

ANNEXURE B

2010/12 MTREF BUDGET

VHEMBE DISTRICT MUNICIPALITY



2010/12 MTREF BUDGET

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PART 1 – ANNUAL BUDGET

1. MAYORS REPORT

**EXECUTIVE MAYOR'S REPORT TO THE 2009/10 IDP AND BUDGET
SPECIAL COUNCIL MEETING 29 MAY 2009**

Madam Speaker

Fellow Councillors

Distinguished Guests

Members of the Public

Once more I feel honoured and privileged to table the consolidated draft IDP for 2009/10 together with our draft budget estimates for 2009/12 before the commencement of the new financial year. I do this with a clear knowledge of the anticipation of the people of Vhembe District Community.

This IDP and Budget tabling is taking place at a very crucial and challenging time in the history of the District and the Country. The country during April undertook its fourth democratic national elections which was highly successful. Through the elections we have confirmed to the country, continent and the entire world that we meant it when we said 'the people shall govern'. That 'together we can bring change' to the lives of our people in a sustainable manner. We take this opportunity to congratulate the people of South Africa for the peaceful manner in which they conducted themselves as they exercise their democratic right to vote for parties and leaders of their choice. We wish President of the Republic of South Africa and Limpopo Premier Cassel Mathale all the best in their governance tenures of five years. The challenges of the global economic meltdown will need all our support to overcome. Over time this challenge will come to pass and will continue our journey

As we enjoy the good will of our democracy death robbed us of our best and committed community and public leaders . In the beginning of the month we said farewell to Alderman David Phologa, a member of the Mayoral Committee responsible for the Portfolio of Finance. Tomorrow we will be laying our Communication Manager Ndivhuho Mamathuba , also publicity known as (Screamer) , to his resting place. Their exemplary and commitment lives towards developing and serving their people should be the model that we all imitate as we honour them.

Madam Speaker

It is almost two months since we tabled our draft IDP 2009/10 and draft Budget 2009/12 budget to this Council. During this period the Municipality conducted public consultations in all the four local municipalities. Copies were also made available to our tribal authorities to ensure a comprehensive consultations. These consultations included putting the documents in our website. Comments and public inputs were invited and received. This informed our consolidated documents we are tabling today.

Madam Speaker and fellow Councillors to tabled before this Council is our draft IDP for 2009/10 and our draft Budget for 2009/12 financial year for your consideration and adoption

The budget that we are tabling is informed by our IDP and is comprised of priorities. These priorities as they get implemented will also be contributing to the national five key priorities which are:

- Creation of decent and sustainable jobs
- Health
- Education
- Rural development which include land reform, food production and security
- Crime

As we implement our programmes and projects that we have budgeted for we will be addressing most of these priorities

Madam Speaker allow me to present draft budget for 2009/12. The total budget is R1 036 538 000

•Operating budget	R354 939 306	34%
•Capital budget	R681 548 848	66%

Revenue by Source

The following is a summary of our source of revenue which informed our total budget

REVENUE



SUMMARY OF FUNDING

NO	SOURCE	AMOUNT	% FUNDING
1.	Own Funds	98,387,245	9%
2.	Conditional Grants	419,409,665	41%
3.	Unconditional Grants and Subsidies	296,093,000	29%
4.	Surplus	35,057,000	3%
5.	Work In Progress Capital Projects (Own Funds)	73,444,514	7%
6.	Work In Progress Capital Projects (Conditional Grants)	114,136,730	11%
TOTAL		1,036,538 154	100%

PROJECT ALLOCATION: CAPITAL BUDGET

Water Projects	311 216 889
Sanitation	138 840 798
Roads	97 806 000
LED Projects	41 136 794
Refurbishment	30 000 000
Community Infrastructure (Halls)	4 700 000
Social Cohesion	442 183
Drought Relief	1 645 000
Contribution top capital Outlay	55 761 184
TOTAL	681 548 848

Madam Speaker, this budget covers the balance (equilibrium) between the needs of the community, affordability and sustainability. This budget reflect a decrease of 11% as compared to the capital budget of 2008/09 financial year. This is a positive indication of our roll over's having decrease. Most of the projects under implementation for 2008/9 will be completed by the end of the financial year.

My great appreciation goes to the great teamwork of the Mayoral Committee, Portfolio Committees, all the Councillors, Members of the Community (through Public Consultations) and the Management team and staff for the sterling work we all did in the preparation and compilation of the budget.

It is indeed a sign that working together we can achieve more

Madam Speaker

I hereby move that Council considers and approve the 2009/10 IDP Review and the 2009/12 Budget of Vhembe District Municipality as tabled in item SC:01/09/06:1 together with all the in terms for consideration

I so move

2. RESOLUTIONS

1. In terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of Vhembe District Municipality for the financial year 2009/10, and indicative allocations for the two projected outer years 2010/11 and 2011/12; and the multi year and single year capital appropriations are approved as set-out in the following tables:
 - 1.1 Budget Financial Performance (revenue and expenditure by standard classification).
 - 1.2 Budget Financial Performance (revenue and expenditure by vote).
 - 1.3 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
 - 2.1 Budgeted Financial Position.
 - 2.2 Budgeted Cash flow
 - 2.3 Cash backed reserves and accumulated surplus reconciliation
 - 2.4 Asset management
 - 2.5 Basic service delivery measurement
3. That in terms of section 24(2)(c)(i) and (ii) of the Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs for the supply of bulk water and other services as set out in Annexure A, that were used to prepare the estimate of revenue by source, are approved with effect from 1 July 2009.
4. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objective for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.

5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget related policies, including any amendments as set out in Annexure B be approved for the budget year 2009/10

3. EXECUTIVE SUMMARY

The 2010/12 Budget was compiled in line with Chapter 4 of the Municipal Finance Management Act as well as the Municipal Budget and Reporting Regulations.

Budget Consultative meetings were undertaken with the stakeholders. In compiling the budget the following were applied:

- Audited expenditure performance for three preceding financial years
- Current year budget performance
- Economic trends
- Forecasts until 30 June 2009
- Revenue Allocation in terms of the Division of Revenue Act

The 2010/12 medium-term budget is developed within the framework of the district overall strategy and supports the district's mission and vision. This medium term budget posed many challenges and obstacles which had to be addressed and accommodated by limited financial and other resources-not least of which is the global economic slowdown and the uncertainty going forward.

The tabling of the 2009/2010 budget is a statement of our commitment of our commitment to the people of the district proposing a total budget of R 1 036 538 154 billion for 2009/10, comprising R681 548 848 million for capital and R354 939 306.00 million for operating.

The 2009-2012 medium-term budget is developed within the framework of the district overall strategy and supports the district's vision.

This medium term budget posed many challenges and obstacles which had to be addressed and accommodated by limited financial and other resources-not least of which is the global economic slowdown and the uncertainty going forward. Despite all these challenges Vhembe District Municipality managed to present the 2009/2010 budget which represents equilibrium between the needs of the community and affordability and sustainability.

The revenue for the municipality has decreased by 11% when comparing to the 2008/9 revenue budget. This results from non collection of water revenue from local municipalities who are appointed as water service providers. The municipality has however adopted a cost recovery strategy to address non collection of water revenue.

The 2009/10 operating budget amounts to R 354 989 307, which is 34 % of the total budget allocation of R 1 036 538 154. This represents a 5% decrease when comparing to the 2008/9 operating budget.

The 2009/10 capital budget amounts to R 681 548 848 which is 66% of the total budget allocation. This reflects a decrease of 11% when comparing to the capital budget allocation of R 756 449 806 for the 2008/9 budget. The 11% decrease is as a result of a decrease in the amount of rollovers. Most of the projects will be completed before the end of the 2008/9 financial year

As we accelerate our pace to a better life there are many exciting opportunity for Vhembe and its residents, whilst acknowledging that there are a number of serious challenges that must be addressed to ensure ongoing prosperity. In keep with its commitment towards financial viability and sustainability, combined with fiscal stability and an improved quality of life for all our citizens, the Vhembe District Municipality's 2009/2010 budget represents equilibrium between the needs of the community and affordability and sustainability.