



## **LEPELLE – NKUMPI MUNICIPALITY**

**THE APPROVED BUDGET – 2010/11 AND BEYOND**

## **1. Legislative requirements : Compilation of the Annual Budget 2010/11**

In terms of Section 16 of the Municipal Finance Management Act, Act of 56 of 2003, the Council must for each financial year approve an annual budget for the municipality before the start of the financial year.

In order to comply with the above subsection, 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.

In section 17 it is further said that the budget must be a schedule in this prescribed format:

- a) Setting out realistically anticipated revenue for the budget year from each revenue source;
- b) Appropriating expenditure for the budget year under the different votes of the municipality;
- c) Setting out indicative revenue per revenue source and projected Expenditure by vote for the two financial years following the budget year;
- d) Setting out estimated revenue and expenditure by vote for the current year; and
- e) Actual revenue and expenditure by vote for the financial year preceding the current year.

The 2010/2011 Budget has been laid out in the prescribed format outlined by the enabling act.

The MFMA section 24 further states that -:

- a) the municipal council must at least 30 days before the start of the budget year approve its annual budget;
- b) the budget must be approved together with the adoption of resolution as may be necessary –
  - i. imposing any municipal tax for the budget year;
  - ii. setting any municipal tariffs for the budget year;
  - iii. approving measurable performance objectives for revenue from each vote in the budget;
  - iv. approving any changes to the municipality 's integrated development plan; and
  - v. approving any changes to the municipality's budget – related policies.

It is therefore in accordance to the legislative requirements that the Budget of 2010/11 is submitted to the Council by the Executive Committee for tabling. The Budget summary, budget documents, and related resolutions are thus outlined in this document.

## **2. The Mayoral Speech on Budget of 2010/2011**

Lepelle Nkumpi Municipality has come a long way in striving to meet the constitutional obligations of maximizing service delivery. The 2010/2011 Budget focuses on the renewed priorities that the municipality has come up with in focusing its efforts and energies in the eradication of service delivery backlogs and the commencement of new projects and programmes that will respond to the communities' needs.

Our municipality is faced with very serious challenges with regard to the following areas; storm water drainage and management, waste management, establishment of landfill site, environmental issues, under collection of revenue, implementation of valuation roll, land use management, roads construction and maintenance. These are only very few challenges faced by Lepelle – Nkumpi.

Our strategies and plans for 2010/2011 and the outer years are now directed towards the challenges mentioned. We want to be seen as a municipality that is now focused on the right priorities that will maximize service delivery to our communities, improve on governance and institutional capacity, promote LED programmes and initiatives, and maintain the financial viability of the institution.

The 270 million draft budget for the coming year paves a way for the municipality to be able to meet the challenges outlined above. We have made a tremendous progress in construction of roads, especially at Lebowakgomo Township and we have also put aside an amount of 21 million for Road Construction Network in 2011/2012 to complete all critical roads in the township. I am also very delighted to announce that we have put aside an amount of 3.1 million for the designs of Mogodi to Mamaolo Road and R 3.1 million for Magatle Road as the area is identified as the growth point. The following villages are also going to be electrified :

- Mashite / Maake
- Makgopong
- Makweng
- Khureng
- Makotse
- Matinkane
- Hwelereng
- Magatle
- Mahlaokeng
- Madishaditoro
- Zone P – Lebowakgomo

Most of these projects outlined above are of 2009/2010 , however because of budget constraints they will continue to 2010/2011. The new projects in 2010/2011 is Mahlaokeng , Madishaditoro , Matinkane and Zone P at Lebowakgomo.

In the category of community upliftment projects the following community halls are intended to be built :

- Mehlaeng Community Hall
- Maijane Community Hall
- Matahabatha Community Hall
- Moletlane Community Hall
- Hlakano Community Hall

The overall Budget is R237 million , with a capital budget of R130 million and an operational budget of R107 million.

We believe that this budget, is the first step in trying to meet challenges that are facing us head on, and that the final draft will have all inputs of various stakeholders to make it a budget for the people.

**M.C. MASOGA**

**Mayor**

### 3. The Executive Summary

The approved Budget of 2010 / 2011 is outlined below:

#### THE 2010/2011 BUDGET

<b>TOTAL REVENUE</b>	<b>237,521,745</b>	<b>100%</b>
<b>TOTAL OPERATING EXPENDITURE</b>	<b>130,136,960</b>	<b>55%</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>107,384,785</b>	<b>45%</b>
<b>TOTAL 2010/2011 T BUDGET</b>	<b>237,521,745</b>	<b>100%</b>

### SUMMARISED OPERATING INCOME 2010/2011

Categories	2010/11 Budget	%
Grants & Subsidies	141,343,500	60
Trading Services	55,595,390	23
Other Income	40,582,855	17
<b>Total</b>	<b>237,521,745</b>	<b>100</b>

### SUMMARISED OPERATING EXPENDITURE 2010/2011

Categories	2010/11 Budget	%
Salaries & Allowances	45,517,143	35
General Expenses	49,079,316	38
Contribution: Working Capital	32,737,151	25
Repairs & Maintenance	2,803,349	2
<b>Total</b>	<b>130,136,959</b>	<b>100</b>

The Budget has a total capital expenditure of 107 million and a total operational expenditure of 130 million. The detailed schedules of the overall budget are attached to this document. The summarised capital budget and its performance is hereby stated below:

**SUMMARISED CAPITAL BUDGET 2010/2011 AND BEYOND**

<b>Categories</b>	<b>2009/10 Budget</b>	<b>Spent</b>	<b>Unspent</b>	<b>% spending</b>
Electricity Projects	15,456,000	1,761,081	13,694,919	11.39%
Roads Projects	73,419,587	10,403,398	63,016,189	14.17%
Storm Water	6,837,678	4,424,182	2,413,496	64.70%
Buildings	4,250,000	27,831	4,222,169	0.65%
LED Projects	770,000	0	770,000	0.00%
Infrastructure Development	4,162,000	0	4,162,000	0.00%
PHP Housing	464,579	257,543	207,036	55.44%
Community & Social Development	15,344,000	2,857,944	12,486,056	18.63%
Institutional Development	19,659,671	9,132,655	10,527,016	46.45%
<b>Total</b>	<b>140,628,531</b>	<b>28,864,634</b>	<b>111,498,881</b>	<b>21%</b>

The spending on capital budget reflects a 21% budget spending which is caused by most of the 10/11 projects that are funded by the MIG being recognised in the 2009/2010 budget. The projects of the current financial year are at the completion stage and those that are far from being completed, their funds have already been committed (See detailed capital expenditure report attached to the budget documents).

## SUMMARISED CAPITAL BUDGET 2010/2011

<b>Categories</b>	<b>2010/11 Budget</b>	<b>%</b>
Electricity Projects	22,278,000	20.75
Roads Projects	41,390,892	38.54
Storm Water	1,200,000	1.12
Buildings	2,185,000	2.03
LED Projects	6,891,500	6.42
Infrastructure Development	1,024,358	0.95
PHP Housing	86,642	0.08
Community & Social Development	21,803,000	20.30
Institutional Development	10,525,393	9.80
<b>Total</b>	<b>107,384,785</b>	<b>100</b>

#### **4. Budget Related Resolutions**

4.1 That Council resolves that the budget of Lepelle – Nkumpi for the financial year 2010/11 ; and indicative for the two projected outer years 2011/12 and 2012/13 be tabled as set –out in the following schedules :

- 4.1.1 Operating revenue by source as reflected in schedule 1;
- 4.1.2 Operating expenditure by vote as reflected in schedule 2;
- 4.1.3 Operating expenditure by GFS classification reflected in schedule 2 (a)
- 4.1.4 Capital expenditure by vote reflected in schedule 3;
- 4.1.5 Capital expenditure by GFS classification in schedule 3;
- 4.1.6 Capital funding by source

4.2 That Council resolves that Second Adjustment Budget of 2010/2011 of an additional funding of MIG for R 8 990 000 for the extension of roads : Zone A & S at Lebowakgomo , and the additional funding for the Traffic Station from MIG of R 1 716 095 ; and the shifting of R 780 000 from operational budget of PMU – MIG funded be shifted to the capital budget for capital needs be approved ;

4.3 That Council resolves to table tariffs and charges as reflected in the proposed 2010/11 Tariff Structure for the budget year 2010/11;

4.4 That Council resolves that the budget related policies be tabled with the inputs from community participation processes during IDP/Budget processes.

