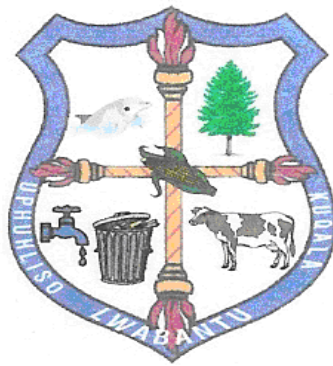


# INGQUZA HILL LOCAL MUNICIPALITY



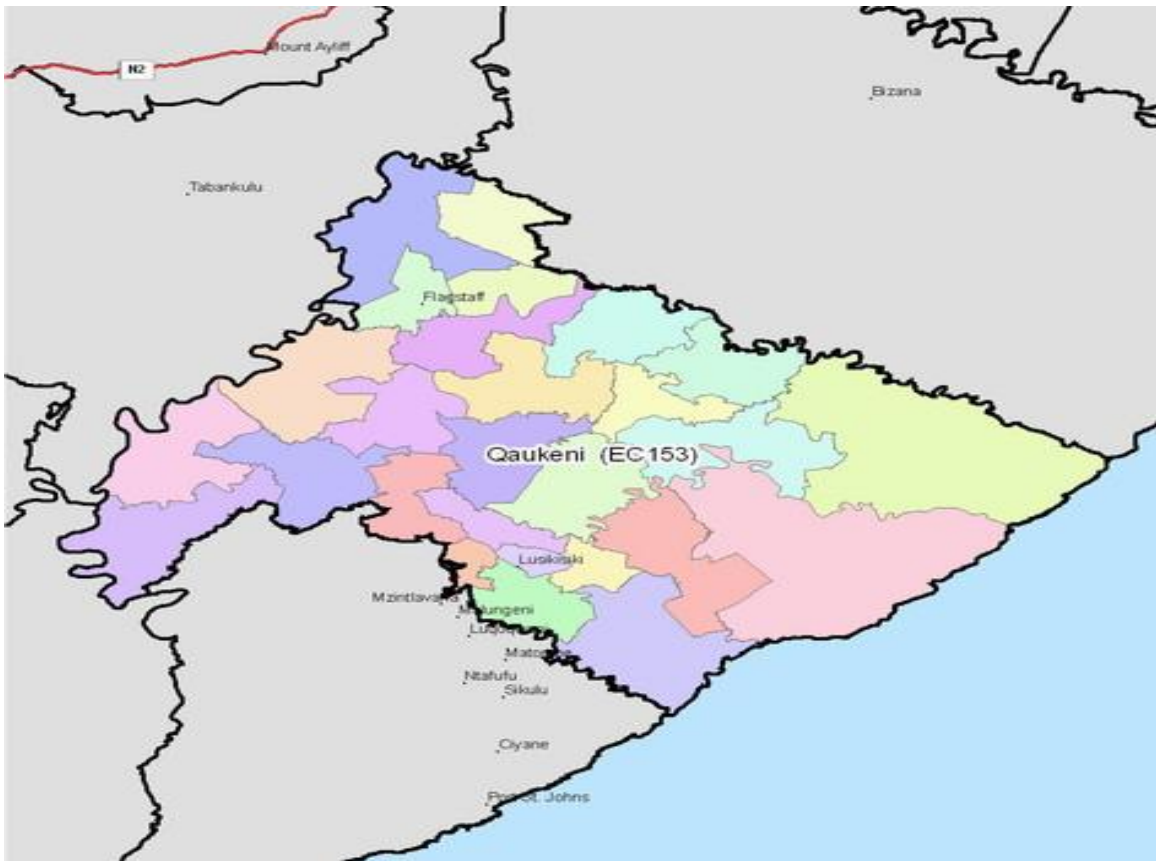
## 2008/09 TO 2010/11 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET

**30 JUNE 2008**

## TABLE OF CONTENTS

<b>1. Locality map of Ingquza Hill Local Municipality.....</b>	<b>3</b>
<b>2. Mayoral Speech.....</b>	<b>4</b>
<b>3. Executive summary.....</b>	<b>8</b>
<b>4. The Budget.....</b>	<b>10</b>
<b>4.1 Budget recommendations.....</b>	<b>10</b>
<b>4.2 Budget Schedules (Operating and Capital).....</b>	<b>11</b>
<b>4.3 Budget Related Charts.....</b>	<b>17</b>
<b>5.1 Budget Process Overview.....</b>	<b>23</b>
<b>5.2 Budget Related Policies Overview and Amendments.....</b>	<b>23</b>
<b>5.3 Budget Assumptions.....</b>	<b>24</b>
<b>5.3.2.3 Household statistics.....</b>	<b>29</b>
<b>5.3.2.4 Employment and labour trends.....</b>	<b>30</b>
<b>5.3.4 Infrastructure.....</b>	<b>34</b>
<b>5.3.4.1 Telecommunication.....</b>	<b>35</b>
<b>5.3.4.2 Water Services.....</b>	<b>35</b>
<b>5.3.4.3 Sanitation Services.....</b>	<b>37</b>
<b>5.3.4.4 Waste Management.....</b>	<b>39</b>
<b>5.3.4.5 Electrification.....</b>	<b>40</b>
<b>5.3.4.6 Roads and Transport.....</b>	<b>41</b>
<b>5.4 Disclosure of salaries, allowances and benefits.....</b>	<b>43</b>

# 1. LOCALITY MAP OF INGQUZA HILL LOCAL MUNICIPALITY



## **2. MAYORAL SPEECH**

### **INTRODUCTION**

This budget has been prepared in terms of Chapter 4 of the Municipal Finance Management Act No 56 of 2003 that provides (directs) for the Mayor to initiate a budget process plan ten (10) months before the start of the financial year. This budget has been prepared following the adoption of the budget process plan on September 2007.

This budget has also been prepared in terms of Circular 28 of the National Treasury which instructs the council to prepare the budget following this standard format. This is meant to ensure uniform standard in the preparation of budget and format of all municipalities. The content of the budget is informed by:

- The IDP reviewal process that involved all the stakeholders of the municipality.
- The realities of the conditions around which the municipality is operating.
- It is influenced by the national and global trends.
- The policies and pieces of legislation that are guiding us, the municipal practitioners that are carrying out the mandate that is contained in the people's contract manifesto.

### **REVENUE**

The IDP reviewal process gave us the direction and priorities that must inform the budget. Though the IDP representative forum gave us the Key Performance Priority Areas that must be undertaken or implemented, it gave us the mandate of preparing the budget within the confines of the legislative framework. Our Key Priority areas will be funded out of the revenue that we are sure to collect during the financial year in question. The total revenue

that will be collected is R 112 992 000 (One Hundred and Twelve Million Nine Hundred and Ninety Two Hundred). This revenue is made up of Grants, loans and own revenue contributions as follows:

#	ITEM	AMOUNT	% CONTRIBUTION
1	Grants	R67 235 000	60%
2	External Loan	R10 000 000	9%
3	Own revenue contribution	R37 757 000	31%

This low revenue base means that we have reprioritize the programmes and projects identified during the IDP reviewal process. There are also programmes that are underway and cannot be tampered with even slightly, .e.g. Personnel expenditure, MIG etc.

## **EXPENDITURE BUDGET FRAMEWORK**

Expenditure budget framework is made up of Personnel expenditure, General Expenditure, Repairs and maintenance and Capital expenditure.

## **PERSONNEL EXPENDITURE**

Personnel expenditure has been increased from the current financial year by 10%. This is in response to the Consumer Price Index (CPIX) and Inflation. The CPIX is currently at 9,9% and was less than that in January. The amount budgeted for is Forty Nine Six Hundred and Forty Six Thousand and Twenty Three Rands (R 49 646 023). This figure is made up of line items that are reflected on the budget summary and the detailed budget per department.

## **GENERAL EXPENSES**

These are expenses that are not fixed i.e. variable. They increase with the increase in inflation, size etc; there are instances where there are huge inconsistencies with this. Where there are unexplainable inconsistencies, it means that there is a potential to implement controls that will lower down costs or expenses. We considered what we incurred this current financial year in order to avoid unauthorized and wasteful expenditure at the beginning of the financial year. New line items include assistance to traditional authorities, beach management, hotel accommodation, IGR, loan repayment, poverty alleviation, MUNSOFT; these are explained as follows:

- a) **Traditional authority's assistance** refers to interventions that we make to Qaukeni Great place and other tribal authorities when requests have been made;
- b) **Beach Management** refers to posting of life savers / life guards beach patrols by our Community Safety Department during festive season and Easter holidays;
- c) **Loan Repayment:** refers to finance service charges that will be due to the Development Bank of Southern Africa (DBSA) in respect of the Loan;
- d) **Poverty alleviation:** refers to interventions that will be made by Social Development to households affected by severe poverty and HIV/ Aids. This will mostly be in the form of communal gardens and related community projects;
- e) **MUNSOFT** is a financial management system that is in the final stages of implementation and requires adequate maintenance to provide for high quality management of our finances.

## **REPAIRS AND MAINTANCE**

Amongst other items provided for in this section; street lights needs to be adequately maintained to combat crime. Toilets – public toilets will need to

be maintained by the Local Municipality once they have been constructed by the District Municipality; it should be noted that there is no additional funding or grant funding available for this.

## **CAPITAL EXPENDITURE**

Total capital expenditure amounts to R 37 461 977 and will amongst other things be expended as follows:

- Bus/ Taxi facilities refer to the continuation of construction work that was abandoned due to the shortage of funds;
- Drivers testing centre refer to the construction of the testing centre for learner drivers to get drivers licenses. This is funded out of DBSA loan;
- Flagstaff paving road- this is response to traffic congestion and will enable traffic section to regulate traffic smoothly;
- Guardrooms – refer to the pounds and cemeteries;
- Map –cabinet –to keep maps in town planning department;
- Mobile office will be acquired in response to the shortage of office space;
- Motor vehicles will intervene at law enforcement and other day to day activities of the institution.
- Plant and equipment to be funded from DBSA loan and shall intervene on maintenance of roads
- Plotter – calculation of kilometers on the ground.
- Prolaser machine – camera to assist in apprehending all those that exceed speed limit.
- Social facilities : this refers to community halls

## **TARIFFS**

When adopting a budget for the financial year, the municipality has to revise its tariffs. Increase in tariffs is often influenced by inflation rate and the period of the last reviewal of such tariffs.

HOUSEHOLDS	R 58.00	R 72.00
BUSINESSES ( 1 X WEEKLY)	R 114.00	R 143.00
BUSINESSES (3 X WEEKLY)	R 171.00	R 214.43
BUSINESSES (DAILY)	R 256.50	R 321.65
GOVERNMENT ( 1 X WEEKLY)	R 114.00	R 142.96
GOVERNMENT (3 X WEEKLY)	R 171.00	R 214.43
GOVERNMENT (DAILY)	R 256.50	R 321.65

This table illustrates Refuse Removal Tariffs as they appear in the budget. Some of these tariffs for example Household in town have never been reviewed since 1995 hence we are proposing that they should increase by 10%. Grass Cutting Tariff has also been increased due to the increase in diesel prices. Property rates will increase by 2 cents per rand.

## **CONCLUSION**

The budget is a balanced one and it is only reflecting those items that are funded by us.

## **3. EXECUTIVE SUMMARY**

Ingquza Hill Local Municipality comprises an area of 2476 square kilometres and serves a population of approximately 255 374 people. The community is predominantly rural. Employment rates are low and poverty levels high which impacts negatively on the municipality's ability to generate income from services charges and rates.

Total budget for the 2008/09 financial year amounts to R112 992 million, which represents an increase of R22 088 million (24.9%) increase in

comparison to 2007/08. This increase is attributable to the 22% increase in the equitable share when compared to the 2007/08 financial year.

Primary operating revenue and expenditure budget categories reflect the following year-on year budget value increases (2008/09 vs 2007/08 adjustment budget):

**Expenditure categories growth**

	<u>2008/09</u>	<u>2007/08</u>
Staff costs	8%	35%
General Expenses	37%	35%
Repairs and Maintenance	56%	10%
Capital Expenditure	45%	34%

**Alignment with National and Provincial Priorities**

Successful implementation of the municipality's service delivery priorities as embodied in the IDP and its focus areas, objectives and perspectives, to that of the national and provincial governments is seen critical if we are to achieve our developmental goals

**Priority development areas**

**Economic growth and development**

**Sustainable infrastructure**

**Integrated human settlements**

**Fostering safe and secure environment**

**Health, social and human capital development**

**Good governance and regulatory reform**

## **4. The Budget**

### **4.1 Budget recommendations**

That the annual budget of the municipality for the financial year 2008/2009; and indicative allocations for the two projected outer years 2009/10 and 2010/11 be approved on the 30<sup>th</sup> May 2008 as set out below:

- 1.1 All schedules in Annexure 1 of the 2008/2009 MTREF as they relate to budget summary, departmental budgets, staff costs and tariffs.**

## 4.2 Budget Schedules (Operating and Capital)

### Revenue by source

REVENUE BY SOURCE	Preceding Year 2006/07	Current Year 2007/08			Medium Term Revenue and Expenditure Framework		
					Budget Year 2008/09	Budget Year +1 2009/10	Budget Year +2 20010/11
	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
Property rates	4,936,857	8,919,089	8,193,144	8,193,144	4,000,000	4,200,000	4,410,000
Refuse removal	289,115	1,265,800	800,000	800,000	800,000	840,000	882,000
Service charges – other	3,612,968	1,380,000	620,000	620,000	1,871,000	1,964,550	2,062,778
Transfer from reserves					-	-	-
Rental of facilities and equipment		230,000	867,000	867,000	4,705,000	4,940,250	5,187,263
Interest earned - external investments	448,374	2,300,000	2,000,000	2,000,000	9,000,000	9,450,000	9,922,500
Interest earned - outstanding debtors		400,000	400,000	400,000	600,000	630,000	661,500
External borrowing	-	-	7,000,000	7,000,000	10,000,000	10,500,000.00	11,025,000.00
Fines	33,060	170,000	527,866	527,866	2,005,000	2,105,250	2,210,513
Licenses and permits	50,657	109,000	109,000	109,000	20,000	21,000	22,050
Income for agency services	1,028,658	350,000	1,200,000	1,200,000	500,000	525,000	551,250
Government grants & subsidies	51,533,141	58,280,000	60,575,000	60,575,000	68,435,000	69,756,750	73,244,588
VAT Refund	8,583,728	15,200,000	17,165,220	17,165,220	7,600,000	7,980,000	8,379,000
Sale of sites	172,500	100,000	3,625,000	3,625,000	3,456,000	3,628,800	3,810,240
<b>Total Revenue By Source</b>	<b>70,689,058</b>	<b>88,703,889</b>	<b>103,082,230</b>	<b>103,082,230</b>	<b>112,992,000</b>	<b>116,541,600</b>	<b>122,368,680</b>

Table 1: Revenue by Source

## Operating Expenditure by Vote

OPERATING EXPENDITURE BY VOTE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2006/07	2007/08			Budget Year 2008/09	Budget Year +1 2009/10	Budget Year +2 20010/11
	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
SALARIES AND WAGES	29,193,581	45,842,889	45,842,889	45,842,889	49,646,023	52,128,324	54,734,740
ACCOUNTING AND AUDIT FEES		800,000	1,400,000	1,400,000	800,000	840,000	882,000
ADVERTISING FEES		76,000	120,000	120,000	96,800	101,640	106,722
BANK CHARGES		450,000	450,000	450,000	450,000	472,500	496,125
CLEANING MATERIALS		100,000	50,000	50,000	100,000	105,000	110,250
CONFERENCE FEES / WORKSHOP & ACCOM		130,000	1,054,248	1,054,248	40,000	42,000	44,100
CONSULTANTS & PROF. FEES		3,350,000	4,200,000	4,200,000	2,300,000	2,415,000	2,535,750
CRIME PREVENTION		100,000	100,000	100,000	250,000	262,500	275,625
DISASTER MANAGEMENT		100,000	100,000	100,000	100,000	105,000	110,250
EQUITABLE SHARE: FREE BASIC							
ELECTRICITY		150,000	400,000	400,000	700,000	735,000	771,750
COUNCIL FUNCTIONS		263,250	250,000	250,000	200,000	210,000	220,500
INSURANCE: EXTERNAL		800,000	-	-	900,000	945,000	992,250
LEGAL FEES		2,000,000	2,500,000	2,500,000	2,000,000	2,100,000	2,205,000
MAYORAL FUND		1,500,000	1,500,000	1,500,000	1,000,000	1,050,000	1,102,500
PRINTING AND STATIONERY		200,000	220,000	220,000	250,000	262,500	275,625
PUBLIC PARTICIPATION		300,000	300,000	300,000	220,000	231,000	242,550
REFUSE BAGS AND BINS		200,000	450,000	450,000	200,000	210,000	220,500
RENT - OFFICE EQUIPMENT			124,000	124,000	240,000	252,000	264,600
SUBSISTENCE AND TRAVELLING		1,401,750	1,401,750	1,401,750	1,800,000	1,890,000	1,984,500
TRAINING : OFFICIALS		900,000	900,000	900,000	1,180,000	1,239,000	1,300,950
VEHICLE FUEL AND OIL		400,000	500,000	500,000	858,222	901,133	946,190
REPAIRS AND MAINTENANCE	1,391,592	2,405,000	2,415,000	2,415,000	3,760,000	3,948,000	4,145,400
OTHER EXPENSES	20,015,014	1,360,000	3,737,143	3,737,143	8,438,978	8,860,927	9,303,973
<b>OPERATING EXPENDITURE BY VOTE</b>	<b>50,600,187</b>	<b>62,828,889</b>	<b>68,015,030</b>	<b>68,015,030</b>	<b>75,530,023</b>	<b>79,306,524</b>	<b>83,271,850</b>

Table 2: Operating Expenditure by Vote

## Operating Expenditure by General Function System (GFS) Classification

OPERATING EXPENDITURE BY GFS	2006/07	2007/08			Medium Term Revenue and Expenditure Framework		
					Budget Year 2008/09	Budget Year 2009/10	Budget Year 2010/11
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Council	11,146,428	13,113,445	13,188,588	13,188,588	13,569,497	14,247,972	14,960,370
Speaker	476,028	560,033	560,033	560,033	1,472,723	1,546,359	1,623,677
Mayor	1,913,544	2,251,228	2,251,228	2,251,228	2,204,986	2,315,235	2,430,997
Municipal Manager	3,437,562	4,044,190	4,726,940	4,726,940	4,414,694	4,635,429	4,867,201
Budget and Treasury	5,632,561	6,626,542	9,540,542	9,540,542	10,175,017	10,683,768	11,217,956
Administration	6,490,528	7,635,915	8,524,163	8,524,163	8,329,278	8,745,742	9,183,029
Human Resource Development	2,091,540	2,460,635	2,370,635	2,370,635	2,460,635	2,583,667	2,712,850
Social Development and Council Support	7,517,543	12,143,426	12,018,426	12,018,426	13,335,195	14,001,955	14,702,053
Strategic and Development Planning Services	2,836,737	3,337,338	3,307,338	3,307,338	4,089,594	4,294,074	4,508,778
Infrastructural Development	9,057,716	10,656,137	11,527,137	11,527,137	15,478,403	16,252,324	17,064,940
<b>OPERATING EXPENDITURE BY GFS</b>	<b>50,600,187</b>	<b>62,828,889</b>	<b>68,015,030</b>	<b>68,015,030</b>	<b>75,530,023</b>	<b>79,306,524</b>	<b>83,271,850</b>

Table 3: Operating expenditure by GFS

## Capital expenditure by Vote

CAPITAL EXPENDITURE BY VOTE	Preceding Year 2007	Current Year 2008			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2009	Budget Year +1 2010	Budget Year +2 2011
					Budget R'000	Budget R'000	Budget R'000
BUILDINGS	73,967	150,000	150,000	150,000	-	-	-
BUS/TAXI FACILITIES	852,226	-	1,500,000	1,500,000	2,000,000	2,100,000	2,205,000
COMPUTER EQUIPMENT		1,574,000	1,574,000	1,574,000	300,000	315,000	330,750
COMMUNITY CENTRES	123,864	-	-	-	-	-	-
DIGITAL CAMERA		4,000	6,000	6,000	-	-	-
DRIVERS LICENCE TESTING CENTRE		-	1,500,000	1,500,000	2,100,000	-	-
ELECTRICAL INFRASTRUCTURE	333,926	-	-	-	-	-	-
FENCING OF CEMETARY		250,000	250,000	250,000	200,000	210,000	220,500
FURNITURE AND OFFICE EQUIPMENT	407,059	602,000	300,000	300,000	200,000	210,000	220,500
PLANT AND EQUIPMENT	95,594	-	4,000,000	4,000,000	7,900,000	8,295,000	8,709,750
GENERATOR		-	-	-	500,000	525,000	551,250
GUARD ROOM		-	-	-	100,000	105,000	110,250
LANDFILL SITES	145,822	-	100,000	100,000	-	-	-
LOCAL ECONOMIC DEVELOPMENT PROJECTS	232,727	1,800,000	1,800,000	1,800,000	1,500,000	1,575,000	1,653,750
MAP CABINET	-	-	-	-	50,000	52,500	55,125
MOBILE OFFICE		200,000	747,200	747,200	190,000	199,500	209,475
MOTOR VEHICLES	-	-	-	-	1,530,000	1,606,500	1,686,825
OFFICE UPDGRADE		-	-	-	90,000	94,500	99,225
PAVING - FLAGSTAFF ROADS		-	-	-	1,137,977	1,194,876	1,254,620
PROLASAR MACHINE		100,000	-	-	76,000	79,800	83,790
PLOTTER		-	-	-	25,000	26,250	27,563
ROAD CONSTRUCTION	14,023,688	13,025,000	15,000,000	15,000,000	15,418,000	16,188,900	16,998,345
SOCIAL FACILITIES		-	-	-	2,100,000	2,205,000	2,315,250
TESTING CENTRE		8,100,000	8,100,000	8,100,000	2,000,000	2,100,000	2,205,000
TOOLS AND EQUIPMENT	66,149	70,000	40,000	40,000	25,000	26,250	27,563
TWO WAY RADIOS		-	-	-	20,000	-	-
<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>16,355,022</b>	<b>25,875,000</b>	<b>35,067,200</b>	<b>35,067,200</b>	<b>37,461,977</b>	<b>37,109,076</b>	<b>38,964,530</b>

Table 4: Capital expenditure by vote

### Capital Expenditure by General Function System (GFS) Classification

CAPITAL EXPENDITURE BY GFS	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2006/07	2007/08			Budget Year	Budget Year	Budget Year
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	2008/09 Budget R'000	+1 2009/10 Budget R'000	+2 20010/11 Budget R'000
COUNCIL	-		-	-	-	-	-
SPEAKER	-	3,000	-	-	-	-	-
MAYOR	-	3,000	-	-	-	-	-
MUNICIPAL MANAGER	-	70,000	500,000	500,000	-	-	-
BUDGET AND TREASURY	53,020	150,000	473,250	473,250	-	-	-
ADMINISTRATION	449,633	2,250,000	2,674,590	2,674,590	2,220,000	2,331,000	2,447,550
HUMAN RESOURCE DEVELOPMENT		-	60,000	60,000	-	-	-
SOCIAL DEVELOPMENT AND COUNCIL SUPPORT	56,642	420,000	1,160,594	1,160,594	2,521,000	2,647,050	2,779,403
STRATEGIC AND DEVELOPMENT PLANNING SERVICES	280,056	1,854,000	1,598,766	1,598,766	1,550,000	1,627,500	1,708,875
INFRASTRUCTURAL DEVELOPMENT	15,515,671	21,125,000	28,600,000	28,600,000	31,170,977	30,503,526	32,028,702
<b>CAPITAL EXPENDITURE BY GFS</b>	<b>16,355,021</b>	<b>25,875,000</b>	<b>35,067,200</b>	<b>35,067,200</b>	<b>37,461,977</b>	<b>37,109,076</b>	<b>38,964,530</b>

Table 5: Capital expenditure by GFS classification

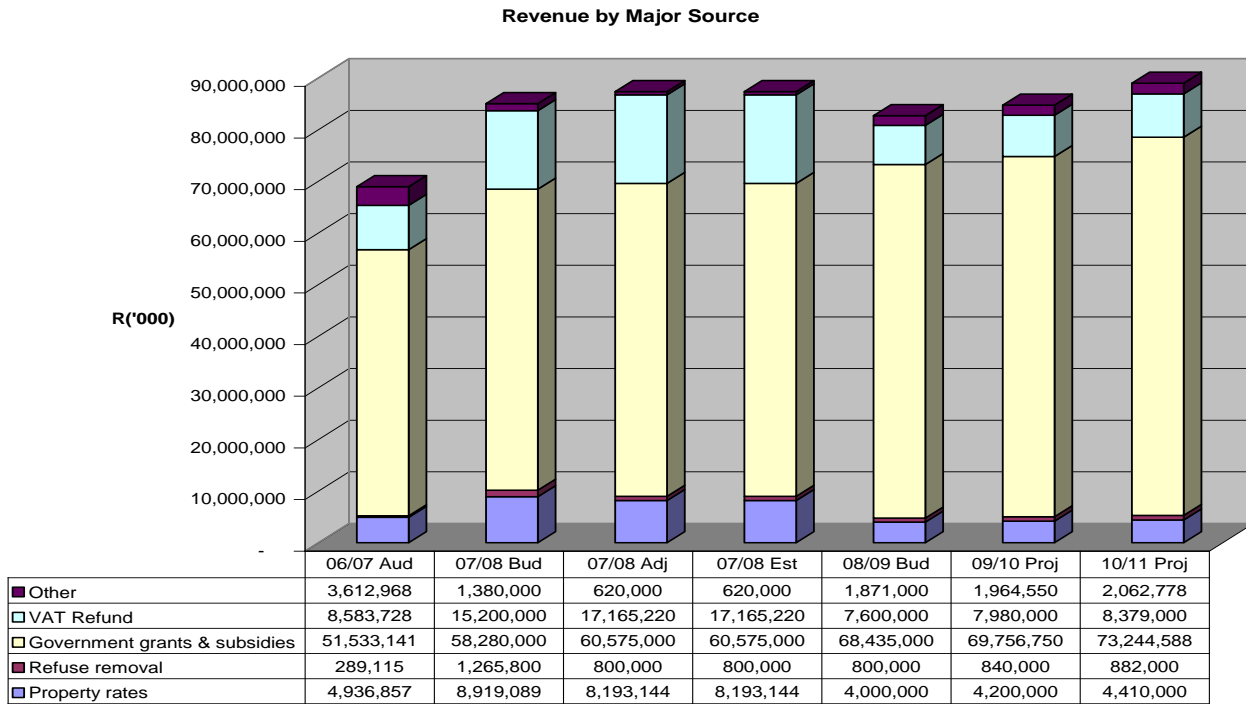
## Capital Funding by Source

CAPITAL FUNDING BY SOURCE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2006/07	2007/08			Budget Year	Budget Year	Budget Year
	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast	2008/09	+1	+2
	R'000	R'000	R'000	R'000	Budget	Budget	Budget
	A	B	C	D	E	F	G
<b>National Government</b>							
Amounts allocated / gazetted for that year	16,355,021	25,875,000	35,067,200	35,067,200	21,961,977	21,281,977	22,984,535
Amounts carried over from previous years	-	-	-	-	-	-	-
<b>Total Grants &amp; Subsidies - National Government</b>	<b>16,355,021</b>	<b>25,875,000</b>	<b>35,067,200</b>	<b>35,067,200</b>	<b>21,961,977</b>	<b>21,281,977</b>	<b>22,984,535</b>
<b>Provincial Government</b>							
Amounts allocated / gazetted for that year	-	-	-	-	-	-	-
Amounts carried over from previous years	-	-	-	-	-	-	-
<b>Total Grants &amp; Subsidies - Provincial Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District Municipality</b>							
Amounts allocated for that year	-	-	-	-	-	-	-
Amounts carried over from previous years	-	-	-	-	-	-	-
<b>Total Grants &amp; Subsidies - District Municipalities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Government Grants &amp; Subsidies</b>	<b>16,355,021</b>	<b>25,875,000</b>	<b>35,067,200</b>	<b>35,067,200</b>	<b>21,961,977</b>	<b>21,281,977</b>	<b>22,984,535</b>
Public Contributions & Donations	-	-	-	-	-	-	-
Accumulated Surplus (Own Funds)	-	-	-	-	5,500,000	9,180,000	9,914,400
External Loans	-	-	-	-	10,000,000	6,647,099	6,065,595
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE</b>	<b>16,355,021</b>	<b>25,875,000</b>	<b>35,067,200</b>	<b>35,067,200</b>	<b>37,461,977</b>	<b>37,109,076</b>	<b>38,964,530</b>

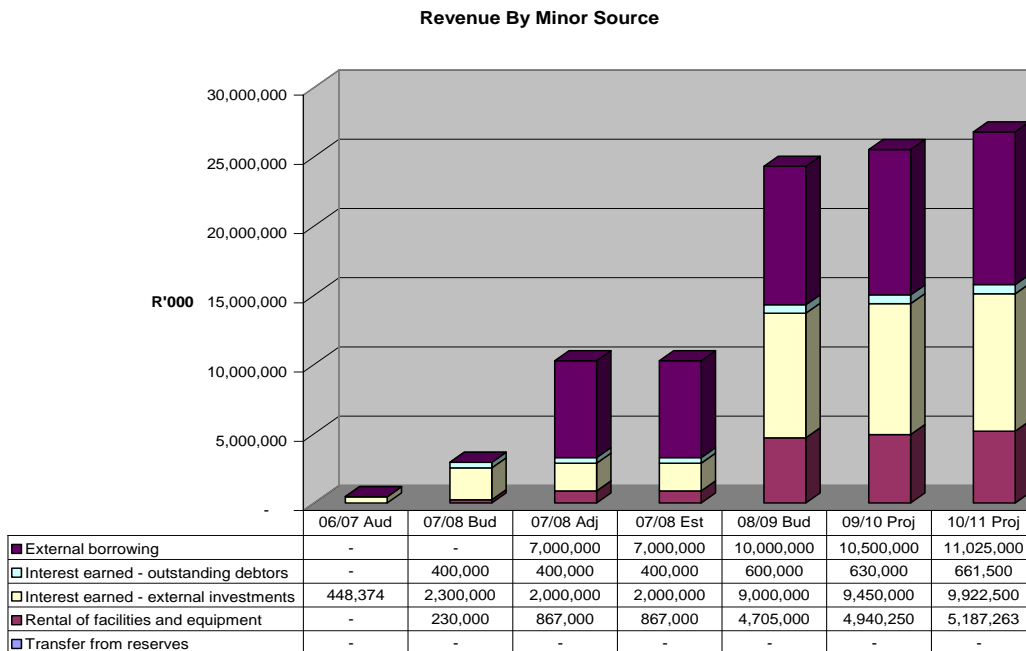
Table 6: Capital funding by Source

## Budget Related Charts

### Revenue by Major Source

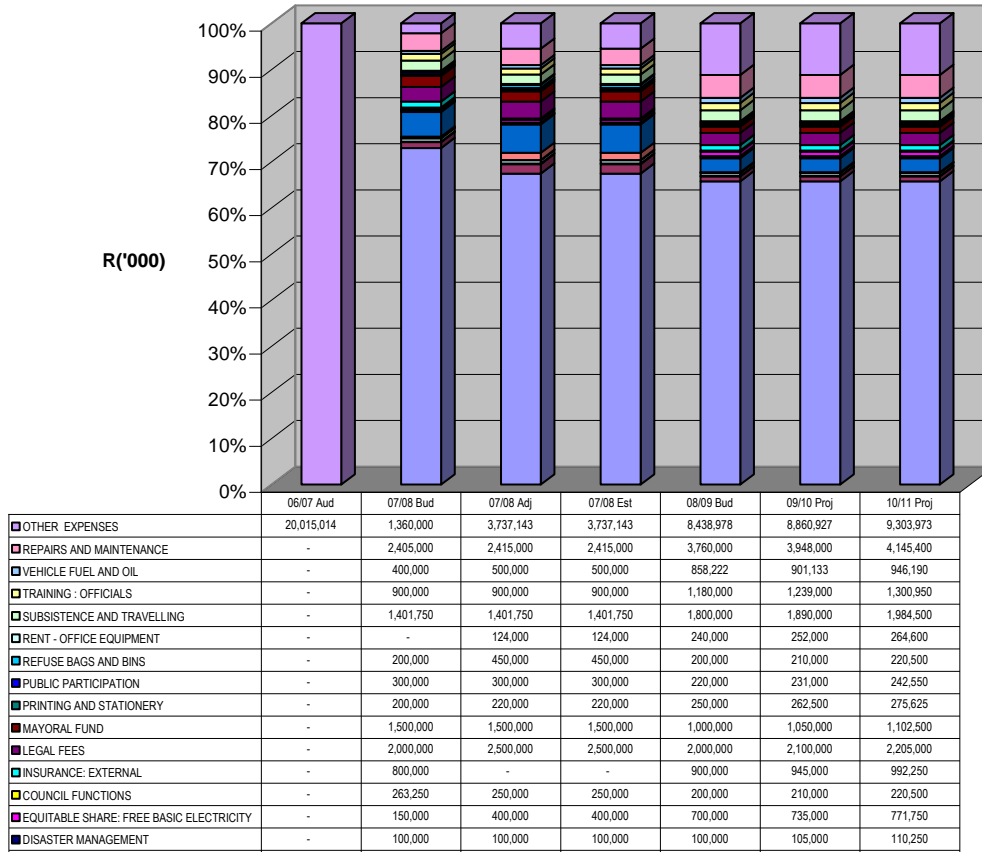


### Revenue by Minor Source



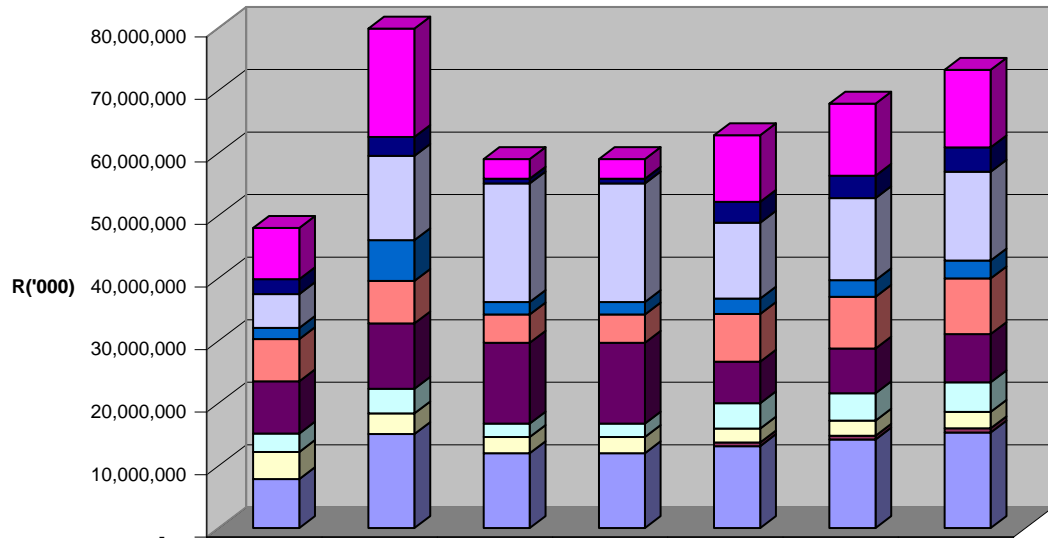
# Operating Expenditure by Major Vote

Operating Expenditure by Major Vote



# Operating Expenditure by department

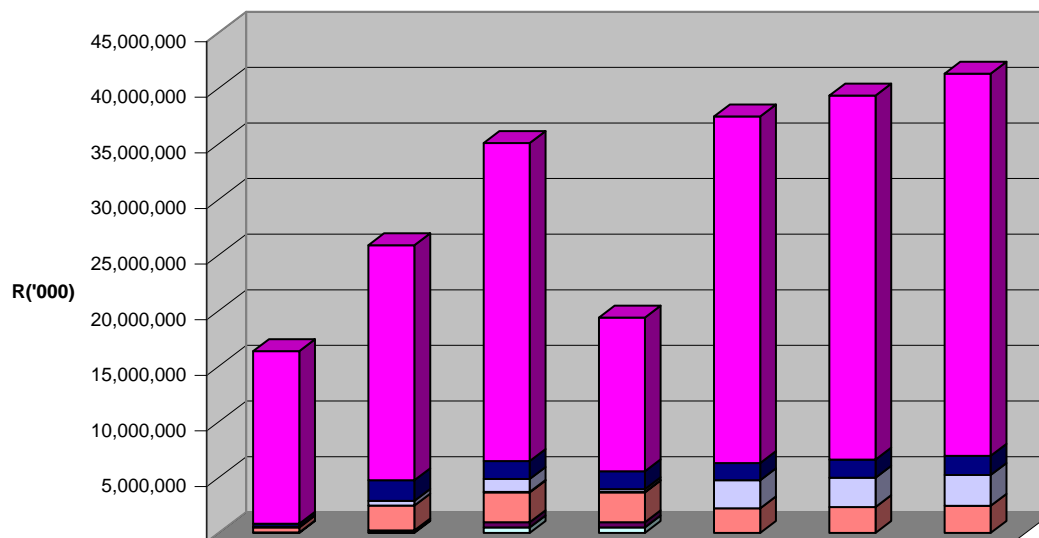
Operating Expenditure by dept



	06/07 Aud	07/08 Bud	07/08 Adj	07/08 Est	08/09 Bud	09/10 Proj	10/11 Proj
INFRASTRUCTURAL DEVELOPMENT	8,196,888	17,324,048	3,138,889	3,138,889	10,656,137	11,508,628	12,429,318
STRATEGIC AND DEVELOPMENT PLANNING SERVICES	2,370,659	3,020,115	771,625	771,625	3,337,338	3,604,325	3,892,671
SOCIAL DEVELOPMENT AND COUNCIL SUPPORT	5,406,656	13,462,204	18,960,786	18,960,786	12,143,426	13,114,900	14,164,092
HUMAN RESOURCE DEVELOPMENT	1,808,000	6,549,872	1,990,130	1,990,130	2,460,635	2,657,486	2,870,085
ADMINISTRATION	6,719,962	6,785,178	4,526,617	4,526,617	7,635,915	8,246,788	8,906,531
BUDGET AND TREASURY	8,362,583	10,451,862	12,902,667	12,902,667	6,626,542	7,156,665	7,729,199
MUNICIPAL MANAGER	2,961,851	3,944,969	2,136,165	2,136,165	4,044,190	4,367,725	4,717,143
MAYOR	4,310,617	3,277,319	2,578,516	2,578,516	2,251,228	2,431,326	2,625,832
SPEAKER	-	-	-	-	560,033	604,836	653,222
COUNCIL	7,850,731	15,049,341	12,001,292	12,001,292	13,113,445	14,162,521	15,295,522

## Capital expenditure by directorate

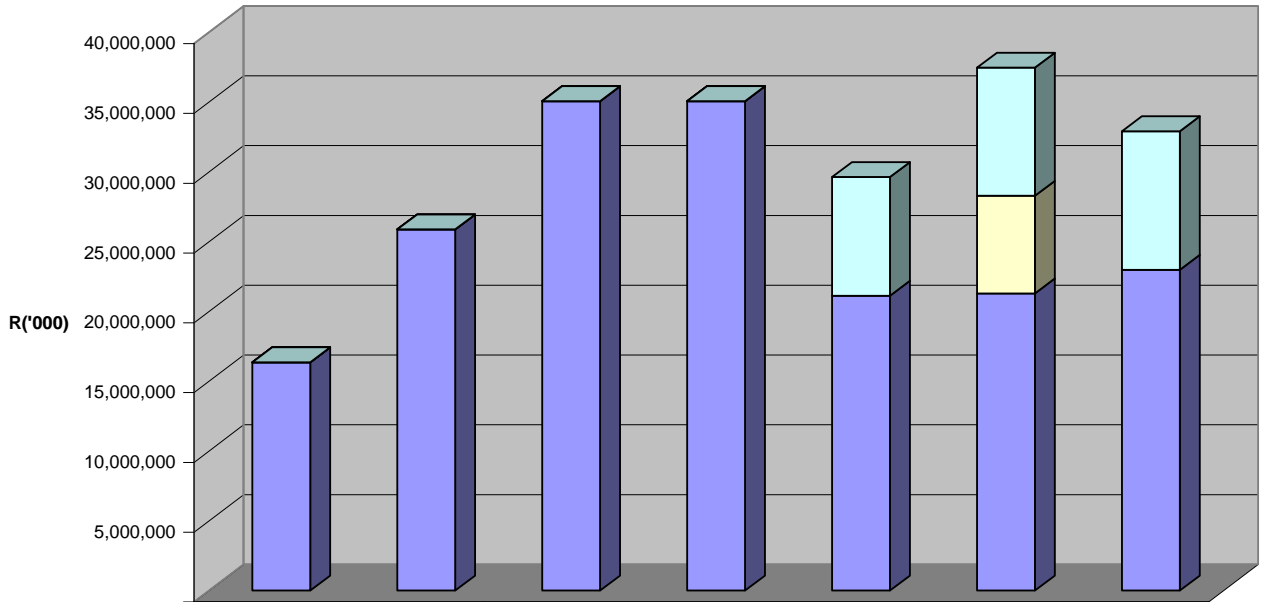
Capital Expenditure by Directorate



	06/07 Aud	07/08 Bud	07/08 Adj	07/08 Est	08/09 Bud	09/10 Proj	10/11 Proj
INFRASTRUCTURAL DEVELOPMENT	15,515,671	21,125,000	28,600,000	13,815,083	31,170,977	32,729,526	34,366,002
STRATEGIC AND DEVELOPMENT PLANNING SERVICES	280,056	1,854,000	1,598,766	1,598,766	1,550,000	1,627,500	1,708,875
SOCIAL DEVELOPMENT AND COUNCIL SUPPORT	56,642	420,000	1,160,594	244,810	2,521,000	2,647,050	2,779,403
HUMAN RESOURCE DEVELOPMENT	-	-	60,000	60,000	-	-	-
ADMINISTRATION	449,633	2,250,000	2,674,590	2,674,590	2,220,000	2,331,000	2,447,550
BUDGET AND TREASURY	53,020	150,000	473,250	473,250	-	-	-
MUNICIPAL MANAGER	-	70,000	500,000	500,000	-	-	-
MAYOR	-	3,000	-	-	-	-	-
SPEAKER	-	3,000	-	-	-	-	-
COUNCIL	-	-	-	-	-	-	-

# Capital Funding by source

Capital Funding by Source



	06/07 Aud	07/08 Bud	07/08 Adj	07/08 Est	08/09 Bud	09/10 Proj	10/11 Proj
Accumulated Surplus (own funds)	-	-	-	-	8,500,000	9,180,000	9,914,400
External Loans	-	-	-	-	-	7,000,000	-
Grants - Provincial Government	-	-	-	-	-	-	-
Grants - National Government	16,355,021	25,875,000	35,067,200	35,067,200	21,125,000	21,281,977	22,984,535

## Reconciliation of IDP and Budget – Capital Expenditure

RECONCILIATION OF IDP & BUDGET - CAPEX	2006/07	2007/08			Medium Term Revenue and Expenditure Framework		
					Budget Year 2008/09	Budget Year +1 2009/10	Budget Year +2 2010/11
					Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C
<b>Strategic Objective</b>							
Institutional / Governance	449,633	2,326,000	3,234,590	3,234,590	2,220,000	2,331,000	2,447,550
Social Development	56,642	420,000	1,160,594	1,160,594	2,521,000	2,647,050	2,779,403
Finance	53,020	150,000	473,250	473,250	0	0	0
Environmental and Economic Development	280,056	1,854,000	1,598,766	1,598,766	1,550,000	1,627,500	1,708,875
Infrastructure	15,515,671	21,125,000	28,600,000	28,600,000	31,170,977	30,503,526	32,028,702
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>16,355,022</b>	<b>25,875,000</b>	<b>35,067,200</b>	<b>35,067,200</b>	<b>37,461,977</b>	<b>37,109,076</b>	<b>38,964,530</b>

Table 7: Reconciliation of IDP and Budget – Capital Expenditure

## **5.1 Budget Process Overview**

### **5.1.1 Political oversight of the budget process**

Section 53 (1) of the MFMA stipulates that the mayor of a municipality must provide general political guidance over the budget process and the priorities that guide the preparation of the budget.

The budget steering committee was appointed by the council to provide for political input for this committee, this committee thus formed a sub committee of the standing committee on finance.

### **5.1.2 Schedule of Key Deadlines relating to budget process (MFMA s 21(1)(b))**

The IDP and Budget time schedule of the 2008/09 budget cycle was approved by council in January 2008. This was not in compliance with legislation as the Municipality experienced problems in securing Section 57 managers at the time. However the deadlines for adoption of both the draft and final budgets were met.

### **5.1.3 Process for consultation with stakeholders**

The stakeholders involved in the consultation were organised businesses, churches, non-governmental organisations / institutions, community based organisations and individual community members. Following tabling of the draft budget in March, local input was solicited via notices published in local newspapers. Various platforms for providing feedback included Imbizo's in clusters of all the 27 wards in the jurisdiction of Ingquza Hill Local Municipality

## **5.2 Budget Related Policies Overview and Amendments**

A number of budget related policies, although some in draft stages have been taken into account in the development of the 2008/09 MTREF budget and included among these the following:

- Budget Policy;
- Tariff Policy;
- Credit control and debt collection policy;
- Customer care policy;
- Supply Chain Management Policy;

- Property rates policy; and
- By-Laws

Included in the legislative framework and guidelines used (where relevant) in developing these policies are the following:

- Chapter 4 Section 15 to 32 of MFMA;
- Municipal Property Rates Act 6 of 2004;
- Section 111 of the MFMA;
- Section 62 of the MFMA;
- Section 96 (b) and 98 of the Local Government: Municipal Systems Act of 2000

### 5.3 Budget Assumptions

The following budget assumptions were used in the development of the 2008/09 to 2010/11 MTREF budget taking into account the latest census information, National Treasury Circular No 27 of the Municipal Finance Management Act and Statistics SA information.

Description	2006/07 Budget Year	2007/08 Budget Year	2008/09 Budget Year
National Treasury	5.50%	5.50%	5.50%
CPIX	5.20%	5.20%	5.20%
Salaries	6.50%	6.50%	6.50%

#### 5.3.1 DEMOGRAPHIC INFORMATION

##### 5.3.1.1 Population size and distribution

Ingquza Hill Local Municipality has an estimated total population of 255 374 people according to the 2001 census figures. It is estimated that the population growth rate is 1.2% per annum. The population density in 2001 was calculated at 234 people per square kilometre which is very high considering that the majority of the population is rural.

The municipal area is predominantly rural in nature and the majority of the population reside in the rural areas

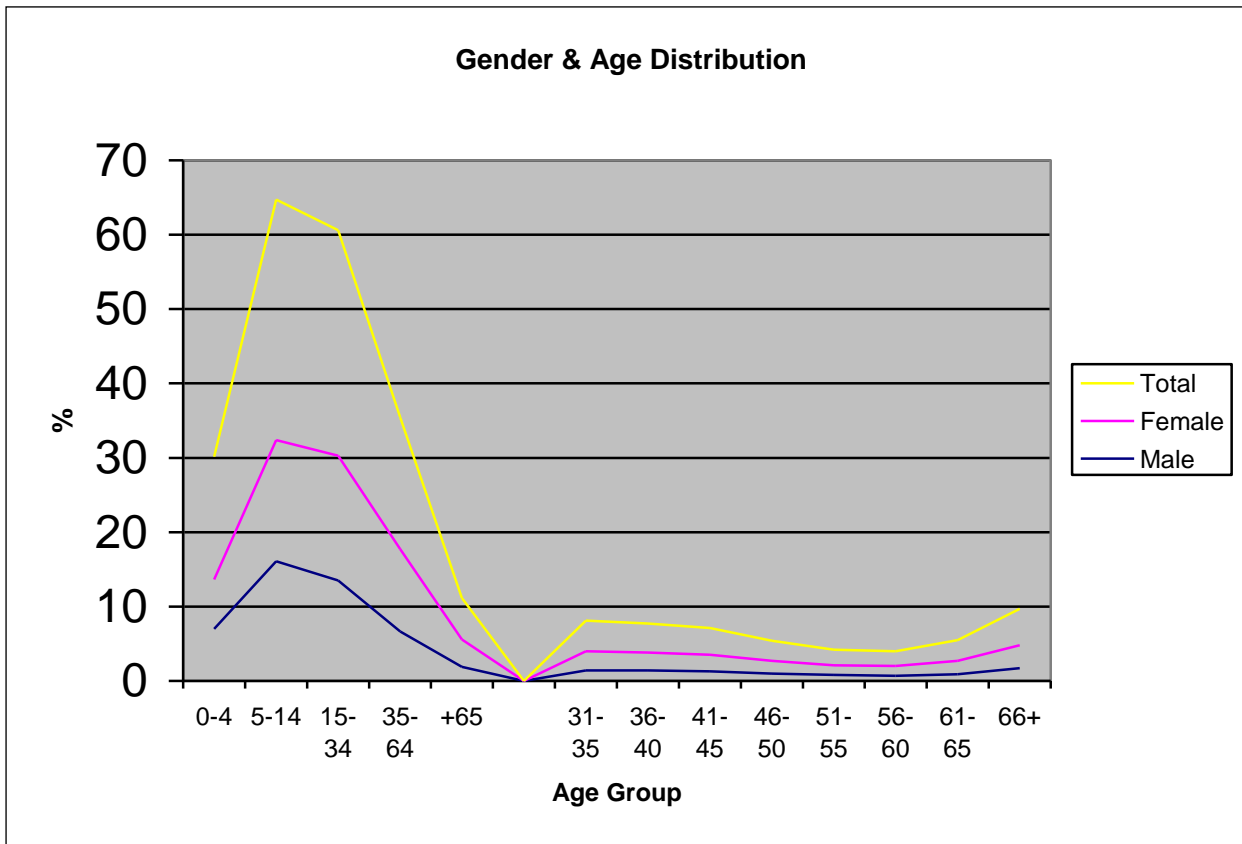
##### 5.3.1.2 AGE AND GENDER COMPOSITION

Approximately 46% of the population of Ingquza Hill are 15 years or younger. 48% of the population are between the ages of 15 and 64 years and can be considered economically active despite the scarcity of employment in the municipal area. 6% of the population are 65 years and older. The burden of supporting the youth and the elderly falls therefore falls onto the shoulders of the 15-64 age groups. The high number of young people suggests that service provision and social upliftment should be targeted at the youth and should be an important consideration for development.

Approximately 55% of the Ingquza Hill population is female and the remaining 45% is male. This gender distribution is in line with the national trends.

The statistics reflect a discrepancy in terms of the gender distribution between the 0 – 4 age category and the other categories. The male / female ratio in this group is equal, whilst in the remaining categories the female gender is predominant. A possible explanation for this is the outward migration patterns, once children reach their teenage years. Males tend to migrate to other areas in search of education and work, while females tend to remain behind to serve their families. A gender sensitive approach to development is therefore needed.

**Figure 4: Population distribution based on gender and age.**



**5.3.1.3 RACIAL COMPOSITION**

The municipal area is low in racial diversity and more than 99% of the inhabitants are African. The remaining 1% is comprised of Coloured, White and Indian racial groups.

**5.3.1.4 DISABILITY LEVELS**

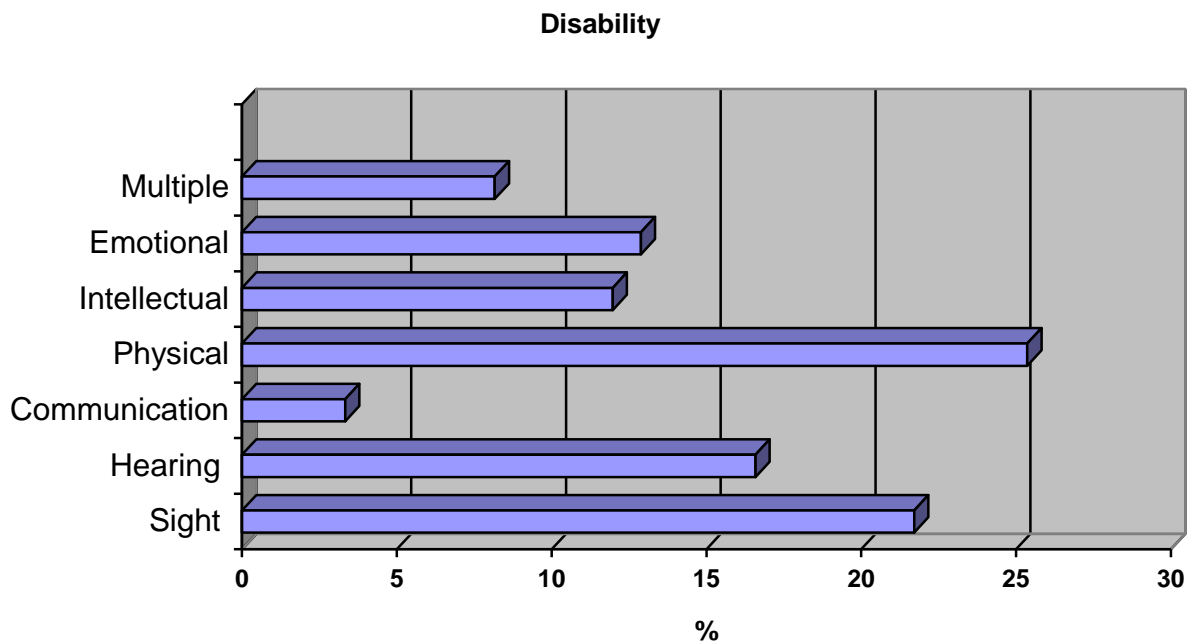
5.4% of the population of Ingquza Hill have some form of disability. The highest number of people have physical disabilities (25%) followed by those with visual impairments (20%), hearing impairments (17%) and emotional and intellectual impairments (13%). 8% of the people with disabilities have a combination of more than one of the disabilities listed. This group is one of the most vulnerable groups in society. The precarious position of these groups is aggravated by high levels of poverty and low employment rates and skills levels.

Improvement of the economic and employment rate will improve their chances of becoming economic active.

People with disabilities suffer from multiple forms of discrimination and an extra effort needs to be put in place to ensure that their needs are addressed. In any given society, structures should be established to give special attention to people with disabilities. Conditions should be made conducive to enable them to become economically active.

The available public and private places do not cater for people with disabilities and public transport is another challenge. To access disability grants, these people have to go through strenuous exercises to prove their disability. At times this arrangement proves to be a failure as approved doctors are not easily accessible. The establishment of SASSA will hopefully address this and other challenges.

**Figure 5: Disability levels**



## 5.3.2. ECONOMIC INDICATORS

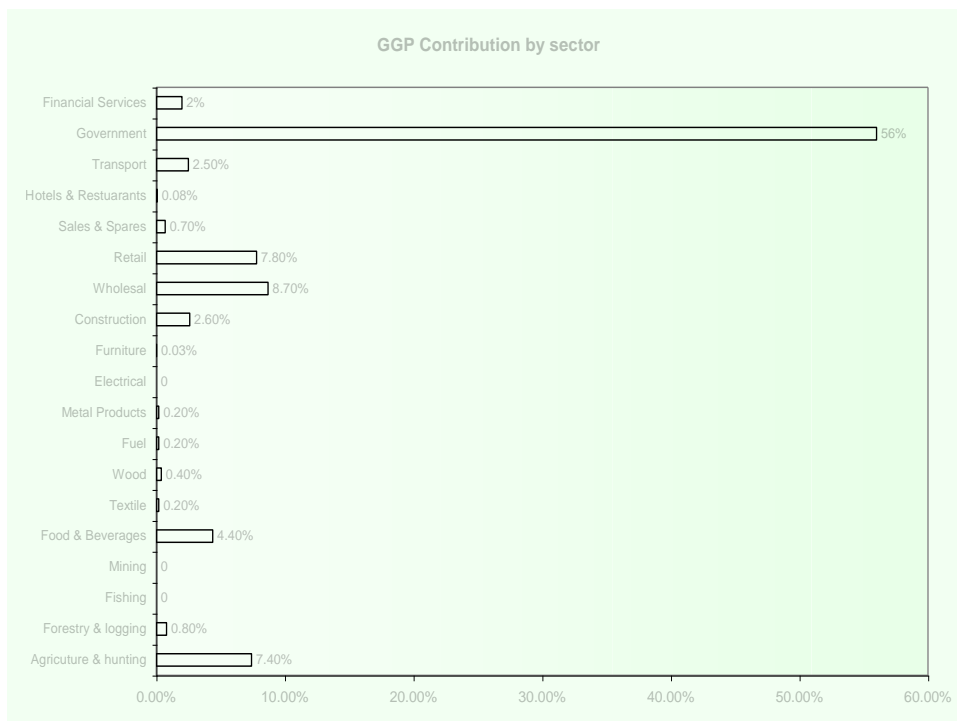
### 5.3.2.1 Gross Geographic Product

The Ingquza Hill Local Municipality is the second highest contributor to the O.R. Tambo District Municipality's GGP, after King Sabata Dalindyebo Local Municipality. Its contribution totals about R617 million per annum, which accounts for 9.4% GGP contribution (QLM, 2006).

The government sector makes a significant contribution to the GGP of the municipality with a total contribution of 56%, followed by wholesale (8.7%), retail (7.8%) and agriculture & hunting at 7.4%. The remaining sectors have a contribution of less than 5% each which hampers the economic growth of the area. Ironically it is the sectors that are making the smallest contribution that have the highest potential to improve the local economy.

The graph below indicates the sectors that contribute to the municipality's GGP (QLM IDP, 2006).

**Figure 6: GGP Contributions**



### **5.3.2.2 The Human Development Index and Poverty Gap**

The Human Development Index (HDI) is used as an indicator of development. The HDI is calculated by measuring the overall achievement in respect of the three basic dimensions of human development namely longevity (life expectancy), knowledge (literacy) and standard of living (income). If the HDI is less than one then it is concluded that the area is poor.

The HDI for Ingquza Hill municipality is 0.41 and this reflects the highest levels of poverty. This trend is also apparent at district level with all municipalities recording figures below 0.56% (which is the provincial index).

The poverty gap is an indicator of the depth and incidence of poverty, which is calculated by the difference between the income of each poor household and the poverty line. It is common knowledge that income and wealth distribution in South Africa is among the most unequal in the world, more especially the inequality between the former homeland areas and the rest of the country.

The poverty gap for the OR Tambo district is 49.6%, which is second in the province to Alfred Nzo's 52.6%. There are no statistics calculated for Ingquza Hill Municipality but it is believed that the district picture provides an adequate reflection

### **5.3.2.3 Household statistics**

According to the statistics from the 2001 census there are 51 038 households in the Municipal area, and the average household size is 5 persons per household.

Household income levels in the area are generally low. According to Census 2001, less than 1.4% of households earn above R76 000 per annum or R 6333 per month. More than 97% of households in this municipality have to live on an income of less than R800 per month.

Annual Household Income



63% of households are headed by women and 37% by men

*Figure 7: Annual household income*

#### 5.3.2.4 Employment and labour trends

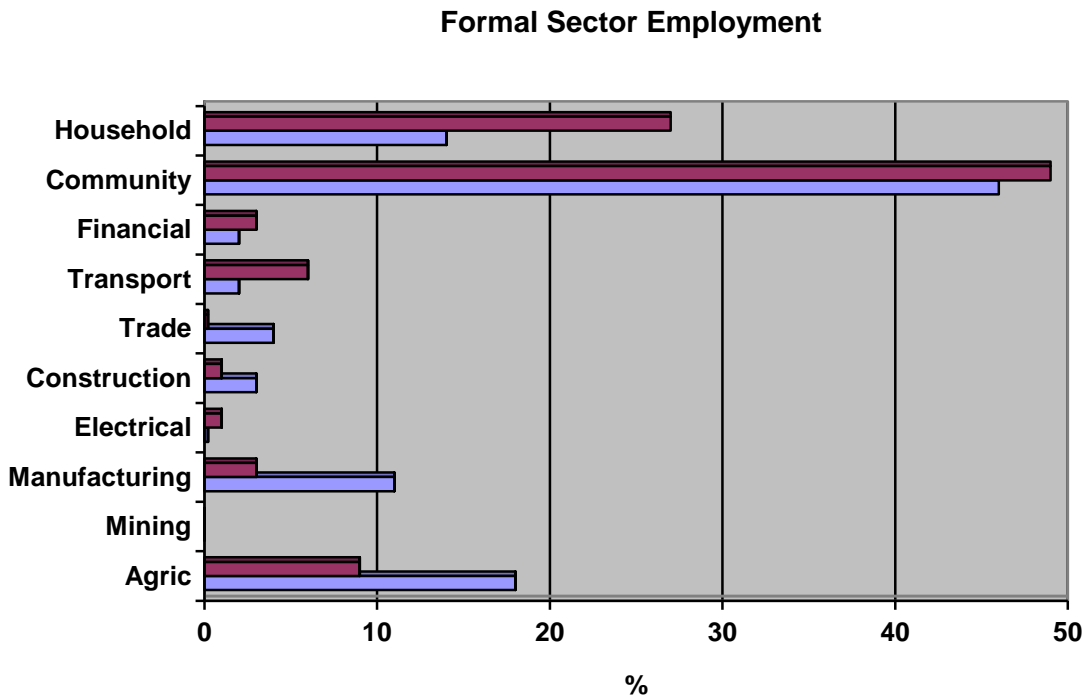
The O.R. Tambo District has an unemployment rate of 77%. The unemployment rate of Flagstaff and Lusikisiki average at 66%. High unemployment rates negatively impact on municipalities as low affordability levels result in a poor payment rate for services

The labour market is highly concentrated in the community services sector followed by household and agriculture sector. These dominant sectors do not guarantee job security and the associated wage rate is generally below the poverty line.

Primary growth sectors which should ideally be the highest contributors to economic development like manufacturing, transport, trade and financial services are yielding relatively very low contribution towards job creation.

The result of this is that Ingquza Hill is characterised by a narrow economic base, which contributes to the high levels of unemployment and poverty. Resources need to be invested in the primary growth of sectors like agriculture, manufacturing, transport and trade to prevent the unemployment rate from rising.

**Figure 8 Formal sector employment**



Source: (Census 2001)

Ingquza Hill is situated relatively far away from the hubs of economic activity in the Eastern Cape. It is traversed with R61 links Durban to Port St Johns which creates certain potential in terms of future economic development. The urban nodes of Flagstaff and Lusikisiki fulfil the commercial needs for the area as well as residential needs of the people working in the two town centres. The remainder of the area is predominantly rural in nature.

This predominantly rural nature of the majority of the municipal area gives rise to the expectation that the agricultural sector should be the key contributor to the economy of the area. The relatively low contribution of the agriculture sector to the GDP of the area has a negative impact on the provision of food security and job creation in the area.

The Agricultural Research Council (ARC), in association with the University Of Fort Hare and other research institutions, has developed a comprehensive agricultural potential survey for the entire O.R. Tambo district (QLM, 2006). The purpose of the survey was to

unearth areas where the potential for agricultural development exists. The survey focused on soil analysis, climate and agricultural potential. Suitable areas for specific crops were identified and a quantum of land identified for the development of those crops. Crops with high levels of potential include;

- Maize
- Sorghum
- Dry beans
- Cabbage
- Potatoes
- Tea

Ingquza Hill has the advantage that it has fertile soil and rivers which can be used for irrigation purposes. The agriculture potential is also dispersed throughout the municipal area making it possible to diversify intensive crop farming which in turn provides a good basis for investment on poverty alleviation programs and local economic development.

The survey also identified small pockets of potential livestock farming land. It was observed that if properly managed and developed, the production of beef, milk, wool and leather are potential sources of economic development.

In order to facilitate the growth of this sector and utilize available opportunities, there is a need to invest in infrastructure and community development and support.

Forestry and logging have been identified as the sectors with the highest potential. It is estimated that about 5000 hectares of land could be developed for new forestation and the commercialization of existing jungle forests. Existing areas currently planted under DWAF management are estimated at about 3500 hectares. Development of this sector needs to be done in a sustainable manner with due consideration of conservation principles.

The municipality has also identified tourism, mining, quarrying, aquaculture and fishing as sectors where economic development can take place

### **5.3.3 SOCIAL INDICATORS**

#### **5.3.3.1 Education**

The area is characterised by poor literacy levels and low educational levels. Only 2, 4% of the population have a matric and only 1, 4% of the population have post matric qualifications

Comparisons of the levels of education across the municipalities point to strong links between low household incomes, high unemployment and a low human development index.

As a consequence of the lack of formal education, functional literacy for the areas is also low. Functional literacy is estimated at 48% which is also the average for the district. The low levels of education imply a need for adult education and skills development programmes, improvement in access to schools and resource allocation to enhance opportunities for further training.

#### **5.3.3.2 Health**

The Eastern Cape is divided into 5 health regions which differ from the District Municipality boundaries. Ingquza Hill falls within region D. It is believed that the regional position will provide an adequate reflection of the situation at Ingquza Hill.

##### **Child health**

Region D is characterised by poor health levels of children. The region has an under 5 mortality rate of 88 deaths per 1 000 live births, which is much higher than the national average of 59 deaths per 1 000 live births. Immunization coverage is also low and only 58% of children below the age of 2 have been fully immunised which is below the national average of 63%.

The indicators for child health reflect the impact of exclusion and limited access to services and resources in former homeland areas. Given these poor indicators, and given that such

a large portion of the region's population are in fact children, health service interventions should be particularly focused on child health.

### Adult health

The biggest threat to adult's health status in the district is HIV/AIDS. The average prevalence rate of Ingquza Hill is 20, 2%. The average prevalence rate for region D is even higher at 22.1% according to statistics released in 2000 (ECSECC, 2002). Since Ingquza Hill is mostly rural, HIV prevention programmes have to deal with problems surrounding access to primary health facilities and services.

The impact of HIV/AIDS is exacerbated by the prevalence of tuberculosis. TB prevalence in region D is 16.4% which is high when compared with the provincial average of 10.3%. TB is generally associated with poverty and over-crowding. These factors are also evident in Ingquza Hill and it is essential that this be monitored to prevent an escalation of this figure.

#### **5.3.3.3 Safety and security**

There are four police stations in the municipal area, namely Flagstaff, Hlababomvu, Lusikisiki and Mtontsasa. Police are in the process of establishing community policing forums. They are also facing difficulties in implementing crime prevention strategies in urban areas because of poor street lighting and overgrown vegetation. Justice is administered through tribal courts and the formal court system. The formal court system is used to refer cases that cannot be resolved to the satisfaction of all parties in tribal courts in the rural areas although some cases do get to the formal courts system before they are tabled in tribal courts.

#### **5.3.4 Infrastructure**

Service infrastructure plays a critical role in the development of the economy of the municipal area as well as the maintenance of environmental and health standards. Service backlogs are rampant. The other reality is that areas with huge infrastructural backlogs tend to do poorly in attracting investment. Whilst it has favourable geographical conditions, this municipality has been unable to attract established industries to come and invest in its

area. If it has to meet the Millennium Development Goals targets, all spheres of government must work together to improve bulk infrastructure investment.

#### **5.3.4.1 Telecommunication**

According to the 2001 census figures, 16% of the population have access to telecommunication in their homes either through a land line or their own cell phone. 56% have access to phones at a reasonable distance and make use of phones belonging to other persons or public telephones. 28% have no access or access at a location far from their homes.

Telkom now operates an established telecommunications network throughout the region. Telecommunications were historically limited to urban areas, but are now being promoted in remote areas by means of the Digital Enhanced Cordless Telephone System (DECT). Vodacom and MTN have also installed transmitters that provide service to 13% of households.

#### **5.3.4.2 Water Services**

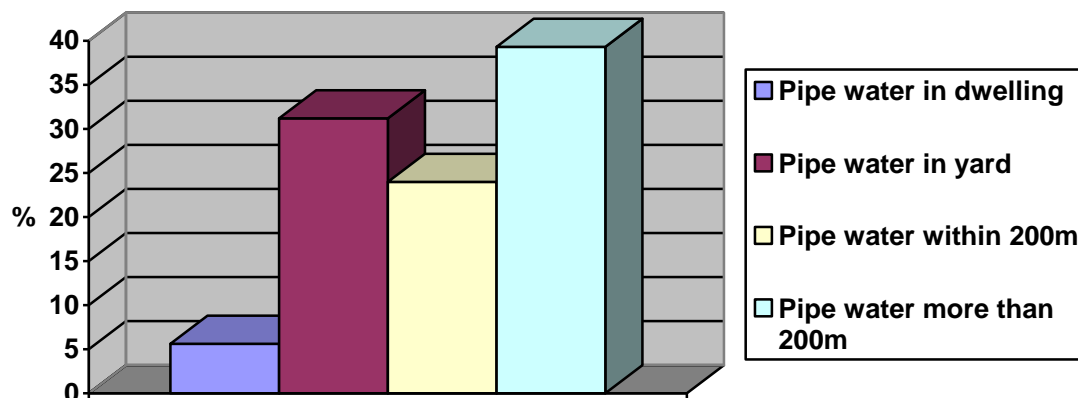
Access to potable water is essential to survival, human health and development. There is a link between the provision of water and sanitation services. Sewer systems depend on water for their effective functioning.

Ingquza Hill is one of the areas that have been adversely affected by human settlement patterns, global warming and poor infrastructure development, which in turn limits access to potable water which impacts negatively on both the quality of life and standard of living of the community.

The previous dispensation did not prioritize the development of bulk infrastructure in rural and homeland areas, and these communities were forced to rely on natural sources of water such as rivers, streams and dams as a source of water for drinking and domestic purposes.

According to Census 2001 figures, 70% of households at Ingquza Hill are dependent on natural sources of water such as boreholes, springs, tanks, rivers and dams. Only 21% of the population have access to RDP standard water in their homes. Of this 21% only 61% have access to piped water within 200 meters of their yard boundary. The following graph indicates the levels of access to piped water.

**Figure 9: Access to potable water**



Source: (Census 2001)

The standard of living in this community will either remain the same or decline over time unless the necessary steps are taken to ensure access to water of an acceptable standard.

The backlog in bulk infrastructure is a huge problem that requires urgent attention. The backlog figure for Ingquza Hill stands at approximately 80% according to Statistics SA which draws on the census results for 2001. This figure demonstrates the actual reality faced by ordinary people who need access to water to meet their daily needs.

The following table indicates the backlogs in the provision of water for the province, district and municipality.

**Table 2: Backlogs for water provision**

RDP service levels (Actual number)	Water levels	HH with RDP Water service levels (%)	RDP backlog within	Water (%)	RDP backlog as % of district total	Water backlog as % of province total

of households)		municipality		
10561	20.96%	79.04%	16.21%	7.01%

(Source: Stats SA 2001)

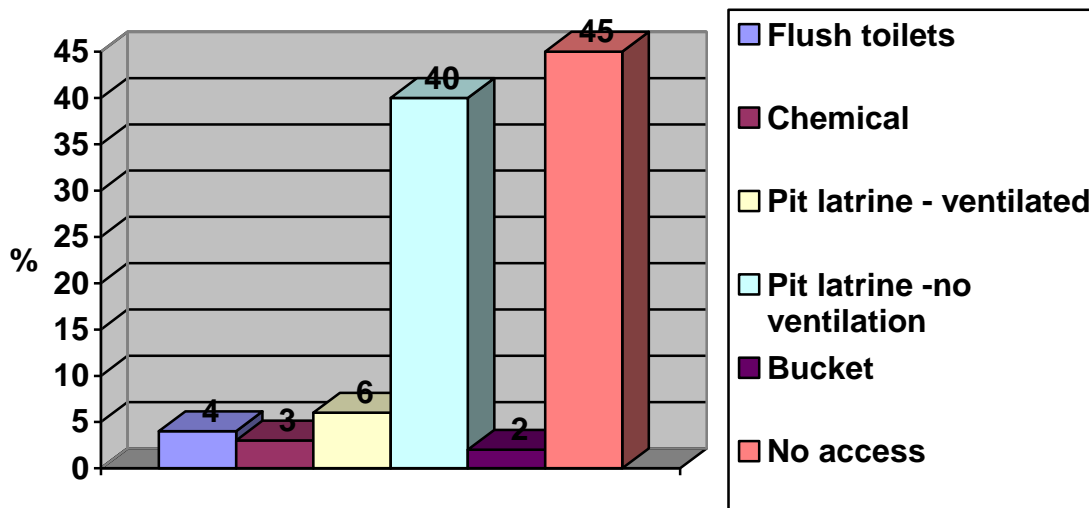
The maintenance levels of the existing infrastructure are also inadequate. Substantial water losses result from the poor levels of maintenance and the lack of community involvement in the area of water conservation. Ingquza Hill is not a water service authority, which affects the ability of the municipality to directly respond to household water demands. Potable water supply is a district function and the district municipality is in process of and undertaking Section 78 Assessments to determine the most effective mechanism to render the service.

### 5.3.4.3 Sanitation Services

The sanitation infrastructure is also not adequate to meet the demands of the households in the municipality. The high number of households with no access to sewer services and the continued use of a bucket system reflect the sub standard levels of infrastructure development. At this municipality only a limited number of people have their toilets connected to sewer lines. There are still households that use bucket toilets. The National Government has declared the bucket system as the most inhumane sanitation system. Only a paltry number of households have access to a flush toilet. The majority of households are using pit latrines without ventilation or have no access to any form of toilets which may have negative impacts on both the health of the communities and the environment.

The following graph reflects the number access levels of households to different sanitation systems.

***Figure 10: Access to sanitation systems***



(Source: Stats SA, census 2001)

In line with the Millennium Development Goals target, the government has set the year 2012 as the deadline for halving the backlog in access to basic sanitation. The government has also set the end of 2007 as a target to eradicate the bucket system. Whilst different systems will be put in place as interim measures to improve access to sanitation, the ultimate goal is to have a flush toilet in each an every household.

The available statistics demonstrate that the previous dispensation did not give priority to investing in water and sanitation infrastructure. Backlog figures for sanitation services within the Ingquza Hill Municipality stand at around 88%.

The following table indicates the backlogs in the provision of sanitation for the province, district and municipality.

**Table 3: Sanitation backlog**

RDP Sanitation levels (Actual number of households)	RDP Sanitation service levels (%)	RDP Sanitation backlog (%)	RDP Sanitation backlog as % of district	RDP Sanitation backlog as % of province
5906	11.72%	88.28%	15.77%	4.93%

(Source: Stats SA 2001)

#### **5.3.4.4 Waste Management**

The management of waste plays a crucial role in ensuring that communities are able to live in an environment that is conducive to their health and well being. Municipalities have an obligation to protect the environment for present and future generations and must take positive steps to minimize factors that impact negatively on the environment and the community living within the environment. Pollution is one of the factors that can lead to environmental degradation and detrimental living conditions.

The previous dispensation did little to manage and regulate the dumping of waste which led to the indiscriminate dumping of waste in close proximity to residential areas. This had dire consequences for the health and living conditions of these communities.

The Ingquza Hill municipality is responsible for performing the cleansing, refuse removal, refuse dumps and solid waste disposal function. Cleansing in this context includes waste in public places, such as streets etc. The treatment and storage of waste is a bigger challenge, as suitable land has yet to be set aside and licensed for this purpose. The proliferation of settlements is also posing a serious challenge to the municipal planning process.

Currently, access to refuse removal services and cleansing is limited to the urban centres of Lusikisiki and Flagstaff. There is a general lack of access to refuse removal in the municipality with only 28% of households having access to this service. The majority of households resort to environmentally insensitive and illegal mechanisms for disposing of waste which in turn pose health risks to the community. Littering is prevalent throughout the entire municipality as is the discarding of dangerous forms of waste such as scrap metal. There is no municipal beach cleaning service in the coastal area.

The Ingquza Hill has not been able to prioritize waste management and the table below reflects the levels of access to refuse removal services.

***Table 4: Access to levels of refuse disposal***

Refuse removal	Households	Percentage
Removal by local authority at least once a week	996	2%
Removed by local authority less often	269	0,5%
Communal refuse dump	182	0,3%
Own refuse dump	36 216	72%
No rubbish disposal	12 717	25%

(Source: Stats SA 2001)

The municipality has a backlog of 97.5%. The following table indicates the backlogs in the provision of refuse removal services for the province, district and municipality.

**Table 5: Refuse removal facilities backlog**

RDP Refuse removal (actual) 2001	RDP Refuse removal (%)	RDP Refuse removal backlog (%)	RDP Refuse removal backlog as % of district	RDP Refuse removal backlog as % of province
1265	2.51%	97.49%	15.78%	5.27%

(Source: Stats SA 2001)

#### 5.3.4.5 Electrification

The electricity sector has been in a state of limbo over the last few years as the electricity distribution industry (EDI) grapples with the concept of regional electricity distributors (RED's). There is still lack of clarity about how they will relate to local government. This probably stems from the fact that policy has been driven by the electricity sector with insufficient engagement with municipalities who remain, after all, responsible for providing the electricity reticulation service in terms of the Constitution.

In principle, six REDs will be established, each with their own boundaries. The RED's will cover the whole country. This has been approved by cabinet and the EDI is proceeding with business planning for these entities.

There is a principle agreement at national level that those municipalities, which appoint RED's as service providers, will give up their assets to the RED concerned. In return they will be given shares in the RED. Therefore the RED's will be co-owned by national

government (contributing the assets associated with Eskom's current distribution system within the RED) and a group of municipalities. The basis for the allocating of shares has not been finalised yet.

In order to compensate municipalities for the loss of revenue from sales of electricity, it has been agreed in principle that the RED will pay a levy to municipalities it serves. At this stage the basis for calculating this levy is uncertain.

Outside the metros a decision has to be taken as to whether the district or local municipality will be the service authority. The current status is that the position prior to the year 2000 holds, namely that local municipalities are the authorities. This is further confirmed by the fact municipalities such as Ingquza Hill receive the electricity component of the equitable share allocation as well as the free basic electricity allocation.

77% of the households of Ingquza Hill have access to RDP standards of electricity. Extensive use is still made of other sources of energy, which can possibly be attributed to affordability levels. Wood remains the most commonly used source of energy for cooking purposes which can have serious environmental consequences. Paraffin is also commonly used as fuel for both heating and cooking purposes. Candles are also still used extensively for lighting purposes. Low usages of electricity impact negatively on the ability of the municipality to collect enough revenue from the equitable share allocation for free basic electricity. The electricity backlog for Ingquza Hill municipality stands at 23%.

#### **5.3.4.6 Roads and Transport**

Roads are essential infrastructure for attracting investment and development in the municipal area. They are also a catalyst for mobility of people and goods within the municipal area.

Ingquza Hill is traversed by the R61 which links Port St Johns to Durban. This route runs through both of the commercial centres of the area namely Lusikisiki and Flagstaff. This regional road serves as access road in and around the central business districts and main road to towns nearby such as Bizana and Port St Johns.

This road is in poor condition and is not adequately maintained and evidence suggests that there is gradual decline in its condition (Qaukeni IDP, 2004). The majority of roads are district roads and are poorly maintained, especially the roads in rural areas. Most of the access roads are not tarred and have no road markings or signs. Potholes, standing water and lack of loading and off-loading facilities for passengers reduce the level of service and capacity of the roads in the municipal area.

The annual budget set aside for maintenance in the last financial period was below the acceptable standard. Resources need to be deployed to address critical areas such as road conditions, road markings and traffic signs. There is also a need to do resealing as prescribed by pavement management system to avoid the deterioration level. There is an urgent need to improve all roads within the municipality.

The majority of the population are pedestrians. A small proportion of the population make use of busses, minibus axis and private cars for transport.

## 5.4 Disclosure of salaries, allowances and benefits

<b>DISCLOSURE OF SALARIES, ALLOWANCES &amp; BENEFITS</b>	<b>Salary Rand ('000) pa</b>	<b>Social Contributions<sup>4</sup> Rand ('000) pa</b>	<b>Allowances Rand ('000) pa</b>	<b>Performance Bonuses Rand ('000) pa</b>	<b>Total Package Rand ('000) pa</b>
<b><u>Councillors</u></b>					
Mayor	488,613	87,222	136,674	-	712,509
Speaker	390,891	72,564	112,243		575,697
EXCO & Chief Whip	2,015,535	441,629	594,552		3,051,716
Ordinary Councillors	6,156,512	1,508,534	1,919,946		9,584,992
Allowance: ward administrators	712,800	-	-		712,800
Salga levies	-	209,362	-		209,362
<b><u>Officials of the Municipality</u></b>					-
Municipal Manager (MM)	372,962	153,701	216,880	143,330	886,873
Chief Finance Officer	318,977	131,683	196,002	124,686	771,348
Manager: Corporate Services	318,977	131,683	196,002	124,686	771,348
Manager: Social Development and Council Support Services	318,977	131,683	196,002	124,686	771,348
Manager: Strategic Development and Planning Services	318,977	131,683	196,002	124,686	771,348
Manager Infrastructural Development	318,977	131,683	196,002	124,686	771,348
Other employees	17,704,839	5,410,772	6,719,722	-	29,835,333
Finance Management Interns	220,000	-	-	-	220,000
<b>TOTAL COST OF REMUNERATION TO MUNICIPALITY</b>	<b>29,657,036</b>	<b>8,542,201</b>	<b>10,680,026</b>	<b>766,760</b>	<b>49,646,023</b>

## Summary of personnel numbers

SUMMARY OF PERSONNEL NUMBERS	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2006/07	2007/08			Budget Year 2008/09	Budget Year 2009/10	Budget Year 2010/11
	Audited Actual No.	Approved Budget No.	Adjusted Budget No.	Full Year Forecast No.	Budget No.	Budget No.	Budget No. G
<b>Municipality</b>							
Councillors (Political Office Bearers plus Other)	54	54	54	54	54	54	54
Senior Managers including Municipal Manager (s 57 of Systems Act)	6	6	6	6	6	6	6
Other Managers	6	6	6	6	6	6	6
Technical / Professional Staff							
Other Staff (clerical, labourers etc)	191	197	197	197	224	229	249
Sub Total - Municipality	251	263	263	263	290	295	309
<b>TOTAL PERSONNEL NUMBERS</b>	<b>248</b>	<b>251</b>	<b>251</b>	<b>251</b>	<b>290</b>	<b>295</b>	<b>315</b>