

**LEJWELEPUTSWA DISTRICT MUNICIPALITY**

**ANNUAL BUDGET 2011/2012**



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## 1. INTRODUCTION

### 1.1 Lejweleputswa District Municipality Overview

#### VISION

"A perfect partner in service excellence by 2014"

#### MISSION

Lejweleputswa District Municipality embraces a service delivery perspective through sound financial management, harnessing of a customer-centred culture, internal processes structured towards professionalism and the creation of a learning, growth and developmental environment.

### **KEY PERFORMANCE AREAS**

Basic Service Delivery and Infrastructural Investment,  
Municipal Transformation and Intuition Development,  
Municipal Financial Viability and Financial Management,  
Local Economic Development.

## **LEJWELEPUTSWA DISTRICT MUNICIPALITY 2011/12**

### **1.2 Municipal Budget**

#### **DEFINITION OF A MUNICIPAL BUDGET**

The municipal budget is:

- a close estimate of future income and expenditure,
- It serves as a planning, management and control document and
- Serves as the implementing document for the service delivery objectives of the Municipality as set out in the Integrated Development Plan (IDP).

#### **A Municipal budget is divided into a Capital and an Operating Budget:**

a) The capital budget relates to funding to be spent to acquire capital items i.e. land and buildings, vehicles, machinery office equipment et cetera.

b) The operating budget of the municipality consists of operating revenues that will accrue to the municipality within the financial year to cover day to day operational costs.

**Example:** The purchase of vehicles is capital expenditure whilst the servicing of the vehicles is budgeted under the operating budget.

#### **OBJECTIVE OF A MUNICIPAL BUDGET**

The main objective of a municipal budget is to sensibly allocate realistically expected resources to the municipality's service delivery goals or performance objectives identified as priorities in the approved IDP.

The municipal budget is a tool through which the total level of revenue and expenditure are adequately controlled, public resources are appropriately allocated among sectors and programs, and ensure that departments operate as efficiently as possible within the municipality.

## 2. MAYORAL SPEECH

THE 2011/12 BUDGET SPEECH BY HER WORSHIP THE EXECUTIVE MAYOR OF LEJWELEPUTSWA DISTRICT MUNICIPALITY, CCLR. MATHABO LEETO AT THE COUNCIL MEETING HELD AT INDOOR SPORTS CENTRE IN WELKOM ON THE 28 APRIL 2011.

Honourable Speaker

Members of the Mayoral Committee

Councillors

The Municipal Manager and staff

Leaders of Political Parties

Members of Ward committees

Media

Distinguished Guests

Friends and Comrades,

Today's council meeting takes place a day after the celebrations of the Freedom Day. On this day all South Africans made their mark of being one nation which was a remarkable event of this turbulent century.

Mr. Speaker

It is befitting to thank the people of South Africa who has put the ANC-led government in power and I am definitely sure that they will never regret because the lives of many people has changed since 1994. As councillors we should not disappoint our people and take their votes for granted we must always remember that the freedom did not come for free, there's a price which was paid by the sons and daughters of our beloved country. Some people who fought for democracy could not even taste the fruits of this democracy.

On the 18<sup>th</sup> May 2011 millions of South Africans will go to the polls to cast their votes, they will do so to give a mandate to the political party of their choice. As individual councillors we don't have to undermine the power that lies behind the votes of our people, our people vote for the improvement of their lives. We need to continue putting a smile in the face of our community; we also need to light their souls to release them from the burden of poverty and hunger.

As we approach the local government elections we need to evaluate our performance as individuals and as a collective, we need to ask ourselves what legacy do we leave behind upon which others can build,

what building blocks should be contained in the baton that we pass on to others who will carry it forward in the run up to the finish line in order to achieve the goals of changing the lives of our people.

Mohlomphehi Motsamai wa Dipuisano

Ha re sheba morao leeto leo re le tsamaileng re le mmuso o etelletseng pele ke ANC, le se le batla lele le telele, empa botelele bona ba leeto, lerole le ile la thunya, baahi ba fumana matlo, metsi le motlakase, dipetlele bakudi ba kena ba sa lefe letho. Barutwana ba ntshetsapele thuto ntle le ho lefa, ra bona bana ba rona ba fumantshwa dijo dikolong.

Athe ha ele bana ba bao batswadi ba bona ba leng dikojwana mahetleng, mmuso o etelletseng pele ke ANC wa ba neha ditjhelete tsa ho reka lebeso batle bahole e le diporopotlwana. Hodima tsena tsohle tse etsahetseng re ntse re hopola hore ho ntse ho ena le deketekete tsa baahi tseo ditshebeletso di so fihlelle ho bona, ke ka hona ho leng bohlokwa hore re sebetse mmoho ho ntshetsapele mosebetsi oo mmuso o seng oo qadile. Ha re sebetse mmoho re ka aha setjhaba sa betere.

MR.SPEAKER

The main objective of a municipal budget is to sensibly allocate realistically the expected resources to the municipality's service delivery goals or performance objectives identified as priorities in the IDP. The municipal budget is a tool through which the total level of revenue and expenditure are adequately controlled and allocated amongst the sectors to ensure that the departments are able to perform effectively. As we engage in this process we need to involve the community as an important stakeholder.

Mr. Speaker let me confirm that from the 11<sup>th</sup> to 15<sup>th</sup> April we were able to go to the five local municipalities to ensure that the community participate in the process of compiling the IDP and the budget. Let me thank all members of the community who attended the budget consultation meetings and their inputs were appreciated by ourselves as the District Municipality.

The 2011/12 Intergrated Development Plan prioritises projects and programmes informed by the following Key Performance Areas,

Good Governance and Public Participation

Municipal Financial Viability and Management

Local Economic Development

Municipal Transformation and Institutional Development

Basic Services and Infrastructure Investment

On the 3<sup>rd</sup> December 2010 council approved a substantial increase in the Operating budget and Capital budget. The funding for the additional expenditure derived from almost 100% from the un-appropriated surplus and this had a significant impact on the 2011/12 budget as this was a once off allocation. For the

financial year 2011/12 the revenue budget will increase by 1.9% and this will put a further strain in the 2011/12 budget.

Honourable Speaker

The powers and functions assigned to Lejweleputswa District Municipality are not adequately performed because of the minimum resources available. We will have to ensure that we deliver more services, more effectively with the fewer resources available. When we were preparing the 2011/12 budget we took into consideration the CPIX rate for the next three years which is as follows 2011/12 – 4.8% 2012/13 – 5.3% - 2013/14 -5.5%.

The increase of 1.9% will limit the implementation of the identified projects by our communities, but if we work together with the provincial and national spheres of government it may be possible to implement most of the identified projects in 2011/12.

The 2011/12 budget will amount to R108 090 655, a decrease of 16.5% in relation to the 2010/11 budget. The main source of funding remains grants which represents 97% of the total income. The difference derives from the interest on investments which is also showing a decline due to fewer investments available. A further performance/incentive grant of R1 449 million which is only paid on performance is available with regards to priority government programmes.

#### OPERATING EXPENDITURE

The total Operating Budget Expenditure for 2011/12 is reduced to R99 915 655 indicating a 8.4% reduction of the 2010/11 Budget.

#### CAPITAL EXPENDITURE BUDGET

The Capital Budget Expenditure for 2011/12 reduced to R8 175 000, a reduction of 60% in comparison with the current financial year and except for the carry-over of R6 000 000 for the Disaster Management Centre. The reduction of the capital budget is a matter of great concern because we cannot continue to pay a high salary bill and have a less budget for service delivery, this matter will have to be given a serious attention. But we must always remember that the function of the Environmental Health which was assigned to the district municipality also brought a huge salary burden which could not be avoided.

Mr. Speaker

Allow me to propose to council that,

- 1.The 2011/12 Intergrated Development Plan be adopted
- 2.The 2011/12 Operating Budget amounting to R99 915 655 &  
Capital Budget amounting to R8 175 000 be approved
- 3.The following financial policies be approved:

\*Asset Management

\* Credit Control and Debt Collection

\* Supply Chain Management

In conclusion let me thank all the councillors, staff and management who dedicated their time for the compilation of this IDP and Budget. Mr. Speaker it is also proper to thank the Municipal Manager Ms. Ntsiki Aaron and her staff for making sure that the District Municipality once more receives an Unqualified report with matters of emphasis of course. With the leadership of Me Ntsiki Aaron I am confident that Lejweleputswa District Municipality will receive a clean Audit report.

Thank you

### **3. MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I, Nontsikelelo. E. Aaron, Municipal Manager of Lejweleputswa District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

N.E. AARON

MUNICIPAL MANAGER OF LEJWELEPUTSWA DISTRICT MUNICIPALITY (DC18)

SIGNATURE

DATE 28/4/2011

### **4. BUDGET RELATED RESOLUTIONS**

The MFMA stipulates that the Mayor must table the annual budget at a council meeting at least 90 days before the start of the budget year and the Mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year.

The following resolutions were taken by Council with the approval/ adjustments of the 2010/11 Budget:

Council Resolution, 28 May 2010, Budget for 2010/2011 Financial year:

- ✓ That the following financial policies be approved namely:
  - ✚ Accounting Policy,
  - ✚ Asset management policy
  - ✚ Budget policy
  - ✚ Investment policy.
- ✓ That the addendum as submitted during the Council sitting pertaining to the amendments on the budget be adopted,
- ✓ That the operating budget totaling R 92 709 000 be adopted,
- ✓ That the capital budget totaling R 16 240 000 be adopted.

Council Resolution, 25 January 2011; Adjustments of Draft Budget for 2010/2011 Financial year:

- ✓ That council notes the final budget adjustment figures for 2010/2011,
- ✓ That the operating budget figures totaling R 109 094 299 be approved,
- ✓ That the capital budget figures totaling R 20 305 960 be approved.

## 5. EXECUTIVE SUMMARY

The main objective of a municipal budget is to allocate realistic expected resources to the service delivery goals or performance objectives identified as priorities in the approved IDP.

This budget was made possible through continuous consultation with the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed.

All municipalities must prepare their budgets, adjustment budgets and in-year reports from the 2010/112 financial year onwards in accordance with the Municipal Budget and Reporting Regulations and this implied major changes in the budget formats and attachments which are distributed as part of this document.

Each municipality must also do a funding compliance assessment of the budget to prove that the budget is properly funded. This budget program runs over a three-year period and each year the municipality must ensure that the budget is properly funded.

It is each Council's responsibility to ensure that its budget complies with the following three criteria, i.e.:

- Sustainability, to ensure that the municipality has sufficient revenue and adequate corporate and financial stability to fund and deliver on its budget.
- Credibility, to ensure that the municipality, with its ability and capacity to spend, deliver in terms of its budget.
- Governance, that the Municipality has appropriate capacity and stability to ensure the long term sustainability of service delivery.

The National Budget review for 2010 highlighted that Government must deliver more services, more efficiently with fewer resources available; more should be done with fewer resources. The National Budget review for 2011 reflects government's commitment to creating jobs, growing the economy, promoting equity and accelerating access to quality social services.

It is of the utmost importance that the Council prioritises its most important projects over a 3-year period to ensure that funding sources are available over the longer term.

National Treasury also stresses that municipalities must take the inflation forecasts into consideration when preparing their budgets for 2011/2012. The headline C.P.I. rate for the next 3 year budget cycle as presented by the Minister of Finance is as follows:

3 YEAR MEDIUM TERM BUDGET CYCLE		
2011/2012	2012/2013	2013/2014
4.8%	5.3%	5.5%

According to National Treasury, Municipalities will not be given extra funding due to under performance of the National Budget.

## 6. ANNUAL BUDGET 2011/12

### 6.1. FINANCIAL SUMMARY ON 2011/12 BUDGET

Council approved a substantial increase in the operating as well as capital budget at its meeting held on 3 December 2010 as indicated below. The funding for the additional expenditure derived almost 100% from the un-appropriated surplus and this had a significant impact on the 2011/2012 budget as this was a once off allocation. The fact that the revenue budget for 2011/2012 will only increase by 1.9%, put a further strain on the budget.

The following schedule indicates the original budgeted figures, revised budgeted figures, projected expenditure as well as the draft figures for 2011/2012.

Expenditure	Approved budget 2010/2011	Revised budget 2010/2011	Projected actual 2011/2012	Draft budget 2011/2012	Difference
Operating Expenditure	92,709,000	109,094,299	98 230 621	99 915 655	-8.4%

Capital Expenditure	16,240,000	20,305,960	14 305 960	8 175 000	-60%
<b>Total</b>	<b>108,949,000</b>	<b>129,400,259</b>	<b>112 536 581</b>	<b>108 090 655</b>	<b>-16.5%</b>
<b>Income &amp; Funding sources</b>					
Operating income	96,667,000	96,717,000	96,744,915	98,590,000	1.94%
Un appropriated surplus	12,282,000	32,683,259	15 791 666	9 500 655	-70.93%
<b>Total</b>	<b>108,949,000</b>	<b>129,400,259</b>	<b>112 536 581</b>	<b>108 090 655</b>	<b>-16.50%</b>

The total 2011/12 budget amounts to R108 090 655, a decrease of 16.5% in relation to the 2010/2011 budget. This consist of a capital budget of R8 175 000 or 7.6% of the total budget and an operating budget of R99 915 655 or 92.4 % of the total budget.

Projected expenditure indicates a substantial saving on salaries and councillor remuneration which is attributed to vacant Section57 and other positions as well as over budgeting of councillor remuneration.

## 6.2 Operating expenditure budget

Total operating expenditure for 2011/2012 reduced to R 99 915 655 a reduction of 8.4% and is attributed as explained above.

## 6.3 Expenditure allocation

### By category

<b>OPERATING EXPENDITURE ALLOCATION BY CATEGORY 2011/2012</b>			
<b>DETAILS</b>	<b>REVISED BUDGET 2010/2011</b>	<b>BUDGET 2011/2012</b>	<b>PERCENTAGE INCREAS/- DECREASE</b>
Employee remuneration	44 860 898	44 664 233	0%
Councillor remuneration	9 659 199	8 995 515	-6.9%
Working capital reserve	0	240 000	#DIV/0!
Depreciation	3 300 000	3 465 001	5.0%
Repairs & maintenance	1 225 361	1 603 004	30.8%
Interest expenses	3 271 641	3 079 918	-5.9%
Contracted services	80 000	0	-100.0%
Grant & subsidies	17 873 784	9 150 000	-48.8%
General expenditure	26 069 104	27 057 494	3.8%
Contribution: accrued leave	2 754 312	1 660 490	-39.7%
<b>Total Amount</b>	<b>109 094 299</b>	<b>99 915 655</b>	<b>-8.4%</b>

**Employee remuneration**

To keep employee remuneration low, most vacant positions were deleted.

**Councillor remuneration**

Some over budgeting occurred in 2010/2011.

**Repairs and maintenance**

This category increased to make provision for maintenance of yellow fleet et cetera.

**Grants & subsidies**

Referred to capital works done on behalf of Local Municipalities that were reduced to the non availability of funding. Provision for carry over's with regard to the Kutlwanong road and massification projects in Makeleketa and Bultfontein were made.

Contribution: accrued leave

The contribution shows a decrease attributed to the reserve nearing optimal funding position.

**6.4 By department**

<b>SUMMARY OF EXPENDITURE BY DEPARTMENT 2011/2012</b>			
<b>DEPARTMENT</b>	<b>PROJECTED 2010/2011</b>	<b>BUDGET 2011/2012</b>	<b>DIFFERENCE</b>
EXECUTIVE MAYOR	11 706 546	12 150 267	3.8%
SPEAKER	3 320 891	3 587 752	8.0%
MAYORAL COMMITTEE	5 804 398	6 223 159	7.2%
COUNCIL GENERAL	29 884 387	17 552 184	-41.3%
MUNICIPAL MANAGER	6 777 552	6 900 939	1.8%
CORPORATE SERVICES	6 726 993	6 776 598	0.7%
HUMAN RESOURCES INFORMATION TECHNOLOGY	2 511 355	2 321 764	-7.5%
PROPERTY	1 906 831	2 072 229	8.7%
SOCIAL SERVICES	2 123 571	3 556 218	67.5%
DISASTER MANAGEMENT	3 280 907	2 744 120	-16.4%
HEALTH	2 236 174	8 190 302	266.3%
LED & PLANNING	11 268 598	10 928 724	-3.0%
TOURISM	4 733 839	4 741 616	0.2%
TECHNICAL SERVICES	1 960 000	1 160 000	-40.8%
FINANCE TECHNICAL SUPPORT	2 484 859	2 510 478	1.0%
FINANCE SERVICES	1 093 548	669 133	-38.8%
MUNICIPAL SUPPORT	11 183 579	12 426 462	11.1%
ROADS	1 126 454	1 214 400	7.8%
	1 879 777	2 364 310	25.8%

TOTAL	112 010 260	108 090 655	-3.5%
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Motivation for major differences:

- Council- Less funding available for transfer projects,
- Property- provision for upgrading property,
- Disaster management- carry-over amount for project that will be completed into 2011/2012,
- Tourism-projects down scaled,
- Finance Technical Support- transfer of staff to Finance department,
- Roads- increased provision for maintaining yellow fleet.

6.5 Expenditure per category as a percentage of total budget:

<b>EXPENDITURE AS A PERCENTAGE OF TOTAL BUDGET</b>		
<b>DETAILS</b>	<b>BUDGET</b>	<b>PERCENTAGE</b>
Employee remuneration	44 664 233	41.3%
Councillor remuneration	8 995 515	8.3%
Working capital reserve	240 000	0.2%
Depreciation	3 465 001	3.2%
Repairs & maintenance	1 603 004	1.5%
Interest expenses	3 079 918	2.8%
Grant & subsidies	9 150 000	8.5%
General expenditure	27 057 494	25.0%
Capital	8 175 000	7.6%
Contribution: accrued leave	1 660 490	1.5%
<b>Total Amount</b>	<b>108 090 655</b>	<b>100%</b>

The personnel budget is calculated by considering the needs of council. The transfer of environmental staff members to Lejweleputswa District Municipality unfortunately contributed a great deal towards the high salary budget.

## 7. Capital Expenditure Budget

The capital budget for 2011/2012 reduced to R 8 175 000, a reduction of 60% in comparison with the current financial year and except for a carry- over provision of R 6 000 000 for the disaster management solution and accessories it will be confined to smaller capital needs.

<b>CAPITAL</b>				
<b>GFS CLASSIFICATION</b>	<b>DEPARTMENT</b>	<b>REV BUDGET 2010/2011</b>	<b>BUDGET 2011/2012</b>	<b>INCOME</b>
EXECUTIVE & COUNCIL	EXECUTIVE MAYOR	30 000	30 000	30 000
	SPEAKER		20 000	20 000
	MAYORAL COMMITTEE	60 000	40 000	40 000
	COUNCIL GENERAL	3 785 680	50 000	50 000
	MUNICIPAL MANAGER	30 000	200 000	200 000
		<b>3 905 680</b>	<b>340 000</b>	<b>340 000</b>
FINANCE & ADMINISTRATION	FINANCE SERVICES	60 000	140 000	140 000
	FINANCE TECHNICAL SUPPORT		10 000	10 000
	CORPORATE SERVICES		20 000	20 000
	HUMAN RESOURCES		10 000	10 000
	INFORMATION TECHNOLOGY	250 000	355 000	355 000
	PROPERTY		1 150 000	1 150 000
	MUNICIPAL SUPPORT		20 000	20 000
		<b>310 000</b>	<b>1 705 000</b>	<b>1 705 000</b>
PLANNING & DEVELOPMENT	LED & PLANNING		30 000	30 000
	TECHNICAL SERVICES		10 000	10 000
	ROADS	61 500	20 000	20 000
		<b>61 500</b>	<b>60 000</b>	<b>60 000</b>
HEALTH	ENVIRONMENTAL HEALTH		50 000	<b>50 000</b>
		0	<b>50 000</b>	50 000
COMMUNITY & SOCIAL	SOCIAL SERVICES	270 000	20 000	20 000
	DISASTER MANAGEMENT	15 508 780	6 000 000	<b>6 000 000</b>
		<b>15 778 780</b>	<b>6 020 000</b>	6 020 000
PUBLIC SAFETY	FIRE SERVICES	250 000		
		250 000	<b>0</b>	0
<b>TOTAL</b>		<b>20 305 960</b>	<b>8 175 000</b>	8 175 000

## 8. Operating Income

A breakdown of Council's operating income follows:

OPERATING INCOME			
Source	2010/2011	2011/2012	Difference
Levy replacement grant	69,782,000	71,828,000	2.9%
Equitable share	21,190,000	21,907,000	3.4%
Finance management grant	1,000,000	1,250,000	25.0%
Municipal service improvement grant	750,000	790,000	5.3%
Interest- investments	3,740,000	2,700,000	-27.8%
Other	255,000	115,000	-54.9%
<b>Total</b>	<b>96,717,000</b>	<b>98,590,000</b>	<b>1.9%</b>

Council's main funding resource remains grants which represents 97% of the total income. The difference derives from interest on investments which is also showing a decline due to fewer investments available.

A further performance/ incentive grant of R 1 449 million which is only paid on performance is available with regards to priority government programmes.

## 9. SUPPORTING DOCUMENTATION

### 9.1 Budget process overview

### 9.2 POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget. Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

### 9.3 SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council on the 3<sup>rd</sup> December 2010.

The approved schedule is attached as separate document per pages.....

### CONSULTATION PROCESS

To get the inputs and views of the community on the budget, meetings were held throughout the district as per the following schedule;

TOWN	DATE	ISSUES RAISED
Tokologo: Hertzogville /Malebogo	11 April 2011	Allocation of bursaries. Water scarcity. Municipal vehicles not in good order. Cooperatives development.
Tswelopele/ Hoopstad	12 April 2011	Road maintenance. Sewer problems.
Masilonyana: Masilo	13 April 2011	Allocation of bursaries. Cemeteries are not maintained properly. Cooperatives dysfunctional. Completion of Soutpan hall. Completion of Winnie Mandela museum.
Nala:	14 April 2011	Communication. Cemetery projects prioritization. Allocation of bursaries. Annual report logistics. Financial disclosure.
Matjhabeng: Kutlwanong	15 April 2011	Financial declaration. Cemetery maintenance. Jazz festival, benefit for all residence. Completion of Winnie Mandela museum.

The attendance of meetings by communities remains low.

## 10. BUDGET ASSUMPTIONS

### 10.1 EXTERNAL FACTORS

It appears that the South African economy has gathered some momentum and the demand for credit has improved.

The cuts in interest rates have unfortunately impacted negatively on our net investments income margins.

### 10.2 GENERAL INFLATION OUTLOOK

In the National Budget Speech of 2011 the headline CPI inflation is estimated as follows:  
CPI inflation 4.8%, 5.3% and 5.5%.

The instability in certain countries with reference to crude oil may have a negative effect on inflation in 2011 however the impact is more significant on Local Municipalities.

### 10.3 CREDIT RATING OUTLOOK

No credit rating was done by any credit rating company, but the financial position of the Municipality and management of our financial affairs are sound.

## 11. FUNDING THE BUDGET

Firstly, the budget will be funded from grants and other income as stated in paragraph 8 above to the amount of R 98 590 000,  
Secondly, R 9 700 000 from projects carried forward to the 2011/2012 year.

### Cash available:

As indicated above the major portion of available cash has been utilized to fund projects in the 2010/2011 adjustments budget. The further depletion of the funds is not recommended.

CASH AVAILABLE 30/06/2010	
Investments (short & long term)	50,000,000
Receivables	1,379,250
Payables, provisions, grants, liabilities etc.	-10,162,267
Contingent liabilities	-1,841,687
Commitments	-32,683,259
Sub total	6,692,037
Redemption 2011/2012	1,553,547
Available funds	5,138 490

## 12 .AVERAGE SALARY INCREASES

The personnel budget is calculated by considering the needs of council. The transfer of environmental staff members to Lejweleputswa District Municipality unfortunately contributed a great deal towards the high salary budget.

Looking at the general inflation and agreement of the Bargaining Council regarding employees an average salary increase of 7% for both employees and councilors was provided.

### **13. BUDGET RELATED POLICIES OF COUNCIL**

The following policies are submitted annually as part of the budget documentation:

- Asset Management Policy
- Credit Control and Debt Collection,
- Supply Chain Management policy.

No amendments were made to the policies.

### **14. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –INTERNAL DEPARTMENTS**

In terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA), the mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan (SDBIP) is approved by the Mayor within 28 days after the approval of the budget.

The Mayor must also ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public no later than 14 days after the approval of the SDBIP.

Lejweleputswa District Municipality's SDBIP for the 2011/12 financial year will therefore be approved by the Mayor 28 days after the approval of the 2011/12 Annual Budget.

#### **LEGAL IMPLICATION**

MFMA: SECTION 16:

(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality 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.

MFMA: Section 24.

(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

Approval of budget

National Treasury in its Circular No 54 highlighted that "The Mayor and Municipal Manager of each municipality need to carefully consider the time schedule for the review of the IDP and the tabling, public consultations and approval of the municipal budget".

#### **FINANCIAL IMPLICATION**

None, budget done internally.

#### RECOMMENDATIONS

- That the operating budget totaling R 99 915 655 be approved,
- That the capital budget totaling R 8 175 000 be approved,
- That the policies be approved.