

**UMKHANDLU WASEKHAYA
IMPENDLE
LOCAL MUNICIPALITY**



2011/12 DRAFT BUDGET

31 MARCH 2011

TABLE OF CONTENTS

Item Number	Item
1	Mayoral speech
2	Vision and Mission statements
3	Executive Council Committee
4	Management Committee
5	Process Followed
6	Budget approach
7	Focus areas
8	Executive summary
9	DORA allocations
10	Draft resolutions
11	Tariffs of charges
12	Functional budget and SDBIP
13	Analysis supporting the budget
14	Fiscal overview
15	Investments
16	Budget and revenue related policies and procedures
17	Councillor salaries
18	Section 57 employee packages
19	Circular 55 Budget Submitting Forms
20	Way forward
21	Closure
22	Annexures

1. MAYORAL SPEECH

Introduction

Since our election into office in March 2006 our municipality has gone through major challenges both at a political and administrative level. It is history now that the challenges escalated to the level where the Provincial Executive resolved to intervene in our affairs in terms of s139 of the constitution. It is also history now that the intervention in terms s139 has been lifted. It is commonly acknowledged that the intervention assisted the municipality to move towards the attainment of the objects of local government as enshrined in the constitution.

I am delighted that through hard work and dedication on the part of council members, management, staff and provincial authorities Impendle Local municipality is able to table a balanced budget and on time. Notwithstanding, it has to be acknowledged that this budget is tight. It is vulnerable to slight market changes such as fuel increases, salary and other increases.

Public Participation

Council members will know and have to acknowledge the fact that for the first time the municipality succeeded in conducting extensive and successful IDP & Budget consultation meetings throughout the municipal area during the 2008/2009 Financial Year. This year we have to intensify our efforts and extend participation to farm communities and those in remote areas as promised in the previous budget and IDP process. Already we've had consultative meetings with farm owners on property rates as well as the IDP. The budget and tariffs will be advertised widely in the press, the website and on our notice boards. The active involvement of our ward committees in the public participation process last year was commendable. This year we have to intensify the involvement of ward committees in the budget and IDP processes as this would continue to entrench participatory democracy in our communities.

Operating Revenue and Expenditure

The bulk of the operating revenue of the municipality is derived from the equitable share allocation as well as conditional grants from both national and provincial governments. The total operating expenditure proposed for Impendle Local Municipality for the 2011/2012 is R 28 349 221 which is 65% of the total budget of the municipality.

The following are the main operating expenditure areas:

- Staff Related Costs-R 11 655 128
- General Expenses – R 13 842 191
- Repairs and Maintenance – R 1 189 030
- Councillors remuneration-R1 662 874

Apart from staff costs our operating budget focuses on the implementation of the Municipal Property Rates, Provision for depreciation, Loan Repayment, Free Basic Electricity, Electrification project, Local Economic Development, Sport, Programs for the elderly, children, youth, the disabled as well as those infected or affected by HIV & AIDS.

Capital Revenue and Expenditure

The bulk of the capital revenue of the municipality is derived from the following Grants:

Municipal Infrastructure Grant allocation 2011/12 Financial year	-R 8 871 000.
Electrification Grant Allocation for 2011/12 Financial year	-R 5 436 000
MIG includes 5% allocated to Project Management Unit(PMU)	
Internally funded capital items for 2011/12 financial year	-R 1 084 000

The following is a split of budget into GFS/votes as follows:

	TOTAL BUDGET	GFS % over total budget	R 43 641 875
1	Executive and Council	18%	R 5 347 896
2	Budget and Treasury	19%	R 5 739 965
3	Solid Waste(Refuse)	2%	R 526 556
4	Community and Social Services	22%	R 17 196 575
5	Corporate Services	12%	R 3 791 799
6	Public Safety	0%	R 11 667
7	Housing	2%	R 451 549
8	Sports and recreation	3%	R 814 441
9	Planning and development	10%	R 2 774 653
10	Road Transport	5%	R 5 131 343
11	Environmental Protection	1%	R 264 441
12	Health	1%	R 175 000
13	Markets	2%	R 514 441
14	Tourism	3%	R 901 549
15	Waste Water Management	0%	0

Conclusion

In conclusion I wish to state that this Budget Speech represents as an Executive Summary of our municipality's 2011/12 to 2013/2014 Financial Years Budget and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details thereof.

On behalf of the people of Impendle, I move that the Draft Annual Budget of Impendle Local Municipality for the year 2011/2012 Financial Year and the indicative budget for 2012/2013 and 2013/2014 Financial Years be accepted as tabled.

I thank you

2. VISION AND MISSION STATEMENT

2.1 Vision

By the year 2017, the Impendle Municipality would have provided the majority of the people and households in Impendle with sustainable access to their social and economical development needs and basic services in a fully integrated manner and within a safe and healthy environment.

2.2 Mission

Through the integrated development plan and the Batho Pele principles Impendle Municipality will strive for the realisation of the Council vision.

3. COUNCIL MEMBERS

3.1 The municipality is of the type that does not have an Executive Committee. The Council consists of 7 members

- HW Cllr SM Makhaye Speaker/Mayor
- Cllr MM Cekwane
- Cllr SD Ndlela
- Cllr Zuma
- Cllr Nxele
- Cllr M Dlamini
- Cllr CD Gwala

4. MANAGEMENT COMMITTEE

- Mr B S Duma - Acting Municipal Manager
- Mr SG Ngcobo- Manager Corporate and Community Services
- Mr J Mumford - Manager Infrastructure and Planning Services
- Mr T S Khwela – Manager Financial Services (Chief Financial Officer)

5. PROCESS FOLLOWED

- Council adopted budget process plan in August 2010
- Council approved adjusted budget in January 2011
- The Mayor established a Budget Steering Committee in terms of section 4 chapter 2 of Government Gazette No. 31804
- Management and Mayor met to compile this draft budget.

6. BUDGET APPROACH

- The anticipated 2009/10 Surplus of R 1 121 959 was made available to balance the 2011/12 budget.
- GFS/Standard Classification was acknowledged in the process.
- Powers and functions were used as a guiding tool
- Tariff of charges was escalated by 6% in average
- Company contribution on medical aid was calculated on SALGA's collective agreement where 60% of employee's monthly premium for medical aid is cost to employer (SAMWU MED scheme price list was used as a bases for calculating

budgeted figures for cost of medical allowance granted to staff members in terms of conditions of employment Act)

- Operating expenditure budget for 2011/12 was drawn up based on 6% incremental percentage used on computation of annual budget for current year's anticipated income & expenditure and the capital budget was drawn up on zero based budgeting. Staff salaries were increased by 6.08% following the directive from Bargaining Council.

7. FOCUS AREAS

The budget focuses on the following priorities as identified in the IDP:

- Implementation of Municipal Property Rates Act
- Upgrading or construction of Access Roads
- Improvement of Public participation
- Support for Local Economic Development initiatives
- Provision of Free Basic Services
- Development of Human Capital (internally within the municipality and externally in partnership with the Dept of Education and other relevant Stakeholders)
- Upgrading of information and communication systems (internally in the municipality and externally through service providers)
- Electrification of Mahlutshini

8. EXECUTIVE SUMMARY OF A BALANCED BAUDGET FOR TWO CONSECUTIVE YEARS.

	2010/11	2011/12
INCOME		
Unspent grant received from previous years	1 724 762	1 129 518
Equitable Share Grant	16 386 000	21 087 000
Government Grant Reserve Fund	1 008 418	1000 000
Conditional Grants	12 114 181	16 682 000
Property Rates and other income	3 854 480	2 621 400
Contribution from surplus of preceding year	1 374 772	1 121 959
	36 462 613	43 641 877
EXPENDITURE		
Salaries and Allowances	10 006 034	11 655 128
General Expenses	13 096 142	13 842 191
Councillors Remuneration	1 323 310	1 662 874
Repairs and Maintenance	1 ,325 ,420	1 189 030
Capital Expenditure	10 711 707	15 292 654
	36 462 613	43 641 877
Surplus/Deficit	0	0

NB: The total budgeted Operating Expenditure(OPEX) for 2011/12 financial year amount to R28 349 221

9. DoRA ALLOCATIONS FOR 2011/12 FINANCIAL YEAR

Finance Management Act grant-FMG	1 500 000
Municipal System Improvement Grant-MSIG	790 000
Equitable Share-ES	21 087 000
Municipal Infrastructure Grant-MIG	8 871 000
Library	85 000
Capacity	170 000
Electrification	5 436 000
Total	37 769 000

10. DRAFT BUDGET RESOLUTIONS

To be attached as an extract from Council Minutes of a meeting held on 31 March 2011

11. TARIFF OF CHARGES

	Unit(s)	2010/11	2011/12
Rates Certificate	Each	85	90
Graveyards	Grave Site	64	70
Hall Hire	Hour	85	90
Refuse	Government	1340pa	1400pa
	Residential	360pa	380pa
	Business	1340pa	1400pa
Thusong Conference Hall Hire	Hour	110	115
Library copies	Per a4 page	0.55	.60
Library-Printing	Per Copy	2.10	2.20
Library-Faxing to local	Per Page	3.70	3.90
Library-Faxing to outside 033 code	Per Page	5.30	5.60
Rates-Residential	Cents	0.02	.01
Rates-Farmland		0.0025	.00125
Rates-Small Holdings		0.0025	.00125
Rates-Industrial		0.02	.01
Rates-Commercial		0.02	.01
Rates-Multipurpose		0.02	.01
Rates-State Owned		0.005	.0025
Tenders	Per Document	200	200
Billboards	Per Quarter	360	380
House Rental	Per Month	530	560
Market stalls		90	95
		95	100
	Per stall per month	120	130
Taxi Permits	Per taxi per annum	360	380
TLB Hire	Hour	530	560
Tractor Hire	Hour	120	130
Thusong Services Centre rental	Square Meter	70	73

12. FUNCTIONAL BUDGETS & SDBIP'S

The Service Delivery and Budget Implementation Plan (SDBIP) will be tabled by Mayor at Council meeting to be held in June 2011.

13. ANALYSIS SUPPORTING THE BUDGET

Departments	Budget
Executive and Council Services	R 5 345 445
Planning and Infrastructure Services	R 21 972 523
Corporate and Community Services	R 6 859 653
Financial Services	R 9 464 256
TOTAL	R 43 641 877

14. FISCAL OVERVIEW

In order to counter the ever rising inflation rate we have escalated the revenue and expenditure by an average of 6% with exception of staff salaries where the Local Government Bargaining Council gave us 6.08% general increase for staff salaries .

15. INVESTMENTS

Call accounts were opened from Standard Bank, NED Bank and First National Bank to keep each and every conditional grants separately from primary account of the municipality. All receipts and payments are made from primary account of the municipality.

No	Bank	Account Number
1	Nedbank	03-7881012463-3
2	First National Bank	62248415607
3	Standard Bank	636863476
4	Standard Bank	636863484
5	Standard Bank	636864901
6	Standard Bank	253535751
7	Standard Bank	03-7881012463-4

16. BUDGET & REVENUE RELATED POLICIES AND PROCEDURES

The following policies were presented to council for reviewed 31 March 2011.

- Assets Management Policy
- Credit Control and Debt Collection
- Indigent Policy
- Banking and Investment Policy
- Supply Chain Management Policy
- Tariff Policy
- Subsistence and Travelling
- Budget Policy
- Anti- Corruption
- Petty Cash Policy
- IT Policy
- Accounting policy
- Rates Policy
- Write-Off
- Virement Policy

17. COUNCILLOR SALARIES

Councillor	Annual Package	Cell Phone Allowance	Total Remuneration
Mayor (Makhaye SM)	561 520	19 029.12	580 549
Zuma	168464	11 923.74	180 388
Dlamini K M	168464	11 923.74	180 388
Gwala C D	168464	11 923.74	180 388
Ndlela	168464	11 923.74	180 388
Cekwana	168464	11 923.74	180 388
Nxele	168464	11 923.74	180 388
TOTAL	1 572 304	90 572	1 662 877

Councillor's salaries were calculated by estimating 5% escalation calculated from packages obtainable from Notice issued by the Minister of Provincial and Local Government in December 2010.

18. SECTION 57 EMPLOYEES PACKAGES

Position	Annual Package
Municipal Manager	660 000
Manager Financial Services (CFO)	520 000
Manager Infrastructure & Planning	520 000
Manager Corporate & Community	520 000
Total	2 220 000

Sec 57 employee salaries were calculated by estimating 6.08% escalation calculated from current packages.

19. NATIONAL REPORTING FORMS TO SUPPORT THE BUDGET

Circular 51 forms are all attached herewith.

20. WAY FORWARD

The municipality has to intensively embark on a program to improve its revenue. At present the municipality is largely funded by grants received from Provincial & National transfers. The implementation of the Municipal Property Rates Act may in the medium term improve the position of the municipality.

21. CLOSURE

Impendle Local Municipality has critical resource constraints which if not addressed in the short term may lead to further strain in the administration of the municipality.

I thank you

22. ANNEXURES

Item Number	Item
1	Budget Analysis with Mayoral Speech
2	Circular 55 budget templates
3	Budget related Council Resolutions
4	Budget quality certificate
5	Hard copies and Electronic versions of the above annexures