



**BUDGET  
2006 / 2009**

# LESEDI LOCAL MUNICIPALITY

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# LESEDI LOCAL MUNICIPALITY

## 2. EXECUTIVE MAYOR'S BUDGET SPEECH

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### INTRODUCTION

#### 2.1. INTRODUCTION

Madam Speaker, MMC's, Councillors, Acting Municipal Manager, Executive Managers, Officials and Members of the Community

Madam Speaker allow me to present this 1<sup>st</sup> budget of our new term of office, after an extensive public participation and community consultation meetings as required by the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA).

Madam Speaker, the public participation process undertaken was not only to comply with the legal requirements of the MFMA and MSA but it is also sought to give effect to the bold pledge made in the Freedom Charter that *"the people shall govern and that all people shall be entitled to take part in the administration of the country"* as Lesedi Local municipality we have in the past and will continue, to make sustained efforts to reach out to our people and engaged with them in a meaningful way on matters affecting their daily livelihood as citizens of our town.

Madam Speaker, Councillors, I think it is also critical that we place this budget in the proper development and service delivery context and I want to do this by quoting what Minister Sydney Mufamadi said when he opened the National Forum on Municipal Finance last year *"Government takes the view that the basic tasks of development and democratic institutions-building cannot be undertaken without a sound municipal fiscal base. We are also of the view that municipal finances play an important role in the daily lives of our people. Our ability to access such basic services as water, electricity, refuse removal and sanitation depends on the efficacy with which the finances of our municipalities are managed and the efficient way in which these and other resources are allocated."*

The budget that is before Council for consideration and approval today is therefore a budget of hope. It also set a firm basis for optimism about the future. It is a budget grounded in the reality of a country and a town that is growing ever more confident in its abilities to meet the needs of our people while progressively rolling back the economic and social legacy of the past.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE MAYOR'S BUDGET SPEECH

Madam Speaker one should also know that our main source of our own revenue over the past year are derived from electricity, property rates, water and other grants that are coming from National and Provincial Government. Sanitation, refuse removal are also contributing significantly to the municipality revenue raising capacity.

Madam Speaker whiles we are proud of our budget linked to our IDP we should also acknowledge issues raised during our consultation and inter-action with our communities around service delivery.

- \* The issue of housing the people of Joe Slovo in Alra Park.
- \* The issue of eradication of the bucket system.
- \* Speeding up the issue of KwaZenzele in Vischkuil.
- \* Mobile clinic to reach all the farm areas.
- \* The issue of sports facilities.

Some of these issues will be considered during the IDP and budget reviewal. Madam Speaker I will now present the details of what the budget entails.

## 2.2 REVIEW OF THE 2005/2006 FINANCIAL YEAR

### 2.2.1 OPERATIONAL BUDGET

The Council has approved an operational budget for 2005/2006 as follows; namely

- |               |              |
|---------------|--------------|
| * Income      | R152 552 897 |
| * Expenditure | R152 434 674 |

The Council has therefore budget for a surplus of R18 223,00 for the financial year. After the budget has been reviewed, it seems that the end result of the financial year will be as follows:-

- |                         |              |
|-------------------------|--------------|
| * Income 2005/2006      | R149 930 176 |
| * Expenditure 2005/2006 | R149 076 16  |

The expected surplus for the financial year will be R854 014,00.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE MAYOR'S BUDGET SPEECH

The deviation on income was mainly due to the overbudgeting of the interest on the outstanding debtors and the interest rate was also reduce from 12% to 10% per annum during the financial year.

The expected income deviate with 1,72% from the amount budgeted. The deviation on expenditure was mainly the saving of salaries and allowances due to vacations which was not filled and the vehicle cost was lower than the amount budgeted. The expected actual expenditure will be R149 076 162 which deviate with 2,20% of the original amount budgeted. It was very important to control the expenditure due to the reduced income.

### 2.2.2 CAPITAL BUDGET

The Council has approved a capital budget to an amount of R55 258 714 to be financed as follows:-

From Council funding	R18 006 314
From Grants	R32 252 400
External Loans	R5 000 000

The project of the external loan will be completed within the financial year. The Council will spent R13 906 314 of its own funds. The projects which will not be completed in the financial year are the following :-

* Sewerage between Heidelberg to Ratanda	R1,8 million
* Roads to Extension 23	R1,5 million
* Multi-purpose	R1,5 million
* Heidelberg Show Grounds	R100 000

The funds of the abovementioned projects will be rolled over to the 2006/2007 financial year.

The projects funded under grants which will not be completed are the following :-

* Sewer network Kwazenzele	R500 000
* Multi-purpose Hall	R1 500 000
* HIV Aids Centre Jameson Park	R3 000 000
* Ring Fencing Electricity	R500 000
<b>TOTAL</b>	<b>R5 500 000</b>

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE MAYOR'S BUDGET SPEECH

The Council will therefore only spent an amount of R26 752 400,00. The funds not spent under grants was due to the delay by other tiers of government.

The Council will therefore only spent an amount of R40 658 714 out of the approved amount of R55 258 714

### 3. THE PROPOSED DRAFT BUDGET 2006/2007

#### 3.1 CAPITAL BUDGET

Madam Speaker, I want to propose a draft capital budget to an amount of R52 911 879.

Due to the backlog in infrastructure, the Council is requested for an amount of R34 674 579 to upgrade and install new infrastructure. The amount of R34 674 579 which is allocated to infrastructure is 65,53% of the total budget.

It is also recommended that an amount of R6,9 million be allocated to the removal of night soil buckets to make sure that the night soil buckets has been faced out by the year 2007.

The capital budget will be financed as follows :-

Council funds	R29 308 200,00
Dept of Mineral Energy	R 4 500 000,00
MIG	R 7 343 679,00
Provincial Government	R10 260 000,00
District Council	R 1 500 000,00
<b>Total</b>	<b>R52 911 879,00</b>

The Council could not address all requests, but the Council must remember and take into account that all the funds from the councils must be refunded at 10% per annum. The Council can therefore not address all the needs in one year but rather address all the requests over a period and prevent drastic tariff increases and unaffordable consumers accounts.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE MAYOR'S BUDGET SPEECH

### 3.2 OPERATING BUDGET

Madam Speaker, with the operating budget, the Council is requested to approve an expenditure of R172 467 019 for the 2006/2007 financial year. The draft expenditure budget is 13,14% higher than the approved budget for the previous financial year.

The sections in the operating expenditure which influence the growth in expenditure are the following :-

a)	Salaries and allowances	11,61%
b)	Purchase of Bulk Services	8,18%
c)	Repair and Maintenance	55,65%
d)	Capital Charges	8,63%

The increases in these costs are due to new infrastructure and buildings that must be maintained. The Council cannot allow that the standard of service go down. The operating expenditure as calculated and budgeted for, is to address all the services of the Council and to make sure that the inhabitants of Lesedi Local Municipality receive the services they pay for. The increase of the productivity of the staff will be a major challenge to the Mayoral Committee and the Heads of Departments.

### 3.3 INCOME 2006/2007

The Council is requested to approve an income of R172 570 750 for the 2006/2007 financial year, thus leaving a surplus of R103 731,00 on the operating budget for the 2006/2007 financial year.

To cover the expenditure of the Operating budget all the tariffs of the Council were investigated and where necessary, increases were recommended accordingly to the agenda and including annexures.

#### \* Refuse Removal

It is recommended that the tariff of refuse removal be increased by 6% as indicated and fully discussed in the agenda.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE MAYOR'S BUDGET SPEECH

\* Sewerage

It is recommended that the sewer tariff be increased by  $\pm 8\%$  due to increasing cost as indicated in the agenda. The proposed tariff increases on sewerage are summarised and fully recommended in the agenda and annexures of the Council.

\* Water

The Council is requested to increase the water tariff with 8% as compiled in the budget. Provision has also been made in the budget for 6kl of water free of charge. The 6kl water free of charge will cost an amount of R3,6 million for the 2006/2007 financial year.

\* Electricity

Madam Speaker, the Council is requested to increase the tariff with an average increase of 5,5%. The tariff increases are fully discussed in the agenda with all the increases which are recommended. The Council has again made provision for 50 units of electricity free of charge. The 50 units of electricity free of charge will be expanded to the Eskom areas in the 2006/2007 financial year and the total cost involve will be R2,4 million.

\* Assessment Rates

The income on Porperty Rates has been calculated on a new Valuation Roll and the Property Rates Act 2004 (*Act 6 of 2004*) as well as Property Rates Policy and draft by-law.

This is a total new approach and the properties are now taxed according to market value. This was not an easy task and due to deviation in the market values, different rebates will be applicable on different categories of owners of properties as stipulated in the rates policy.

Further more, Madam Speaker, the valuation roll must still be approved and the owners can still object to the valuation put on their properties, which will have an influence on the income of council.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE MAYOR'S BUDGET SPEECH

Tariff approved for the 2005/2006 financial year by the Council to levy assessment rates on the valuation of the land was R0,18 cent in the rand.

The tariff that I want to recommend for the 2006/2007 financial year is R0,01 (*one cent*) in the Rand on the market value of the property and levied over a period of twelve(12) months.

In the Rates Policy, provision was made to address poverty, the elderly and also new investments for development.

Madam Speaker, although all the tariffs of the Council was reviewed, the Mayoral Committee must always keep in mind the affordability of the tariffs by the community.

### IN CONCLUSION

In conclusion, I want to express my heartfelt gratitude to :-

- \* The members of the community, political organisations, Non Governmental Organisations, youth organisations, sports council, ward committee members, Community Development Workers for their commitment and input during consultation.
- \* Members of the Mayoral Committee, Councillors for political oversight during this process.
- \* Acting MM, Chief Financial Officer and their team not forgetting the MMC for Finance for compilation of this budget.

Madam Speaker, I therefore formally table this budget for 2006/2007 for council's consideration and approval in terms of section 24(1) of Municipal Finance Mangement Act.

### I THANK YOU

Cllr B J Modisakeng

**EXECUTIVE MAYOR**

# LESEDI LOCAL MUNICIPALITY

## 3. MESSAGE OF THE ACTING MUNICIPAL MANAGER

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The Budget and Integrated Development Plan (*IDP*) cycle started in August 2005 and the Council adhered to the requirements of National Treasury and the Municipal Finance & Management Act (*FMFA*). All the deadlines were met as required.

The implementation of the Local Government : Municipal Property Rates Act of 2004 (***Act 6 of 2004***) was a major challenge for the office of the Chief Financial Officer and placed tremendous pressure on the staff who had to work long hours to ensure proper implementation thereof and to adhere to the requirements of the act.

The final rates policy and the rates by-laws which were drawn up will also serve in front of the Council tonight.

It was quite clear with the preparation of the budget that the Lesedi Local Municipality cannot on its own finance all the requests from the different organisations with its constrained income.

The Council could not address the requests from the Sports Council, the youth and disabled, due to the backlog on infrastructure.

The priority was placed on the infrastructure in Lesedi and the requests from the different organisations will be addressed by sourcing funds from other tiers of government.

The Council at this stage contributed further funds to the Municipal Infrastructure Grant (*MIG*) funds for roads, to build a better end-product namely a paved road. I am of the opinion that the Council in future must consider to add funds to the money received from the Department of Minerals and Energy (*DME*) due to the low standard of the electrical network which the Council built with DME funds. The Council only supply the minimum requirements in the new townships. When further developments like shopping centres and schools, which need more electricity are built, the network cannot handle these requirements and it could mean that the network should partly be rebuilt.

The gravel roads right through Lesedi Local Municipality needs attention due to the good summer rainfalls and funds for the repairing thereof is also needed, but the income, namely from Heidelberg and Ratanda, prevent the council to address this problem as it should be. The satellite station in Devon for emergency services should also be addressed with the Development of Extension 2 in Impumelelo.

All the necessary legislation were addressed during 2005/2006 and the Council is now in the final stage of the implementation of the Performance Risk Management System. The system should be in place before the appointment of the Heads of Departments for the new term of office.

The commonage in Jameson Park is still a major challenge and much more funds are needed to address all the problems which occur daily. All the beneficiaries of the different Local Economic Development (*LED*) projects were trained by the Department of Labour and the Council has to pay for transport and food which cost the Council R120 000. The different Local Economic Development (*LED*) projects also need more attention and the beneficiaries should now take the responsibility for their own projects. The Council cannot spend further money on the same beneficiaries every year, the Council must now concentrate on new projects with proper business plans.

# *LESEDI LOCAL MUNICIPALITY*

## *MESSAGE OF THE ACTING MUNICIPAL MANAGER*

With the proper management of the budget, the Council will stay within the approved budget for 2005/2006 financial year.

I want to thank the Executive Mayor, Mayoral Committee and Heads of Departments and the Budget Office for their support to complete the budget process within the prescribed periods.

MR P J VAN DEN HEEVER  
**ACTING MUNICIPAL MANAGER**

## 4. INTRODUCTION

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### 1. Vision

Lesedi will be the people's centered performance driven municipality.

### 2. Mission

Lesedi strives to:

Provide access to quality affordable sustainable services;  
Professionally fulfill and sensitively address the needs of the whole community;  
Recognize the diversity of the community;  
Create a safe and healthy environment for all;  
Empower the human resource component and monitor and improve productivity;  
Facilitate sustainable growth and integrated development;  
Embrace sound management practices and a culture of accountability;  
Promote the Batho Pele "People First" principle;  
Optimally utilise and protect natural resources at our disposal; and  
Encourage a commitment to excellence and innovation.

### 3. Integrating the IDP

#### Integrated Development Plan

The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), requires adoption of a single, inclusive and strategic plan for the development of the municipality, as well as conducting an annual review. The MFMA requires any proposed amendments, as a consequence of the annual review, to be included within the medium-term budget. The IDP and the budgets are annually discussed with the community and the community leaders are invited to fully participate right through the process. IDP is reviewed on an annual basis and is tabled on the council's meetings annually.

The key elements of the IDP review include the further elaboration of the followings:

#### Lesedi's key priorities are: -

- Poverty Alleviation and unemployment
- Infrastructure and transport service
- Health, social and environmental services
- Safety, security and emergency services
- Housing backlog
- Land aspiration
- Municipal income and lack of funds for development
- Institutional capacitating
- Development facilitation and control measures
- Lack of urban amenities

# LESEDI LOCAL MUNICIPALITY

## 5. BUDGET RELATED RESOLUTIONS

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Draft for the community consultation process, subject to amendment for final approval.

1. Council resolves that the annual budget of the municipality for the financial year 2006/07; and indicative for the two projected outer years 2007/08 and 2008/09 be approved as set-out in the following schedules:
  - 1.1. Operating revenue by source reflected in **schedule 1**.
  - 1.2. Operating expenditure by vote reflected in **schedule 2**.
  - 1.3. Council resolves that the multi-year capital appropriations by vote and associated funding reflected in **schedules 3 and 4** be approved.
  - 1.4. Capital funding by source reflected in **schedule 4**.
2. Council resolves that the assessment (property) rates reflected in **Annexure C** is for the budget year 2006/07.
3. Council resolves that tariffs and charges reflected as approved for the budget year 2006/07.
4. Council resolves that the measurable performance objectives for revenue from each source reflected in Table 37 are approved for the budget year 2006/07.
5. Council resolves that the measurable performance objectives, for each vote reflected in Table 37 are approved for the budget year 2006/07.
6. Council resolves to approve the changes to the Integrated Development Plan reflected in **Annexure H**.
7. Council confirms the policies for credit control, debt collection as approved for the budget year 2006/07.
8. Council confirms the other amended budget related policies as approved for the budget year 2006/07.

# LESEDI LOCAL MUNICIPALITY

## 6. EXECUTIVE SUMMARY (CFO'S REPORT)

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### FOREWORD

The three year budget has been compiled in terms of Generally Accepted Municipal Accounting Practices (GAMAP), MFMA No.56 of 2003 and the new personnel structure approved by the Council October 2001. The budgets have also been compiled on a three year basis, which is a requirement of National Treasury. The budget process for the compilation of the three-year budget commenced in August 2005. The municipality were faced with various challenges during the compilation of the budget and reviewing the IDP's such as the formulation of measurable objectives for the different functions, the financial implications of the organisational structure, capital costs, rising input costs to deliver services and the increasing of maintenance costs.

According to National Treasury MFMA Circular No. 28 of 2005:-

The draft budget documentation must be tabled to council not later than 31 March (90 days before the start of the budget year). Immediately after tabling, the following must be submitted to the National Treasury:

- Three hard copies of the draft budget documentation
- The corresponding electronic budget returns (Appendix A and B).

The Council and the Department of Finance approved the following maximum expenditure for the 2005/2006 financial year.

Capital Budget	2005/2006	R55 258 714
Operating Budget	2005/2006	R152 434 674

The capital budget were approved on condition that the projects financed from CMIP, DM, Provincial and DME funds were evaluated on an ad-hoc basis with the provision that if the other financing sources are utilised, then a further request for the consideration of the relevant projects must be submitted.

The Council has budgeted for a surplus of R118 223.

# LESEDI LOCAL MUNICIPALITY EXECUTIVE SUMMARY (CFO'S REPORT)

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## 1. DRAFT CAPITAL BUDGET

A three(3) year draft capital budget has been prepared and built on the IDP document approved by the Council. The capital budget is attached as **Annexure "B"**

The capital amount required for 2006/2007 is R52 911 879 and this represents a decrease of 4.25% over the 2005/2006 capital budget. The capital budget is still too high and should be reduced. On the draft capital budget, the Council need to use ±R29 308 200 from its own funds. In 2005/2006 financial year, the Council budgeted R18.0 million of its own funds for capital projects.

Many of the capital projects required by the Executive Managers were reduced due to a lack of funds and the increasing maintenance costs.

The Department of Finance will be requested to approve ad-hoc projects amounting to **R23 603 679** namely: -

### LESEDI 3 YEAR CAPITAL BUDGET 2006-2009 AD-HOC CAPITAL EXPENDITURE FOR 2006/2007

Project	% Vat Rec	Budget 2006/2007
<b>INFRASTRUCTURE</b>		
<b>Electricity</b>		
New Extension – Impumelelo Ext 2	100	4 000 000
Ring Fencing – Electricity EDI	100	500 000
Total Electricity		<b>R4 500 000</b>
<b>Sewerage</b>		
Upgrade Outfall Sewer: Heidelberg to Ratanda	100	4 000 000
Network: Kwazenzele Sewer Plant	100	1 500 000
Total Sewerage		<b>R5 500 000</b>
<b>Roads &amp; Stormwater</b>		
Construct main routes: Heidelberg X23		3 343 679
Total Roads and Stormwater		<b>R3 343 679</b>
<b>TOTAL INFRASTRUCTURE (AD-HOC)</b>		<b>R13 343 679</b>

**LESEDI LOCAL MUNICIPALITY  
EXECUTIVE SUMMARY (CFO'S REPORT)**

<b>Project</b>	<b>% Vat Rec</b>	<b>Budget 2006/2007</b>
<b>COMMUNITY</b>		
Sports and Recreation Multipurpose Hall Ext 23		3 300 000
Total Sports & Recreation		<b>R3 300 000</b>
Night Soil VIP Toilets		6 960 000
Total Night Soil		<b>R6 960 000</b>
<b>TOTAL COMMUNITY (AD-HOC)</b>		<b>R10 260 000</b>
<b>TOTAL AD-HOC</b>		<b>R23 603 679</b>
<b>TOTAL AFF</b>		<b>R29 308 200</b>
<b>GRAND TOTAL CAPITAL</b>		<b>R52 911 879</b>

**THE DRAFT OPERATING BUDGET 2006/2007 TO 2008/2009**

The draft operating budget is attached as **Annexure "A"** and includes a three year term, which will be reviewed yearly.

**Expenditure**

The draft operating expenditure budget for 2006/2007 is an amount of R172 467 019 as compared to R152 434 674, in the 2005/2006 financial year. This represents an increase of 13.14%.

To keep the budget within the income of the council, many requests of the Executive Managers cannot be budgeted for, because the council cannot allow tariff increases to be higher than the inflation rate.

The main sections of the expenditure in the operating budget are the following: -

**Salaries**

This section increased from R54 865 202 for the 2005/2006 financial year to an amount of R61 236 817 for the 2006/2007 financial year, which includes a general, salary increase of 6.00%. The overall increase over salaries is 11.61%.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE SUMMARY (CFO'S REPORT)

Provision has been made available for the following new staff members as requested.

DEPARTMENT	DESCRIPTION	LEVEL	AMOUNT
Waste Management	4 Labourers	17	R256 232
Waste Management	1 Driver	14 –13	R75 957
Engineering Services	1 Plumber	7	R163 212
Sewerage/ Water	1 Labourer	17	R55 076
Mayor's Office	Liasing Officer/Political Advisor	5	R234 670
Mayor's Office	Driver (Existing post: adjustment)	10	R15 759
Speaker's Office	Secretary (Existing post amended and adjusted)	7	R23 374
			<b>R 842 280</b>

The total salary package of the Council including allowances of the councillors is 35.48% of the income of the Council. Salaries excluding councillors allowances is 33.16% of the income of the Council, but if the salaries of personnel that is charged out to other clusters and to the capital program is subtracted, salaries is 29.00% of the expenditure.

### **General Expenses**

Increased from R89 438 103 to an amount of R96 756 164. This represents an increase of 8.18% and includes expenditure with regard to: -

DESCRIPTION	FROM	TO
Bulk purchases Electricity	R32 113 000	R34 009 780
Bulk purchases Water	R14 018 950	R14 860 087
Bulk purchases Water – Ekurhuleni	R420 350	R445 571
Sewerage Charges – ERWAT	R2 800 000	R3 500 000
<b>TOTAL</b>	<b>R49 352 300</b>	<b>R52 815 438</b>

The Council has no control over the abovementioned tariffs levied and the increase was R3 463 138 or 7.02%. These four (4) services represent 54.58% of the General Expenses.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE SUMMARY (CFO'S REPORT)

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Other costs included in the General Expenditure that put pressure on the tariffs are the following: -

DESCRIPTION	FROM	TO
Protective Clothing	R313 403	R346 856
Printing and Stationery	R780 953	R802 287
Municipal Services	R2 182 517	Per annum
Transfer Station	R1 400 000	Per annum
Security Services	R2 287 979	Per annum
Transport Costs	R9 794 494	Per annum

The growth in the expenditure is high and tariffs cannot be increased with the same percentage, but new assets of the council have an influence on the other expenditures (*for example – Municipal Service, Security and Insurance costs*). Although there are no cost increases over a wide spectrum the telephone cost were reduce by implementing a management system in each cluster the telephone expenses was reduce from R1.4 million per annum to R1 146 799 per annum.

### **Department Charges (087)**

The expenditure of R9 581 843 has no direct influence on the total expenditure of the budget, because it is only the expenditure that are booked from one cluster to another cluster for service to be delivered

### **Repair and Maintenance (066)**

The expenditure has increased from an amount of R4 852 430 to R7 552 972 the 2006/2007 financial year. It increased by 55.65%.

Although it increased by 55.65%, it is only 4.38% of the total expenditure. The growth in expenditure is due to all the new assets which includes the swimming pool, sport stadiums, electricity network, water; sewerage network, municipal buildings and motor museum, which needs to be maintained.

### **Capital Charges**

The capital charges (*depreciation and interest on borrowings has increased from R13.9 million to R15.1 million*). The increase is the effect of new internal loans that has been granted during the previous financial year. It is therefore very important that the capital

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE SUMMARY (CFO'S REPORT)

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budget should be planned and only unavoidable or high priority projects should be approved on the capital budget.

### **Contribution to Capital Expenditure**

The contribution has been increased from an amount of R1 014 384 2005/2006 to R1 329 363 for the 2006/2007 financial year. The increase of the contribution is 31.05%. The amount of R1.3 million is requested for tools, computers and other equipment by the departments.

### **Contribution to Provisions**

The contribution has been increased from R2 264 244 to R3 969 829. The council is forced to increase the provision for bad debts due to the increase in outstanding debtors. The Auditor-General in his report on the financial statements the previous year mentioned the fact that the provision is not sufficient.

The outstanding debtors are R77.4 million and the provision for bad debts is R26.6 million. The Council is also responsible to make the necessary provision for leave monies. An amount of R1 133 849 has been budgeted for the contribution to the provision for leave in the 2006/2007 financial year.

### **Internal Charges: Amounts Charged Out**

The amount of R24 488 813 is internal charges for services rendered and transport to other departments.

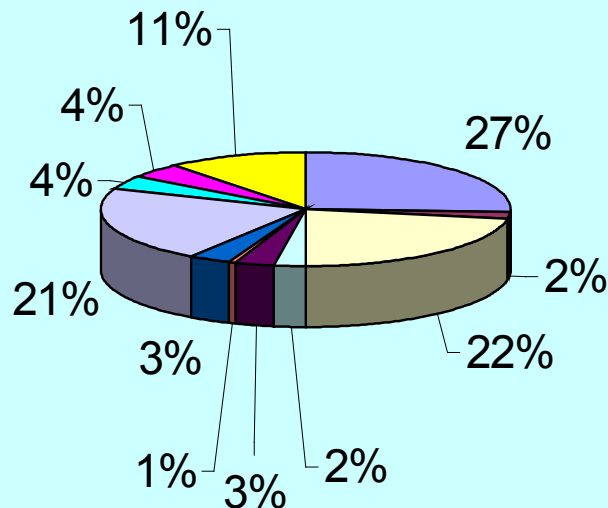
The main expenditure groups are reflected as a percentage of the total 2006/2007 Operating Budget in the Chart below.

# LESEDI LOCAL MUNICIPALITY EXECUTIVE SUMMARY (CFO'S REPORT)

## MAIN SOURCES OF EXPENDITURE – 2006 / 2007

<b>Salaries</b>	<b>57 238 138</b>
<b>Remuneration of Councilors</b>	<b>3 998 679</b>
<b>Bulk Purchases</b>	<b>49 315 438</b>
<b>Transfers of Reserves</b>	<b>5 408 194</b>
<b>Internal Charges (Finance Charges)</b>	<b>6 858 136</b>
<b>Contribution of Capital Expenditure</b>	<b>1 329 363</b>
<b>Repairs and Maintenance</b>	<b>7 552 972</b>
<b>General Expenses</b>	<b>47 440 726</b>
<b>Depreciation (GAMAP)</b>	<b>8 232 343</b>
<b>Departmental Charges</b>	<b>9 581 843</b>
<b>Minus - Amounts Charged Out</b>	<b>(24 488 813)</b>
<b>TOTAL</b>	<b>R172 467 019</b>

### EXPENDITURE 2006/7



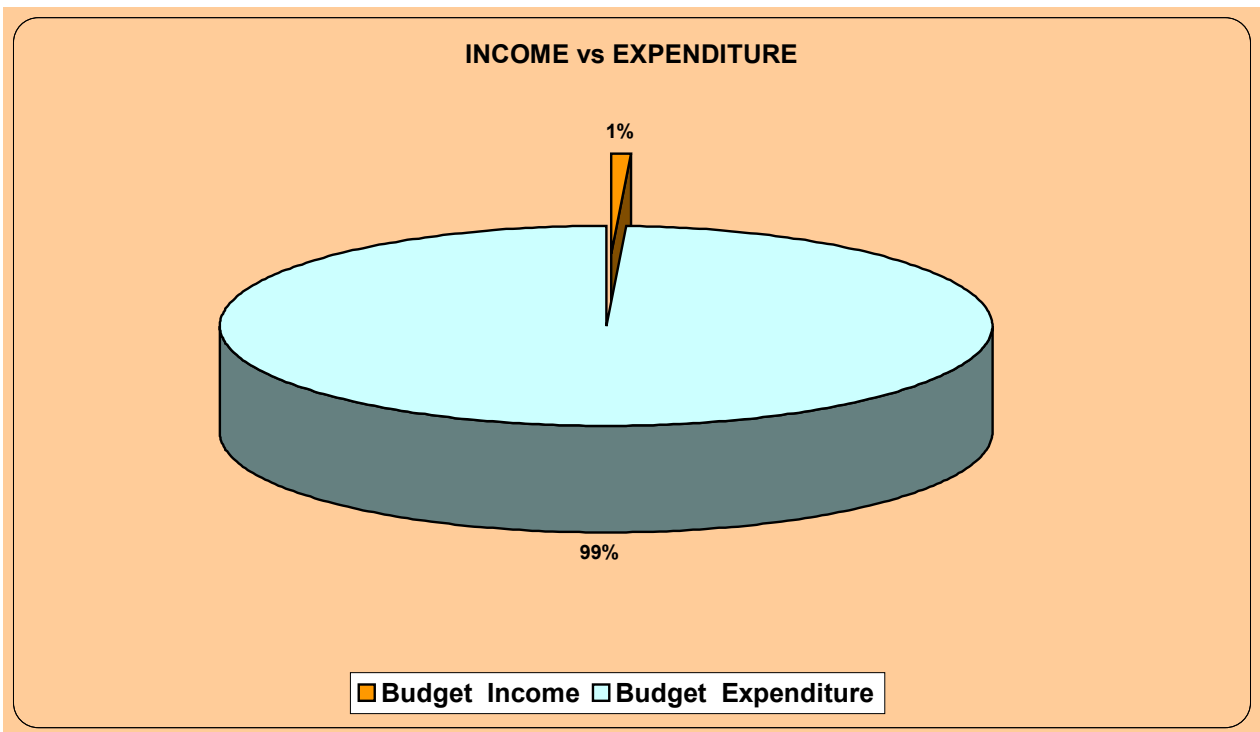
<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #9999ff; border: 1px solid black; margin-right: 5px;"></span> Salaries</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffff99; border: 1px solid black; margin-right: 5px;"></span> Bulk Purchases</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #800080; border: 1px solid black; margin-right: 5px;"></span> Internal Charges (Fin Charges)</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #0000ff; border: 1px solid black; margin-right: 5px;"></span> Repairs and Maintenance</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #00ffff; border: 1px solid black; margin-right: 5px;"></span> Depreciation (GAMAP)</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffff00; border: 1px solid black; margin-right: 5px;"></span> Minus - amount Charged Out</li> </ul>	<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #800000; border: 1px solid black; margin-right: 5px;"></span> Remuneration of Councilors</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #add8e6; border: 1px solid black; margin-right: 5px;"></span> Transfers of Reserves</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffa500; border: 1px solid black; margin-right: 5px;"></span> Contribution of Capital Exp</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #d3d3d3; border: 1px solid black; margin-right: 5px;"></span> General Expenses</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ff00ff; border: 1px solid black; margin-right: 5px;"></span> Departmental Charges</li> </ul>
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# LESEDI LOCAL MUNICIPALITY EXECUTIVE SUMMARY (CFO'S REPORT)

The following section put pressure on the tariffs due to the fact that there is no income or the income is very low namely:-

## INCOME VS EXPENDITURE

	Income Budget	Expenditure Budget
<b>Arts &amp; Culture</b>	<b>25 492</b>	<b>2 715 561</b>
<b>Sports &amp; Recreation</b>	<b>26 500</b>	<b>1 998 646</b>
<b>Night Soil</b>	<b>452</b>	<b>591 313</b>
<b>Social Development</b>	<b>0</b>	<b>1 058 744</b>
<b>Cemeteries</b>	<b>262 030</b>	<b>932 250</b>
<b>Parks</b>	<b>0</b>	<b>6 501 693</b>
<b>Public Works &amp; Roads and Stormwater</b>	<b>56 186</b>	<b>11 603 969</b>
<b>Workshop</b>	<b>0</b>	<b>2 136 722</b>
<b>Internal Audit</b>	<b>0</b>	<b>850 000</b>
<b>Fire</b>	<b>647 156</b>	<b>4 856 867</b>
<b>Human Resources</b>	<b>4 000</b>	<b>1 839 155</b>
<b>Housing</b>	<b>575 648</b>	<b>3 250 764</b>
<b>IDP</b>	<b>137 500</b>	<b>3 621 568</b>
<b>Local Economic Development</b>	<b>31 000</b>	<b>2 387 517</b>
<b>Total</b>	<b>R1 765 964</b>	<b>R44 344 769</b>



# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE SUMMARY (CFO'S REPORT)

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### **Income**

The draft operating income for 2006/2007 is estimated at R172 570 750 thus leaving a surplus on the operating account of R103 731. Provision has been made to supply all consumers with 50 units of electricity and 6Kl of water free of charge. The Income Budget has been compiled and based on a 100% income principle, although provision for bad debts has been provided for in the Operating Expenditure Budget for 2006/2007.

To cover the expenditure of the operating budget all the tariffs of the Council were investigated and where necessary increases will have to be discussed and recommended accordingly. The increase in income from R152 552 897 budgeted for the 2005/2006 period to R172 570 750 budgeted for the 2006/2007 financial year is 13.12%.

### **Refuse Removal**

Tariffs increased with 6% due to the establishment of new townships within Lesedi Local Municipality area. The expenditure of this section grows yearly much higher than the inflation rate. The increase are due to the tariff increases at Platkop Dumping site, cost increase of the transfer station, transport costs and the informal settlements which receive their services free of charge. None of the inhabitants in the informal settlement's pay for their services. There is also a budget for a new refuse removal truck plus a driver operator and 4 new labours which put further pressure on the refuse removal tariff.

To prevent running the service at a loss, the proposed tariffs were increased by 6%.

Description of Tariff	Present Tariff	Proposed Tariff	% Increase
Domestic	R51,25	R54 35	6.05
Business / Industrial / hospital	R96,10	R101.90	6.04
Flats	R48,05	R50.95	6.04
Departmental	R48,00	R50.90	6.04
Builders / Contractors	R54,00	R57.25	6.02
Informal Sector	R15 02	R15 02	6.19
Mass Disposal at Transfer Station, per ton	R136,50	R144.70	6.01
Mass Containers during Week days	R136,50	R144.70	6.01
Mass Containers Weekends	R157.50	R166.95	6.00
Mass Disposal at Platkop per ton	R68.50	R72.60	5.99

# LESEDI LOCAL MUNICIPALITY EXECUTIVE SUMMARY (CFO'S REPORT)

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## **Sewerage**

Tariffs increased by 8% due to the establishment of new townships within the Lesedi Local Municipality area. It is recommended that the sewer tariffs be increased for the 2006 /2007 financial year as follows:

Description of Tariff	Present Tariff	Proposed Tariff	% Increase
Domestic Basic	R13,80	R16.00	15.94
1 Sewer point	R14,65	R15.85	8.19
2 or more sewer points	R34,05	R36.80	8.08
Flats and second unit on Domestic Stand	R14,65	R15.85	8.19
Hospital Basic	R13,80	R16.00	15.94
For each sewer point	R36,90	R39.85	7.99
All Others Basic	R13,80	R16.00	15.94
Business / Industrial / schools Each Point	R41,35	R44.65	7.98
Departmental	R34,45	R37.20	7.98
Builders / Contractors	R24,40	R26.35	7.99
Informal Sector	R10,60	R11.45	8.02

The maintenance of the sewer network and the cost of the sewer effluence to Erwat increase yearly and therefore the abovementioned tariff increase was unavoidable

## **Water**

Tariffs increased by 8% due to Rand Water tariff increase with effect from the 1 July 2006. Provision was made in the 2006/2007 budget for the first 6KL water free of charge. The department limited the tariff increases within the inflation rate, but the costs of the Water department are increasing yearly.

It cost the council R3,46 per KL water to supply the water to a household. The following tariff increases are proposed.

# LESEDI LOCAL MUNICIPALITY

## EXECUTIVE SUMMARY (CFO'S REPORT)

Description of Tariff	Present Tariff	Proposed Tariff	% Increase
Domestic Basic (without improvements)	R6.00	R8.00	33.33%
0 – 6 KL	Nil	Nil	Nil
6,1 – 10 KL	R4.10	R4.45	8.54%
10,1 – 30 KL	R5.35	R5.80	8.41%
30,1 – 50 KL	R6.70	R7.23	7.91%
50,1 – 70 KL	R10.10	R10.90	7.92%
70 >	R10.90	R11.80	8.26%
<b>Informal Settlement</b>	Nil	Nil	Nil
Flats	R5.75	R6.20	7.83
Hospital	R5.75	R6.20	7.83
Business	R5.75	R6.20	7.83
Industrial	R5.75	R6.20	7.83
All other users per KL	R5.75	R6.20	7.83
Schools, Churches, Sports Clubs & Museum	R5.75	R6.20	7.83
Basic Levy for more than one Consumer on any peace of land	R8.20	R10.00	21,95%
Basic Vacant Domestic Stands	R17.50	R50.00	185.00%
Basic Business Stands	R18.70	R20.20	8.02%
Basic Industrial Stands	R44.35	R47.90	8.00%
<b>Departmental</b>	Cost Prize	Cost Prize	
Water Leakages (Confirm by Eng. Dept)	R5.75	R6.20	7.83%
Temporary Connections Basic	R30.15	R32.60	8.13%

### **Electricity**

Tariffs increased by 5% due to Eskom increase with effect from 1 July 2006. The National Electrical Regulator (NER) insisted that for the 2006/2007 budget, the increase on electricity must not be higher than 5.0%. The council did not increase business, industry, school and churches with the improvement of the budget tariffs for the 2005 / 2006 budget year. It is therefore recommended that all the tariffs be increased in the 2006 / 2007 budget to comply with NER's request. The increase is within the inflation rate.

# LESEDI LOCAL MUNICIPALITY EXECUTIVE SUMMARY (CFO'S REPORT)

Description of Tariff	Present Tariff	Proposed Tariff	% Increase
<b>Domestic</b>			
Basic Charge <i>(with improvements)</i>	R8.20	R8.65	5.49
Basic Charge <i>(without improvements)</i>	R19.85	R50.00	151.89
Usage : 0 – 50 Units	Nil	Nil	
50,1 >	0.3195	0.3371	5.51
<b>Business</b>			
Basic Charge	R68.00	R149.90	} 5.53
<b>Usage per Kwh</b>	0.3441	0.3630	
Fixed Charge	R74.05	R0	
<b>High / Low Volt Consumers</b>			
< 100 Kwh	0.3441	0.3630	5.49
Basic Charge	R183.50	R290.45	58.28
Per KVA <i>(per month)</i>	Nil	Nil	
Fixed Charge	R91.80	R0	0.00
<b>101 – 4000 KVA per Kwh</b>	0.1877	0.1980	5.49
Per KVA	R50.58	R53.3619	5.50
Basic Charge <i>(per month)</i>	R183.50	R290.45	58.28
Fixed Charge	R91.80	R0.00	0.00
> 4000 KVA per Kwh	0.1428	0.1507	5.53
Per KVA	R50.00	R52.75	5.50
Basic Charge <i>(per month)</i>	R183.50	R545.25	} 5.52
Fixed Charge <i>(per month)</i>	R333.25	0	
<b>Churches, Sport Clubs, Museums per</b>			
Usage per <b>KWH</b>	0.3195	0.3371	5.51
Basic Charge <i>(per month)</i>	R37.75	R39.85	5.56
Industrial Stands Basic Charge without improvements	R183.50	R350	90.74
<b>Schools / Hostels</b>			
Per Kwh	0.3198	0.3374	5.50
Basic Charge	R64.78	R116.10	17.22
Fixed Charge	R45.25	R0	0.00
<b>Farm Lines</b>			
0 – 1000 Kwh	0.3639	0.3839	5.50
> 1000 Kwh	0.2970	0.3133	5.49
Fixed Charge < 50 Kva	R149.95	R158.20	5.50
Fixed Charge > 51 Kva	R191.60	R202.20	5.53
<b>Casual Consumers</b>			
<b>Per Kwh</b>	0.4015	0.4015	0.00
<b>Fixed Charge (per month)</b>	R98.30	R98.30	0.00
<b>Departmental Charges per Kwh</b>	Cost Prize	Cost Prize	

# *LESEDI LOCAL MUNICIPALITY*

## *EXECUTIVE SUMMARY (CFO'S REPORT)*

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### **Assessment Rates**

The income on Property Rates has been calculated on a new Valuation Roll and the Property rates Act (Act of 2004) as well as the Property Rates Policy.

The Valuation Roll must still be approved and the owners can still object to the valuation put on their properties.

According to the attached policy which should be approved, different rebates will be applicable on different categories of owners of property.

To calculate the income accurately with all uncertainties is not easy but the deviation if any will be less than 1%.

The council is requested to approve a tariff of R0, 01 in the Rand (1cent in the Rand) which will generate income of 26.3 million.

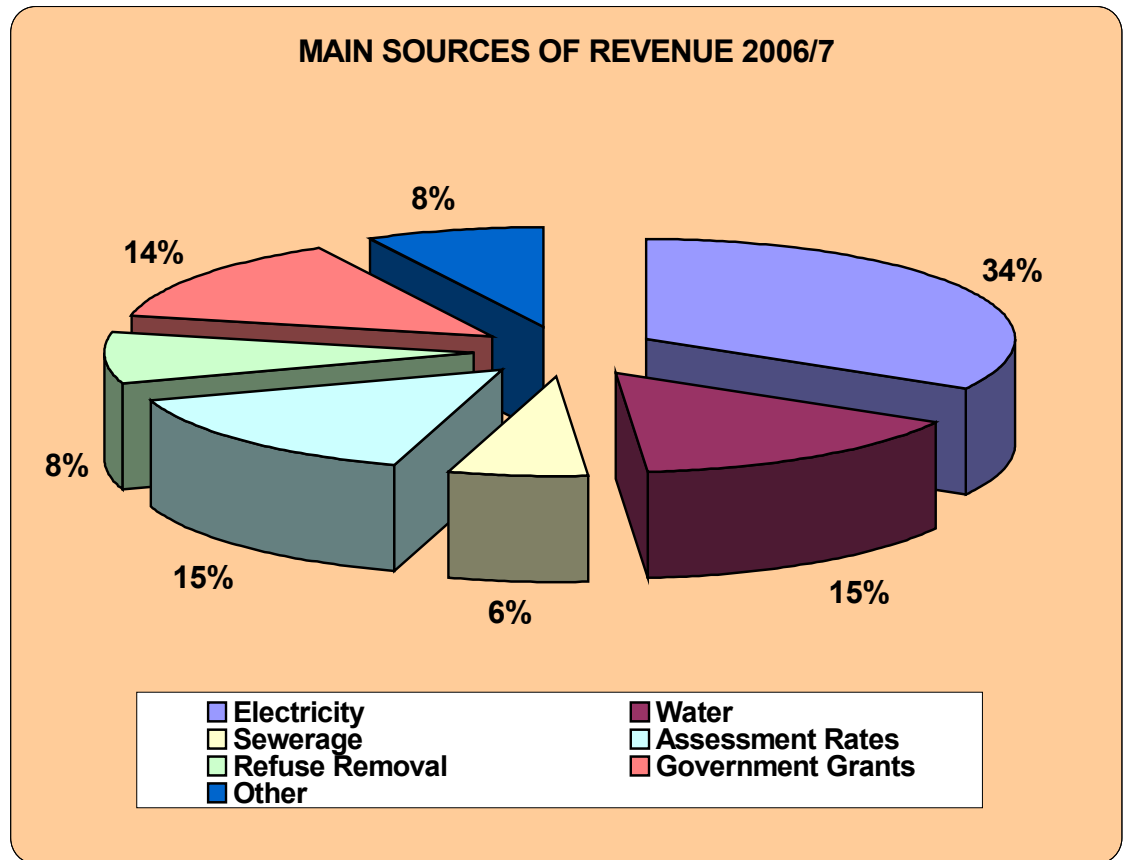
It is also recommended that the Rates Policy be changed as follows, namely :

- Residential properties without any improvements – none
- Municipal Properties Other – 100%

The chart below reflects the main sources of revenue for the 2006/2007 financial year.

<b><i>MAIN SOURCES OF REVENUE – 2006 / 2007</i></b>	
<b>Electricity</b>	<b>57 423 805</b>
<b>Water</b>	<b>26 662 052</b>
<b>Sewerage</b>	<b>10 592 476</b>
<b>Assessment Rates</b>	<b>26 231 630</b>
<b>Refuse Removal</b>	<b>14 249 069</b>
<b>Government Grants</b>	<b>24 108 531</b>
<b>Other</b>	<b>13 303 187</b>
<b>TOTAL</b>	<b>R172 570 750</b>

# LESEDI LOCAL MUNICIPALITY EXECUTIVE SUMMARY (CFO'S REPORT)



The following documents are **attached** hereto, namely :-

- Guideline on Electricity price increases from the NER.
- Approval of Electricity tariff 2006/2007 from the NER.
- Example of a typical household consumers account for different areas.
- National Treasury MFMA Circular No.28 Of 2005

NB – That the interest rate charged for advances from the Council's Assets Finance Fund (AFF) is 10% p.a

**LESEDI LOCAL MUNICIPALITY  
EXECUTIVE SUMMARY (CFO'S REPORT)**

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<b>CAPITAL</b>	Budget 2006 / 2007	AFF	Grants & Subsidies
<b>INFRASTRUCTURE</b>			AD – HOC
Electricity	8 280 900	3 780 900	4 500 000
Water	440 000	440 000	
Sewerage	12 980 000	7 480 000	5 500 000
Roads & Stormwater	12 973 679	9 630 000	3 343 679
<b>TOTAL</b>	<b>34 674 579</b>	<b>21 330 900</b>	<b>13 343 679</b>
<b>COMMUNITY</b>			
Clinics	130 300	130 300	
Sports & Recreation	5 500 000	2 200 000	3 300 000
LED	500 000	500 000	
Night Soil	6 960 000		6 960 000
Electricity	50,000	50,000	
<b>TOTAL</b>	<b>13 140 300</b>	<b>2 880 300</b>	<b>10 260 000</b>
<b>OTHER</b>			
Electricity	430 000	430 000	
Water	360 000	360 000	
Sewerage	70 000	70 000	
Cleansing	26 000	26 000	
Roads and Stormwater	240 000	240 000	
Workshop	90 000	90 000	
Cemeteries	400 000	400 000	
Parks	563 000	563 000	
Human Resources	32 000	32 000	
Information Management	468 000	468 000	
Municipal Buildings	400 000	400 000	
Waste Management	1 738 000	1 738 000	
Council's General Expenditure	280 000	280 000	
<b>TOTAL</b>	<b>5 097 000</b>	<b>5 097 000</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>52 911 879</b>	<b>29 308 200</b>	<b>23 603 679</b>

# LESEDI LOCAL MUNICIPALITY

## 7. BUDGET SCHEDULES (OPERATING & CAPITAL)

The budget schedules to be approved by resolution of Council:

### Schedule 1 - Revenue by Source

#### THREE YEAR TERM BUDGET REVENUE BY SOURCE 2006 – 2009

SCHEDULE 1 REVENUE BY SOURCE	AUDITED ACTUAL 2004/2005	Current Year 2005/06			FULL – YEAR FORECAST	Med Term Rev and Exp Framework		
		APPROVED BUDGET	UDJUSTE D BUDGET	R'000		BUDGET YEAR 2006/07	BUDGET YEAR 2007/08	BUDGET YEAR 2008/09
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property rates	21,949	23,026	23,026	23,026	26,232	29,515	30,145	
Service charges – electricity revenue from tariff billings	45,012	48,167	48,167	48,167	53,537	56,871	60,418	
Service charges - water revenue from tariff billings	20,124	22,570	22,570	22,570	26,153	27,024	28,581	
Service charges – sanitation revenue from tariff billings	5,217	5,602	5,602	5,602	6,171	6,273	6,666	
Service charges – refuse removal from tariff billings	10,502	11,044	11,044	11,044	12,781	13,047	13,831	
Service charges - other	7,038	7,567	7,567	7,567	9,221	9,771	10,672	
Rental of facilities and equipment	1,350	1,364	1,364	1,364	1,428	1,506	1,580	
Interest earned - external investments	162	995	995	995	996	997	998	
Interest earned - outstanding debtors	6,681	8,279	8,279	8,279	6,510	7,161	7,838	
Fines	3,601	4,307	4,307	4,307	5,433	5,786	6,162	
Government grants & subsidies (Inc Capital Works)	36,871	53,886	53,886	53,886	57,713	139,139	129,876	
<b>Total Revenue By Source</b>	<b>158,507</b>	<b>186,807</b>	<b>186,807</b>	<b>186,807</b>	<b>196,175</b>	<b>297,090</b>	<b>296,767</b>	

# LESEDI LOCAL MUNICIPALITY

## Schedule 2 - Operating Expenditure by Vote

### THREE YEAR TERM BUDGET OPERATING EXPENDITURE BY VOTES 2006 – 2009

SCHEDULE 2	AUDITED	Current Year 2005/06				Medium Term Revenue and Expenditure Framework		
		APPROVED BUDGET		UDJUSTED BUDGET	FULL - YEAR FORECAST	BUDGET YEAR		BUDGET YEAR
		A	B	C	D	E	F	G
OPERATING EXP BY VOTES	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Electricity	46,555	48,890	48,890	48,890	53,991	57,298	60,802	
Water	18,604	21,181	21,181	21,181	23,622	24,967	26,736	
Waste Water Management	7,340	7,803	7,803	7,803	9,580	10,133	10,858	
Public Safety	8,514	9,958	9,958	9,958	10,427	11,181	12,065	
Community & Social Services	8,370	10,371	10,371	10,371	11,209	12,006	12,856	
Finance & Admin	8,808	10,906	10,906	10,906	10,276	11,940	12,850	
Waste Management	6,992	8,757	8,757	8,757	10,158	10,758	11,324	
Executive & Council	4,928	7,891	7,891	7,891	12,221	13,675	14,365	
Planning & Development	3,834	4,759	4,759	4,759	6,010	6,906	7,355	
Health	4,060	4,434	4,434	4,434	5,479	5,791	6,135	
Housing	2,635	3,407	3,407	3,407	3,250	3,451	3,666	
Environmental Protection	10,599	12,725	12,725	12,725	14,331	15,195	16,238	
Sport and Recreation	970	1,352	1,352	1,352	1,999	2,166	2,288	
<b>OPERATING EXP BY VOTES</b>	<b>132,209</b>	<b>152,434</b>	<b>152,434</b>	<b>152,434</b>	<b>172,467</b>	<b>184,775</b>	<b>197,042</b>	

# LESEDI LOCAL MUNICIPALITY

## OPERATING EXPENDITURE BY TYPE

THREE YEAR TERM BUDGET									
EXAMPLE TABLE 6	Preceding Year	Current Year			Med Term Rev and Exp Framework	Budget Year +1	Budget Year +2		
OPERATING EXPENDITURE BY TYPE	2004/05	2005/06			2006/07	2007/08	2008/09		
	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast	Budget	Budget	Budget		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
	A	B	C	D	E	F	G		
Employee related costs	43,723	53,354	0	53,354	57,238	60,672	64,312		
Bulk purchases - Electricity	31,863	32,113	0	32,113	34,010	35,898	38,015		
Bulk purchases – Water	13,050	14,439	0	14,439	15,306	16,024	17,197		
Remuneration of Councillors	1,950	1,511	0	1,511	3,999	4,179	4,450		
Repairs and maintenance	4,430	4,852	0	4,852	7,553	7,905	8,419		
ERWAT	2,767	2,800	0	2,800	3,500	3,710	3,951		
Depreciation	6,560	7,613	0	7,613	8,232	9,006	9,518		
Office Rent	6,775	8,140	0	8,140	8,747	9,333	9,846		
Interest paid	5,467	6,359	0	6,359	6,858	7,260	7,693		
Transport – Fuel and Oil	5,267	8,095	0	8,095	9,794	10,970	12,286		
Provision for Bad Debts	1,800	1,926	0	1,926	2,836	3,266	3,695		
Audit fees	1,208	1,224	0	1,224	1,445	1,480	1,568		
Insurance	1,135	1,102	0	1,102	1,311	1,391	1,475		
Other	6,255	8,907	0	8,907	11,689	13,648	14,581		
<b>TOTAL OPERATING EXPENDITURE BY TYPE</b>	<b>132,250</b>	<b>152,435</b>	<b>0</b>	<b>152,435</b>	<b>172,467</b>	<b>184,775</b>	<b>197,042</b>		

# LESEDI LOCAL MUNICIPALITY

## Schedule 3 - Capital Expenditure by Vote

### THREE YEAR TERM BUDGET CAPITAL EXPENDITURE BY VOTE 2006 – 2009

SCHEDULE 3 CAPITAL EXPENDITURE BY VOTE	AUDITED ACTUAL 2004/2005	Current Year 2005/06			FULL - YEAR FORECAST	Med Term Rev and Exp Framework				
		APPROVED BUDGET	UDJUSTED BUDGET	R'000		2006/07		2007/08		2008/09
						BUDGET YEAR	R'000	BUDGET YEAR	R'000	
	<b>R'000</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>R'000</b>		
Electricity	5,120	7,300		7,300	8,761	90,525	71,110			
Water	2,970	545		545	800	39,225	28,180			
Waste Water Management	2,857	9,047		9,047	10,050	33,465	42,675			
Sport and Recreation	3,659	5,800		5,800	5,500	11,265	3,645			
Finance & Admin	1,587	300		300	500					
Waste Management	3,334	8,070		8,070	1,764	3,360	3,300			
Health	647	3,050		3,050	130	5,670	1,316			
Planning & Development	530	2,800		2,800	500	3,600	2,250			
Housing	2,030	0		0	0	0	0			
Public Safety	224	448		448	0	2,400	120			
Executive & Council	371	0		0	680	400	400			
Road Transport	0	0		0	0	4200	2600			
Environmental Protection	4,463	17,136		17,136	20,264	53,422	36,050			
Community & Social Services	428	763		763	963	2,103	638			
<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>28,220</b>	<b>55,259</b>	<b>0</b>	<b>55,259</b>	<b>52,912</b>	<b>249,635</b>	<b>192,284</b>			

# LESEDI LOCAL MUNICIPALITY

**Schedule 4 - Capital Funding by Source**

2006 – 2009

SCHEDULE 4 CAPITAL FUNDING BY SOURCE	AUDITED ACTUAL 2004/2005 A	Current Year 2005/06			FULL - YEAR FORECAST D	Med Term Rev and Exp Framework			
		APPROVED BUDGET B	ADJUSTED BUDGET C	R'000		BUDGET YEAR 2006/07 E	BUDGET YEAR 2007/08 F	BUDGET YEAR 2008/09 G	
		R'000	R'000	R'000		R'000	R'000	R'000	
<b>National Government</b>									
Amounts allocated / gazetted for that year									
Amounts carried over from previous years									
<b>Total Grants &amp; Subsidies - National Government</b>									
<b>Provincial Government</b>									
Amounts allocated / gazetted for that year	11,956	20,372		32,452	22,604	168,600	139,500		
Amounts carried over from previous years									
<b>Total Grants &amp; Subsidies - Provincial Government</b>	<b>11,956</b>	<b>20,372</b>		<b>32,452</b>	<b>22,604</b>	<b>168,600</b>	<b>139,500</b>		
<b>District Municipality</b>									
Amounts allocated for that year	4,067	1,800		1,800	1,000	100	100		
Amounts carried over from previous years									
<b>Total Grants &amp; Subsidies - District Municipalities</b>	<b>4,067</b>	<b>1,800</b>	<b>0</b>	<b>1,800</b>	<b>1,000</b>	<b>100</b>	<b>100</b>		
<b>Total Government Grants &amp; Subsidies</b>	<b>16,023</b>	<b>22,172</b>	<b>0</b>	<b>34,252</b>	<b>23,604</b>	<b>168,700</b>	<b>139,600</b>		
<b>Public Contributions &amp; Donations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Accumulated Surplus (Own Funds)</b>	<b>12,197</b>	<b>18,006</b>	<b>0</b>	<b>18,006</b>	<b>29,308</b>	<b>80,935</b>	<b>52,684</b>		
<b>External Loans</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE<sup>3</sup></b>	<b>28,220</b>	<b>55,258</b>	<b>0</b>	<b>55,258</b>	<b>52,912</b>	<b>249,635</b>	<b>192,284</b>		

# LESEDI LOCAL MUNICIPALITY

## INVESTMENTS

SUPPORTING TABLE 4	Precedin g Year 2004/05	Current Year 2005/06			Med Term Rev and Exp Framework		
		Full Year			Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
		Audited Actual R'000 A	App Budget R'000 B	Adj Budget R'000 C	Forecast R'000 D	Budget R'000 E	Budget R'000 F
<b>INVESTMENT PARTICULARS BY TYPE</b>							
<u>Investment Type</u>							
Securities - National Government Listed Corporate Bonds							
Deposits – Banks	60,100	72,000	72,000	72,000			
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificate of Deposit - Banks							
Guaranteed Endowment Policies (sinking funds)							
Repurchase Agreements - Banks							
Municipal Bonds							
<b>TOTAL INVESTMENTS</b>	60,100	72,000	72,000	72,000	0	0	0

# LESEDI LOCAL MUNICIPALITY

## NEW BORROWING

SUPPORTING TABLE 6 NEW BORROWING	Preceding Year 2004/05 Audited Actual R'000 A	Current Year 2005/06			Med Term Rev and Exp Framework Budget Year 2006/07 Budget R'000 E	Budget Year +1 2007/08 Budget R'000 F	Budget Year +2 2008/09 Budget R'000 G
		Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D			
-							
-							
-							
<b>NEW BORROWING</b>							

# LESEDI LOCAL MUNICIPALITY

## SALARIES

SUPPORTING TABLE 8		Salary	Social Contributions <sup>4</sup>	Allowances	Performance Bonuses	Total Package
		Rand ('000) pa	Rand ('000) pa	Rand ('000) pa	Rand ('000) pa	Rand ('000) pa
<b>DISCLOSURE OF SALARIES, ALLOWANCES &amp; BENEFITS</b>						
<b>Councillors</b>						
<b>Political Office Bearers</b>						
Executive Mayor		263	66	95	0	424
Speaker		202	61	79	0	342
Member of Executive / Mayoral Committee		776	208	280	0	1,264
Councillors (Section 20 of Act 117 of 98)		1,065	420	480	0	1,965
<b>Officials of the Municipality</b>						
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Municipal Manager (MM)		284	88	158	0	530
Chief Finance Officer		259	82	117	0	458
<b>Senior Man Reporting to MM:</b>						
Executive Manager: Community Services		259	73	139	0	471
Executive Manager: Development & Planning		259	64	160	0	483
Executive Manager: Support Services		259	83	130	0	472
Executive Manager: Safety & Security		259	75	120	0	454
Executive Manager: Engineering Services		259	83	108	0	450
<b>Senior Managers:</b>						
Deputy: Chief Finance Officer		204	45	80	0	329
Manager: Expenditure / Income		185	67	69	0	321
Manager: Budgeting		185	63	75	0	323
Manager: Housing		185	63	77	0	325
Manager: Development & Planning		185	59	77	0	321
Manager: Engineering		220	74	132	0	426
Manager: Road & Stormwater		185	66	69	0	320
Manager: Corporate & Legal		185	59	75	0	319
Manager: Human Resources		185	66	69	0	320
Manager: Information Management		185	66	69	0	320
Manager: Traffic		187	60	38	0	285
Manager: Fire		187	60	38	0	285
Manager: Arts & Culture		185	60	59	0	304
Manager: Health & Waste		201	62	130	0	393
<b>TOTAL COST OF REMUNERATION TO MUNICIPALITY</b>		<b>6,806</b>	<b>2,172</b>	<b>2,957</b>	<b>0</b>	<b>11,935</b>

# LESEDI LOCAL MUNICIPALITY

## PERSONNEL COSTS

	Preceding Year		Current Year				Med Term Rev and Exp Framework	
	2004/05		2005/06		2006/07		2007/08	
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000	Budget R'000
<b>SUPPORTING TABLE 8a</b>								
<b>SUMMARY OF TOTAL SALARIES, WAGES, ALLOWANCES etc</b>								
<u>Councillors (Political Office Bearers plus Other)</u>								
Basic Salaries	1,129	1,215		1,215	2,298	2,436	2,582	
Pension Contributions	147	157		157	505	535	567	
Medical Aid Contributions	119	134		134	256	271	288	
Allowances	554	576		576	941	997	1,057	
<b>Sub Total – Councillors</b>	<b>1,949</b>	<b>2,082</b>	<b>0</b>	<b>2,082</b>	<b>4,000</b>	<b>4,240</b>	<b>4,494</b>	
<u>Senior Managers of the Municipality (s 57 of Systems Act)</u>								
Basic Salaries	1,450	1,744		1,744	1,554	1,647	1,746	
Pension Contributions	318	384		384	347	368	390	
Medical Aid Contributions	101	141		141	126	134	142	
Allowances	726	840		840	761	807	855	
<b>Sub Total - Senior Managers of Municipality</b>	<b>2,595</b>	<b>3,109</b>	<b>0</b>	<b>3,109</b>	<b>2,788</b>	<b>2,955</b>	<b>3,133</b>	
<u>Other Municipal Staff</u>								
Basic Salaries	26,337	30,663		30,663	33,342	35,343	37,464	
Pension Contributions	5,718	6,788		6,788	7,319	7,819	8,289	
Medical Aid Contributions	2,100	3,473		3,473	3,590	3,805	4,033	
Allowances	6,005	7,786		7,786	9,150	9,638	10,215	
Overtime	969	965		965	1,049	1,112	1,179	
<b>Sub Total - Other Municipal Staff</b>	<b>41,129</b>	<b>49,675</b>	<b>0</b>	<b>49,675</b>	<b>54,450</b>	<b>57,717</b>	<b>61,180</b>	
<b>TOTAL EMPLOYEE COSTS</b>	<b>45,673</b>	<b>54,866</b>	<b>0</b>	<b>54,866</b>	<b>61,238</b>	<b>64,851</b>	<b>68,762</b>	

# LESEDI LOCAL MUNICIPALITY

## NUMBER OF PERSONNEL

SUPPORTING TABLE 8b	Preceding Year		Current Year				Med Term Rev and Exp Framework	
	2004/05		2005/06		Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09	
	Audited Actual No. A	Approved Budget No. B	Adjusted Budget No. C	Full Year Forecast No. D	Budget No. E	Budget No. F	Budget No. G	
Municipality								
Councillors (Political Office Bearers plus Other)	21	21	21	21	21	21	21	21
Senior Managers including MM (s 57 of Systems Act)	7	7	7	7	7	7	7	7
Other Managers	6	6	6	6	6	9	9	9
Technical / Professional Staff	49	49	49	49	49	54	54	56
Other Staff (clerical, labourers etc)	364	370	370	370	370	399	399	402
Sub Total – Municipality	447	453	453	453	480	490	495	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>447</b>	<b>453</b>	<b>453</b>	<b>453</b>	<b>480</b>	<b>490</b>	<b>495</b>	

**THREE YEAR TERM BUDGET  
CASHFLOW BUDGET STATEMENT  
'2006 - 2009**

SUPPORTING TABLE 9 MONTHLY CASH FLOWS	July 2006 R'000	Aug 2006 R'000	Sept 2006 R'000	Oct 2006 R'000	Nov 2006 R'000	Dec 2006 R'000	Jan 2007 R'000	Feb 2007 R'000	Mar 2007 R'000	Apr 2007 R'000	May 2007 R'000	June 2007 R'000	Budget 2006/07 R'000	Budget 2007/08 R'000	Budget 2008/09 R'000
<b>Opening Balance</b>	4,002	6,353	7,526	6,511	6,842	10,181	9,190	8,527	12,049	12,381	12,411	12,648	4,002	9,635	12,186
<b>Cash Operating Receipts by Source</b>															
Property rates	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	26,232	29,515	30,145
Service charges - electricity	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461	53,537	56,871	60,418
Service charges - water	2,179	2,179	2,179	2,179	2,179	2,179	2,179	2,179	2,179	2,179	2,179	2,179	26,153	27,024	28,561
Service charges - sanitation	514	514	514	514	514	514	514	514	514	514	514	514	6,273	6,666	6,666
Service charges - refuse	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	12,781	13,047	13,831
Service charges - other	768	768	768	768	768	768	768	768	768	768	768	768	9,221	9,771	10,672
Rental of facilities and equipment	119	119	119	119	119	119	119	119	119	119	119	119	1,428	1,506	1,580
Interest earned - external investments	83	83	83	83	83	83	83	83	83	83	83	83	996	997	998
Interest earned - outstanding debtors	543	543	543	543	543	543	543	543	543	543	543	543	6,510	7,161	7,838
Fines	453	453	453	453	453	453	453	453	453	453	453	453	5,433	5,786	6,162
Grants - operating (incl. grants from other municipalities)	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	24,109	26,939	30,276
Grants - capital (incl. grants from other municipalities)	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	23,604	112,200	99,600
<b>Cash Operating Receipts by Source</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>16,348</b>	<b>196,175</b>	<b>297,090</b>	<b>296,767</b>
<b>Other Receipts</b>															
Investments Redeemed					5,000			5,000				5,000	15,000	20,000	25,000
<b>Total Other Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>15,000</b>	<b>20,000</b>	<b>25,000</b>
<b>Cash Operating Payments by Type</b>															
Employee related costs	4,770	4,770	4,770	4,770	4,770	4,770	4,770	4,770	4,770	4,770	4,770	4,770	57,238	60,672	64,312
Remuneration of Councillors	333	333	333	333	333	333	333	333	333	333	333	333	3,999	4,179	4,450
Repairs and maintenance	629	629	629	629	629	629	629	629	629	629	629	629	7,553	7,905	8,419
Interest paid	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	16,440	17,777	19,166
Bulk purchases - Electricity	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	34,010	35,898	38,015
Bulk purchases - Water	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	15,306	16,024	17,468
Bulk purchases - Sewer	292	292	292	292	292	292	292	292	292	292	292	292	3,500	3,710	3,951
Cash & Creditor Payments	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	12,120	23,618	25,441
<b>Cash Operating Payments by Type</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>12,514</b>	<b>150,166</b>	<b>169,793</b>	<b>181,222</b>
<b>Other Cash Payments by Type</b>															
Capital Expenditure	1,483	2,661	4,849	3,503	5,495	3,502	4,497	5,312	3,502	3,804	3,597	5,497	52,912	142,292	134,599
Loans repaid						1,323						1,323	2,464	2,464	2,464
<b>Total Cash Payments by Type</b>	<b>1,483</b>	<b>2,661</b>	<b>4,849</b>	<b>3,503</b>	<b>5,495</b>	<b>4,825</b>	<b>4,497</b>	<b>5,312</b>	<b>3,502</b>	<b>3,804</b>	<b>3,597</b>	<b>6,820</b>	<b>56,376</b>	<b>144,756</b>	<b>137,063</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; INVESTMENTS</b>	<b>6,353</b>	<b>7,526</b>	<b>6,511</b>	<b>6,842</b>	<b>10,181</b>	<b>9,190</b>	<b>8,527</b>	<b>12,049</b>	<b>12,381</b>	<b>12,411</b>	<b>12,648</b>	<b>14,662</b>	<b>9,635</b>	<b>12,186</b>	<b>15,668</b>

# LESEDI LOCAL MUNICIPALITY

<b>PERFORMANCE BY VOTE</b>		<b>Annual Target 2006/07</b>
<b>SUPPORTING TABLE 10</b>		
<b>ANNUAL MEASURABLE PERFORMANCE OBJECTIVES</b>	<b>Unit of Measurement</b>	<b>Annual Target 2006/07</b>
Department - Municipal Managers Office Vote: Executive and Council		
Budget consultation meetings held	No. of meetings	12
Produce municipal booklet	Booklet produced in Sept	1
Performance agreements and contracts signed	No. of contracts signed on time	6
General ward meetings per ward	No. of meetings	4
Etc		
Department - Corporate Services Vote: Finance & Administration		
Employee reward system developed	Completed in November	1
Job descriptions developed for all staff	Completed in September	1
Etc		
Department - Planning and Development Vote: Planning & Development		
City plan reviewed and published	Completed in October	1
Building inspections conducted	No. of building inspections	500
Etc		
Department - Community Services Vote: Community & Social Services		
New libraries built	No. of new libraries built	1
Etc		
Department - Technical Services Vote: Electricity		
New Electricity connections	No. of new electricity connections	4000
Percentage of HH that meet agreed service levels	HH achieving agreed levels / total	95%
Percentage of HH that meet agreed service standards	HH achieving agreed stds / total	100%

# LESEDI LOCAL MUNICIPALITY

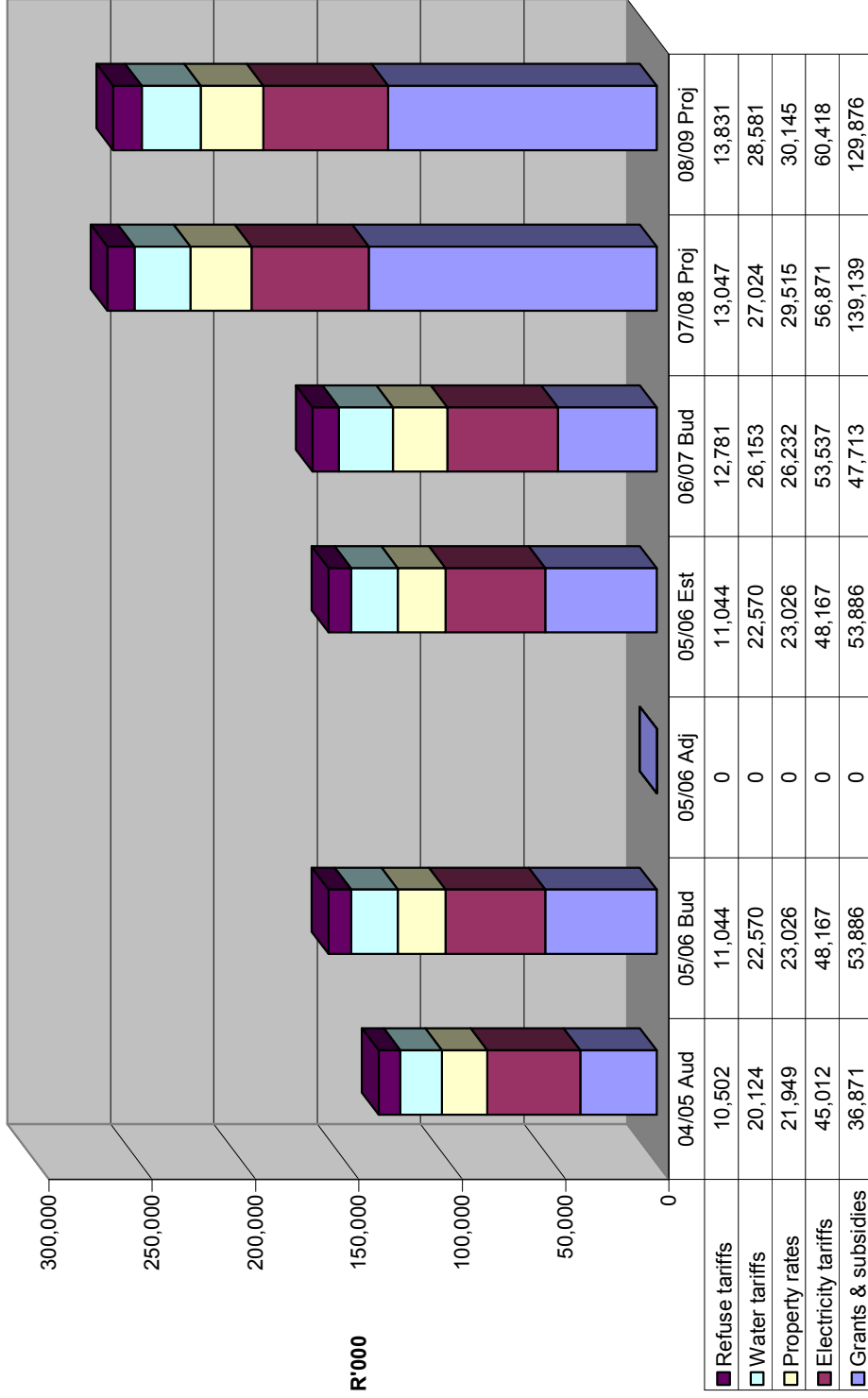
## PERFORMANCE BY VOTE

SUPPORTING TABLE 10		Annual Target
ANNUAL MEASURABLE PERFORMANCE OBJECTIVES		2006/07
	Unit of Measurement	
Percentage of electricity losses	KW billed / KW used by muni	15
Employment through job creation schemes	No. temporary jobs created	200
Employment through job creation schemes	No. permanent jobs created	50
Vote: Water		
New Water connections	No. of new water connections	2000
Percentage of water losses	KL Billed / KL used by muni	20
Percentage of HH that meet agreed service levels	HH achieving agreed levels / total	95%
Percentage of HH that meet agreed service standards	HH achieving agreed stds / total	100%
Vote: Road Transport		
km of new road for prev unserviced areas	No. of kilometers	400
Etc		
Vote: Waster Management		
Percentage of HH with no rubbish disposal	No. of HH without / total HH	15%
Vote: Waste Water management		
Percentage of HH with no toilet provision	No. of HH without / total HH	12%
Department - Chief Finance Officer		
Vote: Finance & Administration		
Percentage of property valuations disputed	No. disputed / total No.	10%
Percentage of creditors payments on time	No. Paid on Time / total No.	100%

# LESEDI LOCAL MUNICIPALITY

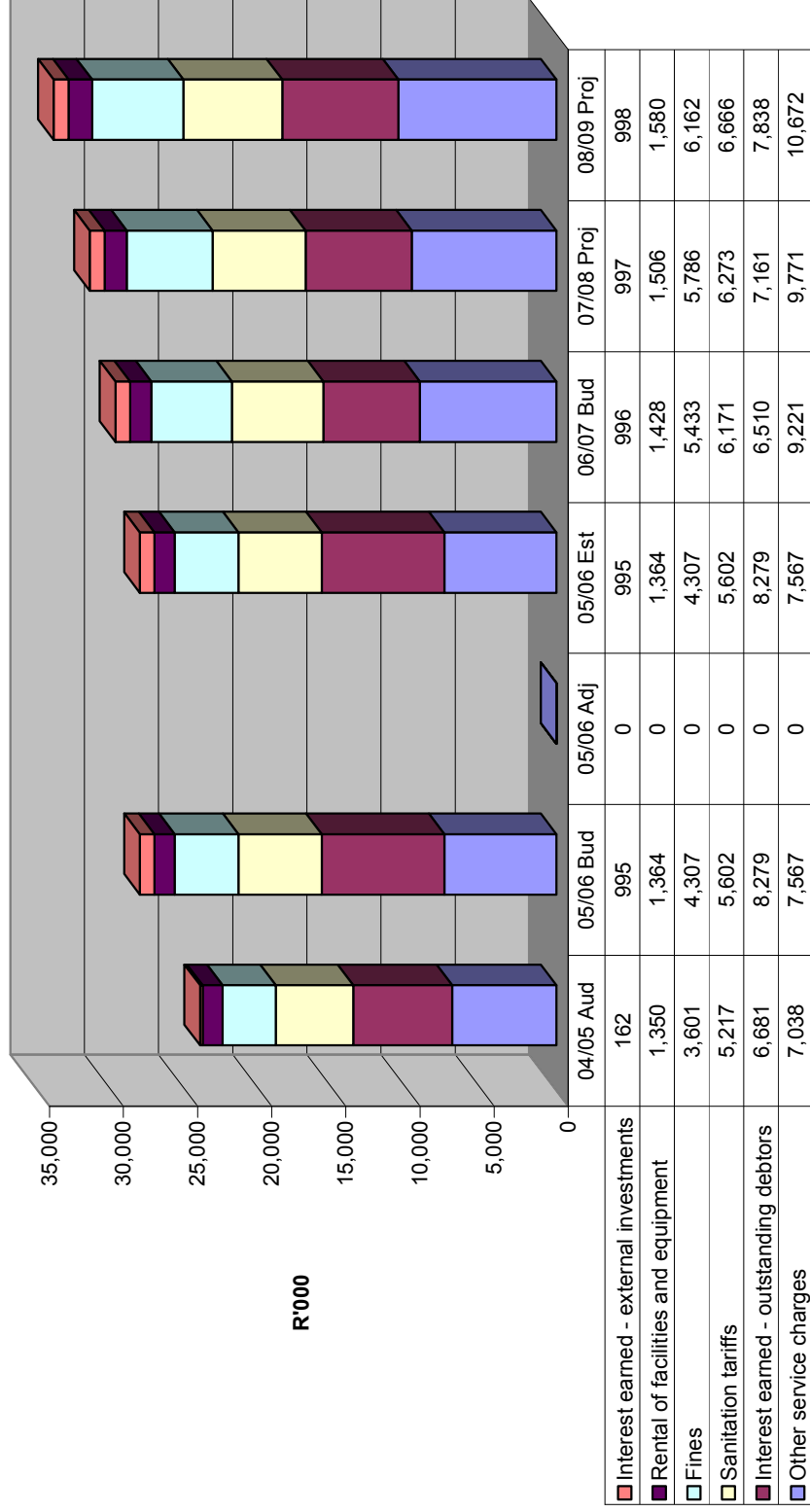
## 8. BUDGET RELATED CHARTS

Revenue by Major Source  
2006 - 2009



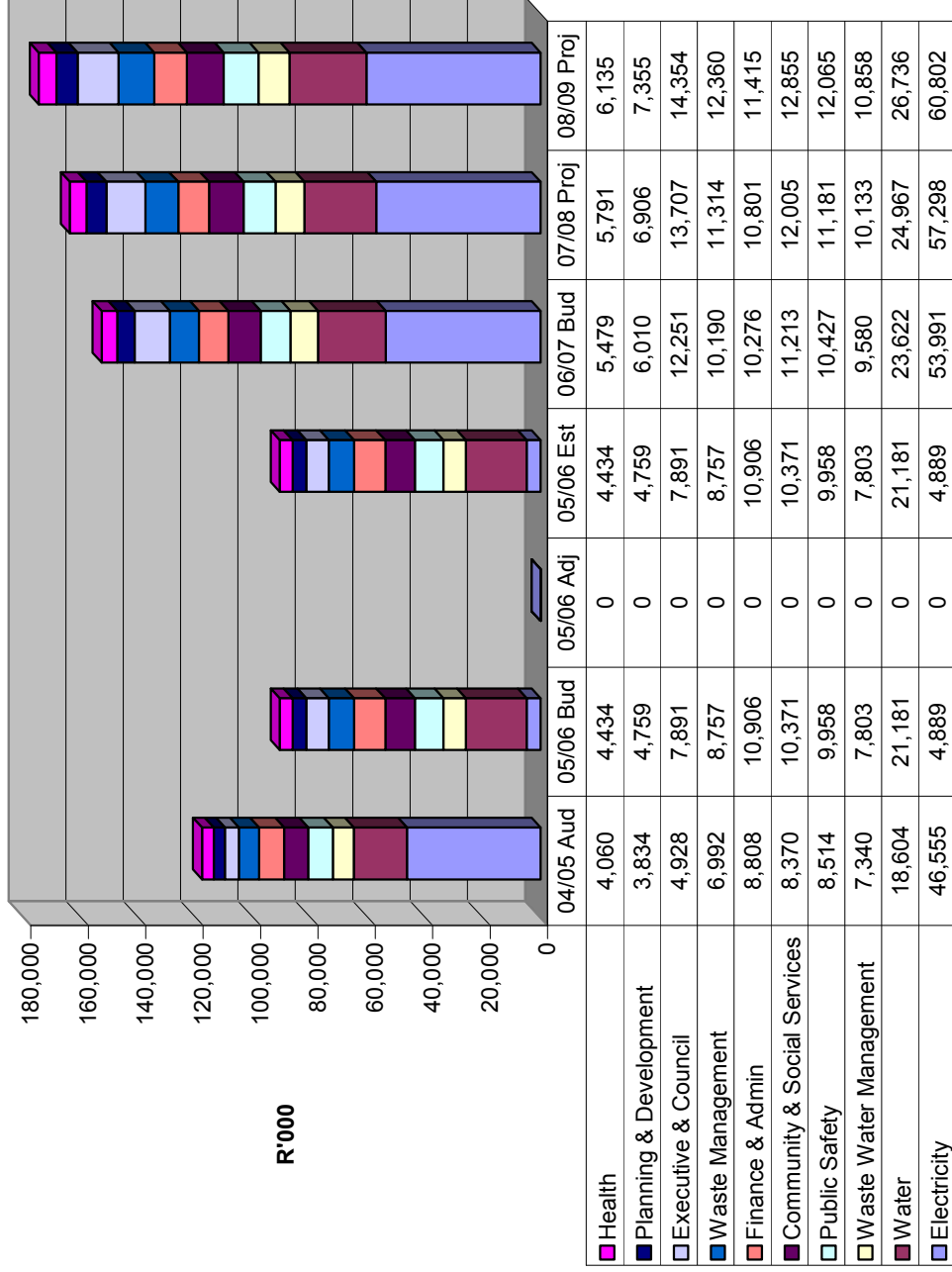
# LESEDI LOCAL MUNICIPALITY

## Revenue By Minor Source 2006 - 2009



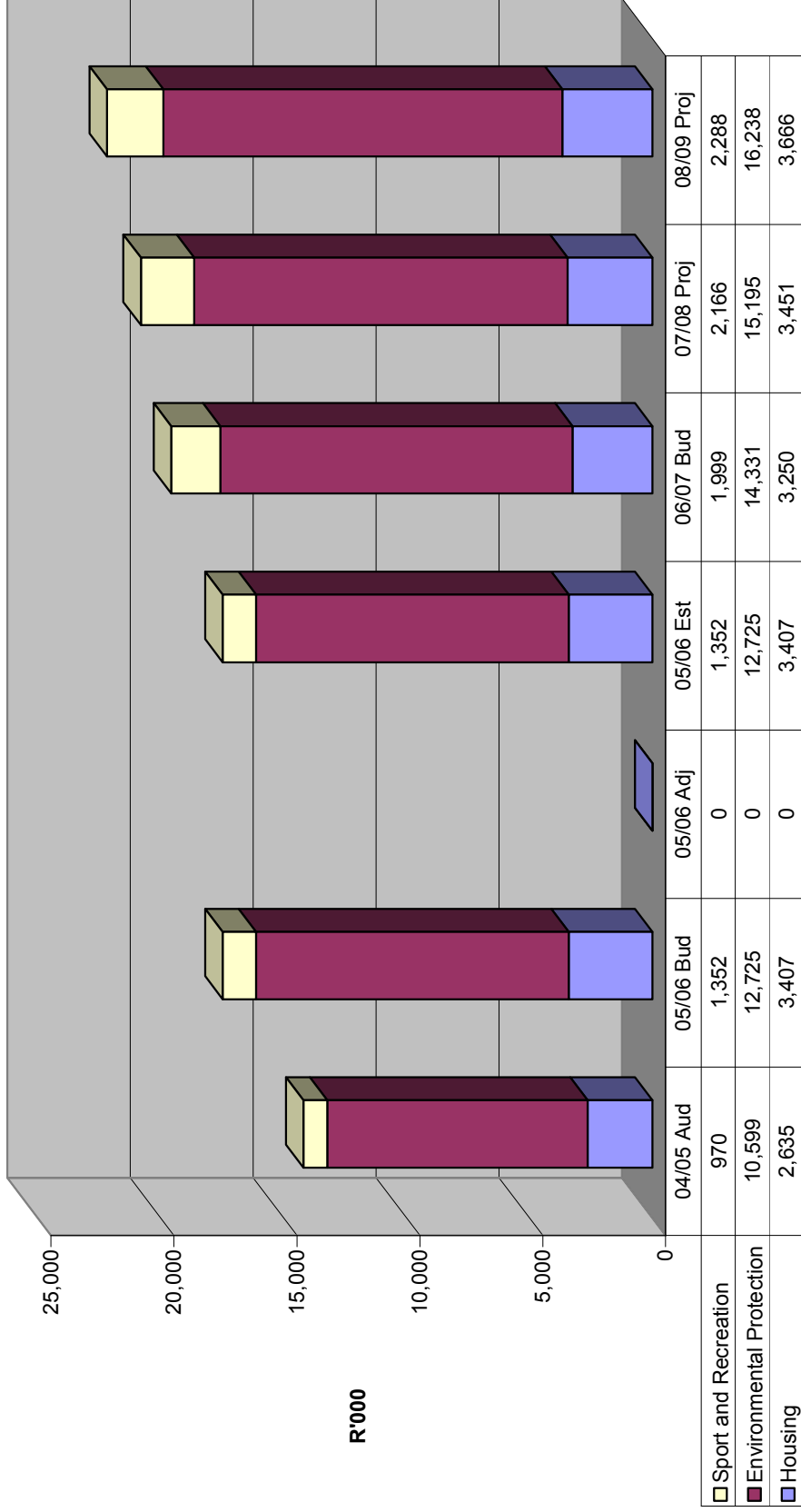
# LESEDI LOCAL MUNICIPALITY

Operating Expenditure by Major Vote  
2006 - 2009



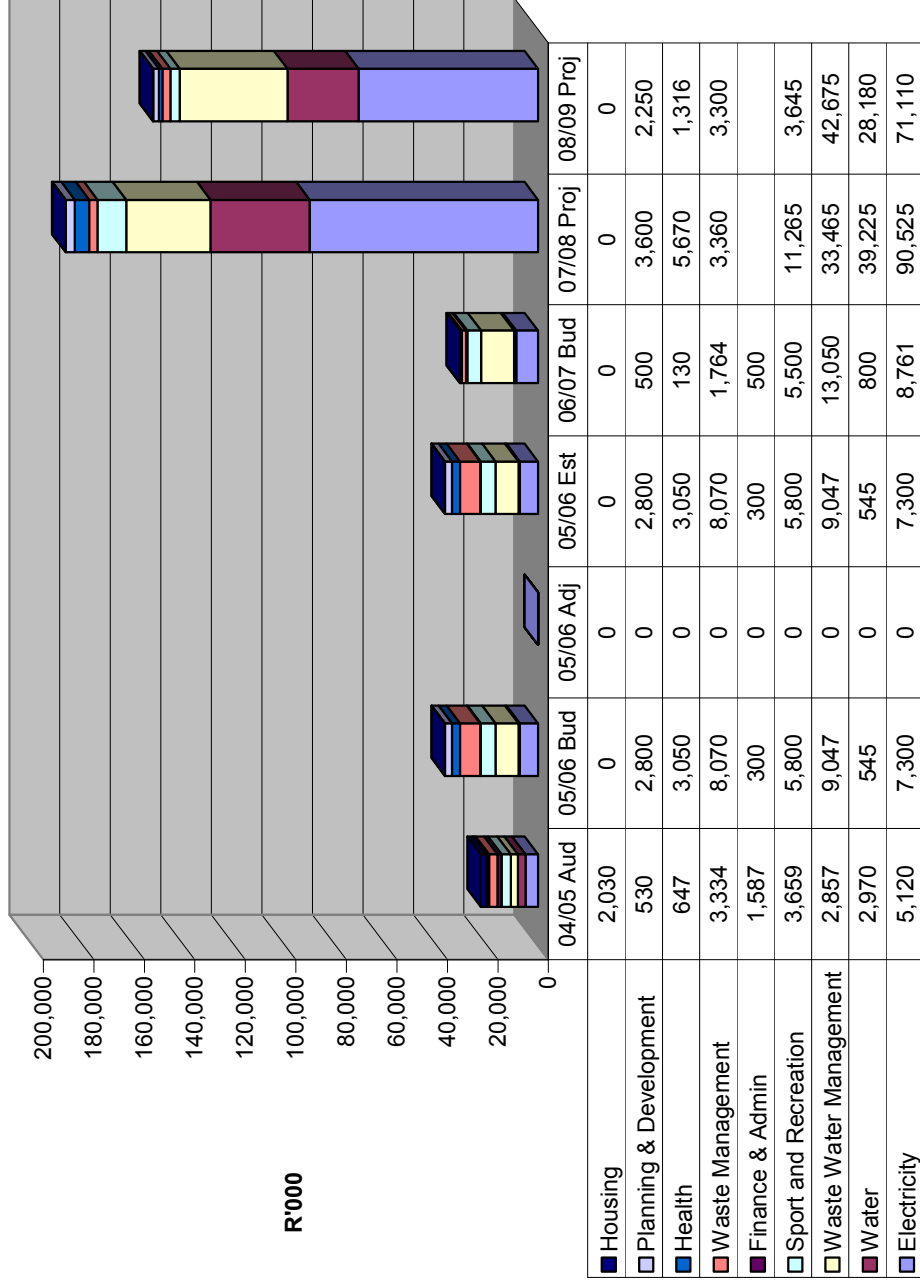
# LESEDI LOCAL MUNICIPALITY

## Operating Expenditure by Minor Vote 2006 - 2009



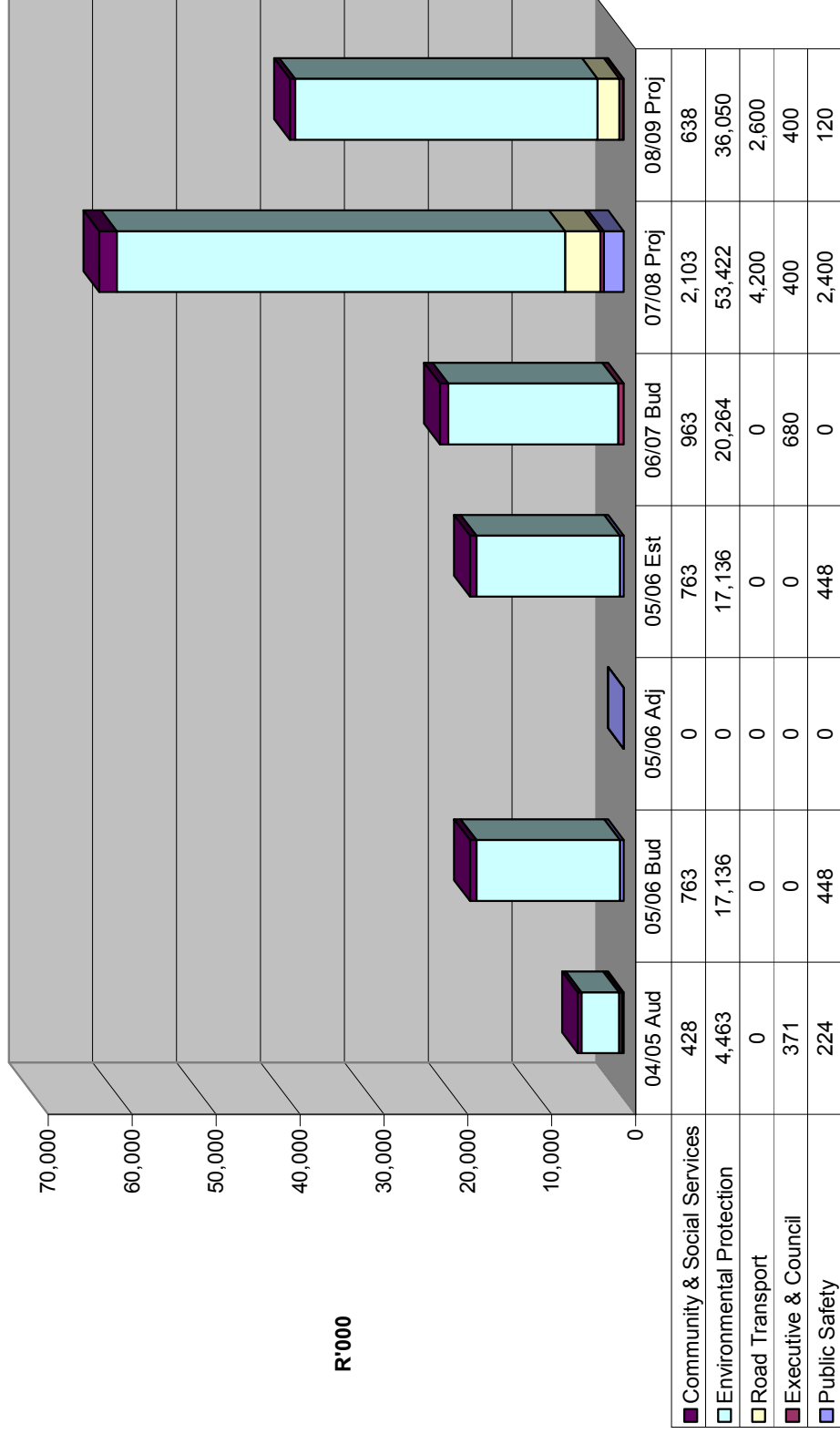
# LESEDI LOCAL MUNICIPALITY

## Capital Expenditure by Major Vote 2006 - 2009



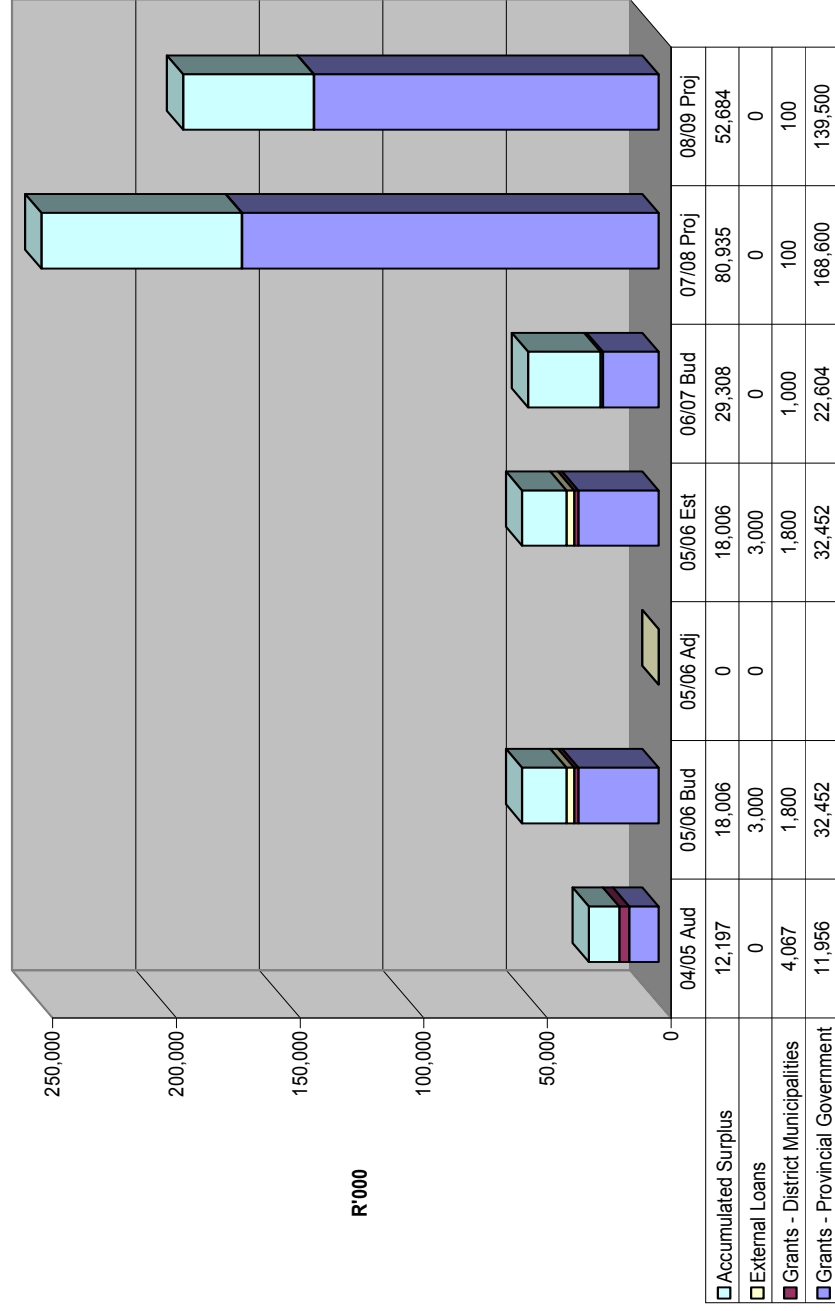
# LESEDI LOCAL MUNICIPALITY

## Capital Expenditure by Minor Vote 2009 - 2009



# LESEDI LOCAL MUNICIPALITY

## Capital Funding by Source 2006 - 2009



## 9. BUDGET PROCESS OVERVIEW

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### 1. Political oversight of the budget process

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. Section 53(1)(a) of the MFMA states that the mayor of a municipality must provide political guidance over the budget process and the priorities that must guide the preparation of the budget.

Political oversight of the budget process is essential to ensure that:

- The political executive is responsible for policy and prioritisation
- Policy priorities are linked to departmental spending plans and the delivery of quality services.

As was the case with the 2005/06 financial planning process, the Mayoral Committee had a significant role to play in the financial planning process. Strengthening the link between Government's priorities and spending plans is not an end in itself, but the goal should be enhanced service delivery aimed at improving the quality of life for all the people within the municipality boundaries.

Budgeting is primarily about the priorities and choices that the Municipality has to make in deciding how to meet the agreed set of policy objectives through better service delivery.

Political oversight of the budget process allows Government and in particular the Municipality to manage the tension between competing policy priorities and fiscal realities.

The key to strengthening the linkage between priorities and departmental plans lies in enhancing political oversight of the IDP and Budget process.

### 2. Schedule of key deadlines relating to the budget process

The budget timeline for the compilation of the 2006/07 medium term budget was approved by Council on 31 August 2005, (L.MC-491/08/05), in compliance with legislative frameworks.

**TIME SCHEDULE OF KEY DEADLINES: FY 2006 / 2007**

Month	Municipality <b>LESEDI LOCAL MUNICIPALITY</b>
	<p style="text-align: center;"><b>Mayor and Council Administration</b>                      Budget Year <b>2006 / 2007</b></p>
<b>July</b>	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process  <b>MFMA s 53</b></p> <p>Accounting officers and senior officials of municipality begin planning for next three-year budget  <b>MFMA s 68, 77</b></p> <p>Accounting officers and senior officials of municipality review options and contracts for service delivery  <b>MSA s 76-81</b></p> <p>Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist</p>
<b>August</b>	<p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.  <b>MFMA s 21,22, 23;</b>  <b>MSA s 34, Ch 4 as amended</b></p> <p>Mayor establishes committees and consultation forums for the budget process</p>
<b>September</b>	<p>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans</p> <p>Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>
<b>October</b>	<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials  <b>MFMA s 35, 36, 42; MTBPS</b></p>
<b>November</b>	<p>Accounting officer reviews and drafts initial changes to IDP  <b>MSA s 34</b></p>
<b>January</b>	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)  <b>MFMA s 36</b></p>
<b>February</b>	<p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report</p>

	<p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year <b>MFMA s 37(2)</b></p>
<b>March</b>	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed <b>MFMA s 22 &amp; 37; MSA Ch 4 as amended</b></p> <p>Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March <b>MFMA s 42</b></p> <p>Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year <b>MFMA s 16, 22, 23, 87; MSA s 34</b></p>
<b>April</b>	<p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc <b>MFMA s 21</b></p> <p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>
<b>May</b>	<p>Public hearings on the budget, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year. <b>MFMA s 23, 24; MSA Ch 4 as amended</b></p> <p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p>
<b>June</b>	<p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year <b>MFMA s 16, 24, 26, 53</b></p> <p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. <b>MFMA s 69; MSA s 57</b></p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval. <b>MFMA s 53; MSA s 38-45, 57(2)</b></p> <p>Accounting officers of municipality and entities publishes adopted budget and plans <b>MFMA s 75, 87</b></p> <p>Council must finalise a system of delegations. <b>MFMA s 59, 79, 82; MSA s 59-65</b></p>

The tabling of the budget in Council on 30 March 2006 will be followed by publication of the budget documentation and various community consultation and community consultative meetings. Ward committees, residents, community organisations and other stakeholder formations will be invited to make representations and submissions on the draft budget.

<b>Activity and Purpose</b>	<b>Participants</b>
<b>Special Council Meeting</b>	Executive mayor tables budget (pre-community consultation) to Council
<b>Draft Budget</b>	Made available on the municipality's website, municipal offices and notice placed in all major newspapers informing members of the public about the draft budget and inviting written submissions/representations.
<b>Budget discussions</b>	Ward committees/Stakeholders.
<b>Community consultation</b>	To present and discuss the draft budget proposals and receive inputs/ submissions
<b>Closing of Submissions</b>	Submissions to close on 20 April 2006.
<b>Special Council Meeting</b>	Executive Mayor delivers budget speech and submits final budget to Council for consideration and approval.

### **3. Process used to integrate the review of the IDP & preparation of the budget.**

The pre-community consultation budget will be published and various community consultation and community consultative meetings will be held to receive representations and submissions. In terms of Section 16 read with Section 17 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and in conjunction with the MFMA, ward committees, residents, community organisations and other stakeholder formations, will be invited to participate in the Council's budget process.

The pre-community consultation budget will be made available on the municipality's website, and hard copies will be made available on municipal notice boards and the various libraries.

### **4. Process for consultations with each group of stakeholders and outcomes.**

Notices will be published in the major local newspapers, such as the Sowetan, Citizen, Heraut and Beeld inviting the public to participate in the budget process.

## **5. Process to record and integrate inputs from the community**

After consideration of all budget submissions the Executive Mayor must be given the opportunity to respond, if necessary revise the budget and table amendments for consideration. To ensure that all community inputs are recorded and integrated, throughout the consultation period, a system will be initiated to ensure that:

1. All written submissions will be required to be directed to the CFO, who will maintain a record of lodgements and direct submissions to the appropriate department for comment and recommendation.
2. All verbal questions at community consultation meetings will be recorded, together with the answer provided at the meeting or referred by the CFO or representative to the appropriate department for comment and recommendation.
3. Where possible, the submissions and presentations received during the community consultation process and additional information regarding revenue and expenditure will be addressed before tabling of the draft budget.

## **6. Statistics relevant to the process (submissions, attendance at forums etc.)**

Statistics will be kept during the consultation process. Pictures will be taken at some of the community meetings during the community consultation process and included in the document. The following are examples of these taken during some previous consultation sessions. The process of consultation will without a doubt add to the building of a working community in the ongoing struggle to develop and create a prosperous community.

The common areas observed by both politicians and officials and the issues catered for in the reviewed budget will be noted in the final documentation.

On completion of all community consultation proceedings the Chief Financial Officer will prepare a report for the Executive Mayor, summarizing the representations received and indicating what action, if any, has been taken as a consequence of the representations.

All documents in the appropriate format (electronic and printed) will be provided to Provincial Treasury and National Treasury in accordance with the MFMA, and their views and inputs sought.

After the Budget is approved by Council, the Executive Mayor and/or senior officials will inform the community of the outcome thereof by means of publicity in the local newspapers and on the Council's website.

## **7. Key stakeholders involved in consultations**

### **Rand Water**

In terms of the MFMA, Rand Water has to provide the proposed tariff to National Treasury and SALGA to afford both institutions a period of 40 days for their consideration of the proposed tariff increase. Rand Water informed its municipal customers on 5 December 2005 that the bulk potable tariff will increase by 5% from 1 July 2006, which is within the National Treasury guidelines and will be acceptable to the municipalities.

The Rand Water bulk potable tariff increase therefore continues its gradual downward trend, as shown in the table below.

### **Year Actual Tariff increase**

2003/2004	8,8%
2004/2005	5,7%
2005/2006	5,3%
2006/2007	5,0%

### **Eskom**

In accordance with MFMA (section 42) Eskom submitted a proposed a bulk electricity price amendment to SALGA. The increase in tariffs amounted to 5% from 1 July 2006.