



# **LEPELLE – NKUMPI MUNICIPALITY**

## **THE BUDGET – 2009/10**

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## **Mayoral Budget Speech**

Programme Director

Madam speaker, Chief whip and fellow councilors

Municipal manager Sepitle Mphahlele

Mayors from our neighboring Local Municipality and Executive Mayor of Capricorn District Municipality

Magoshi a rena ao a hlomphegago le basomisane mmogo ba bona

Municipal managers and managers from our sister Municipalities

Leaders of Political Parties and Civil Society Bodies and leaders and representatives of government departments and parastatals

Business leaders

Batswadi ba ka le baeng bao ba hlomphegago,

A se losheni, re bherili, le hlwele?

Ntumeleleng ke tseye sebaka se ke le dumediseng legatong la masepala wa rena wa selegae wa Lepelle-Nkumpi, ke be ke bontshe go thaba ga rena ge le re phalaletse mo lehono go tla go hlatsela le go keteka go alwa ga 2009/10 IDP Budget.

We are just coming from a national election in which a new president and premier were elected. Overwhelmingly, the ANC cleanly swept the province and attained a 65% majority in parliament. The record voter turnout and the manner in which the election turned free and fair must be commended.

We therefore congratulate President Jacob Zuma and Premier Mathale on their new roles. We also congratulate our former MECs for being given new deployments in National Cabinet as Ministers. Minister Maite Nkoana- Mashabane, Minister Aaron Motsoaledi and Minister Collins Chabane

We promise to honour the voter mandate at this level of government by delivering on the ANC`s 2009 election manifesto and its original form of the freedom Charter.

We will also push this struggle of development in honour of our forefathers of the national liberation struggle and the heroic battles that they fought and sacrificed their lives for. The month of June in itself is also historical and the one during which we celebrate victories that brought us the freedom we enjoy here today and commemorate and remember those whose blood nurtured the very freedom. It is the month during which we the progressive minds of our country met in a Congress of those who wanted to make change in their country at Kliptown in 1955; it is the month during which the treason trial ended on 12 June 1964 (exactly 45 years ago) when the apartheid courts landed life sentences to Mandela, Sisulu, Motsoaledi and others; we also remember the 1906 Bambatha rebellion in which the heavily armed forces of the British imperialists in then Natal colony were defeated by the Zulu warriors armed only with determination to defend their land and spears- On their return the British cowards returned and captured King Bambatha`s lookalike, beheaded him and shamelessly paraded his head; we also commemorate the victory of 16 June 1976 whose generation and the legacy of self-liberation and commitment to the course they left continue to inspire our work as we serve in various public position. We also remember those who fell on because of this national duty and in doing so I must mention some of these fallen heroes- Hector Peterson, Mosololi, Moegerane, Katrina and Jeannette Schoon.

And I am sure I am speaking on behalf of my fellow councilors and mayors of our sister municipalities, especially ANC coucillors, when I say, maybe quoting from the President Jacob Zuma`s inauguration speech of 9th May, that:

‘For as long as there are South Africans who die from preventable diseases;

For as long as there are workers who struggle to feed their families and who battle to find work;

For as long as there are communities without clean water, decent shelter or proper sanitation;

For as long as there are rural dwellers unable to make a decent living from the land on which they live?

For as long as there are woman who are subjected to discrimination, exploitation or abuse;

For as long as there are children who do not have the means nor the opportunity to receive a decent education;

We shall not rest, and we dare not falter, in our drive to eradicate poverty”

We are tabling this budget in honour of the history, unity in diversity and electoral mandate from our people. And of course that is done as per the prescriptions of Chapter 7 of the Constitution of the Republic Act 108 of 1996, Chapter 5 of the Local Government Municipal Systems Act 32 of 2000 and the Section 24 of the Local Government Municipal Financial Management Act. As I do so, I will be doing so on the chronology of the five plus one Local Government 5 Years Strategic Agenda KPA`s of Spatial Rationale, Basic service delivery, Financial viability, Good governance and Public participation, Local Economic Development and Institutional transformation

This year only two villages are not connected to the electricity grid, and together with other role players (CDM, ESKOM and Department of Minerals and Energy), we are on an aggressive campaign trail to address the two villages and the increased number of new extensions. To this effect, we have budgeted R16m for electricity.

In response to the busy and yet poor road conditions in our municipality, we have set aside R57m for roads surfacing and storm water control. In addition to our own budget of R1.5 m for roads maintenance, we appreciate the allocations made by CDM for R3m wherein our district roads will be repaired and maintained.

The current global economic meltdown has affected us a municipality like everybody else. RAL has, for instance, postponed its two projects of Mafefe / Sekororo road surfacing and Mamaolo / Dithabaneng road surfacing. The local LONMIN mine in Hwelereng village has retrenched more than a thousand of its labour force. But our mission to develop a shared growth of local economy is being intensified and its fruition is becoming nearer by day. Five new mines have prospected and are undergoing DME processes to open operations in the near future, construction for a new hospital has started here in Lebowakgomo; we are assessing developers for establishment of security villages and a shopping mall or complex at Lebowakgomo. We have started with revitalization of the irrigation schemes along the Lepelle River and elsewhere. In that regard we are this year launching a programme for incubation of our local small scale commercial farmers with R500, 000 budget. And will continue to support cooperatives with

potential to create jobs and further develop our SMME`s. We have just re-launched our LED forum and its sub-desks and we hope to establish a local Community Tourism Association by year end. Our competitive edge lies in agriculture (including red and white meat and crop farming), manufacturing and tourism.

In recognizing these opportunities, we have allocated R4.2m for LED projects to facilitate for unlocking of our potential for role players and partners to grow the local economy and create jobs.

We have in the middle of the dusking financial year conducted ward committee elections for all the 27 wards. Out of 243 ward committee members elected, 142 are women, 68 youths and 4 differentially abled people. We have to this effect run induction workshops, for these new members, which were continuing even today. This is a culmination of the ward committee conference held earlier in the past month. We will continue to strengthen our partnerships with our local communities, traditional leaders and other stakeholders in promotion of good governance. And this 2009/10 budget will also seek to promote public participation in development planning through the continuation of Community Based Planning Project which we will implement in all our wards in partnership with CDM. Hence we have increased our IDP review budget by 43% to R700, 000 and allocated R550, 000 for ward committee support in addition to R1m for public participation and communication. All our government departments/institutions and parastatals operating in our area are here encouraged to enlist themselves as members of planning technical teams that will assist us in proper planning and coordinated service delivery as we approach the new cycle of planning.

Our municipality was in the past year identified with ten others as Provincial Growth Points and processes are unfolding at provincial level for proper spatial reforms and planning and land uses to allowing us to grow our municipality to meet provincial needs. This is in addition to Lebowakgomo as our District Growth point and municipal town, and Magatle and Leporogong as municipal growth points.

We have set aside R10m to provide for the housing needs of middle and high income earners. And we are also engaging DLGH for an Intergraded Human Settlement, the Breaking New Grounds approach, wherein there will be a unit of mixed housing for low and middle income groups. We are no longer establishing any further RDP houses sections in Lebowakgomo and

our low income earners and poor households will be catered for in the BNG and other housing developments elsewhere.

In order to structure our development and align it to the provincial growth and development strategy and our SDF, we have set aside R4m to develop planning tools and plans, in which case we are involving the DLGH and DBSA.

We will continue to work closely with our traditional leaders in the administration and management of land uses and prevent unplanned developments that put the lives of our people at risk.

Whereas there is great progress in providing water, sanitation, electricity, and roads to our people, it remains clear that we will not meet the national target for clean and portable water and decent sanitation to all households, by 2010. But we recognize the great efforts being made by the Water Service Authority, CDM, in addressing these backlogs as shown in the budget allocation of R71m on water alone for our municipality.

On our quest to attaining a financially viable institution, in 2008/09 this council has drawn up a revenue enhancement strategy (lauded by SALGA as one of the best), introduced assessment rates as per the Property Rates Act in the township, drawn a credit control policy and muscled the Treasury Department with no less than seven new personnel appointments that include two managers. We hope to expand the municipality's revenue base by extending refuse removal to rural areas where we will also be engaging tribal authorities on introduction of property rates to all our villages.

Being one of the highly indebted municipalities by consumers, especially by households, this 2009/10 budget addresses irrecoverable debts by setting aside R2.8m for bad debts. However, we hope to appoint a private debt collector so that those who have the means to pay must be made to do so for as long as they continue to use our services. Ladies and gentlemen, we will never realize the mission of financial independence if affording households and businesses do not pay for municipal services. And, equally, we will be incapacitated to provide required infrastructure and services to all our wards if we do not have our own income. As you know, most of the grants come minute and conditional and limit us in terms of strategic planning and resources allocations.



Total budget for this 2009/10 has however increased by 68% from R140m to R260m. Whereas this is a sign of organizational growth, we would have loved to be reporting to you that we have R260m coming from our own income through rates and service charges. And it is realistic to expect that if our communities and everybody else play their part, this is within reach immediately.

We have appointed an internal auditing firm to help us on an ongoing basis with preparation of Annual Financial Statements and proper accounting in our books. However, we are also one of the municipalities that the AG's office is yet to pass an audit opinion on their last year's books due to incapacity in terms of personnel on the AG's side. But we conduct our business with a sole intention of attaining clean audit opinion or unqualified report. We have no smart reason to waiver compliance in accordance with the laws of this country.

One of the bottlenecks in attaining our IDP objectives has always been staff shortage. We have 30% vacancy rate and for the next financial year we have budgeted for all the vacant posts and hope to fill them as such. Our officials and councilors are, however, being subjected to workplace skills training to keep abreast with the new trends in our municipal environment, this passing year having trained 68 officials and councilors. We are reaping the rewards of such training in a form of specialized and improved general knowledge among ourselves that also translate to the professional manner in which we provide services to our clients. We are receiving positive feedback from our customers in this regard. Our budget for skills development for 2009/10 has increased from R340 000 to R400, 000 and to match the fast changing world of technology today, we have budgeted R1.3m for IT and Disaster (IT related) Recovery equipment. We have started equipping even our ward committees' satellite offices with IT equipment where our councilors will be able to offer a better service to communities.

Our special programmes for this coming financial year have been budgeted R306 000 with youths programme receiving R100 000 (a forty percent increase from 2008/09 budget). This will allow the office of the mayor in mainstreaming of programmes to favour the previously disadvantaged groups and promote their interests and rights. This 2009/10 budget also provides social security net for our poor households, hence in addition to the allocation for provision of bad debt I talked about here above, we have also set aside R5,2 m for Free Basic Electricity and R4 m for Free Basic Water. These are but some of our ANC government programmes to alleviate the impact of poverty on our people. Our aim as government- national,

provincial and local- is to empower each household to have access to basic services without hindrances.

As we celebrate youth month now, I must also mention that our young people here have a lot to celebrate about. In addition to the above, we have become the provincial excellence for softball and are fast making inroads even in soccer. For this reason we have set aside R627 000 for the establishment of a sports stadium at Seleteng whereby district is also going to top-up this money for planning and designs of the facility. Seleteng is the home for the provincial softball league champions, Giant Killers, and Baroka football club which temporarily relocated to Lebowakgomo in order to meet requirements for SAFA Vodacom league where they campaign together with another club of our own, Mathota F.C of Zebediela. CDM has also set aside budget for improvements on Lebowakgomo stadium. We are also working with DSAC in rolling out different types of sporting codes, in which case four sports hubs have been established in various rural areas. And we commend our provincial government in resuscitating schools sports to nurture talent and keep our youths active through sports.

This budget is a product of an in depth stakeholders and community consultation based on a pure conviction that working together we can do more towards realisation of a mission for a better life for all. We promise to fold up our sleeves and spend all the money by June 2010 as instructed by President Jacob Zuma in his SONA address.

On behalf of council I therefore would like to thank all those who participated and gave input during the crafting process of the 2009/10 Reviewed IDP / Budget. In particular, ward committees, CDW's, traditional leaders, community members and their various structures, sector departments and business, our municipal manager and his management and staff,. Within the bounds of our values for transparency, *ubuntu*, consultation, value for time and money, access to information and services, we will continue to engage you and open ourselves for advices and constructive criticism in our business as your servants.

Programme Director, Madame Speaker , I therefore commit council that we will go and work very hard to deliver on the 2009/10 IDP/Budget as approved on the 5<sup>th</sup> June 2009 by a legally constituted council of Lepelle-Nkumpi municipality.

Good luck to Bafana Bafana in the Confederations Cup and

I thank you!

Pula!

## **1. Budget Related Resolutions**

3.1 Council resolves that the annual budget of Lepelle – Nkumpi for the financial year 2009/10 ; and indicative for the two projected outer years 2009/10 and 2010/11 be approved as set –out in the following schedules :

- 3.1.1 Operating revenue by source as reflected in schedule 1;
- 3.1.2 Operating expenditure by vote as reflected in schedule 2;
- 3.1.3 Operating expenditure by GFS classification reflected in schedule 2 (a)
- 3.1.4 Capital expenditure by vote reflected in schedule 3;
- 3.1.5 Capital expenditure by GFS classification in schedule 3;
- 3.1.6 Capital funding by source

3.2 Council resolves that property rates reflected in the Draft Property Rates Policy and the proposed 2009/10 Tariff Structure be imposed for the budget year 2009/10;

3.3 Council resolves that tariffs and charges as reflected in the proposed 2009/10 Tariff Structure be approved for the budget year 2009/10;

3.4 Council resolves that the following budget related policies be approved -:

- The Tariff Policy
- The Property Rates Policy
- The Credit Control , Debt Collection and Customer Care Policy and its procedures
- The Write Off of Irrecoverable Debt policy
- The Indigent Policy
- The Asset Management Policy

3.5 Council notes the SDBIP tabled with the IDP and the Budget for subsequent by the Mayor

## **2. The Budget**

### **4.1 The Executive Summary**

In terms of the Municipal Finance Management Act, No.56 of 2003, chapter 4 on the Municipal Budgets, Subsection (16), states that the council of a municipal must for each financial year approves an annual budget for the municipal before the commencement of that financial year.

According to subsection (2) of the Act concerned, in order to comply with subsection (1), the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

The Mayor tabled the first Draft Budget and the reviewed IDP on 17 April 2009. The first Draft Budget tabled amounted to R 225 084 953, with a capital budget of 92 447 800 and an operational expenditure of R 132 637 152. The capital budget made 41% of the total budget and the operational expenditure made 59% of the budget.

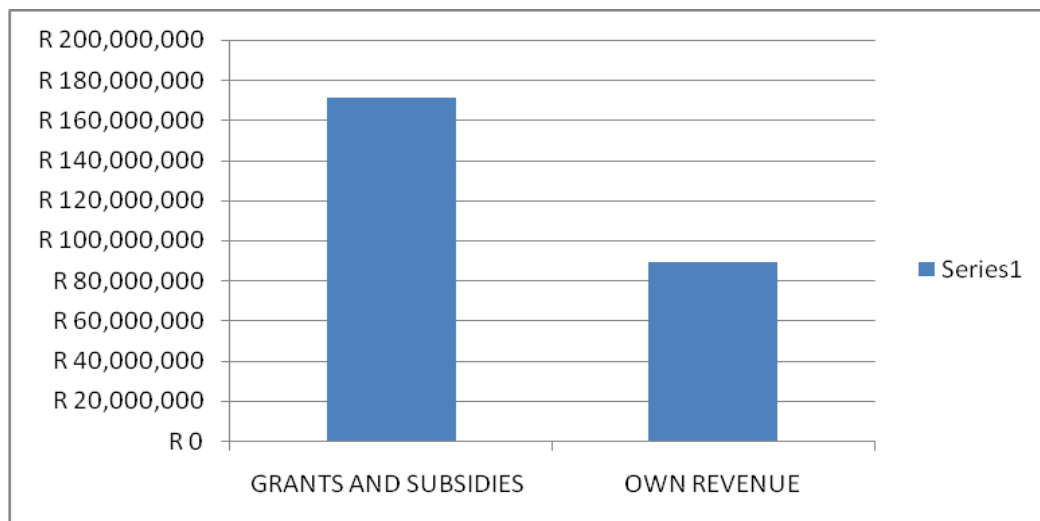
The budget plays a critical role in an attempt to realize diverse community needs. Central to this, in formulation the 2009/10 budget; the Lepelle – Nkumpi municipality has taken into account the past and current performance of the institution ; the vigorous community consultative processes ; external factors such as the local economic development of the municipality ; national, provincial and district priorities ; and the Integrated Development Plan ( IDP) priorities.

The summary of the 2009/10 budget is as follows:

#### **4.1.1 The summary of revenue ( total grants and own income)**

<b>TOTAL REVENUE :</b>		
<b>2009/10</b>	<b>R 260,958,568</b>	<b>100%</b>
<b>GRANTS AND SUBSIDIES</b>	<b>R 172,135,550</b>	<b>66%</b>
<b>OWN REVENUE</b>	<b>R 88,823,036</b>	<b>34%</b>

### The Budget of 2009/10 – Grants vs. Own Revenue



The operating grants are at R 172 million and Own revenue is at R88 million which makes 34% of the total budget. The municipality's grant reliability ratio has increased over the years as it moved from 90:10 in 2007/08 to 80:20 in 2007/2008; and to 66:34 in 2009/10.

The vision of the municipality is to ***“Be a financially viable municipal council, geared towards the improvement of the quality of life of the people by provision of sustainable services”*** . In order to ensure that the Council is able to provide sustainable services, it has to be financially viable. The 66% reliant on grant emphasises the fact that the municipality has an intention of moving away from 66:34 grant dependent ratio to 40:60 in years to come.

The 42% collection on Own revenue for the financial year 2008/09 has been an unsatisfactory performance in the 10 months ended. The municipality was faced with challenges of non – payment for services which negatively had an impact on revenue collection. However in the 2009/10 Budget the institution has developed and revised some of the policies that will strengthen collection . They are as follows - :

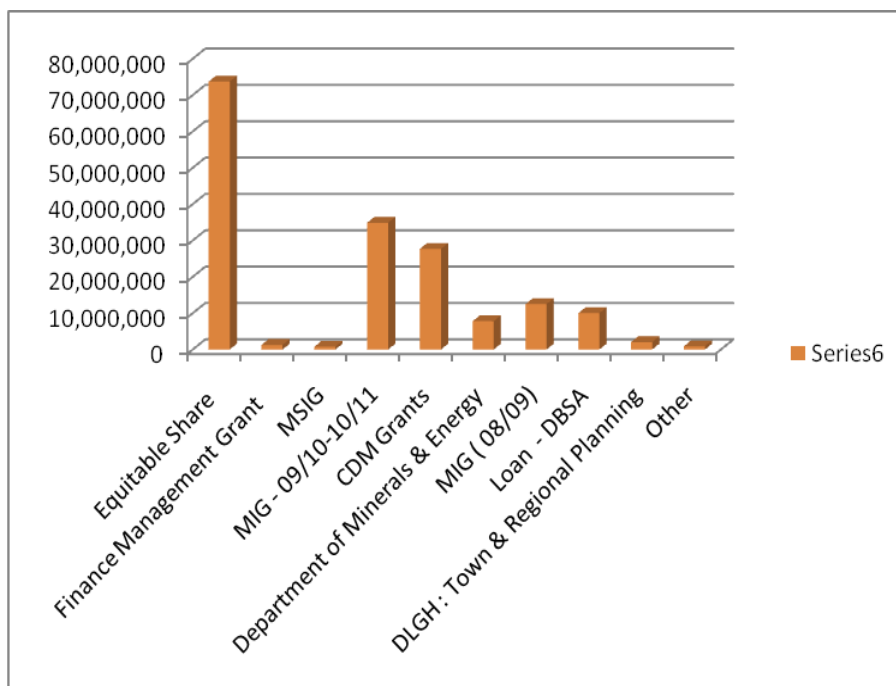
- The Tariff Policy
- The Credit Control , Debt Collection and Customer Care Policy and its procedures
- The Write Off of Irrecoverable Debt policy
- The Indigent Policy

The above implementation of the above mentioned policies will ensure maximised collection of own revenue . The Council has also made plans of extending its revenue base on Property Rates , Refuse removal and Water Services to the following all villages in the municipality.

The largest contributors in the grants category in 2009/10 are as follows:

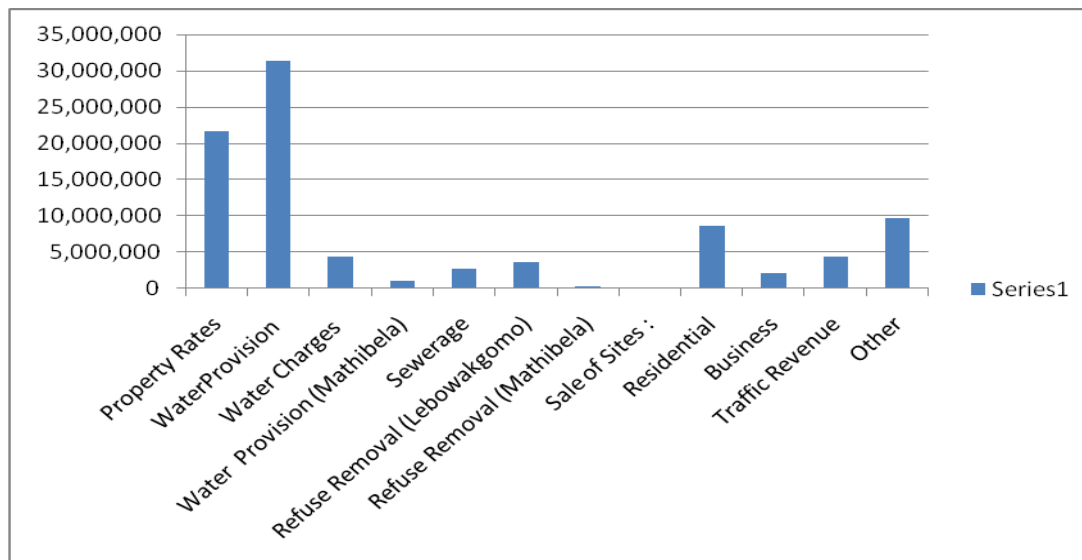
Description	Amount
Equitable Share	73,706,870
Finance Management Grant	1,250,000
MSIG	735,000
MIG - 09/10-10/11	35,522,000
CDM Grants	27,683,736
Department of Minerals & Energy	7,790,000
MIG ( 08/09)	12,480,265
Loan - DBSA	10,000,000
DLGH : Town & Regional Planning	2,042,500
Other	886,179
<b>Total Grants</b>	<b>172,135,550</b>

Graphical presentation of 2009/10 grants and subsidies



The largest contributor in the category of grants is the Equitable Share , that increased from 56 million in the 08/09 Budget to R 73 million in 2009/10 Draft Budget. It is followed by the Municipal Infrastructure Grant , which is meant to fund the Capital Budget of the municipality. The third grant is from CDM which 60% of it funds the capital budget and 40% is towards operational activities of the municipality , specifically in the water services function. The Total Own income was R 29 million in the 08/09 Budget . The income is anticipated to be at R88 million in the 2009/10 financial year. This is mainly because of the anticipated number of sites that are to be sold in the coming year , and the extension of services in several areas in the municipality.

Description	Amount
Property Rates	21,617,964
Water Provision	31,400,000
Water Charges	4,279,240
Water Provision (Mathibela)	961,805
Sewerage	2,529,600
Refuse Removal (Lebowakgomo)	3,538,450
Refuse Removal (Mathibela)	158,100
Sale of Sites :	
Residential	8,500,000
Business	2,000,000
Traffic Revenue	4,216,000
Other	9,621,877
<b>Total - Own Revenue</b>	<b>88,823,036</b>





The Water provision is the largest contributor of revenue in this category. However, the municipality is not a Water Service Authority and has signed a Water Service Level agreement with the Capricorn District Municipality at a 90: 10 profit/surplus sharing ratio. The municipality has also budgeted an amount of R28 million to pay over to the District as in accordance to the stipulated ratio.

The second largest contributor is the Property Rates revenue which is anticipated to be at R21 million in 2009/10. This is mainly because of the anticipated extension of services to other villages in the municipality.

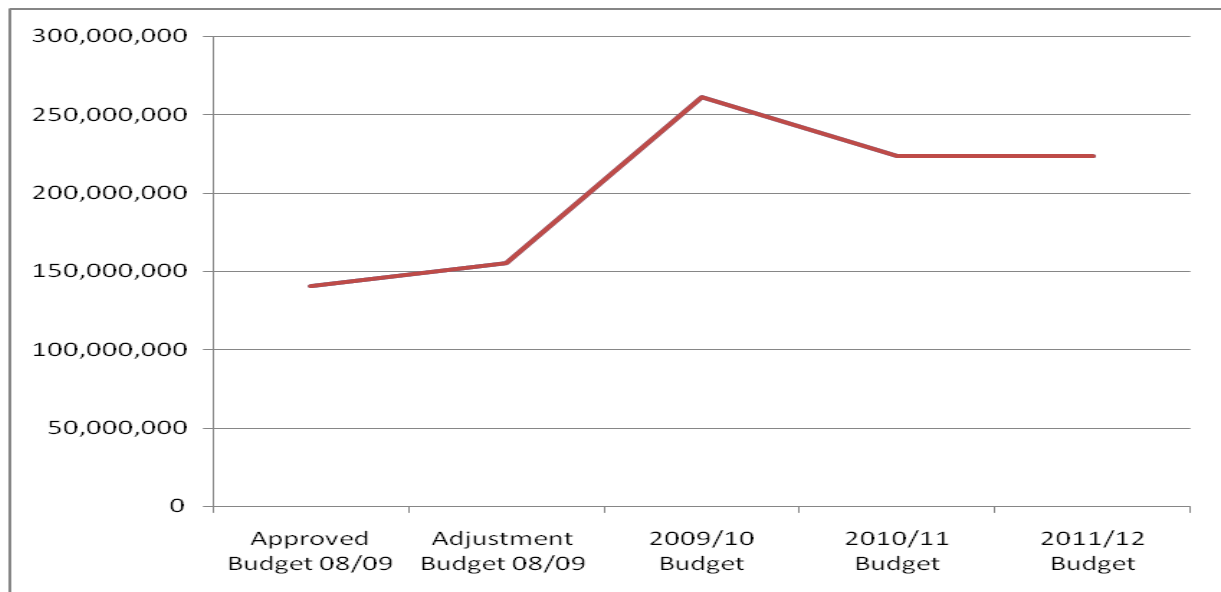
The 2009/10 Budget has increased tremendously by 68% as outlined below. The reasons for this tremendous the Budget growth is as follows:

- The extension of revenue base of Property Rates to be collected in all villages of the municipality;
- The extension of the revenue base of Refuse removal and water services to be collected in identified villages;
- The implementation of the Credit Control ,Debt collection ; Indigent ,Debt Write Off and other related policies ;
- The implementation of the Revenue Enhancement Strategy that has been adopted by Council;
- The enforcement of the gazzetted By – Laws;
- The implementation of the Land Use management Scheme;
- The anticipated revenue from the selling of serviced sites;
- The anticipated external borrowing of R10 million.

<b>Total Income :</b>	<b>08/09 Approved</b>	<b>08/09 Adjustment</b>	<b>2009/10 Draft Budget</b>	<b>% In/De</b>
Total Grants	R 92,929,186	R 125,713,259	R 172,135,550	-36%
Consumer services :	R 42,164,000	R 23,405,500	R 64,485,159	-176%
Own Revenue : Other	R 5,209,829	R 5,604,085	R 24,337,877	-334%
<b>Grand Total : Budget</b>	<b>R 140,303,015</b>	<b>R 154,722,844</b>	<b>R 260,958,586</b>	<b>-68%</b>
Total Expenditure :				
Operational Expenditure	R 80,008,781	R 75,966,643	R 136,488,942	-79%
Capital Expenditure	R 60,294,234	R 78,756,201	R 124,469,644	-58%
<b>Grand Total</b>	<b>R 140,303,015</b>	<b>R 154,722,844</b>	<b>R 260,958,586</b>	<b>-68%</b>

The growth in the budget from 2008/09 to 2011/2012 is outlined below in a table and illustrated in a graph.

Approved Budget 08/09	Adjustment Budget 08/09	2009/10 Budget	2010/11 Budget	2011/12 Budget
140,303,015	154,732,844	260,958,586	223,063,290	223,261,580



The approved budget of 2008/09 was at R 140 million, and adjusted upwards to R 154 million because of the growth in grants and subsidies from the Capricorn District and National. The proposed 2009/10 Budget is anticipated to be at R 260 million because of the budget growth reasons mentioned above. It slightly goes downwards to R223 million in 2010/11 and 2011/12 mainly because of the decrease in grants from the District and local government and the non – borrowing from external institutions.

#### 4.1.2 The summary Capital Expenditure by category and department

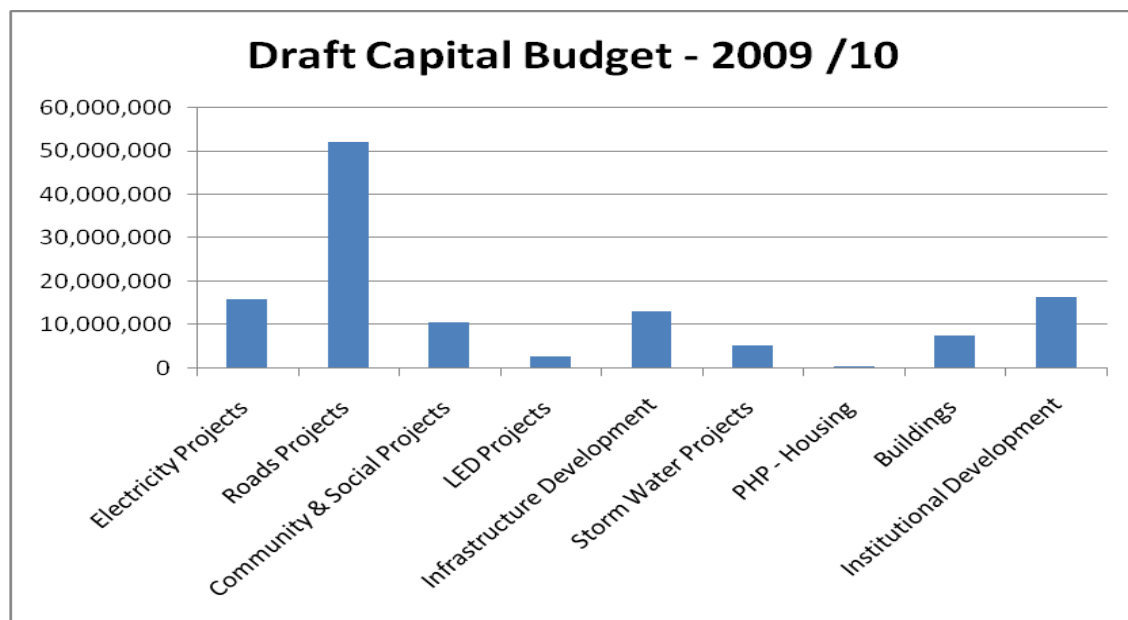
The total Capital Budget for 2009/10 is R 124 469 644. The budget has increased from R78 million Capital budget of 2008/09 to R124 million. Below is the summarised Capital Budget by municipal departments from 2009/10 to 2011/2012.

Capital Expenditure by Vote	2009/10 Budget	2010/11 Budget	2011/12 Budget
Municipal Manager's	190,000	105,400	111,092
Strategic Planning	15,989,700	2,077,146	969,637
Community Services	16,469,000	21,767,150	141,239,956

Budget & Treasury	330,000	347,820	366,602
Technical Services	87,242,844	36,186,900	836,500
Corporate Services	4,248,100	880,000	260,000
<b>Total</b>	<b>124,469,644</b>	<b>61,364,416</b>	<b>143,783,787</b>

The capital budget by projects is as follows:

Categories	Draft Budget	% Allocation
Electricity Projects	16,066,000	12.9%
Roads Projects	52,144,587	41.9%
Community & Social Projects	10,594,000	8.5%
LED Projects	2,675,000	2.1%
Infrastructure Development	13,162,000	10.6%
Storm Water Projects	5,337,678	4.3%
PHP - Housing	464,579	0.4%
Buildings	7,500,000	6.0%
Institutional Development	16,525,800	13.3%
<b>Total Capital Budget</b>	<b>124,469,644</b>	<b>100%</b>

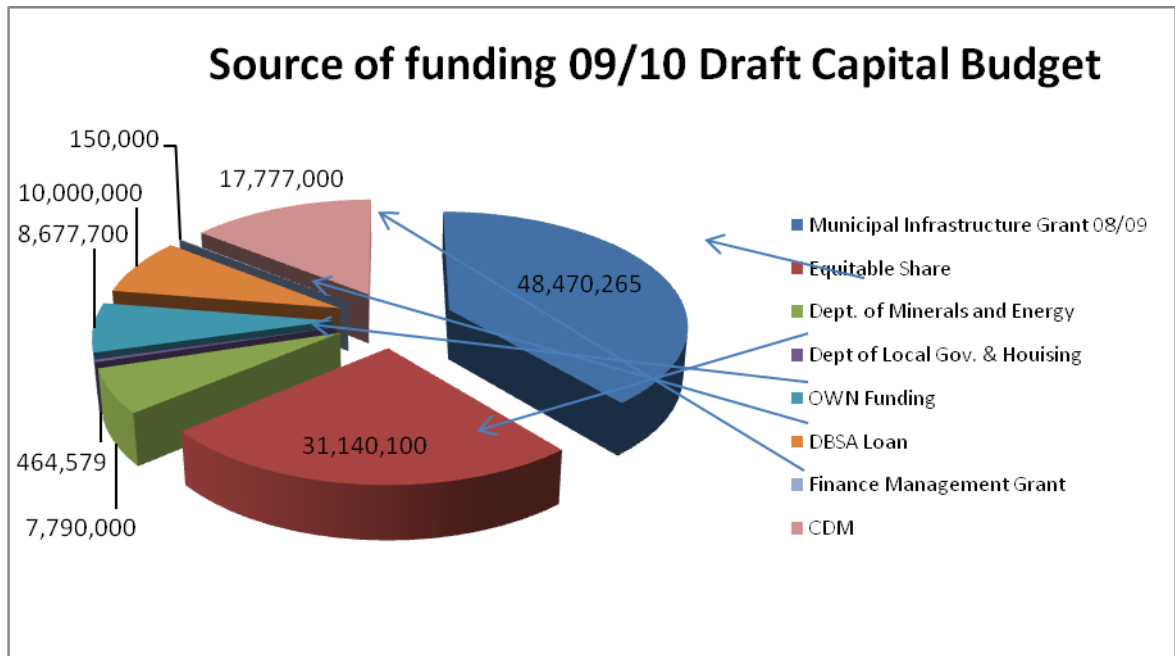


The capital budget by categories /projects is outlined above. The municipality's intention is to close the gap provision of electricity to villages by 2011/2012 hence the 16 million funding on electricity projects. Ten villages are earmarked to be electrified in the 2009/10. This is also in line with the Provincial priorities.

The Source of funding of the 2009/10 Capital Budget is as follows:

The Municipal Infrastructure Grant is the largest contributor in the Capital budget Category. It contributes 39%, followed by equitable share by 25% and the Capricorn District municipality at 14%.

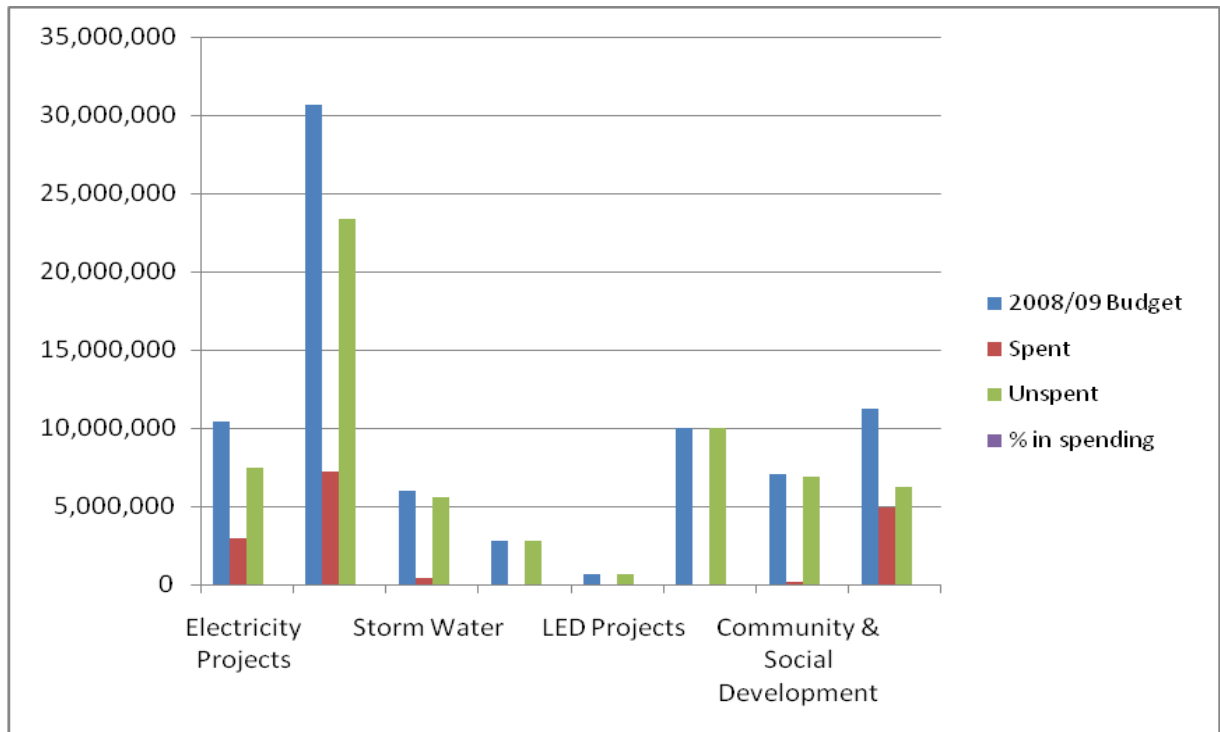
The municipality intends to obtain a loan of R 10 million which will be used to service sites that will be sold to enhance revenue for the Council. The explanation of sources of revenue is further outlined by the graph illustrated table and the graph below:





The past performance on capital budget in 2008/09 is outlined below:

Categories	2008/09 Budget	Spent	Unspent	% in spending
Electricity Projects	10,380,000	2,910,450	7,469,550	28.04%
Roads Projects	30,629,283	7,251,780	23,377,503	23.68%
Storm Water	6,000,000	404,600	5,595,400	6.74%
Buildings	2,800,000	0	2,800,000	0.00%
LED Projects	675,000	0	675,000	0.00%
Infrastructure Development	10,000,000	0	10,000,000	0.00%
Community & Social Development	7,081,918	202,267	6,879,651	2.86%
Institutional Development	11,190,000	4,949,706	6,240,294	44.23%
<b>Total</b>	<b>78,756,201</b>	<b>15,718,803</b>	<b>63,037,398</b>	<b>20%</b>



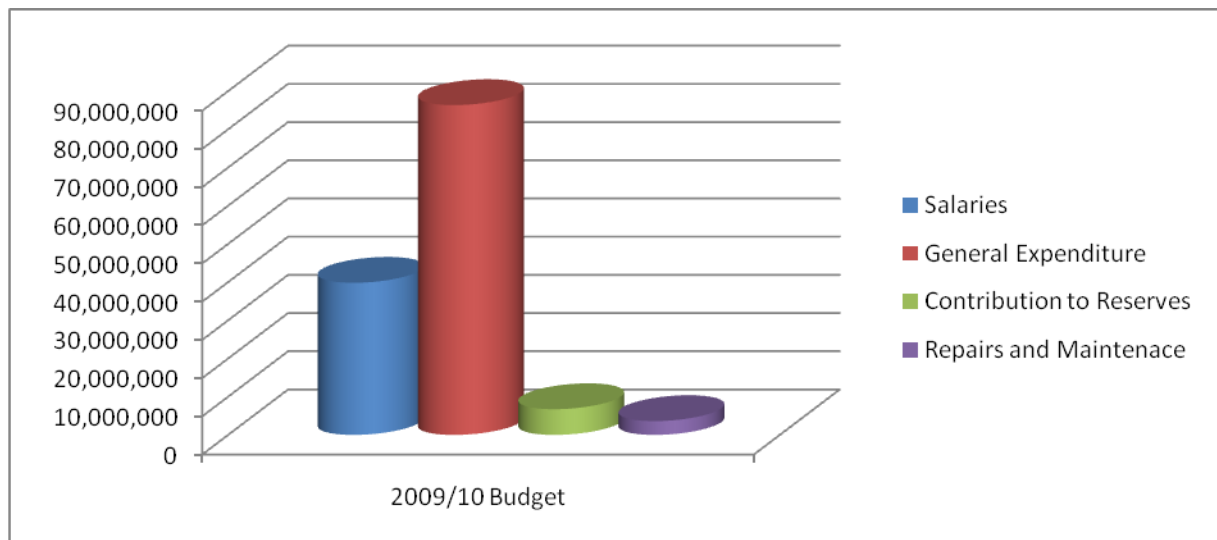
The low percentage spending is as a result of the non- servicing of sites as the municipality was not able to obtain the R 10 000 000-00 loan from the DBSA and other factors that affect several categories of the capital budget. However, a realistic and detailed Service Delivery and Budget Implementation Plan (SDBIP) is presented in a draft format to be approved with the IDP and the Budget.

#### 4.1.3 The summary of the operational Expenditure

Departments	2009/10 Budget	2010/11 Budget	2011/12 Budget
Municipal Manager's Office	15,348,393	15,807,194	17,052,479
Strategic Planning	14,841,576	10,520,615	11,387,851
Corporate Services	16,487,943	17,771,560	19,223,742
Budget and Treasury	21,009,496	36,064,404	27,868,792
Community Services	14,177,577	15,524,244	16,989,199
Technical Services	54,623,957	48,083,692	57,851,348
<b>Total</b>	<b>136,488,942</b>	<b>143,771,709</b>	<b>150,373,411</b>

The Operational expenditure by category:

Operating Expenditure by category	2009/10 Budget
Salaries	39,812,177
General Expenditure	86,338,248
Contribution to Reserves	6,726,537
Repairs and Maintenance	3,611,980
<b>Total</b>	<b>136,488,942</b>



The Salaries is 29% of the Total Budget. The Salaries Budget moved from R22 million to R 39 million because of the expanded proposed organisational structure that requires 65 new positions to strengthen the institutional capacity. The detailed operational expenditure budget and the proposed organisational structure for 2009/10 are attached as Annexures. The General

Expenditure is the largest contributor in the Operating Expenditure at 69% followed by Salaries at 29% , contributions to reserves at 5% and Repairs and Maintenance at 3%. The main reason of the smaller allocation in Repairs and Maintenance is that most of the Capital Infrastructure in our municipality belong to the district and the Provincial Government. The repairs and maintenance of our roads is not major as it the roads that we have constructed have started from the financial year 2006/07.

The detailed operating expenditure by Source and by GFS function are attached as Annexures.

#### 4.1.4 Alignment of the Budget with national , provincial and district priorities

The National policy priorities released by Municipal Finance Management Act (MFMA) Circular No. 48 are stated below as follows:

- Protection of the poor by expanding programmes that alleviate poverty and strengthen the safety social net.
- Building capacity for long term growth by investing in Infrastructure
- Sustain employment growth
- Maintain sustainable debt level
- Address sectoral barriers to growth and investment

The 2009/10 Budget and beyond has been aligned to the above national priorities by ensuring that - :

- The 2009/10 Tariffs of major municipal services are increased by only 5.4 % to ensure affordability of the services and relieve a burden on consumers considering the current economic down turn. The principles of the 2009/10 Tariff Policy emphasize protection of the poor , affordability of services , encouragement of efficient use of the services and the reduction of high risks of non – payment for services. The tariffs are outlined in the 2009/10 Tariff Structure attached as an Annexure to the Budget document.
- The registered Indigents of the municipality are given 6kl of Basic Water and are not charged interests in making arrangements of payment of services. A further relief on indigents is clearly reflected in the provision of refuse removal services and also sewerage services.



- The 2009/10 Property Rates policy also states that exempt registered indigents from paying property rates. Further reliefs are also brought in the form of rebates and exemptions to categories of our communities like pensioners, child headed families etc.
- The municipality has also introduced a 50% reduction on the value of the property prior to charging the property rate. A further R15 000 has also been given to residential properties as a discount prior to levying the rate as stated in the 2009/10 Tariff structure.

In protection of the poor, the 2009/10 budget has ensured that this priority is implemented through the 2009/10 Budget Related policies and the Tariff Structure. The summary of the provision of Free Basic Services to the poor is also tabled below:

<b>Free Basic Services</b>	<b>2009/10 Budget</b>
Free Basic Water	R 4 000 000 - 00
Free Basic Electricity	R 5 253 276 - 00

#### 4.4 Budget Schedules ( Operating and Capital ) – ANNEXURE A

#### 4.5 Budget Related Charts and Explanatory Notes - ANNEXURE B

### 3. Supporting Documentation

#### 5.1 Budget Overview process

The Budget process plan outlining the key deadlines was approved in Council on 31 August 2008. The process plan served as a guiding instrument for the budget compilation of 2008/09. The community participation processes were as follows -:

DATE	WARD NO.	VENUE
03 May 2009 (Sunday) 10h00	23,24,27	Mahlatjane Community Hall
06 May 2009 (Wednesday) 10h00	15,16,17,26	Tooseng
07 May 2009 (Thursday) 10h00	18,19,20,21	Mamaolo Community Hall
17 May 2009 (Sunday) 10h00	1,2,3,4,5,6,7,8,9,10,11,22	GaNtamatisi Sports Ground
17 May 2009 (Sunday) 14h00	12,13,14,25	Lebowakgomo Zone S: Rehologile Crèche

Strategic Planning Workshops were also held with the key officials of the municipality and councillors of different portfolio committees and the Executive Committee during the month of May. The Ward committees also participated in the process during their ward conference. The IDP and Budget Representative Forum was also held on 25 May 2009 where various stakeholders attended and made final inputs.

5.2 to 5.12 are attached as Annexure C

#### **4. Conclusion**

It is therefore in accordance to the legislative requirements that the Draft Budget of 2009/10 is prepared taking into consideration the reviewed Integrated Development Plan of Lepelle – Nkumpi Municipality, the National Treasury Circular no. 48, DORA 2009 and all other related legislative requirements for the Council of Lepelle Nkumpi to adopt.



4.