterate staff attending literacy programme	Total number of attendees on literacy program divided by total number of staff identified as functionally illiterate	63	60	30	
Average speed of recruitment from advert to offer letter	Number of days between offer letter sent to accepted candidates and from dates of adverts first appeared in appropriate documents (Excluding section 57 appointments)	70	90	90	

Department	Human Resources (continued)				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Personnel				
Performance Indicator	Unit of Measurement	Actual 07/08	Projecte d 08/09	Target 09/10	Accountable Official
Percentage of skills development levy claimed back from skills development fund	Total rand value of levy claimed back as a percentage of total levy paid to Skills Development Fund	70%	50%	50%	Reginald Smit
Continuous risk assessment	Presentation to relevant committee of agreed full health and safety risk assessment for all areas of Municipality activities	12	12	12	
Number equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Percentage of vacancies subsequently filled by PDI candidates	60%	60%	60%	
Number of work related accidents reported	The total number of work related accidents recorded in the Municipality's accident book	24	24	24	
Working days lost to sickness absence	The total number of days Municipality staff were recorded as being on sick leave	3460	3300	599	
Minutes of AIDS meetings	Total Number of monthly meetings of AIDS in the workplace	12	12	12	
KPA	Local Economic Development:- Education				
Performance Indicator	Unit of Measurement	Actual 07/08	Projecte d 08/09	Target 09/10	Accountable Official
Financial Assistance to students at tertiary level - Non Employees	Total number of students receiving Financial assistance in Knysna municipality	1	1	4	Reginald Smit

Department	Committee Services					
KPA	Good Governance Political leadership					
Performance Indicator	Unit of Measurement	Actual 07/08	Projecte d 08/09	Target 09/10	Accountable Official	
Percentage of scheduled meetings realised	Meetings of Council and Committees	100%	100%	100%	Reginald Smit	
Percentage of agenda's distributed on time	Number of agenda's distributed on time divided by Number of agenda's distributed	100%	100%	100%		
Percentage of minutes distributed within two days	Number of minutes of Council and Committees distributed on time divided by number of minutes distributed	100%	100%	100%		
KPA	Good Governance Ward committees					
Performance Indicator	Unit of Measurement	Actual 07/08	Projecte d 08/09	Target 09/10	Accountable Official	
Number of ward committees meetings held per ward	Number of ward committee meetings arranged and held per ward	16	32	32	Reginald Smit	
KPA	Good Governance Ward committees					
Performance Indicator	Unit of Measurement	Actual 07/08	Projecte d 08/09	Target 09/10	Accountable Official	
Number of Council meetings	Number of ordinary Council meetings arranged and held.	0	6	6	Reginald Smit	
Number of Committee meetings	Number of ward committees meetings arranged and held per ward	0	44	44		

Directorate	Strategic Services					
GFS Classification	Finance and Adminstration					
Department	Strategy, Policy & Informal Human Settlements					
KPA	Local Economic Development: Unemployment					
Performance Indicator		Unit of measurement	Actual 07/08	Projected 08/09	Targeted 09/10	Accountable Official
Skills development for unemployed youth		Total number of unemployed youth who receive skill development training in Knysna Municipality	45	40	40	Lubabalo Gwintsa
KPA	Municipal Transformation and Institutional (Capacity) Development: Municipal management capacity and capability					
Performance Indicator		Unit of measurement	Actual 07/08	Projected 08/09	Targeted 09/10	Accountable Official
Annual report adopted by 31 January 2008		Report in accordance with the Requirements of s127 of the MFMA	1	1	1	Lubabalo Gwintsa
Oversight report adopted by 31 march 2008		Report in accordance with the Requirements of s127 of the MFMA	1	1	1	
GFS Classification	Finance and Adminstration					
Department	Strategy, Policy & Informal Human Settlements					
KPA	Good Governance, Community Participation					
Performance Indicator		Unit of measurement	Actual 07/08	Projected 08/09	Targeted 09/10	Accountable Official
Number of public consultation meetings held for the new IDP / Knysna 2020 initiative / and Budget		Advertise public consultation meetings held in connection with drafting the new IDP/Knysna 2020	13	13	13	Lubabalo Gwintsa
GFS Classification	Finance and Adminstration					
Department	Strategy, Policy & Informal Human Settlements					
KPA	Municipal Transformation and Institutional (capacity) development: Plans, policies and regulations					
Performance Indicator		Unit of measurement	Actual 07/08	Projected 08/09	Targeted 09/10	Accountable Official
IDP Reviewed		5 year IDP reviewed in accordance with section 34a of the MSA no 32 of 2000 and Hermanus Declaration of 10-11 March 2005	1	1	1	Lubabalo Gwintsa

Directorate	Financial Services				
GFS Classification	Finance & Administration				
Department	Manager Financial Services				
KPA	Financial Viability Municipal Financial Management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Debt coverage ratio	(Interest & payments) due in financial year	6.5:1	6.5:1	6.5:1	Grant Easton
Department	Payroll Management				
KPA	Financial Viability Payment levels				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of operating expenditure spent on personnel remuneration	Total cost of staff salaries and allowances divided by total operating budget (pre rebate)	26.8%	25.85%	27%	Grant Easton
Salary Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	12	12	12	
Department	Finance : Income				
KPA	Financial Viability Payments levels				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Monitor of Councilors and Officials Billing Accounts	Arrears more than 90 days	100%	100%	100%	Grant Easton
	Councillor arrears greater than 90 days	0	0	0	
	Number	0	0	0	
	Officials arrears greater than 90 days	430	200	150	
	Number	70	40	30	

Department	Finance : Income				
KPA	Financial Viability Payments levels				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Collection rate of rates and tariffs	Total amount of rates and tariffs collected divided by total amount billed on a three months moving average	99%	96%	95%	Grant Easton
Outstanding service debtors to revenue (All Services)	Total outstanding service debtors divided by annual revenue actually received for services (including Prepaid)	11%	11%	11%	
	Total outstanding service debtors divided by annual revenue received for services	18%	18%	18%	
KPA	Financial Viability Municipal Financial management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Monthly Rates Reconciliation	Annual / Monthly reconciliation	12	12	12	Grant Easton
KPA	Financial Viability Indigent support				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Indigents benefiting from free basic services	Percentage known to the municipality that earn less than R2000 per month and that have access to free basic services	100%	100%	100%	Grant Easton
	Quantity (number of households affected)	1,358	1,200	1,200	
	Quantum R,000 (value to each household of R2,520 or R1,902: Smutsville /Sizamille exl VAT)	3,901	4,000	4,200	

Department	Stores & Materials Management				
KPA	Financial Viability Municipal financial management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Inventory	Annual stock take 30 June [100% stock take].	1	1	1	Grant Easton
Monthly Stores Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	12	12	12	
Write off Redundant Inventory	Write down damaged /old and other dead stocks.	1	1	1	
Department	Expenditure: Head				
KPA	Financial Viability Municipal Financial Management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Monthly Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	12	12	12	Grant Easton
Creditors Management	That all creditors are paid within 30 days of receiving statement.	100%	100%	100%	
KPA	Municipal Transformation and Institutional (capacity) Development:- Financial Management, Programme management, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	100%	100%	100%	Grant Easton
Develop a Demand Management System	Demand Management	0%	0%	100%	
Ensure that limits as sent in the Approved SCM Policy are adhered to	Petty cash purchases up to R2000	100%	100%	100%	
	Written or verbal quotations up to R10 000	100%	100%	100%	
	Formal price quotations up to R200 000	100%	100%	100%	
	Tenders for amounts in excess of R 200,000	100%	100%	100%	

Department	Budget Office				
KPA	Financial Viability Municipal Financial Management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Financial Statements ready for audit by 30 August	Completion of financial statements and formal submission to the Auditor General by 30 August	1	1	1	Grant Easton
Medium Term Revenue and Expenditure Framework 2007/2008 Budget	Completion of draft Operating and Capital Budget and formal approval by Council by 31 May	1	1	1	
Monthly monitoring reports to Mayor	Present to Mayor - budget monitoring report compliant with MFMA S71 (10 working days after the end of each months)	12	12	12	
Cash flow management	The number of months in which overdraft facility is utilised	0	0	0	
Asset Register	The number of months in which overdraft facility is utilised	1	1	1	
Annual Asset Count	Annual Asset count reconciled and reported to Municipal Manager	1	1	1	
KPA	Financial Viability Municipal Financial Management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Monthly Debit Raising	Monthly Debit raising by the 9th of each month.	12	12	12	Grant Easton
Annual Debit Raising	Annual Debit raised by 30 July.	1	1	1	
Financial Data Base Management	Monthly financial system backups off site, General Ledger, Creditors, Salaries, Income, etc	12	12	12	
KPA	Financial Viability Transformation and Institutional (capacity) Development:- Financial management, Programme, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Service delivery and Budget Implementation Plan 2007/2008	Completion of SDBIP and formal approval by the Mayor within 28 days after approval of the Budget	1	1	1	Grant Easton

Department	Assessment Rates				
KPA	Financial Viability Transformation and Institutional (capacity) Development:- Financial management, Programme, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Budget Related Policies	Approval by Council of Budget Related Policies	1	1	1	Grant Easton
KPA	Financial Viability Municipality Financial management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Rates / Valuation reconciliations	Annual / Monthly reconciliation.	12	12	12	Grant Easton
Department	Meter Reading				
KPA	Financial Viability Transformation and Institutional (capacity) Development:- Financial management, Programme, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Approval of Monthly Exception Report	Signing off of the monthly exception report within 3 working days of the month end.	12	12	12	Grant Easton
KPA	Financial Viability Billing and debt management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Meter reading Adjustments	Amount of transactions processed as a result of incorrect meter readings.	210	150	150	Grant Easton
Estimated Meters	Percentage of meter readings allowed to be estimated annually.	5%	5%	5%	
Department	Management Information Services				
KPA	Financial Viability Transformation and Institutional (capacity) Development:- Financial management, Programme, Engineering and Organisational development				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Ensure all documents are placed on website i.t.o. Sec 75 of the MFMA	Percentage	100%	100%	100%	Grant Easton

Directorate	Community Services				
GFS Classification	Community & Social Services				
Department	Cemetery				
KPA	Community Services: Social Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Establish new cemetery for Knysna	Obtain a positive record of decision (ROD) for the establishment of a cemetery	0	1	-	Charl Botha
	Environmental Impact Assessment	0	1	-	
Department	Halls / Facilities				
KPA	Community Services: Social Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Community hall usage	The number of hours of bookings per community hall	1100	1100	900	Charl Botha
Department	Libraries				
KPA	Community Services: Social Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Number of new members registered	The total number of new members formally registered with the library	4300	4300	4300	Charl Botha
Catalogue library items	Total number of items issued	470000	450000	450000	
Volume of circulations: Study Material	Total number of study items issued	18500	18000	18000	
Number of computer users	Total number of logged users that have made use of the computer facility	8500	6000	6000	
Utilisation of internet facility	The total time spent by users on the internet facility - (Hours)	6100	5900	5900	
Extent of volunteer involvement	The total number of workday equivalent created through volunteer initiative in the library	740	500	500	

Department	Museum & Heritage Buildings				
KPA	Community Services: Social Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Number of visitors to museum - Old Gaol	Total number of visitors to the museum - Old Gaol	7100	6200	6200	Charl Botha
Number of visitors to museum - Millwood House	Total number of visitors to the museum - Millwood House	4800	5000	5000	
Total number researches	Total number of researchers visiting museum	200	220	220	
Total number of participants at events	Total number of events held at museum	0	6	6	
GFS Classification	Sport & Recreation				
Department	Parks & Recreation				
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Additional play parks created	Number of additional play parks identified and created	2	2	2	Charl Botha
Number of trees germinated in nursery	The total number of tree stock at municipal nursery	1,000	1,000	1,000	
KPA	Local Economic Development:- Unemployment				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Job creation	Number of casual jobs created	200	200	200	Charl Botha
KPA	Environmental Planning and Management : Rehabilitation				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Alien Eradication	% of budget spent on the removal of trees project	100%	100%	100%	Lauren Waring

GFS Classification	Housing				
Department	Housing: Administration				
KPA	Basic Service Delivery and Infrastructure Investment:- Housing				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Number of council housing sales completed	The total number of housing sales completed	200	200	200	Lauren Waring
Number and cost of subsidized housing units built	The total number of houses built	200	540	540	
Number of new houses transferred to owners	The total number of housing units transferred by a legal process into the name of the new owner	250	200	200	
Number of housing applications submitted to PAWC	Number of housing applications submitted to WCPA	1600	300	300	
Number and cost of subsidized units built - Flenters	Number of subsidized units built - Flenters	210	220	220	
Number and cost of subsidized units built - Vision	Number of subsidized units built - Vision	240	320	320	

GFS Classification	Public Safety				
Department	Public Safety : Fire Brigade Services				
KPA	Community Services: Safety Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Preventative measures undertaken by fire Services	Total number of preventative initiatives undertaken by fire services according to a predetermined programme	420	425	425	Charl Botha
Fire prevention breaks	Number of fire breaks created	4	4	4	
Number of hours fire department staffed	Percentage of hours that the fire department is staffed	100%	100%	100%	
Department	Public Safety : Law Enforcement				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Plans, policies and regulations				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Law enforcement strategy adopted and implemented	Law enforcement strategy adopted and implemented	1	1	1	Charl Botha
KPA	Community Services: Safety Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Identify and establish pound in Sedgfield	Identify and establish pound in Sedgfield	1	1	1	Charl Botha
Average response time to call-outs	Percentage	100%	100%	100%	

Department	Public Safety : Traffic Department				
KPA	Community Services: Safety Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Number of vehicle violations	The total number of violations recorded	5300	1089	1089	Charl Botha
Number of speeding tickets issued	The total number of speeding tickets issued by Knysna Municipality	300	2400	2400	
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Revenue generated as percentage of operating cost of traffic function	The total rand value of traffic violations where tickets were issued divided by the operating cost of the total traffic function	52%	93%	93%	Charl Botha
GFS Classification	Road Transport				
Department	Public Safety : Vehicle Licensing & Testing				
KPA	Community Services: Safety Services				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Number of driving tests administered	The total number of driving tests administered by Knysna Municipality	1400	1400	1400	Charl Botha
Number of vehicles tested	The total number of roadworthy tests held	3000	3000	3000	
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Revenue generated as percentage of operating cost of vehicle licensing section function	The total rand value of revenue collected divided by the operating cost of the vehicle licensing function	152%	164%	164%	Charl Botha

GFS Classification	Waste Management				
Department	Health: Public Toilets				
KPA	Municipal Transformation and Institutional (Capacity) Development:- Personnel				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
No. of complaints	Number of formal complaints received about cleanliness of toilets	0	0	0	Charl Botha
Department	Refuse Removal Service				
KPA	Basic Service Delivery and Infrastructure Investment:- Basic service delivery				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Establish new Garden Refuse site	Development of new Garden Refuse Site	1	1	1	Charl Botha
Total tonnage of all refuse disposed	Containers removed to PetroSA per annum	0	0	1,309	
	Costs:Transport:1309*R2052 per container	0	0	R 2,686,068	
	Costs:Disposal-1309*R1184.97 per container	0	0	R 1,551,126	
KPA	Environmental Planning and Management : Recycling				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Tons of Waste Collected Recycled	Tons of total Waste collected recycled	1900	2200	2200	Charl Botha
% of households participate in Recycling programme	Total % of households participating in recycling programme	40%	45%	50%	
Waste management campaign developed and implemented	Waste management campaign developed and implemented	9	4	4	

KPA	Environmental Planning and Management : Planning				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Integrated Waste Management Plan for Knysna	Developing of garden and building refuse sites	1	1	1	Charl Botha
Anticipated expansion of refuse removal service	Wheelie bin system to all businesses	0	1	1	Charl Botha
GFS Classification	Waste Water				
Department	Sewerage Sanitation				
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Revenue generated as percentage of operating cost of vehicle licensing section function	The total rand value of revenue collected divided by the operating cost of the sanitation function	37%	41%	40%	Charl Botha

Directorate	Town Planning				
GFS Classification	Planning & development				
Department	Town Planning				
KPA	Local Economic Development:- Planning				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Processing rate of major land use applications (i.e. decision referred to relevant committee)	The total number of major Town Planning applications determined within five months from the date of receipt divided by the total number of major planning applications received	50%	25%	25%	Lauren Waring
Processing rate of minor land use applications (i.e. decision taken using delegated authority)	The total number of minor Town Planning applications determined within eight weeks from the date of receipt divided by the total number of minor planning applications received	75%	25%	25%	
Review of Spatial Development Plan	Approval of Spatial Development Framework	1	1	1	

Directorate	Technical Services				
GFS Classification	Community and Social Services				
Department	Civic Buildings				
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of Budget Spent - Knysna	Percentage	95%	100%	100%	Neale Perring
Percentage of Budget Spent - Sedgfield		100%	100%	100%	
Percentage of Budget Spent - Belvidere		100%	100%	100%	
GFS Classification	Planning & Development				
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of applications, for buildings with architectural area under 500m2, approved within 30 days after receipt of all information required for correct and complete application.	The total number of applications received by the Municipality, for buildings with architectural area under 500m2, divided by similar applications that were approved within 30 days after receipt of all information required for a correct and complete applications	100%	100%	100%	Lauren Waring
Percentage of applications, for buildings with architectural area over 500m2, approved within 60 days after receipt of all information required for correct and complete application.	The total number of applications received by the Municipality, for buildings with architectural area over 500m2, divided by similar applications that were approved within 60 days after receipt of all information required for a correct and complete applications	100%	100%	100%	

GFS Classification		Road Transport				
Department		Main Roads				
KPA		Financial Viability Expenditure monitoring				
Performance Indicator		Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of Budget Spent		% of maintenance budget spent	100%	100%	100%	Neale Perring
Percentage of Subsidies claimed		% of subsidies claimed	100%	100%	100%	
Percentage of Subsidies received		% of subsidies actually received	100%	100%	100%	
Department		Streets				
KPA		Financial Viability Expenditure monitoring				
Performance Indicator		Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of maintenance budget spent on resealing - Knysna		% of maintenance budget spent on resealing - Knysna	100%	100%	100%	Neale Perring
Percentage of maintenance budget spent on regraveling- Knysna		% of maintenance budget spent on regraveling - Knysna	100%	100%	100%	
Percentage of maintenance budget spent on resealing - Sedgefield		% of maintenance budget spent on resealing - Sedgefield	100%	100%	100%	Neale Perring
Percentage of maintenance budget spent on regraveling- Sedgefield		% of maintenance budget spent on regraveling - Sedgefield	100%	100%	100%	
Percentage of maintenance budget spent on resealing - Belvidere		% of maintenance budget spent on resealing - Belvidere	100%	100%	100%	Neale Perring
Percentage of maintenance budget spent on regraveling- Belvidere		% of maintenance budget spent on regraveling - Belvidere	100%	100%	100%	

GFS Classification	Waste Water Management				
Department	Stormwater				
KPA	Basic Service Delivery and Infrastructure Investment:- Maintenance				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Km of stormwater lines cleared	Km of stormwater lines cleared	29	27	27	Neale Perring
Department	Sewerage Purification				
KPA	Basic Service Delivery and Infrastructure Investment:- Maintenance				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Quality of sewerage purified - Knysna	Number of sewage purification tests that meet required standard divided by total sewerage purification test carried out.	100%	100%	100%	Neale Perring
- Belvidere					
- Rheenendal					
- Brenton					
- Sedgfield					
- Karatara					
KPA	Basic Service Delivery and Infrastructure Investment:- Basic service delivery				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of households with access to basic level of sanitation	The total number of <i>formal</i> households with access to personal sanitation facilities divided by the total number of households known to Council	100%	100%	100%	Neale Perring
Eliminate the bucket system	Properties served by bucket connected to sewer - Technical & Housing Services.	20	2	2	Neale Perring
	Properties served by bucket connected to sewer - Housing Department	-	76	76	

Department	Sewerage Reticulation				
KPA	Financial Viability Indigent support				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Free Basic Service Provision	Quantity (number of households affected)	1,267	1,293	1,293	Neale Perring
	Quantum (value to each household)	1,140	1,244	1,244	
GFS Classification	Waste Water Management				
KPA	Financial Viability Expenditure monitoring				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Total volume and cost of bulk water purified	Megalitres	3,200	3,750	3,750	Neale Perring
	Cost	6,730	28,154	28,154	
KPA	Financial Viability Billing and debt management				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer	Domestic :Megalitres	2361	2584	2584	Neale Perring
	Domestic: Income	10892	12889	12889	
	Business: Megalitres	647	682	682	
	Business: Income	5843	6956	6956	
KPA	Basic Service Delivery and Infrastructure Investment:- Basic service delivery				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Percentage of households with access to basic level of water in approved informal areas with standpipe water supply within 200m	Percentage of households in approved informal areas with standpipe water supply within 200m	100%	100%	100%	Neale Perring
Percentage of households with access to basic level of water formal household with access to on site water supply divided by the total number of households known to the Municipality	The total number of formal household with access to on site water supply divided by the total number of households known to the Municipality	100%	100%	100%	

KPA	Basic Service Delivery and Infrastructure Investment:- Quality of services delivered				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
MI of water purified and distributed	Total MI of water purified	2600	3750	3750	Neale Perring
Department	Water Reticulation				
KPA	Basic Service Delivery and Infrastructure Investment:- Quality of services delivered				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Number of water breaks	The total number of breaks in service provision	500	457	450	Neale Perring
Response time to water breaks	Number of water breaks reinstated within 12 hours	96%	95%	95%	
Percentage of water losses -Overall	Total MI of water distributed divided (WD) by the total MI of water purified (WP) on a 12 month moving average basis. 1- (WD/WP)	22%	20.0%	20.0%	
Percentage of water losses -Knysna		21%	20%	20%	
Percentage of water losses - Belvidere		14%	20%	20%	
Percentage of water losses -Buffalo Bay		38%	20%	20%	
Percentage of water losses - Sedgfield		11%	20%	20%	
Percentage of water losses - Karatara		30%	20%	20%	
Total year-to-date water losses All Areas	Megalitres	0	750	750	
KPA	Basic Service Delivery and Infrastructure Investment:- Basic service delivery				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Processing of new water applications	The percentage of new water applications connected within seven days of the receipt of application	97%	100%	100%	Neale Perring

KPA	Basic Service Delivery and Infrastructure Investment:- Planning				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Annual Revision of water service development plan	Produce a medium term service plan to cover the infrastructure demands on the service over the medium term	1	1	1	Neale Perring
	Quantum (value to each household)	1234	1346	1350	

Directorate	Electrical Services				
GFS Classification	Electricity				
Department	Street Lighting				
KPA	Basic Service Delivery and Infrastructure Investment:- Quality of services delivered				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Response time to attend to street light faults	Time lapse between report of minor street light fault and repair	1week	1 week	1 week	Len Richardson
Response time to attend to traffic light faults	Time lapse between report of traffic light fault and repair percentage done in one day.	100%	100%	100%	
Department	Electricity Distribution				
KPA	Basic Service Delivery and Infrastructure Investment:- Quality of services delivered				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Minor fault response time	Percentage of faults reported dealt with within 24 hours (call outs)	100%	100%	100%	Len Richardson
Number of power failures - Municipality	The number of reported failures in power supply directly attributable to Knysna Municipality	60	60	60	
KPA	Basic Service Delivery and Infrastructure Investment:- Basic service delivery				
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
New electricity connections	The total number of new formal household electricity connections completed - Number	1,060	1,000	1,000	Len Richardson
Time to connect new electricity applicants	No of new formal household electricity applications connected within 14 days of request	100%	100%	100%	
Percentage of households with access to basic level of electricity	The total number of formal households with on site electricity facilities divided by the total number of households known to the Municipality	97%	98%	100%	

KPA		Basic Service Delivery and Infrastructure Investment:- Planning				
Performance Indicator		Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Estimated backlog in number (and cost to provide) electrical connection	The total number of new formal household electricity connections completed - Number	1,060	1,000	1,000	Len Richardson	
	Cost	1,002	905	950		
KPA		Financial Viability Expenditure monitoring				
Performance Indicator		Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Operational expenses per unit of electricity sold		Total expenditure on electricity distribution divided by total kwh of electricity units sold	R0.390	R0.390	R0.390	Len Richardson
Electricity losses		Total amount of electricity purchased divided by the total amount of electricity produced	8%	8%	8%	
KPA		Financial Viability Billing and debt management				
Performance Indicator		Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Bulk electricity sales in kilowatt hours and rand, by category of consumer	Residential - Volume	-	6950	7089	Len Richardson	
	Income	-	26660	29859		
	Commercial - Volume	-	1510	1540		
	Income	-	33751	37801		
	Prepaid - Volume	-	11300	11526		
	Income	-	19072	21361		
	Other - Volume	-	16	16		
	Income	-	73	82		
Department		Electrical Administration				
KPA		Good Governance Public participation				
Performance Indicator		Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Consumer complaints		The number of complaints received , by letter, telephone or electronic transmission that were responded to	20	20	20	Len Richardson

Department		Workshop & Depot			
KPA		Basic Service Delivery and Infrastructure Investment:- Quality of services delivered			
Performance Indicator	Unit of Measurement	Actual 07/08	Projected 08/09	Target 09/10	Accountable Official
Average vehicle turnaround time in depot	The average length of time between a vehicle entering the workshop and the completion of job	1 week	1 week	1 week	Len Richardson

Annexure 4 – Disclosure on implementation of the MFMA & other applicable legislation

Municipal Finance Management Act - No 56 of 2003

The MFMA became effective on 1st July 2004. The Act modernises budget and financial management practices within the overall objective of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finance including budgeting, supply chain management and financial reporting.

The various sections of the Act are phased in according to the designated financial management capacity of municipalities. Knysna has been designated as a medium capacity municipality.

The MFMA is the foundation of the municipal financial management reforms which municipalities are implementing. Knysna was designated as a pilot municipality for the reforms and is engaged in a partnership arrangement with National Treasury.

The MFMA and the budget

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA.

The budget preparation process

The Mayor must lead the budget preparation process through a co-ordinated cycle of events that commences at least ten months prior to the start of each financial year.

Overview

The MFMA requires a Council to adopt three-year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).

These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any particulars on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year and borrowings (the latter for capital items only).

Budget preparation timetable

The first step in the budget preparation process is to develop a timetable of all key deadlines relating to the budget and to review the municipality's IDP and budget-related policies.

The budget preparation timetable is prepared by senior management and tabled by the Mayor for Council adoption by 31 August (ten months before the commencement of the next budget year).

Budget preparation and review of IDP and policy

The Mayor must co-ordinate the budget preparation process and the review of Council's IDP and budget-related policy, with the assistance of the municipal manager.

The Mayor must ensure that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP document have realistic projections of revenue and expenditure. In developing the budget, the management must take into account national and provincial budgets, the national fiscal and macro-economic policy and other relevant agreements or Acts of Parliament. The Mayor must consult with the relevant district Council and all other local municipalities in that district as well as the relevant provincial treasury and the National Treasury when preparing the budget, and must provide the National Treasury and other government departments with certain information on request.

This process of development should ideally occur between August and November, so that draft consolidated three-year budget proposals, IDP amendments and policies can be made available during December and January. This allows time during January, February and March for preliminary consultation and discussion on the draft budget.

Tabling of the draft budget

The initial draft budget must be tabled by the Mayor before Council for review by 31 March.

Publication of the draft budget

Once tabled at Council, the Municipal Manager must make public the appropriate budget documentation and submit it to National Treasury and the relevant provincial treasury and any other government departments as required. At this time, the local community must be invited to submit representations on what is contained in the budget.

Opportunity to comment on draft budget

When the draft budget is tabled, Council must consider the views of the local community, the National Treasury and the relevant provincial treasury and other municipalities and government departments that may have made submissions on the budget.

Opportunity for revisions to draft budget

After considering all views and submissions, Council must provide an opportunity for the Mayor to respond to the submissions received and if necessary to revise the budget and table amendments for Council's consideration.

Following the tabling of the draft budget at the end of March, the months of April and May should be used to accommodate public and government comment and to make any revisions that may be necessary. This may take the form of public hearings, Council debates, formal or informal delegations to

the National Treasury, provincial treasury and other municipalities, or any other consultative forums designed to address stakeholder priorities.

Adoption of the annual budget

The Council must then consider the approval of the budget by 1 June and must formally adopt the budget by 30 June. This provides a 30-day window for Council to revise the budget several times before its final approval.

If a Council fails to approve its budget at its first meeting, it must reconsider it, or an amended draft, again within seven days and it must continue to do so until it is finally approved - before 1 July.

Once approved, the Municipal Manager must place the budget on the municipality's website within five days.

BUDGET IMPLEMENTATION

Implementation management - the Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager must within fourteen days of the approval of the annual budget (by 14 July at the latest) submit to the Mayor for approval a draft SDBIP and draft annual performance agreements for all pertinent senior staff.

An SDBIP is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly service delivery targets and performance indicators.

The Mayor must approve the draft SDBIP within 28 days of the approval of the annual budget (by 28 July at the latest).

This plan must then be monitored by the Mayor and reported on to Council on a regular basis.

Managing the implementation process

The municipal manager is responsible for implementation of the budget and must take steps to ensure that all spending is in accordance with the budget and that revenue and expenditure are properly monitored.

Variation from budget estimates

Generally, Councils may incur expenditure only if it is in terms of the budget, within the limits of the amounts appropriated against each budget vote - and in the case of capital expenditure, only if Council has approved the project.

Expenditure incurred outside of these parameters may be considered to be unauthorised or, in some cases, irregular or fruitless and wasteful. Unauthorised expenditure must be reported and may result in criminal proceedings.

Revision of budget estimates - the adjustments budget

It may be necessary on occasion for a Council to consider a revision of its original budget, owing to material and significant changes in revenue collections, expenditure patterns, or forecasts thereof for the remainder of the financial year.

In such cases a municipality may adopt an adjustments budget, prepared by the municipal manager and submitted to the Mayor for consideration and tabling at Council for adoption.

The adjustments budget must contain certain prescribed information, it may not result in further increases in taxes and tariffs and it must contain appropriate justifications and supporting material when approved by Council.

Requirements of the MFMA relating to the contents of annual budgets and supporting documentation

Section 17 of the MFMA stipulates that an annual budget of a municipality must be a schedule in the prescribed format and sets out what must be included in that format. In its MFMA circular 28, National Treasury set out detailed guidance on the contents of budget documentation and the supporting schedules. Knysna Municipality has made every effort to comply with the circular.

The following table shows how Knysna Municipality complies with the disclosure requirements of section 17 of the MFMA.

Requirement	Disclosure in budget documentation
Schedule of reasonably anticipated revenue for the budget year from each revenue source	Annexure 1
Schedule showing appropriations of expenditure for the budget year under the different votes of the Municipality	Annexure 1
Schedule setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year	Annexure 1
Schedule setting out- (i) estimated revenue and expenditure by vote for the current year and (ii) Actual revenue and expenditure by vote for the financial year preceding the current year.	Annexure 1
Draft resolutions - (i) approving the budget of the Municipality (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year and (iii) Approving any other matters that may be prescribed.	Section 2 - Budget Related Resolutions
Measurable performance objectives for revenue from each source and for each vote in the	Service Delivery and Budget Implementation

budget, taking into account the Municipality's Integrated Development Plan.	Plans
Projection of cash flow for the budget year by revenue source broken down per month	Annexure 1
Proposed amendments to the Municipality's integrated development plan following the annual review of the IDP in terms of section 34 of the Municipal Systems Act	Section 5 - Review of the Knysna Integrated Development Plan
Particulars of the Municipality's investments	Annexure 1
Any prescribe information on municipal entities under the sole or shared control of the Municipality	Not applicable - no entities as defined by section 1 of the Municipal Systems Act
Particulars of all proposed new municipal entities which the Municipality intends to establish or in which the Municipality intends to participate	Not applicable
Particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements	If applicable, Annexure 5
Particulars of any proposed allocations or grants by the municipality to- (i) other municipalities (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers (iii) any other organs of state (iv) any organisations or bodies referred to in section 67 (1) (bodies outside Government)	Annexure 1
The proposed cost to the municipality for the budget year of the salary, allowances and benefits of- (i) each political office bearer of the Municipality (ii) Councillors of the municipality (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager	Annexure 1
The proposed cost for the budget year to a municipal entity under the sole or shared control of the Municipality of the salary, allowances and benefits of-	Not applicable - no entities as defined by section 1 of the Municipal Systems Act

(i) each member of the entity's board of directors and (ii) the chief executive officer and each senior manager of the entity	
Any other supporting documentation as may be prescribed	The supporting documentation as set out in National Treasury's MFMA circular 28 is included in annexure 1.

Other Legislation

In addition to the MFMA, the following legislation also influences Municipality budgeting;

The Division of Revenue Act 2009 and Provincial Budget Announcements

Three year national allocations to local government are published per municipality each year in the Division of Revenue Act. The Act places duties on municipalities in addition to the requirements of the MFMA, specifically with regard to reporting obligations.

Allocations to the Municipality from Provincial Government are announced and published in the Provincial budget.

Section 18 of the MFMA states that annual budgets may only be funded from reasonably anticipated revenues to be collected. The provision in the budget for allocations from National and Provincial Government should reflect the allocations announced in the DORA or in the relevant Provincial Gazette.

The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act no 44 of 2003

One of the key objectives of the Municipal Systems Act is to ensure financially and economically viable communities. The requirements of the Act link closely to those of the MFMA. In particular, the following requirements need to be taken into consideration in the budgeting process;

- Chapters 4 and 5 relating to community participation and the requirements for the Integrated Development Planning process.
- Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.
- Chapter 8 relates to the requirement to produce a tariff policy.

Annexure 5 - Budget 2009/10 to 2011/12; Supporting Information

Budget Process Overview

Political oversight of the budget process

Section 53 of the MFMA requires that the Mayor provides general political guidance over the budget process and the priorities that must guide the preparation of the budget.

Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]

The Act requires the formal budget process to start with the tabling by the Mayor in Council of a schedule showing the key budget deadlines. This was prepared for tabling in Council by the end of August.

Process used to integrate the review of the IDP & preparation of the budget

The budget process is integrated with the review of the IDP through the IDP review mechanism. The outcome of consultation feeding into the IDP review is taken into account in the budget process.

Process for tabling the budget in Council for consultation

A statutory period of consultation followed the tabling of the budget in Council on 26 March 2009. Meetings with the local community were advertised in the local press following the tabling of the 2009/10 draft budget.

The Executive Mayor has considered the outcomes of these consultation meetings and a report detailing the responses was tabled at the same meeting where the budget was tabled for final approval.

Process for approving the budget

The budget must be approved by Council by 31 May.

Process and media used to provide information on the budget to the community

All budget documentation, the MTREF together with tariffs and policies, were made available at Council libraries and offices for inspection. It was also available on Council's website, www.knysna.gov.za.

Advertisements informing the public about the availability of these documents and the schedules for the IDP/Budget public hearings were published in all local newspapers and put up at municipal offices and libraries.

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. This section provides a comprehensive summary of the assumptions used in preparing the budget.

External factors (population migration, employment, health, development of businesses, and new residential areas, etc)

Over recent years Knysna has experienced rapid population growth. This must be seen against the backdrop of developable land, a sensitive environment and the lack of new jobs being created in the local economy. This presents a serious challenge to Council to improve the efficiency of its urban systems. The unique and sensitive environment of Greater Knysna is under pressure and Council has to manage the growth demands of the economy very rigidly to ensure environmental sustainability.

Data from the Planning & Development Directorate indicates that there may be some slowdown in the growth of development in the Town.

The latest economic data available indicates that the number of employed persons in Knysna increased from 16,125 in 2001 to 26,136 in 2007, while the number of unemployed decreased from 6,467 in 2001 to 4,320 in 2007. Employment grew by 8,38% during the period 2001 to 2007, while the unemployment rate decreased from 28,63% to 14,18% over the same period.

Developing local businesses will be vital to meeting the employment challenges. The Municipality will seek access to advice and finance available through Provincial and National schemes. Furthermore, maximum work opportunities must be extracted from new developments. There will be a specific focus on business opportunities in the townships and Council will specifically encourage and promote local business via its procurement policy.

General inflation outlook and its impact on the municipal activities

In the National Budget Speech of 2009, inflation (CPIX) is estimated at 5,8%, 5,3% and 4,7% respectively for the years 2009 to 2011. In MFMA Circular 48 of 2009, the headline inflation forecast for 2008/09 is estimated at 10,8%, while the inflation for 2009/10 is estimated at 5,4%. In February 2009 the Monetary Policy Committee stated that CPI inflation is expected to decline further and average 7,5% in the first quarter of 2009, and to decline to below the upper end of the inflation target range during the third quarter of the year when it is expected to average 5,2%. Inflation is then forecast to increase again and to breach the upper end of the target range in the first quarter of 2010, mainly as a result of technical base effects. Thereafter inflation is expected to return to within the target range and remain there until the end the forecast period when it is expected to average 5,5%.

The following allowances are included in the operating budget for general inflation over the MTREF period.

	2009/10	2009/10	2011/12
General inflation	10,8%	7,1%	6,6%

Interest rates for borrowing and investment of funds

The following assumptions are built into the MTREF;

	2009/10	2010/11	2011/12
Average Interest Rate - New Borrowing	14,5%	15%	15,5%
Average Interest Rate - Investments	9,5%	7%	6%

Rates, tariffs, charges and timing of revenue collection

The rates, tariffs and charges for the 2009/10 budget are included in annexure 2.

The following table shows the assumed average percentage increases built into the MTREF for rates, tariffs and charges;

	2009/10	2010/11	2011/12
Rates	7.5%	7.5%	7.5%
Annual fixed charges - sewer, water & refuse	10%	10%	10%
The annual fixed charges on domestic properties are being phased out:			
• Refuse	(50%)	(50%)	
• Sewer	(50%)	(50%)	
Water - monthly consumption tariff	10%	10%	10%
Electricity - monthly consumption tariff	*34%	30%	25%
<i>* Average proposed increase. The final increase will be approved by Council following the outcome of NERSA's decision on ESKOM's application for a price increase.</i>			

The cash flow statement in annexure 1 shows when rates and tariffs are expected to be collected over the financial year. In general terms, the timing of rates, tariffs and charges is based on the following;

Rates and annual charges	Annual and monthly billing in July. Interim billing throughout the year as required.
Consumption Tariffs	Monthly billing. On-going prepayment meters. Seasonal fluctuations.
Charges	Generally steady state throughout the financial year with seasonal fluctuations.

Growth or decline in tax base of the municipality

The buoyancy of the tax base is the main determinant of the affordability of new infrastructure development. Long term financial modelling shows a resource shortfall of about R 1,1 billion in the resources required for infrastructure development over the next 15 years. However, as already mentioned, there is a clear slowdown in the growth of Knysna to the extent that the whole model requires revision which will take place after the credit rating review to be undertaken shortly.

The following assumptions about future growth in the tax base are included in the MTREF:

	2009/10	2010/11	2011/12
Growth in tax base- Rates	0%	2%	3%
User Charges (%)	0%	2%	3%

Collection rates for each revenue source and customer type

The Municipality has in place a fair but rigorous credit control policy and has a good record of debt recovery. Furthermore, its policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the burden of municipal debt.

Nevertheless, there will always be an element of the total amount billed that will remain uncollected. The Municipality is the same as any other business in this regard. Adequate provision has to be made in the budget for any bad debts based on assumptions on collection rates.

The following bad debt provisions and collection rates are assumed in the MTREF for rates and tariffs.

R '000	2009/10	2010/11	2011/12
Provision for bad and doubtful debts	12,426	13,667	15,035
Assumed collection rate (service charges)	95%	95%	95%
Assumed collection rate (assessment rates)	96%	96%	96%

Price movements on specific items

The following amounts are included in the MTREF for increases in the following items:

R '000	2009/10	2010/11	2011/12
Eskom	69,261	92,202	119,39490,599
Communications & information technology costs (telephone, licensing, wireless, etc.)	5,357	5,738	6,116
Petro SA (refuse removal costs)	4,058	4,347	4,634
Vehicle related costs (licensing, maintenance, fuel & oil, etc.)	7,025	7,523	8,020

Average salary increases

The MTREF includes the following average percentage increases salaries and wages and for Councillors' allowances:

	2009/10	2010/11	2011/12
Councillors	13%	7%	6%
Senior Managers	11%	7%	6%
Administrative, professional, technical, clerical & manual	11%	9%	7,5%
Medical aid contributions	15%	9%	7,5%

Industrial relations climate, reorganisation and capacity building

The ability of the Municipality to deliver quality services is dependent on its staff and the ability to provide services to the Knysna population at a viable level. Failure by the Municipality to invest in its staff to ensure that the capacity and skills exist to meet the challenges being faced by Knysna will ultimately mean a failure to deliver services.

The Municipality has made the following amounts available for training over the MTREF period:

R '000	2009/10	2010/11	2011/12
Training Budget	990	1,060	1,133,107
Staff Bursaries	120	129	137

Trends in population and households (growth, decline, stable)

Population growth trends predict a population of 78,000 at the end of the 3 year budget period.

Changing demand characteristics (demand for services)

Knysna has to respond to changing demand for services that can occur through a number of reasons such as population migration, changing demographic profile, technological changes, and major infrastructure development.

The introduction of wireless technology in Knysna has made the internet available to many more people making on-line interaction with the Municipality possible, including the payment of municipal accounts.

The rapid growth of the town in prior years has impacted on the demand for services and challenges the Municipality in how services are delivered.

Trends in demand for free or subsidised basic services

Knysna's criteria for supporting free or subsidised basic services are set out in the indigent support and social rebate policy. The Government allocates revenue via the Division of Revenue Act (DORA) in the form of the Equitable Share Grant with the primary aim of assisting municipalities with the costs of

providing free or subsidised basic services. Any costs over and above the Equitable Share allocation are met by the Municipality.

The following table shows the assumed cost of the indigent support and social rebate policy over the MTREF and the amounts allocated to the Municipality through the DORA. The two outer years DORA allocations are indicative.

R'000	2009/10	2010/11	2011/12
Cost of rebates	25,550	28,459	31,690
Equitable share	18,849	20,956	23,208
<i>Utilised for free services</i>	<i>15,386</i>	<i>16,423</i>	<i>18,221</i>
<i>Institutional support</i>	<i>2,670</i>	<i>3,687</i>	<i>4,048</i>
<i>Contribution to Councillors allowances</i>	<i>793</i>	<i>835</i>	<i>885</i>
Amount subsidised by the Municipality	10,164	12,036	13,469

Impact of national, provincial and local policies

Knysna sees itself as working in partnership with national, provincial and district municipality spheres of Government in meeting the priority service needs of its people.

Ability of the municipality to spend and deliver on the programmes

The following table shows the trend of spending against budget for the capital programme since 2004/05:

R '000	2004/05	2005/06	2006/07	2007/08	2008/09 (Estimate)
Capital Budget (adjusted)	56,454	78,651	81,518	104,796	70,744
Actual Spending	45,074	65,529	73,001	71,746	71,083
%	80	83	90	68	100

Spending is monitored closely throughout the year and Directors must ensure that capital schemes are supported by robust planning. The Municipality is continually reviewing its capital planning processes.

The SDBIP includes monthly cash flows of expenditure and is used as the basis for budget monitoring.

Implications of restructuring and other major events into the future

The budget does not include any provision for the establishment of a Regional Electricity Distributor for Knysna as there is still considerable uncertainty as to how and when this would operate.

Allocations Made by the Municipality

Details of allocations made by the Municipality are included in Annexure 1.

The main allocation is to Knysna Tourism which is budgeted to receive R 4 million in 2009/10.

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

Salaries, Allowances and Benefits

Supporting tables 8 and 8a in Annexure 1 (b) summarises the salary, allowances and benefits over the MTREF.

Monthly Cash Flows by source

Supporting table 9 in Annexure 1 (b) shows the monthly cash flow by source. The following table summarises the forecast cash flows by quarter in 2009/10.

R '000	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Income	110,409	96,372	107,440	90,568	404,789
Expenditure	93,688	102,508	93,894	117,814	407,904
Net	16,721	(6,136)	13,546	(27,246)	(3)

Sources of funding

Supporting table 4 in Annexure 1 (b) shows the current investments.

Interest earned from investments is applied to the income and expenditure account to help fund the operating budget. The following tables summarises the budgeted interest over the MTREF;

R '000	2009/10	2010/11	2011/12
Investment Interest	5,648	5,365	5,419

Contributions and donations

The Municipality can receive contributions from developers to provide infrastructure and other works as part of the conditions of agreeing planning permission.

Sale of assets

The Municipality is in the process of reviewing its land and asset holdings as part of its longer term financial strategy. Major asset sales are therefore, excluded from the MTREF at this stage.

Borrowing

The MFMA prescribes the conditions within which municipalities may borrow through either short or long term debt.

The Act stipulates that short term debt can be used to meet immediate cash flow needs but that it must be fully repaid within the financial year in which it was incurred. Long term debt can only be incurred for capital expenditure or to re-finance existing long term debt. Proposals to incur long term debt must go through a public consultation process.

The cash flow projections will determine the likely need to borrow short term. It is not projected that any short term borrowing will be required over the MTREF period.

The ratios as set out in the liability, investment and cash management policy are used to establish prudential levels of borrowing in terms of affordability and the overall indebtedness of the Municipality.

The legacy of previous years' financial position means that the current outstanding borrowing ratios are at too high a level to allow Knysna to access capital markets for anything other than specific projects.

Based on these measures of affordability, the Municipality has made the following budgeted provisions for new borrowing for capital expenditure over the MTREF.

R '000	2009/10	2010/11	2011/12
Long-term borrowing	14,960	13,770	9,741

Grant allocations

Details of each grant are shown in the schedule that follows:

National and Provincial Conditional Grant Allocations 2009/10 to 2011/12

Name of Grant	Operating / Capital	Allocating Authority / Department	Amount 2009/10 R'000	Indicative 2010/11 R'000	Indicative 2011/12 R'000	Purpose of the Grant
Integrated housing and human settlement development grant	Operating Capital	Province/ Local Government and Housing	11,997 20,000	15,043 23,000	20,181 25,000	To finance the funding requirements of national housing programmes (excluding recurrent costs recoverable from assets falling under the pre-1994 stock). To facilitate the establishment and maintenance of integrated and sustainable human settlements to ensure economically viable and socially equitable communities in areas with ecological integrity promoting convenient and safe access to economic opportunities, health, educational and social amenities.
Library Services	Operating	Province/ Cultural Affairs and Sport	360	450	518	To enable public libraries to render an improved service by addressing staffing shortages.
Community Development Worker	Operating	Province/ Local Government and Housing Vote	72	75	78	To provide financial assistance to municipalities to cover the Operating costs pertaining to the functions of the community development workers including the regional coordinators.
Maintenance of Proclaimed Roads	Operating	Province/ Transport and Public Works	70			To provide routine maintenance and/or resealing on proclaimed roads (National Roads)

Name of Grant	Operating / Capital	Allocating Authority / Department	Amount 2009/10 R'000	Indicative 2009/10 R'000	Indicative 2011/12 R'000	Purpose of the Grant
Local Government Financial Management Grant (FMG)	Operating	National / National Treasury (National Vote 7)	1,000	1,000	1,250	To promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act.
Municipal Systems Improvement Programme Grant (MSIG)	Operating	National / Provincial and Local Government (National Vote 29)	500	750	840	To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems.
Municipal Infrastructure Grant (MIG)	Operating Capital	National / Provincial and Local Government (National Vote 29)	600 14,287	750 16,663	900 14,049	To supplement capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions. The operating portion is utilised for the Project Management Unit.
Integrated National Electrification Programme (INEP)	Capital	National / Minerals and Energy (National Vote 28)	1,108	500	5,000	To implement the Programme by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Name of Grant	Operating / Capital	Allocating Authority / Department	Amount 2009/10 R'000	Indicative 2009/10 R'000	Indicative 2011/12 R'000	Purpose of the Grant
Neighbourhood Development Partnership Grant (NDPG)	Capital	National / National Treasury (National Vote 7)	5,000	3,557	5,410	To provide municipalities with technical assistance to develop appropriate project proposals for property developments in underserved neighbourhoods and new residential neighbourhoods and to provide for the construction or upgrading of community facilities for neighbourhood developments and/or renewal projects that attract private sector funding and input where appropriate
Equitable Share	Operating	National / Provincial and Local Government	18,849	20,956	23,208	

Annexure 6 - Budget Related Policies

The detailed policies are not included in this budget documentation. However they are available at the Council offices in Clyde Street for viewing as well as on the Internet at www.knysna.gov.za. This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council resolution.

Name of Policy	Type	Date of Council adoption (if already done)	Purpose / Basic areas covered by Policy	Summary of changes	Responsible Manager
REVENUE RELATED					
Tariff	Amended	29 May 2008 (with previous budget)	Setting criteria for establishing service tariffs	Change in tariff structures for solid waste, waste water and water annual basic charges for domestic properties.	Walter McCartney
Rates	Amended	29 May 2008 (with previous budget)	Setting criteria for establishing rates tariffs	Reclassification of: (i) accommodation establishments into major (being greater than 8 bedrooms) and minor (being up to 8 bedrooms); (ii) Agricultural properties not used for bona fide farming purposes to be treated as domestic with a phase-in rebate; (iii) Amendment to private nature reserve rebates.	Grant Easton
Credit control	Amended	29 May 2008 (with previous budget)	Principles and guidelines to be followed with respect to arrear consumer debt control	Additional procedures on arrangements, cost recovery, priority allocation of part payments	William Fillies
Revenue collection	No formal policy	n/a	n/a		William Fillies
Indigent support & social rebate	Amended	29 May 2008 (with previous budget)	Guidelines and procedures for the subsidization of rates and basic services to indigent households	Amendment of policy principles, definitions, qualifying criteria and application process; differentiation between indigent support and social rebates.	William Fillies

BUDGET AND EXPENDITURE					
Liability, investment & cash management	Amended	29 May 2008 (with previous budget)	Guideline of procedures to be followed when investing or lending money	Review of institutions that may be used	Walter McCartney
Virement	Amended	29 May 2008 (with previous budget)	Sets out guidelines and procedures to be followed when transferring budget savings between votes	Votes amended to reflect directorate mapping & review of authorised vote holders	Walter McCartney
Supply chain management	Existing	29 May 2008 (with previous budget)	Dictates procedures for the procurement of goods and services	n/a	Marie Brand

Annexure 7 - Municipality Detailed Capital Plan

Capital program by directorate & department

CAPITAL BUDGET 2009/2010 - 2011/2012 : PROJECTS BY DIRECTORATE & DEPARTMENT				
Details	Budget 2009/2010	Budget 2010/2011	Budget 2011/2012	
Executive & Council				
Municipal Manager				
Festive figurines	190,000			
Program: Office Furniture	600,000			
Program: Tools & Equipment	700,000			
Executive & Council Total	1,490,000			
Finance				
Management Information Service				
Program: Computer Equipment	700,000			
Finance Total	700,000			
Planning				
Housing Administration				
Electrification Northern Areas (INEP Grant co-funding)	700,000	325,000	3,250,000	
Electrification Northern Areas (DoRA: INEP)	1,108,000	500,000	5,000,000	
Project Flensters/Robololo Infrastructure (IHHS)	10,000,000	11,000,000	9,000,000	
Project Vision 2002 Infrastructure (IHHS)	10,000,000	12,000,000	16,000,000	
Toilets in Katanga	500,000			
Planning Total	22,308,000	23,825,000	33,250,000	
Strategy				
Strategy, Policy & Ihs				
Eastern Corridor Upgrade (NDPG)	2,500,000	-	-	
Northern Corridor Upgrade (NDPG)	2,500,000	3,557,000	5,410,000	
Strategy Total	5,000,000	3,557,000	5,410,000	
Electrical				
Electricity Distribution				
10MVA Incomer Transformer Sedgfield (Roll Over)	150,000	2,500,000	-	
11kV Circuit Breaker Intake S/S	400,000	-	-	
185mm/3 Cu Cable: Sedgfield Main t (Roll Over)	200,000	2,500,000	-	
20/25MVA 66/11 Transformer at Intake S/S	8,138,000	3,080,000	-	
22 kV Cable Eastford SS and Salt River SS (Roll Over)	400,000	-	-	
Densification Electrical System: Knysna (Roll Over)	740,000	-	-	
Densification Electrical System: Sedgfield (Roll Over)	50,000	-	-	
Electrification Northern Areas (INEP Grant co-funding additional)	400,000	200,000	1,200,000	
Load Switches for System-Pur (Roll Over)	297,000	-	-	
Nelson Street Substation	770,000	-	-	
Nelson Street Substation (Roll Over)	540,000	-	-	
Vehicle Replacement: CX7364 LDV	210,000	-	-	
Street Lighting				
Hi mast lighting for Vision 2002 (MIG 163869)	1,306,000	-	-	
Hi mast lighting for Vision 2002 (MIG cofunding)	320,000	-	-	
Workshop & Depot				
Workshop: Computer Equipment	12,000			
Workshop: Tools & Equipment	25,000			
Electrical Total	13,958,000	8,280,000	1,200,000	
Community				
Cemetery				
New Cemetery (Roll Over)	617,000	1,000,000	1,779,000	
Cleansing Refuse Removal Serv.				
Developing of Builders Rubble Site (Roll Over)	200,000	-	-	
Developing of Green Site (Roll Over)	464,000	-	-	
Halls / Facilities				
Mayoral project: Rheenedal building extension	50,000			
Library				
Extensions to Knysna Public Library (MIG 148628)	2,150,000	-	-	
Extensions to Knysna Public Library (MIG co-funding)	350,000	-	-	
Safety Fire Brigade Services				
Sedgfield Fire Station (MIG DoRA Flood 2008 co-funded portion)	1,000,000			
Sedgfield Fire Station (MIG DoRA Flood 2008) (Roll over)	500,000			
Vehicle Replacement: CX10515 Truck	650,000			
Sport Fields				
Soccer Goal Posts (Roll Over)	70,000	-	-	
Community Total	6,051,000	1,000,000	1,779,000	

Capital program by directorate & department (continued)

CAPITAL BUDGET 2009/2010 - 2011/2012 : PROJECTS BY DIRECTORATE & DEPARTMENT			
Details	Budget 2009/2010	Budget 2010/2011	Budget 2011/2012
Technical			
Rds,S/Wtr,Drainage:Streets			
Concordia taxi route surface	1,120,000	-	-
Labour Intensive Sidewalks & Pavements: Knysna (MIG 3126 + 164156)	750,000	-	-
Labour Intensive Sidewalks & Pavements: Sedgefield, Karatara, Rheenedal (MIG 164160)	1,266,000	-	-
Leisure Isle Sea Wall (MIG cofunding)	1,050,000	-	-
Leisure Isle Sea Wall (MIG DoRA Flood 2008) (Roll over)	500,000	-	-
Nekkies/Oupad Intersection (EDEN Roll Over)	1,891,000	-	-
PPP: Roads - Belvedere (conditional council portion)	1,000,000	-	-
PPP: Roads - Belvedere (public contribution portion)	300,000	-	-
PPP: Roads - Welbedacht (conditional council portion)	300,000	-	-
PPP: Roads - Welbedacht (public contribution portion)	700,000	-	-
Sedgefield Road to Island (MIG DoRA Flood 2008 co-funded portion)	1,500,000	-	-
Sedgefield Road to Island (MIG DoRA Flood 2008) (Roll over)	1,000,000	-	-
Vehicle Replacement: CX35482 LDV	311,000	-	-
Sewerage Purification Services			
Bongani Bulk Sewer (MIG 159016)	330,000	-	-
Unallocated projects (MIG co-funding)	-	3,065,000	3,512,000
Unallocated projects (MIG)	-	8,795,000	14,049,000
Sewerage Reticulation Services			
Vehicle Replacement: CX1909 LDV	150,000	-	-
Vehicle Replacement: CX7091 LDV	311,000	-	-
Water Purification Works			
Ancillary Works: Sedgefield WTW (MIG 149009)	4,800,000	1,381,000	-
Ancillary Works: Sedgefield WTW (MIG co-funding)	-	1,100,000	-
B/Bay: Relocate bldg at raw wtr abstraction (MIG DoRA Flood 2008) (Roll over)	150,000	-	-
Knysna WTW (MIG 3111)	1,375,000	-	-
Raw Water Pump Station (Roll Over)	500,000	-	-
Rheenedal WTW (MIG 5063.1)	310,000	-	-
Sedgefield Water Augmentation (MIG Flood 2006 co-funding)	700,000	-	-
Sedgefield WTW & Pump Station Relocated (MIG DoRA Flood 2008 co-funded portion)	1,862,000	-	-
Sedgefield WTW & Pump Station Relocated (MIG DoRA Flood 2008) (Roll over)	2,138,000	-	-
Vehicle Replacement: CX36898 LDV	181,000	-	-
Water Reticulation			
Bulk Infrastructure in Northern Areas (Co-funded portion to MIG) (Roll Over)	1,750,000	-	-
Glebe pipeline & contingency (MIG DoRA Flood 2008) (Roll over)	3,103,000	-	-
N & NE Bulk Water (MIG 161601)	2,000,000	6,487,000	-
New Reservoir at Old Place (Co-funded portion to MIG) (Roll Over)	500,000	-	-
Vehicle Replacement: CX7600 LDV	150,000	-	-
Technical Total	31,998,000	20,828,000	17,561,000
Grand Total	81,505,000	57,490,000	59,200,000

Capital program by area, ward & directorate

CAPITAL BUDGET 2009/2010 - 2011/2012 : SUMMARISED BY AREA, WARD & DIRECTORATE			
Details by Area & Ward	Budget 2009/2010	Budget 2010/2011	Budget 2011/2012
All Wards			
All Wards			
Community			
Soccer Goal Posts (Roll Over)	70,000	-	-
Electrical			
Workshop: Computer Equipment	12,000		
Workshop: Tools & Equipment	25,000		
Executive & Council			
Program: Office Furniture	600,000		
Program: Tools & Equipment	700,000		
Finance			
Program: Computer Equipment	700,000		
All Wards Total	2,107,000	-	-
All Wards Total	2,107,000	-	-
Buffalo Bay			
Ward: 1			
Technical			
B/Bay: Relocate bldg at raw wtr abstraction (MIG DoRA Flood 2008) (Roll over)	150,000		
Ward: 1 Total	150,000		
Buffalo Bay Total	150,000		
Hornlee			
Ward: 6			
Strategy			
Eastern Corridor Upgrade (NDPG)	2,500,000	-	-
Ward: 6 Total	2,500,000	-	-
Hornlee Total	2,500,000	-	-
Knysna			
Ward: 1			
Community			
Developing of Builders Rubble Site (Roll Over)	200,000	-	-
Ward: 1 Total	200,000	-	-
Ward: 5			
Community			
Extensions to Knysna Public Library (MIG 148628)	2,150,000	-	-
Extensions to Knysna Public Library (MIG co-funding)	350,000	-	-
Electrical			
Nelson Street Substation	770,000		
Nelson Street Substation (Roll Over)	540,000		
Technical			
Leisure Isle Sea Wall (MIG cofunding)	1,050,000		
Leisure Isle Sea Wall (MIG DoRA Flood 2008) (Roll over)	500,000		
New Reservoir at Old Place (Co-funded portion to MIG) (Roll Over)	500,000	-	-
PPP: Roads - Belvedere (conditional council portion)	1,000,000		
PPP: Roads - Belvedere (public contribution portion)	300,000		
PPP: Roads - Welbedacht (conditional council portion)	300,000		
PPP: Roads - Welbedacht (public contribution portion)	700,000		
Ward: 5 Total	8,160,000	-	-
Wards: 3,5,6,7,8			
Community			
Developing of Green Site (Roll Over)	464,000	-	-
Wards: 3,5,6,7,8 Total	464,000	-	-
Wards: 3-8			
Community			
New Cemetery (Roll Over)	617,000	1,000,000	1,779,000
Vehicle Replacement: CX10515 Truck	650,000		
Electrical			
20/25MVA 66/11 Transformer at Intake S/S	8,138,000	3,080,000	-
22 kV Cable Eastford SS and Salt River SS (Roll Over)	400,000	-	-
Densification Electrical System: Knysna (Roll Over)	740,000	-	-
Load Switches for System-Pur (Roll Over)	297,000	-	-
Executive & Council			
Festive figurines	190,000		
Technical			
Glebe pipeline & contingency (MIG DoRA Flood 2008) (Roll over)	3,103,000		
Knysna WTW (MIG 3111)	1,375,000	-	-
Labour Intensive Sidewalks & Pavements: Knysna (MIG 3126 + 164156)	750,000	-	-
Raw Water Pump Station (Roll Over)	500,000	-	-
Unallocated projects (MIG co-funding)	-	3,065,000	3,512,000
Unallocated projects (MIG)	-	8,795,000	14,049,000
Vehicle Replacement: CX36898 LDV	181,000		
Wards: 3-8 Total	16,941,000	15,940,000	19,340,000
Knysna Total	25,765,000	15,940,000	19,340,000

Capital program by area, ward & directorate (continued)

Details by Area & Ward	Budget 2009/2010	Budget 2010/2011	Budget 2011/2012
Northern Areas			
Ward: 6			
Planning			
Toilets in Katanga	500,000		
Ward: 6 Total	500,000		
Ward: 8			
Strategy			
Northern Corridor Upgrade (NDPG)	2,500,000	3,557,000	5,410,000
Ward: 8 Total	2,500,000	3,557,000	5,410,000
Wards: 3,4,7,8			
Electrical			
Electrification Northern Areas (INEP Grant co-funding additional)	400,000	200,000	1,200,000
Planning			
Electrification Northern Areas (INEP Grant co-funding)	700,000	325,000	3,250,000
Electrification Northern Areas (DoRA: INEP)	1,108,000	500,000	5,000,000
Project Flenters/Robololo Infrastructure (IHHS)	10,000,000	11,000,000	9,000,000
Project Vision 2002 Infrastructure (IHHS)	10,000,000	12,000,000	16,000,000
Wards: 3,4,7,8 Total	22,208,000	24,025,000	34,450,000
Wards: 4,6,7			
Technical			
Bulk Infrastructure in Northern Areas (Co-funded portion to MIG) (Roll Over)	1,750,000	-	-
Concordia taxi route surface	1,120,000	-	-
Nekkies/Upad Intersection (EDEN Roll Over)	1,891,000	-	-
Wards: 4,6,7 Total	4,761,000	-	-
Wards: 4,6,7,8			
Electrical			
Hi mast lighting for Vision 2002 (MIG 163869)	1,306,000	-	-
Hi mast lighting for Vision 2002 (MIG cofunding)	320,000	-	-
Technical			
Bongani Bulk Sewer (MIG 159016)	330,000	-	-
N & NE Bulk Water (MIG 161601)	2,000,000	6,487,000	-
Wards: 4,6,7,8 Total	3,956,000	6,487,000	-
Northern Areas Total	33,925,000	34,069,000	39,860,000
Rheenedal			
Ward: 2			
Community			
Mayoral project: Rheenedal building extension	50,000		
Technical			
Rheenedal WTW (MIG 5063.1)	310,000	-	-
Ward: 2 Total	360,000	-	-
Rheenedal Total	360,000	-	-
Sedgefield			
Ward: 1			
Community			
Sedgefield Fire Station (MIG DoRA Flood 2008 co-funded portion)	1,000,000		
Sedgefield Fire Station (MIG DoRA Flood 2008) (Roll over)	500,000		
Electrical			
10MVA Incomer Transformer Sedgefield (Roll Over)	150,000	2,500,000	-
185mm/3 Cu Cable: Sedgefield Main t (Roll Over)	200,000	2,500,000	-
Densification Electrical System: Sedgefield (Roll Over)	50,000		
Technical			
Ancillary Works: Sedgefield WTW (MIG 149009)	4,800,000	1,381,000	-
Ancillary Works: Sedgefield WTW (MIG co-funding)	-	1,100,000	-
Sedgefield Road to Island (MIG DoRA Flood 2008 co-funded portion)	1,500,000		
Sedgefield Road to Island (MIG DoRA Flood 2008) (Roll over)	1,000,000		
Sedgefield Water Augmentation (MIG Flood 2006 co-funding)	700,000		
Sedgefield WTW & Pump Station Relocated (MIG DoRA Flood 2008 co-funded portion)	1,862,000		
Sedgefield WTW & Pump Station Relocated (MIG DoRA Flood 2008) (Roll over)	2,138,000		
Ward: 1 Total	13,900,000	7,481,000	-
Ward: 2			
Electrical			
11kV Circuit Breaker Intake S/S	400,000	-	-
Ward: 2 Total	400,000	-	-
Ward: 1-2			
Electrical			
Vehicle Replacement: CX7364 LDV	210,000		
Technical			
Labour Intensive Sidewalks & Pavements: Sedgefield, Karatara, Rheenedal (MIG 164160)	1,266,000	-	-
Vehicle Replacement: CX1909 LDV	150,000		
Vehicle Replacement: CX35482 LDV	311,000		
Vehicle Replacement: CX7091 LDV	311,000		
Vehicle Replacement: CX7600 LDV	150,000		
Ward: 1-2 Total	2,398,000	-	-
Sedgefield Total	16,698,000	7,481,000	-
Grand Total	81,505,000	57,490,000	59,200,000

Capital program by IDP strategy & action program

CAPITAL BUDGET 2008/2009 - 2010/2011 : SUMMARISED BY IDP STRATEGY			
Strategy, ActionProgram & Program	Budget 2009/2010	Budget 2010/2011	Budget 2011/2012
Caring and contented town			
New Housing			
Housing Infrastructure	22,208,000	24,025,000	34,450,000
New Housing Total	22,208,000	24,025,000	34,450,000
Social development & community safety			
Community Facilities	2,620,000	-	-
Social development & community safety Total	2,620,000	-	-
Targeted development of deprived areas			
Community Facilities	5,000,000	3,557,000	5,410,000
Housing Infrastructure	500,000		
Streets & Stormwater	3,011,000	-	-
Targeted development of deprived areas Total	8,511,000	3,557,000	5,410,000
Caring and contented town Total	33,339,000	27,582,000	39,860,000
Dynamic and welcoming town			
Safe, healthy & well trained staff			
Buildings	1,500,000		
Office Furniture & Equipment	2,012,000		
Tools & Equipment	25,000		
Safe, healthy & well trained staff Total	3,537,000		
Dynamic and welcoming town Total	3,537,000		
Reliably functioning town			
Bulk infrastructure			
Bulk Electricity Infrastructure	8,538,000	3,080,000	-
Bulk Sewer Infrastructure	330,000	11,860,000	17,561,000
Bulk Water Infrastructure	16,938,000	8,968,000	-
Cemetery	617,000	1,000,000	1,779,000
Electricity Infrastructure	3,147,000	5,000,000	-
Streets & Stormwater	6,350,000		
Waste Management	664,000	-	-
Water Infrastructure	2,250,000	-	-
Bulk infrastructure Total	38,834,000	29,908,000	19,340,000
Service reviews			
Vehicle Replacements	1,963,000		
Tools & Equipment	190,000		
Service reviews Total	2,153,000		
Reliably functioning town Total	40,987,000	29,908,000	19,340,000
Successful and respected town			
Creating jobs from development			
Streets & Stormwater	2,016,000	-	-
Housing	1,626,000	-	-
Creating jobs from development Total	3,642,000	-	-
Successful and respected town Total	3,642,000	-	-
Grand Total	81,505,000	57,490,000	59,200,000

All budget documents are available on the official website: www.knysna.gov.za

These include:

- *Medium Term Revenue & Expenditure Framework 2009/2010 - 2011/2012*
- *Schedule of tariffs & charges 2009/2010*
- *Budget related policies, including Rates & Tariff Policies*

