

FETAKGOMO LOCAL MUNICIPALITY



DRAFT BUDGET FOR 2008/2009

Financial Year

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FOREWORD

The budget for the 2008/2009 financial year is divided into four departments. That is, Council's General (Corporate Services), Municipal Manager's Department, Financial Services as well as Planning and Development

In the 2008/2009 financial year operating budget, comparative figures have been used, the 2007/2008 financial year has been used as the base year. However the Capital budget of the 2008/09 was compiled on zero bases.

In terms of section 16(2) of The Local Government: Municipal Finance Management Act , Act 56 of 2003 :-

- (1) The Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the financial year.
- (3) Subsection (1) does not preclude the appropriation of money for capital Expenditure for a period not exceeding three years, provided a separate Appropriation is made for each of those years.

The accounting officer of a municipality must submit a tabled annual budget to the National Treasury and the relevant Provincial Treasury.

To make this budget work for the Fetakgomo Municipality, a total commitment on the part of the officials and the councilors is absolutely necessary. It is only then that the maximum of "Developmental Local Government" will be attained.

I call upon the community to actively participate in making inputs to these draft budget to ensure that we have a credible budget that belong to the people of fetakgomo.

M.F MOKOKO
MUNICIPAL MANAGER

1. Executive Summary

In terms of section 16 of the Municipal Finance Management Act, Act 56 of 2003, council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

In order to comply with the above subsection, the mayor of the municipality must table draft annual budget at a council meeting at least 90 days before the start of the budget year.

In section 17 it is further said that the budget must be a schedule in the prescribed format-

- a) Setting out realistically anticipated revenue for the budget year from each revenue source;
- b) Appropriating expenditure for the budget year under the different votes of the municipality;
- c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
- d) Setting out estimated revenue and expenditure by vote for the current year; and
- e) Actual revenue and expenditure by vote for the financial year preceding the current year.

Any further proposed amendment to the municipality's Integrated Development Plan following the annual review of the Integrated Development Plan in terms of section 34 of the Municipal Systems Act.

In terms of section 24 of MFMA the municipal council must at least 30 days before the start of the budget year consider the approval of the annual budget.

The section further says that: an annual budget-

- (a) must be approved before the start of the budget year;
Is approved by the adoption by the council of a resolution referred to in section 17 (3) (a) (i); and
- (b) must be approved together with the adoption of resolution as may be necessary-
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) Approving any changes to the municipality's budget-related policies.

The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury

2. FUNDING THE BUDGET

Total expenditure for 2008/09, 2009/10 and 2010/11 financial years amounts to 38, 42 and 41 million respectively. Total income for 2008/09, 2009/10 and 2010/11 amount to 30, 38 and 42 million respectively.

The municipal reserves currently amounts 5 million held at FNB and a further projected savings from operational budget amounts to 4.4 million. Council contribution to the budget for the budget year (2008/09) will amount to 8 million from reserves.

Total budget has increased by 7.3 million or 23 % and will increase by 9 % in 2009/10 total 32 %. Total infrastructure expenditure will amount to 9.3 million, 11.5 and 7.7 million respectively for 2008/09, 2009/10 and 2010/11 respectively.

See budget schedules, appendix A for total income, appendix C for operating expenditure and appendix F for capital expenditure.

3. EXPENDITURE

Employee related costs

Employee related costs will be 12.8 Million up from 9.4 million in 2007/08 financial year. Employee related a cost is 33.6 of the total budget for the 2008/09 budget year.

Provision for working capital

Provision for new working assets is budgeted at 205 thousands. It is less than 1 % of the budget.

Repairs and maintenance

Repairs and maintenance is budgeted at 125 thousands down from 151 thousands. It is less than 1% of the budget.

Free basic services/ Bulk services

Free basic services are budgeted at 500 thousands. There low turn up of indigents to claim free basic electricity has resulted in a downward revisal of the budget amount. Community must be informed amount claiming free basic services and the figure will be adjusted accordingly. It is 1.3% of the budget

Councilor allowances

Councilor allowances are budgeted at 4.3 million for the current financial year. Councilor allowance is 11.3 % of the budget.

Other expenses

General operating expenses amount to 10.3 million up from 8.3 million and constitute 27 % of the total budget.

Capital expenditure

Schedule 4

The Capital expenditure is budgeted at 9.3 million of which 8.2 million is Municipal Infrastructure Grant.

The total budget cost is 38 Million.

4. BUDGET RESOLUTIONS

Council resolves that the draft annual budget of the municipality for the financial year 2008/09; and indicative for the two projected years 2009/10 and 2010/11 be approved as set out in the following schedules:

- 1. Operating revenue by source reflected in schedule 1**
- 2. Operating expenditure by vote reflected in schedule 2**
- 3. Operating expenditure by GFS classification reflected in schedule 3**
- 4. Capital expenditure by vote reflected in schedule 4**
- 5. Capital funding per source reflected in schedule 5**
- 6. Council resolves that tariffs and charges reflected in schedule 6 are approved for the budget year 2008/09.**

5. SCHEDULE OF REMUNERATION OF COUNCILORS AND SENIOR OFFICIALS

Political office bearers

	Mayor	Speaker	Member of the executive Committee	Councilors
Basic Salary	328 184	262 531	135 367	98 449
Car allowance	109 388	87 510	45 122	32 816
Total Package	437 572	350 041	180 489	131 265
			1 263 424	2 625 300
			Grant total	4 676 337

Senior officials

	Municipal Manager	Finance	Corporate Services	Planning & Development	Total
Total package	447 006.00	402 305.00	378 167.00	378 167.00	1 605 645.00
Grant Total per month	37 250.00	33 529.00	31 513.00	31 513.00	133 805.00