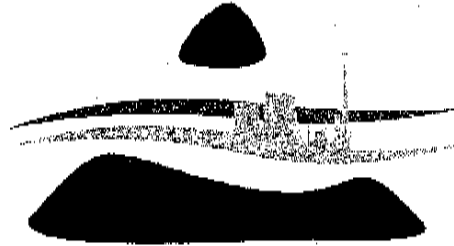


**FEZILE DABI DISTRICT  
MUNICIPALITY**



**Fezile Dabi**

District Municipality

**APPROVED BUDGET**

**MTREF PERIODS**

**2009 /2010**

**2010 /2011**

**2011 / 2012**

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**BUDGET SPEECH BY THE EXECUTIVE MAYOR**

Speaker: Councilor Sizwe Mbalo;  
 Executive Mayor of the Moghaka Local Municipality;  
 Mayor of the Ngwathe Local Municipality;  
 Mayor of Matube Local Municipality;  
 Acting Executive Mayor of Metsimaholo Local Municipality  
 Chief Whip of Metsimaholo Local Municipality;  
 Chief Whip of Fezile Dabi District Municipality;  
 Chief Whip of Ngwathe Local Municipality;  
 Chief Whip of Moghaka Local Municipality;  
 Chief Whip of Matube Local Municipality;  
 Speaker of Ngwathe Local Municipality;  
 Speaker of Moghaka Local Municipality;  
 Speaker of Matube Local Municipality;  
 Speaker of Metsimaholo Local Municipality;  
 Members of the Mayoral Committee;  
 Honourable Leaders of our political parties and Honourable Councilors of Fezile Dabi District Municipality;  
 Municipal Manager of the Fezile Dabi District Municipality;  
 Municipal Manager of the Moghaka Local Municipality;  
 Municipal Manager of the Ngwathe Local Municipality;  
 Municipal Manager of Metsimaholo Local Municipality  
 Directors and senior management of Fezile Dabi District Municipality  
 Representatives of other spheres of government;  
 Business leaders present here today;  
 Religious leaders;  
 Community Leaders;  
 Members of the media;  
 Distinguished guests, Friends, comrades and compatriots;  
 People of Fezile Dabi District Municipality;  
 Kajeno ke thabo ho nna ha ke boela ke eba le lona selomong sena, e le ha ke tlabe ke le behela dipheho tse ntjha tsa selemo sa ditjhelete tsa 2009/2010. Jwale ka letapha la Mmuso, ke tokelo ya rona hore re lebitse jwale ka setjhaba re tlo le behela dipalopalo tsena. Re lokela hape le ho le bontsha tsamaiso ya Mmuso kapa yona tshbediso ya ditjhelete ka hobane ke thjelete ya setjhaba.

These structures are established and functional in our District. They consist of all Executive Mayors and Mayors and Speakers within the district, and discuss a range of issues including Political and service delivery issues as well as the functioning of ward communities.

### 1. Speakers' Forum and Mayor's Forum

We have as part of our IGR structures both Political and technical structures Management.

Governance, Community Participation and Financial Viability and Financial Delivery and Infrastructure Investment, Local Economic Development and Good namely Municipal Transformation and Institutional Development, Basic Service Government as outlined in the reviewed Local Government Strategic Agenda.

We continue to be guided by the Five Key Performance Areas for Local

improved Integrated Development Plan.

Provincial and Local Government has shown a good adoption rate of qualitative together with our Local Municipalities as developed by the Department of is intended to serve as a platform to align the local District IDP. Our IDP plans Coordinating Forum as an Intergovernmental Structure. This among other things Fezile Dabi District Municipality continues to coordinate the District

budget that will be presented here today.

the runnings of our Municipality as they too contributed towards drafting this improved tremendously hence we can boldly stand before the public and declare Mr. Speaker, I am glad that indeed our public participation has over the years

character of our society".  
Indeed, government can be proud that we have changed the demographic composition of the public service, which in virtually all respect approximates the

and improved integration within and among them.  
Over the years, we have steadily improved the structures of governance. We have built a system of healthy inter-governmental relations across the spheres,

institutions mandated by the Constitution to support democracy.  
today a well-functioning democratic system, based on principles of transparency and openness, with numerous platforms for public participation and independent Africa, Comrade Kgalema Motlanthe uttered the following words, "We do have In his state of the nation address the then President of the Republic of South

Currently a number of Women Councillors are enrolled with various institutions to further their knowledge with regard to municipal related issues. The office of the Speaker encourages every councillor to study

## 6. Capacity building among Councillors

In 2006 the Office of the Speaker entered into partnership with SAFA Fezile Dabi, to promote amateur soccer within the district. The aim of this league is to unearth and nurture talent that is there in our communities. This year the office will fork an amount of R50 000 in sponsorship towards the promotion of soccer in the district.

## 5. SAFA Fezile Dabi Regional Promotional League

We will forge ahead with projects of re-naming public places after the fallen heroes and heroines of glorious struggle, so that our history cannot be erased from our minds, and for the next generations to know where we come from.

## 4. Re-naming of Public Places

A clarion call has been made by the President, regarding the establishment of street committees. The need for the establishment of Street committees cannot be emphasized. This organ of people's power is multi-faceted. These structures amongst other will; assist communities to combat crime, make our live hoods safe, encourage our people to participate in structures that will take decisions that will contribute to bettering their lives.

## 3. Establishment of Street Committees

The Municipal Structures Act of 117 of 1998 dictates that these structures have to be established. The objective of these structures is to enhance participatory democracy in local government. Ward Committees have been established throughout the district. The one challenge that may be at the doorstep of the local municipalities is capacity building, however we are sure that SALGA will soon announce their training, which will clearly outline their roles. We hope this will then enhance their functioning, will as result deepen democracy.

## 2. Ward Committees

Our vision is "a developmental, effective local government towards a better life for all" As you may have noted, our vision embodies the tenets of the Constitution, the White Paper on Local Government, and the political policy of the African National Congress. Our mission is not to go into development with our officials alone, but is one that is inclusive namely:

- A consolidated list of development indicators for the IDP objectives;
- A compilation of output targets for all IDP projects;
- A time schedule with dates of major milestones of all projects;
- A list of performance indicators which are not project specific; and
- An action plan including resource requirements for managing the monitoring and performance management system, including information flow, timing and responsible actors.

Implementation of the plans outlined is based on an integrated monitoring and performance management system that is based on the project-related indicators, output targets and activity-related milestones. It consolidates our information flow in a way that helps us provide necessary information to the Municipal management and includes:

- Integrated Spatial Development plan;
- Disaster Management plan;
- Integrated Water Services Sector plan;
- Integrated Transportation Sector plan;
- Integrated Waste Management plan;
- Local Economic Development Strategy;
- Poverty Reduction and Gender Equity Programme; and
- Integrated Institutional Programme.

Mr. Speaker, Fezile Dabi as a District Municipality does not operate without proper planning. Rather, our administration is managed through sector plans on specific projects, that provide fertile areas for your interest and investment. These plans are in line with the Municipal Systems Act and these are as follows:

of Councillors also attend a course in Project Management; more courses will further, and will ensure that there are funds to pursue this goal. A number follow in the new financial year.

Fezile Dabi District Municipality embraces the participation of all stakeholders including all spheres of government to:

- Invest in the economic and social development of all its people, especially the previously disadvantaged;
- Promote the region with responsible service delivery; and to
- Contribute to a safer, healthier environment through effective sustainable governance

Fezile Dabi District Municipality records some of the achievements made as part of government's continued efforts to respond to the needs of our people in the 2008 / 2009 financial year.

These achievements include, inter alia:

- The Vuna Awards 2007/08: for the Best Municipality in the Free State
- The 'Best Workplace' in skills development for 2007/08
- The cleanest Town and supportive District Municipality for 2007/08
- Tourism
- Water provision - most households in the district have access to portable water above the basic level. The only areas served with communal services are those that are not formally proclaimed (i.e. informal settlements).
- Water purification in Villiers
- FDDM rendering Municipal Health Auxiliary Services specializing in Air Quality Management, Noise Control, Vector Control and Chemical Safety
- Christmas Party (children & vulnerable)
- 50/50 Women Business forum
- Audit Committee continues to seat on a quarterly basis to assess the councils state of internal controls and financial viability
- The internal audit functions are now performed by our own internal auditor and provides report on quarterly basis
- IDP Reviews - All locals

This therefore brings us to the challenges facing our municipality in the financial year 2008-2009. The basis of Municipality Budget is community priorities based on the reviewed IDP. The IDP is reviewed for five year basis to ensure alignment with current community needs.

The Draft Budget was mainly based on current Council priorities derived from reviewed IDP Draft as approved by Council on 27 March 2008. It should be noted that priorities cannot be addressed in one year due to limited resources and the nature of relevant priorities.

Below is a list of objectives which form the basis of the draft budget 2009-2010

- **Financial Support** in terms of providing limited financial backing for identified and agreed upon operational needs.
- **Capacity building** in terms of IDP implementation and monitoring; MSIG; PMS development, implementation and Monitoring.
- **Information Technology** in terms of developing and implementing IT Shared Service Centre for the district.
- **Linkages to potential sources of funding and other opportunities** in terms of engaging and negotiating with prospective funding institutions such as DSA on behalf of municipality for financial backing and other support.
- **Local Economic Development and Growth** in terms of supporting municipalities own local initiatives to create sustainable local economic growth and identifying economic growth potential local municipalities and implement support programs accordingly.
- **Emergency Support** in terms of establishing and maintaining sufficient emergency funds for the acquisition of Fire Equipment and Disaster Management Equipment.

To address the above priorities, the Municipality anticipates Revenue, and expenditure as outlined, below:



SOURCE OF FUNDS (OPERATING BUDGET)	
DPLG- Municipal System Improvement Grant	R 735,000.00
Equitable share	R 7,686,158.00
Local Gov. Financial Management Grant	R 750,000.00
RSC Levy Replacement	R 108,407,795.00
Fezile Dabi Sports Stadium	R 33,000,000.00
Interest Earned- External Investments	R 2,500,000.00
Interest Earned- Outstanding Debtors	R 1,000.00
Other Income	R 180,000.00
Accumulated Surplus	R 16,944,797.00
<b>TOTAL INCOME</b>	<b>R 170,204,750.00</b>
The funds will be used as follows:	
Salaries, wages and allowance	R 56,216,400.00
General Expenses	R 36,546,750.00
Repairs and Maintenance	R 719,900.00
Capital Expenses	R 12,220,000.00
Interest External Borrowings	R 9,200,000.00
Grants and Subsidies Paid- Capital	R 40,000,000.00
Grants and Subsidies Paid- Operating	R 1,556,400.00
Depreciation	R 1,725,700.00
General Expenses- Financial Services	R 1,332,600.00
General Expenses- Contracted Services	R 10,687,000.00

- R 150 000 for Disaster Training.
- R 1 million for Emergency and Special Programme
- R 600 000 for Disaster Equipment
- R 1 million for Fire Equipment ( Matfube Local Municipality)
- R 700 000 for Public Works & Project Management Emergency Funds
- Capital Expenditure (Projects) amounting to R7 millions
- R 3.6 millions for Capacity building (Administration & Financial System) and Information Technology Shared Service Center.

**COMMUNITY WELFARE PROJECTS**

- R 800 000 for Public Participation
- R 1.5 million for the Campaigns (Executive Mayor)
- R 850 000 Donation by Executive Mayor to the community
- R 875 000 for Special Programmes (Youth, HIV/Aids, etc)
- R 800 000 for Bursaries to the youth within the region municipalities.
- R 9.2 millions loan from DBSA to be paid on the behalf of local municipalities.

Our Budget for 2009-2010 financial year is focused mainly on the welfare of economic growth, youth development and capacity building. In terms of our mandate to assist local municipalities, we have provided for the following:

**R 170, 204,750.00**

**TOTAL EXPENSES**

Mr. Speaker, delivering his inaugural speech on Saturday, 09 May 2009, the newly democratically elected President of the Republic of South Africa, President Gedyehlekhisa Jacob Zuma was clear that delivery by his administration would be a priority.

"We are now called upon to implement our Manifesto. The dreams and hopes of all the people of our country must be fulfilled. There is no place for complacency, no place for cynicism, no place for excuses.

"Everything we do must contribute in a direct and meaningful way to the improvement of the lives of our people," he said.

Speaking about the many changes to structure and faces in his administration, Mr Zuma said it was made very clear by the African National Congress that the party wanted "an efficient, caring and effective administration, which will be accessible and responsive to the needs of the people."

LED and Tourism

- R 450 000 for Agricultural Projects
- R 700 000 for SMMF Development and Assistance
- R 250 000 for Food Security and Self-help Programmes
- R 450 000 for Social Development Programmes
- R 650 000 for Sports Development Programmes
- R 2.7 million for Vreddefort Dome Exhibition and Buildings
- R 500 000 for Upgrading of Municipal Resorts
- R 1 million for Tourism Promotion & Awareness

#### Environmental Health

- R 300 000 for Environmental Health Project
- R 400 000 for Air Quality Management

CLIP JONAS RAMOKHOASE  
EXECUTIVE MAYOR

I thank you.

With that, Honourable Speaker, I now formally table the 2009/2010 Expenditure Framework Budget as outlined in the Council's Agenda for Council's consideration and approval, in terms of Section 24(1) of the Municipal Finance Management Act.

- Members of the Mayoral Committee for the necessary political oversight during the budget process.
- Councilors, Ward Committee Representatives, CDWs and members of the community who gave valuable contributions and commitment during the compilation and scrutiny of the budget.
- The Municipal Manager, Mr Steve Molala.
- Chief Financial Officer, Mr Ernest Mohlahlo and his staff
- Officials in my Office and All officials who played a pivotal role with the compilation of this budget.

In conclusion I want to express my sincere gratitude to:

**CONCLUSION**

"With these objectives in mind, I am confident that the new structure of government will enable the state machinery to speed up service delivery," he said.

**RECOMMENDATIONS**

1. That Annual Budget be approved as set-out in the following schedule:
  - Operating revenue by source reflected in schedule 1.
  - Operating expenditure by vote reflected in schedule 2.
  - Operating expenditure by GFS classification reflected in schedule 2 (a).
  - Capital expenditure by vote reflected in schedule 3.
  - Capital expenditure by GFS classification reflected in schedule 3(a).
  - Capital funding by source reflected in schedule 4.
2. That Council takes note of the SDBIP attached as Annexure
3. That policies attached as Annexure be implemented with effect from 01 July 2009
4. That bid documents be sold at the following amount with effect from 01 July 2009:
  - 4.1 Tenders/bid above R 500 000.00 be sold at R 250.00 per bid document
  - 4.2 Tenders/bid below R 500 000.00 be sold at R 150.00 per bid document
  - 4.3 Notice board documents be sold at R 40.00 per document.
5. That Council takes note that the 2009/10 budget is based on the draft IDP for 2009/10.

**EXECUTIVE SUMMARY**

**Revenue**

Total Revenue for 2009/10 is R170 204 750 as compared to R121 921 041. The increase is mainly due to transfer from accumulated surplus of R16 944 797 as compared to R12 105 545 of 2008/9.

Note should also be taken that state grants increased from R105 169 000 in 2008/9 to 150 578 953 in 2009/10. This figure includes Levy R placement Grant of R 108 407 795 Municipal System Improvement Grant of R 735 000, Financial Management Grant of R750 000, Equitable Share of R 7 686 158 and R 33 000 000 for Fezile Dabi Sport Stadium.

**Expenditure**

Total expenditure for 2009/10 is budgeted as R170 204 750 which represent the operating expenditure of R 162 184 750 and capital expenditure of R 8 020 000. Included in the operating expenditure is R 33 000 000 for Fezile Dabi Sport Stadium, R 9 250 000 for grants and subsidies to local municipalities, R 2 797 500 for the introduction of fire services unit. Included in the Capital expenditure budget is R 1000 000 for fire equipment.

Employee benefits amounts to R50 474 700 which represents 29,66% of the total budget and 31,12% of the total operational budget. Councilors remuneration amounts to R5 741 700 which represent 3,37% of the total budget and 3,54% of the total operational budget.

Repairs and maintenance is R719 900 which represent 0,42% of the total budget. The repair and maintenance is for municipal building and municipal fleet, the municipality does not have infrastructural assets.

General expenses is R 37 846 750 representing 22,24 % of the total budget.

Political Office general expenditure amounts to R 9 597 250 representing 5,63% of the total budget.

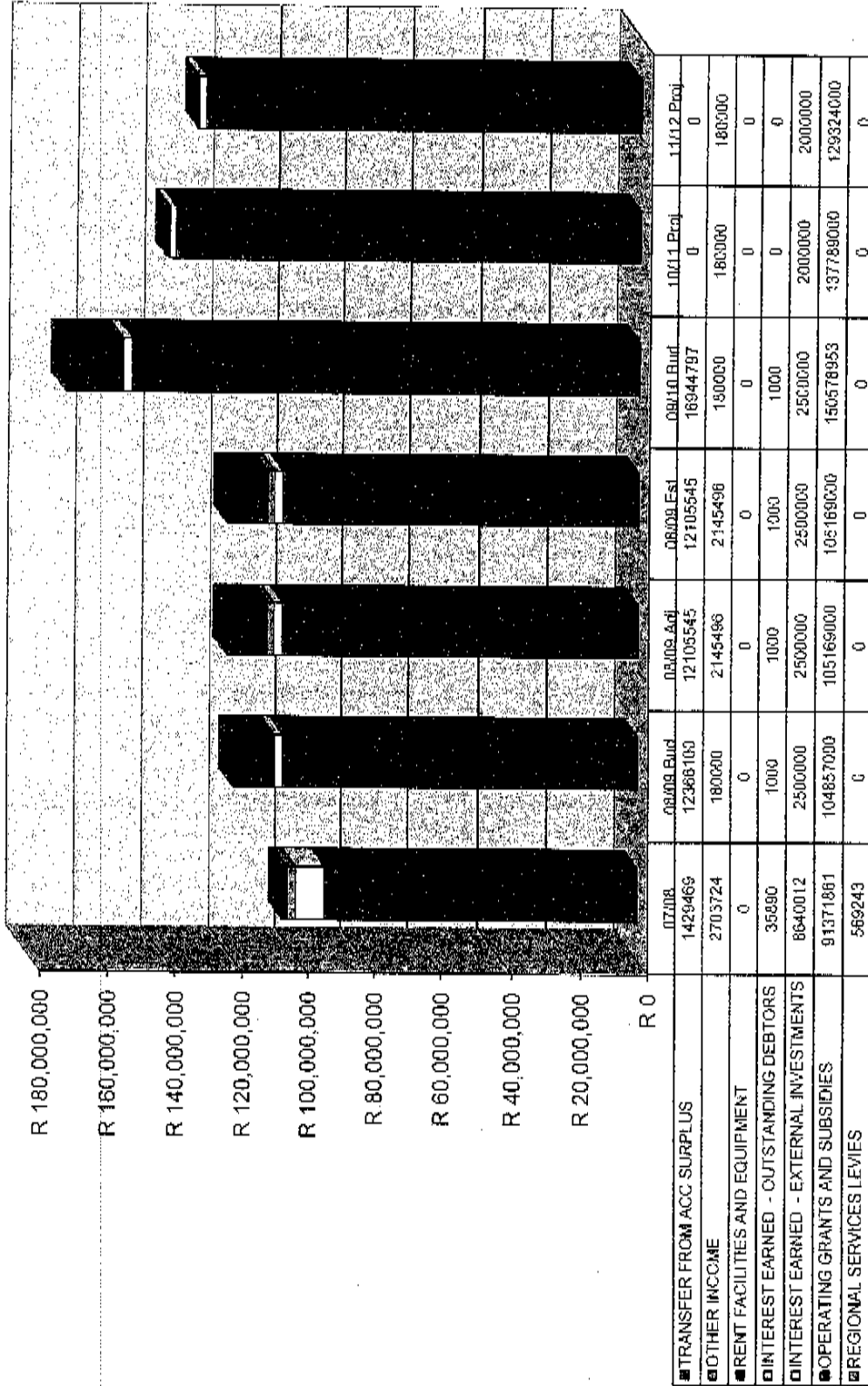
2009/10	2008/9	
R	R	
800 000	0	HIV & AIDS Programme
1 000 000	500 000	External Bursaries
2 000 000	2 540 000	Executive Mayor's Campaigns
850 000	1 750 000	Executive Mayor's Donations
875 000	875 000	Special Programs
1 400 000	1 010 000	Public Participation Programme
500 000	630 000	Corporate Reports
1 600 000	2 000 000	IDP Implementation & Monitoring
300 000	1 500 000	Performance Management System
3 600 000	2 500 000	Capacity Building (LM)
1 200 000	1 048 800	Audit Fees
600 000	285 000	Insurance
560 000	750 000	Computer Software Maintenance
2 050 000	1 500 000	Recent - Equipments
1 000 000	1 000 000	Emergency Funding (LM)
1 000 000		Fire Equipment (Malube LM)
400 000	500 000	Air Quality Management
300 000	300 000	Environmental Health Project
1 000 000	800 000	Sports Development Program
450 000	350 000	Agricultural Projects
3 500 000	3 250 000	Vrededorp Home Exhibition
1 000 000	1 000 000	Upgrading of Municipal Resorts
1 000 000	400 000	Emergency & Special Programme
33 000 000	-	Fezile Dabi Sport Stadium

Significant figures in the budget

SCHEDULE 1 REVENUE BY SOURCE	Preceding Year 2007/08		Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	Budget Year 2009/10		Budget Year +1 2010/11	
					Budget E	Budget F	Budget G	
Revenue by Source								
REGIONAL SERVICES LEVIES	599,243	0	0	0	0	0	0	0
OPERATING GRANTS AND SUBSIDIES	91,371,881	104,857,000	105,189,000	105,189,000	150,578,963	137,789,000	129,924,000	129,924,000
INTEREST EARNED - EXTERNAL INVESTMENTS	8,640,012	2,500,000	2,500,000	2,500,000	2,500,000	2,000,000	2,000,000	2,000,000
INTEREST EARNED - OUTSTANDING DEBTORS	35,390	1,000	1,000	1,000	1,000	0	0	0
RENT FACILITIES AND EQUIPMENT	0	0	0	0	0	0	0	0
OTHER INCOME	2,703,724	180,000	2,145,496	2,145,496	180,000	180,000	180,000	180,000
TRANSFER FROM ACC SURPLUS	1,429,489	12,368,100	-2,105,545	12,105,545	16,944,787	0	0	0
<b>Total Revenue By Source</b>	<b>104,750,199</b>	<b>318,904,100</b>	<b>121,921,041</b>	<b>121,921,041</b>	<b>170,204,750</b>	<b>139,969,000</b>	<b>131,504,000</b>	<b>131,504,000</b>



**Revenue by Source**



SCHEDULE 2 OPERATING EXPENDITURE BY VOTE	Preceding Year 2007/08		Current Year 2008/09				Medium Term Revenue and Expenditure Framework		
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D		Budget Year +1 2010/11		Budget Year +2 2011/12	
				Adjusted Budget C	Full Year Forecast D	Budget E	Budget F	Budget G	
COUNCIL GENERAL	8,890,910	11,395,700	11,792,731	11,792,731	11,792,731	13,233,450	13,865,200	14,527,100	
EXECUTIVE MAYOR	9,922,657	7,427,500	8,334,900	8,334,900	8,334,900	7,913,800	7,844,600	8,077,500	
SPEAKER	2,570,303	3,305,400	3,150,400	3,160,400	3,160,400	4,954,300	3,703,300	3,951,850	
MAYORAL COMMITTEE	1,593,431	2,783,200	2,897,800	2,887,800	2,887,800	3,172,100	3,421,500	3,683,000	
MUNICIPAL MANAGER	7,568,141	13,898,900	14,289,410	14,289,410	14,289,410	16,122,900	17,078,950	18,023,700	
MUNICIPAL MANAGER - DIRECTOR	862,800	1,302,400	1,292,400	1,292,400	1,292,400	1,346,500	1,442,850	1,545,200	
FINANCE	6,460,879	7,403,900	7,072,700	7,072,700	7,072,700	10,769,200	11,434,450	12,117,200	
FINANCE - DIRECTOR	701,886	1,094,800	1,114,800	1,114,800	1,114,800	1,184,150	1,242,250	1,298,300	
INFORMATION TECHNOLOGY	2,033,952	3,569,000	3,569,000	3,569,000	3,569,000	4,205,700	4,415,750	4,613,550	
SHARED SERVICES	0	1,000,000	1,000,000	1,000,000	1,000,000	1,100,000	1,155,000	1,206,900	
PROJECT MANAGEMENT AND PUBLIC ROADS	4,863,339	6,852,800	6,452,800	6,452,800	6,452,800	7,094,000	7,920,100	8,263,750	
PROJECT MANAGEMENT PROJECTS LOCAL MUN	33,384,728	14,028,500	14,157,500	14,157,500	14,157,500	42,250,000	13,528,000	0	
PMPW - DIRECTOR	724,578	958,800	948,300	948,300	948,300	1,053,850	1,108,100	1,155,800	
CORPORATE SUPPORT SERVICES	7,679,524	9,211,300	9,321,300	9,321,300	9,321,300	10,761,950	11,288,550	12,025,200	
CORPORATE - DIRECTOR	567,803	983,500	977,100	977,100	977,100	1,075,100	1,131,500	1,182,600	
FIRE AND EMERGENCY SERVICES	0	0	0	0	0	2,797,500	3,001,150	3,216,250	
DISASTER MANAGEMENT	1,835,359	6,444,000	6,444,000	6,444,000	6,444,000	6,152,600	6,459,600	6,762,150	
DISASTER MANAGEMENT - DIRECTOR	340,797	523,800	520,800	520,800	520,800	572,850	601,100	628,100	
LOCAL ECONOMIC DEV. AND TOURISM	5,389,113	10,483,300	10,533,000	10,533,000	10,533,000	11,647,300	11,880,150	12,503,700	
LOCAL ECONOMIC DEV. AND TOURISM DIRECTOR	882,187	986,800	986,800	986,800	986,800	1,087,200	1,141,100	1,192,500	
ENVIRONMENTAL HEALTH	6,775,146	17,407,500	11,401,500	11,401,500	11,401,500	13,986,350	14,641,650	15,307,300	
PUBLIC SAFETY & HEALTH DIRECTOR	340,797	535,800	535,800	535,800	535,800	590,450	625,900	666,700	
PLANNING AND IMPLEMENTATION CENTRE	3,751,079	0	0	0	0	0	0	0	
OPERATING EXPENDITURE BY VOTE	104,750,199	144,980,100	115,972,041	115,972,041	115,972,041	162,184,750	138,755,650	131,931,150	

Operating Expenditure by Vote

	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
R 180,000,000	340,797	535,800	535,800	535,800	590,450	625,900	666,700
R 160,000,000	6,779,146	11,401,500	1,401,500	1,401,500	13,995,350	14,641,850	15,301,300
R 140,000,000	882,167	966,600	966,600	966,600	1,087,200	1,141,100	1,192,500
R 120,000,000	5,688,119	10,483,000	10,533,000	10,533,000	11,647,000	11,860,150	12,503,700
R 100,000,000	340,797	520,800	520,800	520,800	572,650	601,100	628,100
R 80,000,000	1,835,359	6,444,000	6,444,000	6,444,000	6,152,600	6,459,600	6,752,150
R 60,000,000	0	0	0	0	2,797,500	3,001,150	3,216,250
R 40,000,000	567,608	983,600	977,100	977,100	1,075,100	1,131,900	1,182,600
R 20,000,000	7,629,524	9,211,300	9,321,300	9,321,300	10,761,950	11,298,550	12,025,200
R 0	724,576	956,600	846,300	846,300	1,053,650	1,106,100	1,155,600
	53,394,728	4,028,500	4,157,500	4,157,500	42,250,000	43,528,000	0
	4,609,339	6,852,600	6,452,600	6,452,600	7,064,000	7,920,100	6,265,750
	0	1,000,000	1,000,000	1,000,000	1,100,000	1,155,000	1,206,900
	2,036,952	3,569,000	3,569,000	3,569,000	4,205,700	4,415,750	4,613,550
	701,686	1,094,800	1,114,800	1,114,800	1,184,150	1,242,250	1,296,300
	5,460,879	7,403,900	7,072,700	7,072,700	10,769,200	11,434,450	12,117,200
	862,800	1,302,400	1,292,400	1,292,400	1,346,500	1,442,850	1,545,200
	7,566,141	13,689,900	14,489,410	14,489,410	16,122,100	17,078,950	18,026,700
	1,563,431	2,763,200	2,857,800	2,857,800	3,176,100	3,421,900	3,683,000
	2,570,303	3,005,400	3,160,400	3,160,400	4,054,300	3,709,300	3,951,850
	8,622,657	7,421,500	8,334,300	8,334,300	7,913,800	7,944,600	8,077,500
	8,830,919	11,395,700	11,792,730	11,792,730	13,233,450	13,695,200	14,521,100

SCHEDULE 2(a) OPERATING EXPENDITURE BY GFS	Preceding Year 2007/08		Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	Budget Year		Budget Year +2 2011/12 Budget	
					2009/10 Budget	2010/11 Budget		
Executive & Council	21,587,301	24,525,800	26,175,231	26,175,231	28,379,650	28,671,000	30,233,450	
Finance & Admin - Municipal Manager	8,418,941	15,002,300	15,781,810	15,781,810	17,468,600	18,521,700	19,571,900	
Finance & Admin - CSS	8,197,132	10,194,900	10,298,400	10,298,400	11,837,050	12,430,450	13,207,800	
Finance & Admin - Finance	8,199,717	8,498,700	8,187,500	8,187,500	17,299,050	18,247,450	19,235,950	
Finance & Admin - Other Services	5,333,915	12,378,200	11,859,900	11,869,900	8,147,650	9,026,200	9,421,350	
Fire & Emergency Services	0	0	0	0	2,797,500	3,001,150	3,216,250	
Environmental Health	7,119,943	11,937,300	11,937,300	11,937,300	14,585,800	15,267,750	15,988,000	
Community & Social Services	6,571,286	11,449,600	11,499,600	11,499,600	12,734,200	13,001,250	13,686,200	
Public Safety	2,176,156	6,964,800	6,964,800	6,964,800	6,725,250	7,080,700	7,380,250	
Planning and Implementation Centre	3,751,079	0	0	0	0	0	0	
Grants to Local Authorities	39,394,728	14,028,500	14,157,500	14,157,500	42,250,000	13,529,000	0	
<b>OPERATING EXPENDITURE BY VOTE</b>	<b>104,750,199</b>	<b>114,980,100</b>	<b>116,872,041</b>	<b>116,872,041</b>	<b>162,184,750</b>	<b>138,755,650</b>	<b>131,931,150</b>	

SCHEDULE 3 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2007/08		Current Year 2008/09				Medium Term Revenue and Expenditure Framework		
	Audited Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	Budget Year 2009/10		Budget Year +1 2010/11		Budget Year +2 2011/2012
					Budget	Budget	Budget	Budget	Budget
MUNICIPAL MANAGER - CAPITAL	358 198	106 000	130 000	30 000	200 000	210 000	219 000		
FINANCE - CAPITAL	0	90 000	150 000	90 000	120 000	128 000	132 000		
INFORMATION TECHNOLOGY - CAPITAL	508 778	1 130 000	1 100 000	1 100 000	250 000	262 500	274 300		
INFORMATION TECHNOLOGY - CAPITAL	0	400 000	400 000	400 000	0	0	0		
SHARED SERVICES - CAPITAL	0	1 300 000	300 000	1 300 000	700 000	735 000	768 000		
PROJECT MANAGEMENT & PUBLIC ROADS - CAPITAL	1 418 082	1 090 000	5 000 000	1 000 000	800 000	1 500 000	1 900 000		
CORPORATE SERVICES - CAPITAL	39 848	40 000	40 000	40 000	150 000	160 000	170 000		
FIRE & EMERGENCY SERVICES	0	0	0	0	1 000 000	1 050 000	1 097 250		
DISASTER MANAGEMENT - CAPITAL	0	0	0	0	600 000	630 000	668 350		
LED & TOURISM - CAPITAL	28 000	850 000	660 000	380 000	4 000 000	3 360 000	3 500 000		
ENVIRONMENTAL HEALTH - CAPITAL	205 751	209 000	209 000	209 000	200 000	210 000	219 000		
PLANNING AND IMPLEMENTATION CENTRE	0	0	0	0	0	0	0		
<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>2 558 738</b>	<b>4 924 000</b>	<b>5 049 000</b>	<b>5 049 000</b>	<b>8 020 000</b>	<b>7 743 500</b>	<b>8 037 900</b>		

Capital Expenditure by Vote

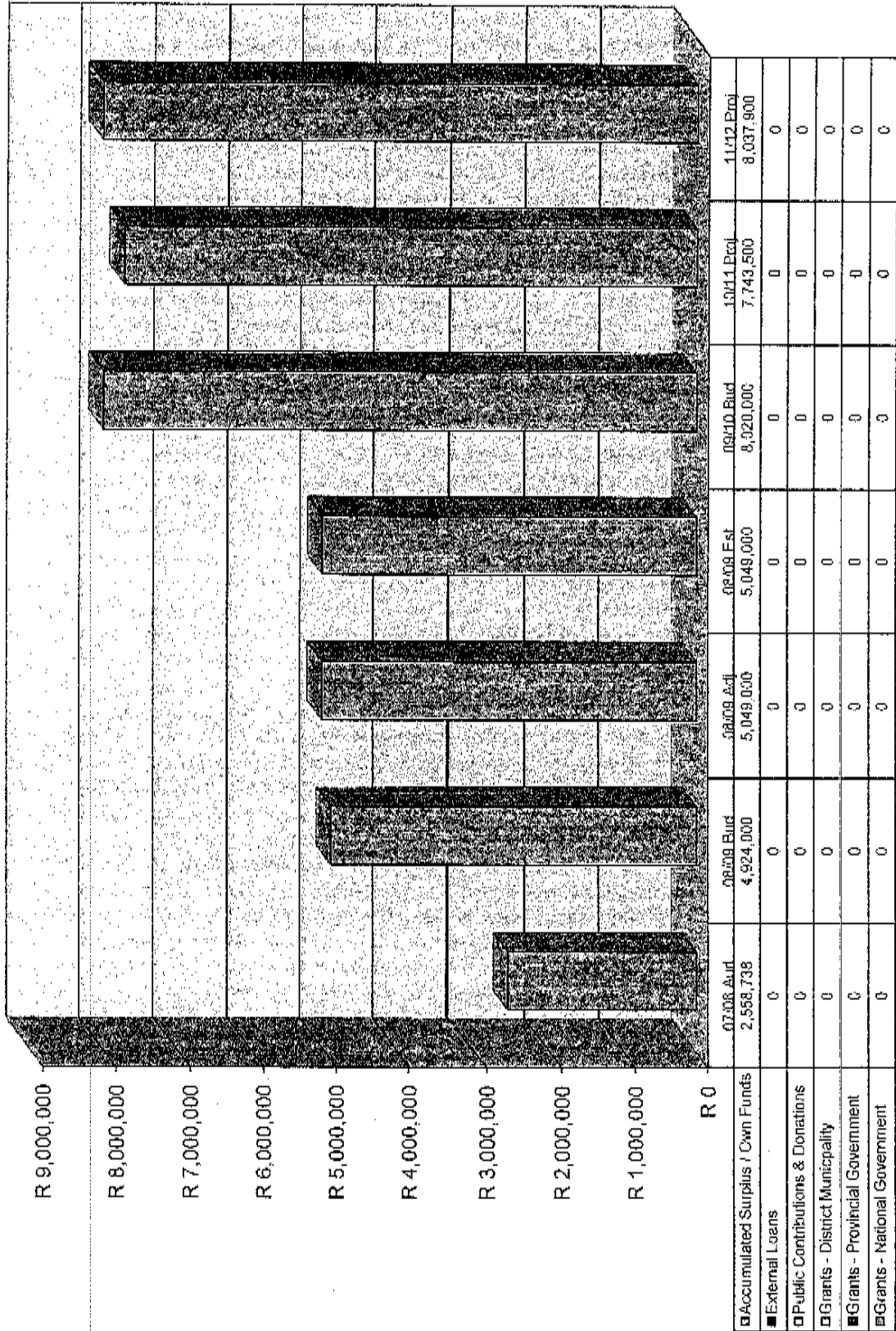
	07/08 Bud	08/08 Bud	08/08 Adj	08/08 Est	09/10 Bud	10/11 Perf	11/12 Proj
R 8,000,000							
R 7,000,000							
R 6,000,000							
R 5,000,000							
R 4,000,000							
R 3,000,000							
R 2,000,000							
R 1,000,000							
R 0							
3 ENVIRONMENTAL HEALTH - CAPITAL	206,751	209,000	209,000	209,000	200,000	210,000	219,000
2 LED & TOURISM - CAPITAL	28,000	680,000	680,000	680,000	4,000,000	3,360,000	3,500,000
9 DISASTER MANAGEMENT - CAPITAL	0	0	0	0	600,000	630,000	658,350
4 CORPORATE SERVICES - CAPITAL	39,948	40,000	40,000	40,000	150,000	160,000	170,000
5 PROJECT MANAGEMENT & PUBLIC ROADS - CAPITAL	1,418,062	1,000,000	1,000,000	1,000,000	800,000	1,000,000	1,000,000
6 SHARED SERVICES - CAPITAL	0	1,300,000	1,300,000	1,300,000	700,000	735,000	768,000
7 INFORMATION TECHNOLOGY - CAPITAL	0	400,000	400,000	400,000	0	0	0
8 INFORMATION TECHNOLOGY - CAPITAL	508,779	1,100,000	1,100,000	1,100,000	250,000	262,500	274,300
1 FINANCE - CAPITAL	0	90,000	190,000	190,000	120,000	126,000	132,000
10 MUNICIPAL MANAGER - CAPITAL	358,198	105,000	130,000	130,000	200,000	210,000	219,000

SCHEDULE 3(a) CAPITAL EXPENDITURE BY GFS	Preceding Year 2007/08		Current Year 2008/09			Medium Term Revenue and Expenditure Framework Budget Year +1 2010/11			Budget Year +2 2011/12	
	Actual A	Approved Budget B	Adjusted Budget C	Full Year Forecast D	Budget E	Budget F	Budget G	Budget H	Budget I	
Executive & Council:	0	0	0	0	0	0	0	0	0	
Finance & Admin - Municipal Manager	356,195	106,000	130,000	130,000	200,000	210,000	210,000	210,000	210,000	
Finance & Admin - CSS	39,943	40,000	40,000	40,000	150,000	180,000	180,000	180,000	180,000	
Finance & Admin - Finance	0	90,000	190,000	190,000	1,070,000	1,120,000	1,120,000	1,120,000	1,120,000	
Finance & Admin - Other Services	1,926,841	3,800,000	3,800,000	3,800,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	
Planning & Development	0	0	0	0	1,000,000	1,050,000	1,050,000	1,050,000	1,050,000	
Environmental Health	205,751	209,000	209,000	209,000	200,000	210,000	210,000	210,000	210,000	
Community & Social Services	25,000	680,000	680,000	680,000	4,000,000	3,500,000	3,500,000	3,500,000	3,500,000	
Public Safety	0	0	0	0	600,000	600,000	600,000	600,000	600,000	
<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>2,558,738</b>	<b>4,924,000</b>	<b>5,049,000</b>	<b>5,049,000</b>	<b>8,020,000</b>	<b>7,743,500</b>	<b>7,743,500</b>	<b>7,743,500</b>	<b>8,037,900</b>	

SCHEDULE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2007/08		Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast	2009/10 Budget	2010/11 Budget	Budget Year +1 2011/12 Budget	Budget Year +2 2011/12 Budget
		B	C	D	E	F	G	
National Government								
Amounts allocated / gazetted for that year								
Amounts carried over from previous years								
<b>Total Grants &amp; Subsidies - National Government</b>	0	0	0	0	0	0	0	0
Provincial Government								
Amounts allocated / gazetted for that year								
Amounts carried over from previous years								
<b>Total Grants &amp; Subsidies - Provincial Government</b>	0	0	0	0	0	0	0	0
District Municipality								
Amounts allocated for that year	0	0	0	0	0	0	0	0
Amounts carried over from previous years	0	0	0	0	0	0	0	0
<b>Total Grants &amp; Subsidies - District Municipalities</b>	0	0	0	0	0	0	0	0
<b>Total Government Grants &amp; Subsidies</b>	0	0	0	0	0	0	0	0
Public Contributions & Donations	0	0	0	0	0	0	0	0
Accumulated Surplus (Own Funds)	2,558,738	4,924,000	5,049,000	5,049,000	8,020,000	7,743,500	8,037,900	
External Loans								
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE<sup>3</sup></b>	<b>2,558,738</b>	<b>4,924,000</b>	<b>5,049,000</b>	<b>5,049,000</b>	<b>8,020,000</b>	<b>7,743,500</b>	<b>8,037,900</b>	



Capital Funding by Source





SCHEDULE 6 OPERATING EXPENDITURE BY TYPE	Preceding Year 2007/08		Current Year 2008/09				Medium Term Revenue and Expenditure Framework Budget Year +1 2010/11		Budget Year +2 2011/12		
	Audited Actual A		Approved Budget B		Adjusted Budget C		Budget E		Budget F		
Operating Expenditure by Type											
EMPLOYEE SALARIES AND ALLOWANCES	6 536 766	31 723 500	31 683 700	26.49%	31 683 700	26.49%	41 627 700	24.46%	44 856 100	47 154 700	
EMPLOYEE SOCIAL CONTRIBUTIONS	2 731 623	6 523 300	6 333 300	5.31%	6 333 300	5.31%	9 847 000	5.20%	9 552 200	5 100 500	
RENUMERATION OF COUNCILLORS	3 937 653	4 574 300	5 093 100	4.15%	5 093 100	4.15%	5 747 000	3.37%	6 148 100	6 575 400	
GENERAL EXPENDITURE - DEPARTMENTS	22 347 416	30 424 700	31 732 631	25.37%	31 732 631	25.37%	37 846 750	22.24%	38 588 400	40 433 700	
GENERAL EXPENSES - FINANCIAL SERVICES	713 159	1 426 400	945 300	1.19%	945 300	1.19%	1 352 600	0.76%	1 387 500	1 432 050	
GENERAL EXPENSES - BULK PURCHASE	0	0	0	0.00%	0	0.00%	0	0.00%	0	0	
GENERAL EXPENSES - CONTRACTED SERVICES	6 038 048	13 391 200	4 110 700	11.17%	4 110 700	11.17%	11 357 000	6.65%	11 221 350	11 726 300	
LOSS ON THE SALE OF ASSETS	0	0	0	0.00%	0	0.00%	0	0.00%	0	0	
COLLECTION COST	827 359	2 552 500	2 552 500	0.00%	2 552 500	0.00%	0	0.00%	0	0	
GRANTS & SUBSIDIES P.A.D. - OPERATING	2 123 921	14 028 500	4 157 500	2.13%	4 157 500	2.13%	1 558 400	0.91%	1 534 200	1 707 700	
GRANTS & SUBSIDIES PAID - CAPITAL	23 516 174	9 500 000	8 800 000	11.70%	8 800 000	11.70%	42 262 000	24.62%	13 328 000	0	
INTEREST EXTERNAL BORROWINGS	5 322 612	820 400	895 400	7.17%	895 400	7.17%	793 900	5.41%	9 660 000	10 064 900	
REPAIR AND MAINTENANCE	1 365 325	310 400	910 400	0.66%	910 400	0.66%	1 725 700	1.01%	1 311 950	778 100	
DEPRECIATION	78 228	4 924 000	5 049 000	0.03%	5 049 000	0.03%	0	0.00%	0	1 893 800	
TRANSFERS TO AND FROM WORKING CAPITAL	2 568 738	0	0	0.00%	0	0.00%	0	0.00%	0	0	
TRANSFERS TO AND FROM PROVISIONS	0	0	0	0.00%	0	0.00%	0	0.00%	0	0	
CAPITAL EXPENDITURE	0	0	0	0.00%	0	0.00%	0	0.00%	0	0	
<b>Total Operating Expenditure By Type</b>	<b>85,915,588</b>	<b>119,804,109</b>	<b>121,729,541</b>	<b>106.00%</b>	<b>121,729,541</b>	<b>106.00%</b>	<b>170,204,750</b>	<b>100.00%</b>	<b>148,466,150</b>	<b>139,934,550</b>	

R 180,000,000  
 R 160,000,000  
 R 140,000,000  
**Operating Expenditure by Type**  
 R 120,000,000  
 R 100,000,000  
 R 80,000,000  
 R 60,000,000  
 R 40,000,000  
 R 20,000,000  
 R 0

	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
% TRANSFERS TO AND FROM PROVISIONS	76,228	-	-	-	-	-	-
% TRANSFER TO AND FROM WORKING CAPITAL	-	-	-	-	-	-	-
% DEPRECIATION	1,385,306	810,400	810,400	810,400	1,725,700	1,811,953	1,893,600
% REPAIR AND MAINTENANCE	556,261	640,460	665,400	665,400	719,900	754,850	778,103
% INTEREST EXTERNAL BORROWINGS	5,822,812	8,600,000	8,600,000	8,600,000	9,200,000	9,860,000	10,094,600
% GRANTS & SUBSIDIES PAID - CAPITAL	23,516,174	14,028,500	14,157,500	14,157,500	42,250,000	13,528,000	-
% GRANTS & SUBSIDIES PAID - OPERATING	2,123,921	2,552,500	2,552,500	2,552,500	1,556,400	1,634,200	1,707,700
% COLLECTION COST	827,356	-	-	-	-	-	-
% LOSS ON THE SALE OF ASSETS	-	-	-	-	-	-	-
% GENERAL EXPENSES - CONTRACTED SERVICES	6,038,048	13,391,200	14,110,710	14,110,710	11,337,000	11,221,350	11,726,300
% GENERAL EXPENSES - BULK PURCHASE	-	-	-	-	-	-	-
% GENERAL EXPENSES - FINANCIAL SERVICES	713,196	1,428,800	945,300	945,300	1,332,600	1,367,500	1,432,050
% GENERAL EXPENDITURE - DEPARTMENTS	22,347,416	30,424,200	31,732,633	31,732,631	37,846,750	38,368,400	40,433,700
% REMUNERATION OF COUNCILLORS	3,631,855	4,974,300	5,089,100	5,089,100	5,741,700	6,148,100	6,575,400
% EMPLOYEE SOCIAL CONTRIBUTIONS	2,731,523	6,383,300	6,333,300	6,333,300	8,847,000	9,552,200	10,100,500
% EMPLOYEE SALARIES AND ALLOWANCES	16,586,766	31,766,500	31,683,700	31,683,700	41,827,700	44,656,100	47,164,700

**BUDGET PROCESS**

The 2009-2010 Multi Year Budget was compiled in accordance with the budget policy which forms part of the final budget documents (as part of the budget related policies).

The tabling of this budget is a culmination of the budget process which started in August 2008 with the tabling of the 2009/10 budget timetable before Council. Many processes were undertaken both politically and administratively, amongst others, consultation with the communities and meetings held with steering committee, senior managers and other managers to inform the budget.

In terms of the MFMA, the Council of a municipality must for each financial year approve an annual budget 30 days before the start of the financial year. In order to comply with the above-mentioned provision, the Mayor must table a draft budget at a Council meeting 90 days before the start of the financial year. The draft budget was duly tabled by Council on 27 March 2009.

A municipality is expected to table a balanced and credible budget which is based on realistic estimates of revenue to be collected and grand to be received.

The final budget must be tabled and approved by Council 30 days before the start of the financial year. This budget is thus based on realistic estimates of revenue to be received in line with MFMA.

**BUDGET ROAD SHOW REPORT**

**2009/10 FINANCIAL YEAR**

**Budget Road Show 07 APRIL 2009**

**Matibe Local Municipality (Villiers)**

Programme Director: Cllr George (Mayco member)

Purpose of the meeting: Cllr Ramokhoasi (Executive Mayor)

Budget Presentation: Ernest Mohlahle (CFO)

- Attached attendance register

- Attached presentation

Comments and questions raised by the community

A) For Fezile Dabi District Municipality

- Workshop be arranged to explain how SMMEs are assisted by the District

- Funding for SMME be increased

- Fan parks be erected for 2010 World Cup

- Learnership programs be established for the youth graduates

- Equitable allocation of bursaries in the District

B) For Matibe Local Municipality

- Upgrading of bridges

- Additional assets for service delivery (vehicles and equipment) needed

C) Provincial Government

- Waiting area for ambulances

- Shortage of staff at the clinic

- Unavailability/Shortage of ambulances

- How is the community going to benefit from Vredefort Dome
  - SMME assistance to cover existing and new businesses
- A) For Fezile Dabi District Municipality

Comments and questions raised by the community

- Attached presentation
- Attached attendance register

Budget Presentation: Ernest Mohlahlo (CFO)

Purpose of the meeting: Cllr Ramokhoasi (Executive Mayor)

Programme Director: Cllr George

Negathe local Municipality (Edenville)

08 APRIL 2009

- Local Municipality not accessible regarding service delivery
- B) For Metsimaholo Local Municipality

- Job creation through building of sports complex (eg Lotto funding)
- How to access funding for self help projects
- Need for workshop on SMME funding

A) For Fezile Dabi District Municipality

Comments and questions raised by the community

- Attached presentation
- Attached attendance register

Budget Presentation: Ernest Mohlahlo (CFO)

Purpose of the meeting: Cllr Ramokhoasi (Executive Mayor)

Programme Director: Cllr George (Mayco member)

Metsimaholo local Municipality (Oranjeville)

- Buy seats for Matlwangtiwang hall
- B) For Mochaka Local Municipality
  - Need for ABET bursaries
  - Budget for special programs be increased to R 1 000 000
  - Learnership programs
  - upgrading
  - Budget for upgrading of resorts be reduced. Income from resorts be used for
  - Equitable allocation of bursaries
- A) For Fezile Dabi District Municipality

Comments and questions raised by the community

- Attached presentation
  - Attached attendance register
- Budget Presentation: Ernest Mohlahlo (CFO)
- Purpose of the meeting: Cllr Ramokhoasi (Executive Mayor)
- Programme Director: Cllr George

Moghaka Local Municipality (Steynsrus)

9 April 2009

- Building of a clinic
- Lack of sports facilities
- C) Provincial Department
- Lack of sports facility
- B) For Ngwathe Local Municipality
  - Ward committee members be trained on disaster management
  - Equitable allocation of bursaries
  - Verkop be considered a heritage site



The listeners participated and thank the municipality for taking initiatives to come closer to the community.

Lentswe FM – Tumahole

Over Vaal FM – Viljoenskroon

Karabo FM – Zamdela

stations:

Radio debates were held with the Executive Mayor and the CFO by the following community radio

**RADIO DEBATES**

- Budget for transport for rural scholars

**C) Provincial Department**

- Need for resort
- Fencing of cemetery
- Increase budget for bursaries to R 2000 000
- Reduce Mayor's camping budget to R 800 000

**Budget Link to Integrated Development Program - Key Performance Areas**

<b>EXPENDITURE</b>		<b>% of Total Expenditure</b>
Municipal Transformation and Organisational Development	11,945,200	9.96%
Basic Service Delivery	41,456,200	34.57%
Local Economic Development	12,734,200	10.62%
Municipal Financial Viability & Management	18,105,250	15.10%
Good Governance and Public Participation	35,693,900	29.76%
<b>Total Operating Budget Amount</b>	<b>119,934,750</b>	

		<b>% of Total Expenditure</b>
Building, Furniture & Equipment - FDDM	8,020,000	6.69%
Grants to Local Municipalities & Other for Infrastructure Projects	42,250,000	35.23%
<b>Total Capital And Other Grants</b>	<b>50,270,000</b>	
<b>Total Expenditure</b>	<b>170,204,750</b>	

<b>INCOME</b>		<b>% of Total Income</b>
Income	(153,259,953)	90.04%
Contribution from Accumulated Surplus	(16,944,797)	9.96%
<b>Total Income</b>	<b>(170,204,750)</b>	

**Surplus (Deficit) For The Year**

-

**BASIC ASSUMPTIONS FOR PROJECTING REVENUE AND EXPENDITURE**

**BUDGET 2009/10**

**BACKGROUND**

To prepare the 2009/10 financial year budget, it is to project revenue and expenditures based upon certain assumptions. The assumptions used for the 2009/10 budget are enumerated below. However the budget is structurally balanced.

**REVENUE ASSUMPTIONS**

**Interest earned on external investments**

The interest earned on external investments is based on the assumption of the average interest rate of 7.5% on the R30 million investments during the year. Note should be taken that this are short-term investments that will be redeemed within the financial year.

**Other Income**

The other income is based on the assumption that the sale of tender documents based on an average amount of R200 per document for 200 documents.

**Expenditure**

Budgeted employees salary and councilors remuneration based on current situation plus estimated 12, 5% increase with effect from the 1 July 2009. 12, 5% equals to the average CPIX for the period of March 2008 to February 2009 plus one percent.

Employee travel reimbursement has been increased based on the assumption that fuel price increase will reach an average of R9.00 per liter.

All other general and capital expenses have been budgeted in line with the user's inputs in line with zero-based budgeting and headline CPI inflation of 5.4% as per circular 48.

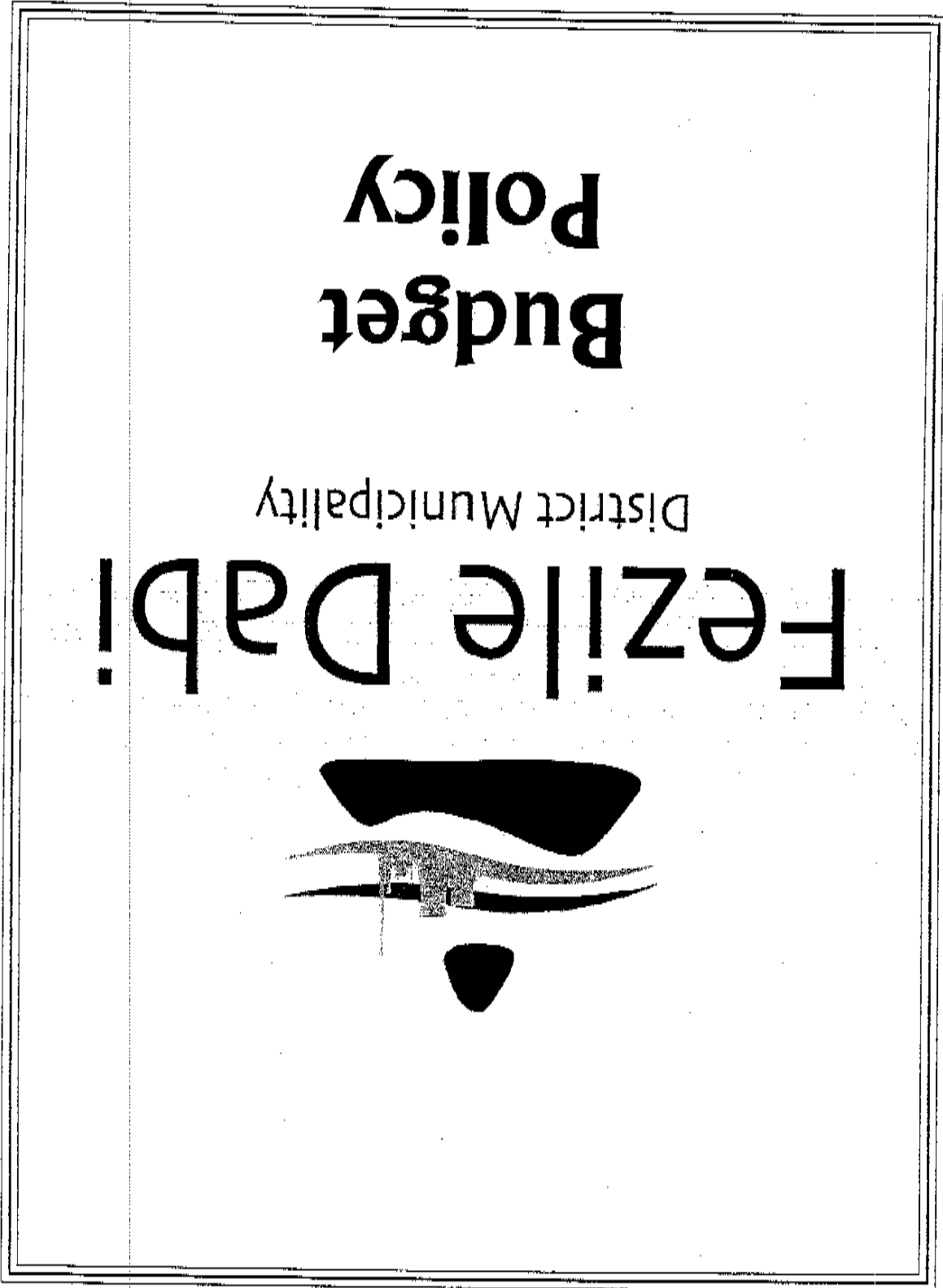


**FEZILE DABI DISTRICT MUNICIPALITY**

**TIME SCHEDULE OF KEY DEADLINES FOR 09/10**

MONTH	Completion date	Activity	Responsibility
July-08	10 to 31	Preparations of the budget unelines	Finance Department
	31	Planning of the next three year budget in accordance with co-ordination role of the budget process	Accounting Officer and S57 Directors
August-08	20	Tabling of the Timelines to Council	Chief Financial Officer
	21	Submission of the Timelines to PT	Chief Financial Officer
	25	Advertise the budget unelines	Chief Financial Officer
	29	Beginning of the Annual Report Preparation Process	AO & S57 Directors
	29	Submission of the Budget Checklist	Chief Financial Officer
	29	Approval of the SICBP	Executive Mayor
	29	Preparation of budget related policies	Chief Financial Officer
	29	Review of the previous year's budget process	Accounting Officer and S57 Directors
	29	Review H2P and Budget Processes and develop improvements	
September-08	30	Determine the Funding/revenue projections for the next three years	CFO
	30	Council determines the strategic objectives for service delivery and development for the next three years (through IDP reviews)	
October-08	1	Budget Process begins	CFO
	1	Preparation of the draft budget	CFO Haisan Heads of department for their departmental budget
	24	First Quarter Budget report to council	CFO
November-08	3	Preparation of the Draft budget	CFO Haisan Heads of department for their departmental budget
December-08	10	Consolidating the departmental budgets and prepare the proposed budget	CFO

January-09	12	Finalise the Annual report	AO & CFO
	14	Second Quarter Budget Report to Council	CFO
	23	Final Mid-year budget and Performance Assessment	Accounting Officer with liaison with the CFO
	26	As a result of the Assessment	CFO
	30	Adjustment of the Budget	CFO
	30	Adjustment Budget 08/09 to council for Approval	Executive Mayor
	30	Tabling of the Adjusted budget to Council	Accounting Officer
February-09	16	Publication of the Annual Report	Accounting Officer
	16	Finalise the Draft Budget in uniform format	Finance Department
	25	Submission of the Budget Return Form to NI & PI on the adjusted budget	AO & CFO
March-09	31	Tabling of the Draft Budget to Council	Executive Mayor
	31	Adoption of an Oversight Report	Executive Mayor
	31	Preparation of the SDBP for 08/09	Accounting Officer
April-09	6	Advertise the Draft Budget	Finance Department
	6	Submit the Budget Return Form to National & Provincial Treasury	Finance Department
	7	Submission of the Oversight Report to Provincial Legislature & Provincial Treasury	Executive Mayor
	14	Public Participation Process (06 to 24)	Executive Mayor
	14	Third Quarter Budget Report to Council	CFO
May-09	29	Approval of the Annual Budget	Council
June-09	5	Submit Budget Return Form to National & Provincial Treasury	Finance Department
	10	Place the annual Budget on the website	Finance Department
	10	Submit Budget document to National & Provincial Treasury and to DP1/G	Finance Department
	17	Submit draft SDBP to the Mayor	Accounting Officer



1. Except in so far as capital projects represent a contractual commitment to the municipality extending over more than one financial year, the annual capital budget shall be prepared from a zero base.
2. The capital budget component of the annual or adjustments budget shall only be approved by the council if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed capital expenses.
3. Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and any other ordinary operational expenses associated with any item on such capital budget.
4. Each annual and adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.
5. Any unappropriated surplus from previous financial years can be used to balance any annual or adjustments budget.

PART 2. BUDGETING PRINCIPLES TO BE FOLLOWED

To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the responsibilities of the chief financial officer in compiling such budget.

PART 1. OBJECTIVE

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13. The head of the department, service or function to which each budget vote relates shall justify the allocation of the aggregate budget for such vote to the various line-items within the vote to the portfolio committee responsible for the department, service or function concerned. In motivating the allocations made to and within the vote, the head of department, service or function concerned shall provide the relevant portfolio committee with appropriate quarterly performance indicators and

12. Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 33% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councillors shall be excluded from this limit.

11. The municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

In the preparation of the draft operating budget component of the annual budget, the allowable budgetary increment shall relate to the total amount provided for each budget vote, and the head of the department, service or function concerned shall have the right to allocate the total budgeted amount to the line-items within such vote, except in so far as the line-item provisions relate to matters determined by the chief financial officer in terms of the municipality's approved policies and contractual and statutory commitments (for example, depreciation charges, finance charges, insurance costs, contribution to the COID, RSC levies payable, skills development levies payable).

4. Except where the chief financial officer, with the consent of the mayor and municipal manager, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:
- depreciation charges
  - repairs and maintenance expenses
  - interest payable on external borrowings
  - other operating expenses.
5. In preparing the operating budget, the chief financial officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the chief financial officer shall properly and adequately reflect the organisational structure of the municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury.
6. The chief financial officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, and the contributions to the provisions for bad debts, and accrued leave entitlements.
7. The chief financial officer shall also, again with the approval of the mayor and the municipal manager, and having regard to the municipality's current financial performance, determine the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

Section 17: Contents of annual budgets and supporting documents

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.  
The Mayor must table the annual budget at least ninety days before the start of such financial year.

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

Section 16: Annual budgets

- 1. Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

Section 15: Appropriation of funds for expenditure

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PART 4. LEGAL REQUIREMENTS: MUNICIPAL FINANCE MANAGEMENT

- 13. The chief financial officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

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The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

The total cost of the project must also be approved by the Council.

A municipality may spend money on a capital project only if the money for the project (including the cost of any required feasibility studies) has been appropriated in the capital budget.

Section 19: Capital projects

- cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- borrowed funds in respect of the capital budget only.
- realistically expected revenues based on current and previous collection levels;

The budget may be financed only from:

Section 18: Funding of expenditures

- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;
- particulars of the municipality's investments; and

other municipalities affected by the budget.

The Municipal Manager must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and invite the local community to submit representations in regard to such budget.

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must

Section 22: Publication of annual budgets

- Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.
  - Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed:
  - Consult local municipalities in the district.
  - Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
  - When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
- the IDP and budget-related policies, and the consultative processes required in the approval of the budget.

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A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may revise its annual budget by means of an adjustments budget.

Section 28: Municipal adjustments budgets

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

Section 27: Non-compliance with provisions of this chapter

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

Year

Section 26: Consequences of failure to approve budget before start of budget

Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

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- the increase is not more than 20% of that financial year's allocation;
  - the increase is funded in the next financial year's appropriations;
  - the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
  - the Mayor gives prior written approval for such increased appropriation; and
  - all the above documentation is provided to the Auditor-General.
- any one financial year, provided:

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for

Section 31: Shifting of funds between multi-year appropriations

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

Section 30: Unspent funds

- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- the adjustments budget must be passed within sixty days after the expenses were incurred.

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.
- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor of the municipality must:

Section 53: Budget processes and related matters

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

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- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and

This report must reflect the following:

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

Section 71: Monthly budget statements

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

Section 70: Impending shortfalls, overspending and overtrats

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The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

Section 55: Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

Section 72: Mid-year budget and performance assessment

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

Section 83: Competency levels of professional financial officials

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- account to the Municipal Manager for the performance of all the foregoing responsibilities.

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

Section 81: Role of chief financial officer

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FINAL DATE	ACTION BY MUNICIPALITY
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan
Late June to late July: 28 days after budget approved	Conclude performance agreements
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year; service delivery targets for each quarter, and performance agreements

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54(1) and (2)	(Between 31 January and 31 March)	<p>If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).</p>	Mayor	<p>Adjustments budgets may be prepared by the accounting officer, and tabled in council by the Mayor "when necessary". They must be so prepared and tabled (within prescribed limits as to timing and frequency) whenever material adjustments to expenses or revenues are required, and not only when "serious financial problems" are looming. In general, adjustments budgets should preferably be tabled by or as soon as possible after 31 January, and certainly not later than 31 March when the draft annual budget for the next year is first tabled.</p>
54(3)	(Between 31 January and 31 March)	<p>Mayor must ensure that revisions to service delivery and budget implementation plan are "promptly" made public. (Note that no concomitant revision of performance agreements is evidently envisaged).</p>	Mayor	<p>Presumably the accounting officer must make these revisions for the mayor's approval as part of the process of adjusting the annual budget. The deadline for these revisions must be by or as soon as possible</p>

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53(1)(c)(iii)(aa) & (bb)	Within 28 days after annual budget approved (late June to late July)	Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor	No date is specified for the completion of this requirement, but the logical inference is that the date should not be much later than the date on which the service delivery and budget implementation plan must be approved. See Section 53(3)(b).
16(1) 53(3)(a) and (b)	30 June 14 days after approval of service delivery and budget implementation plan (mid July to mid August, depending on date plan approved)	Annual budget must be approved by council Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Council Mayor	Although this is not specified as a requirement, logic dictates that copies of the service delivery and budget implementation plan should also be submitted to council and the MEC.