



6 IDP BUDGET 2009/10



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6.1 INTRODUCTION

The 2009/2010 Medium Term Revenue and Expenditure Budget Framework (MTREF) has been informed by the Draft IDP and the GDS. Together, these documents give form to the strategic objectives and priorities of the District.

The five key priority areas identified are:

- Re-inventing our economy;
- Renewing our communities;
- Reviving our environment;
- Reintegration of our region; and
- Releasing of our human potential.

The MTREF is a three-year projection of the planned funding of programmes that these outcomes will require. It further breaks down the expenditure into operational requirements and capital investment.

In order to meet these targets, the budget process for 2009/2010 was amended. The budget process and IDP review process had been combined into a single process. This approach enhances community input, encourages debate on service delivery and local economic development issues, improves understanding of community needs and provides an opportunity for feedback, accountability and responsiveness to the needs of the local communities. It further enables the municipality to be responsive to the needs of the community and to provide useful inputs to the relevant provincial and national department strategies and budgets for the provision of services such as schools, clinics, hospitals and police stations.

The purpose of establishing and appointing a Budget Panel was to further assist in and expedite the preparation process of the 2009/2010 MTREF. The objective of the Budget Panel was to assess budget proposals to ensure that the proposed spending will achieve the District's priorities and to ensure that the limited available resources are allocated in line with Sedibeng's regional priorities. Programmes funded have been aligned to the District's strategy (GDS and IDP) and service delivery imperatives (SDBIP).

6.2 SUMMARY OF PROJECTED SPENDING PLAN

Sedibeng District Municipality's projected spending (OPEX and CAPEX) for the 2009/2010 financial year amounts to R358,295,558. An amount of R311,200,232 will account for operating expenditure and R47,095,326 has been allocated for capital investment. Strategic to addressing our key priority areas was optimizing the growth potential that the FIFA 2010 World Cup brings to us.

Hence, R10 million of our operating budget has been dedicated to special projects designed around "2010". Over three quarters of the capital investment (76%) has been committed to capital projects. These projects seek to align our IDP strategies to those of our local municipalities as well as national and provincial programmes.

6.3 BUDGET PROCESS OVERVIEW

This Budget is based on the draft IDP including the financial framework. In order to deliver a budget which conforms to the key objectives and strategies of the Sedibeng District Municipality the Treasury Cluster had various meetings with all the Clusters who held consultations with relevant MMC's. As a result of the limited resources as determined by National Treasury by means of the equitable share allocation the budget had to be drawn up within those constraints.

During the 2009/2010 budget process, Clusters were tasked to provide their budgetary requests as per their needs analysis and within their pre-determined indicative allocation. Incremental based budgeting was used for the expenses which have already been set by means of existing obligations.

The outcome of the MTEF modelling performed and presented incorporates the strategic focus areas of the draft IDP (February/March 2009), as well as core economic, financial and technical data obtained at local and national level.

The budget on financial performance (previously income and expenditure statement) has been drawn up on the GAMAP/GRAP principles of accounting where provision for depreciation has been taken into account.

The following should be noted:

- Indicative macroeconomic forecasts;
- Transfers to municipalities; and
- Key legal provisions to be strictly enforced.

6.3.1 Indicative Macroeconomic Forecasts

Municipalities are expected to levy their tariffs taking into account their local economic conditions, affordability levels and remain broadly in line with macro-economic policy. Municipalities must also take account of the policy and recent developments in government sectors relevant to their local communities. Tariff increases must be thoroughly substantiated in the municipal budget documentation for consultation with the community.

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A CPI rate of 5,4% has been prescribed by National Treasury for the 2009/2010 forecast, 5,1% for 2010/2011 and 4,6% for 2011/2012 financial years. The CPI rate was used as a base for determining the growth of the operating budget.

6.3.2 Transfers to Municipalities

Section 216 of the Constitution provides for national government to transfer resources to municipalities in terms of the Division of Revenue Act (DoRA) to assist them in exercising their powers and performing their functions.

Transfers to municipalities from national government are supplemented with transfers from provincial government. The two spheres of government must gazette these allocations as part of the budget implementation process. The DoRA (and Section 37 of the MFMA) further requires transfers between district and local municipalities to be made transparent and reflected in the budgets of both transferring and receiving municipalities.

The Municipal Council were requested to ensure that the 2009/2010 performance contracts of their municipal managers, as well as those of senior officials, reflect, among other key performance arrears, the above responsibilities and accountabilities.

6.3.3 Key Legal Provisions to be Strictly Enforced

The following were closely monitored and strictly enforced:

- The inclusion of all grants (national, provincial and local) in the 2009/10 budget of the municipality as reflected under both the revenue and expenditure budget components;
- The preparation of a three-year capital and operating budgets for 2009/10 and the MTREF;
- All funds transferred from national and provincial government must be deposited in the municipal primary bank account; and
- Reporting requirements for conditional grants must be satisfied including the monthly reports to be submitted by the municipal manager to the relevant national or provincial transferring officer.

6.4 REGIONAL BUDGET RECONCILIATION INCLUSIVE OF LOCAL MUNICIPALITIES

Municipality	OPEX	CAPEX	Total
Sedibeng District Municipality	311,200,232	47,095,326	358,295,558
Emfuleni Local Municipality	2,569,489,000	312,005,000	2,881,494,000
Midvaal Local Municipality	404,575,894	39,340,000	443,915,894
Lesedi Local Municipality	288,915,659	615,666,000	904,581,659
Total Operating and Capital Investment	3,574,180,785	1,014,106,326	4,588,287,111

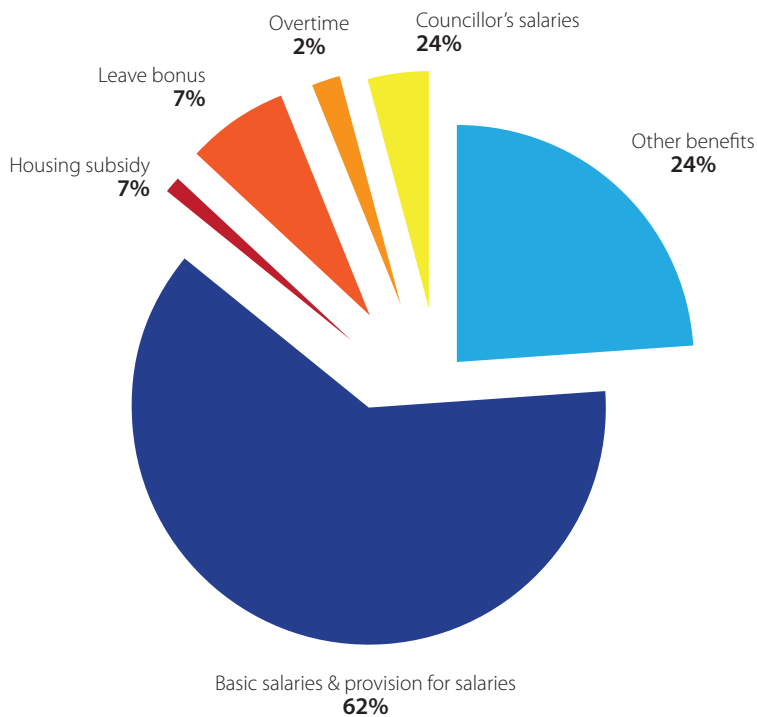
Table 37: Showing Regional Budget Reconciliation

6.5 BUDGET 2009/10 GRAPHICAL ILLUSTRATIONS

6.5.1 Staff Costs Details

Staff Cost details			
Description	Budget 2009/10	Revised 2008/09	Decr/- Incr
Basic Salaries & Provision for Vacancies	109,808,068	94,130,250	-15,677,818
Housing Subsidy	1,997,732	1,904,295	-93,437
Leave Bonus	13,322,827	12,581,083	-741,744
Overtime	4,045,345	6,902,685	2,857,340
Councillor's Salaries	7,366,332	6,816,788	-549,544
Other Benefits	44,045,385	34,952,454	-9,092,931
Total	180,585,689	157,287,555	-23,298,134

Table 38: Staff Costs 2009/10



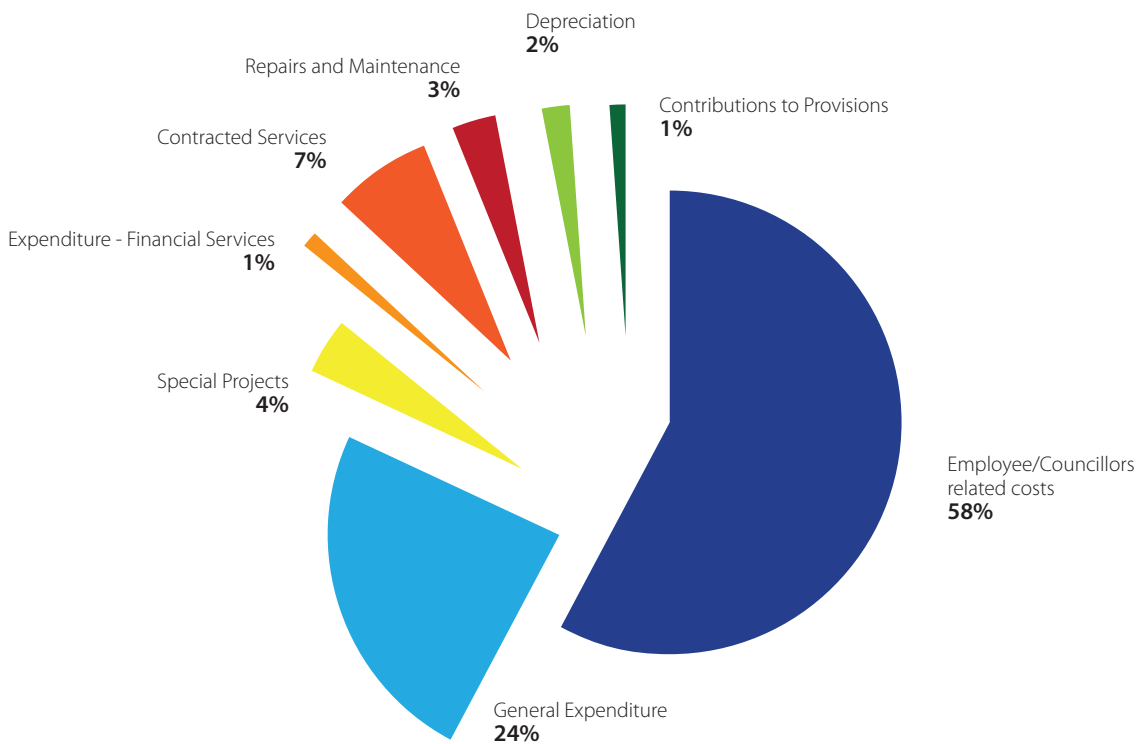
Graph 2: Showing Staff Costs Details

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6.5.2 Expenditure 2009/10

Staff Cost details			
Description	Budget 2009/10	Revised 2008/09	Decr/- Incr
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Housing Subsidy	1,997,732	1,904,295	-93,437
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Table 39: Expenditure 2009/10

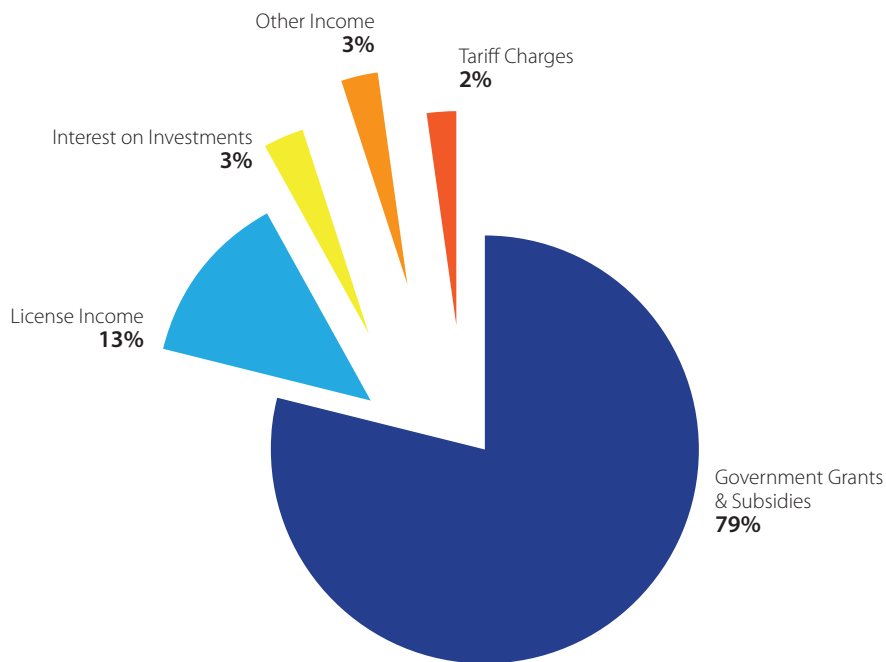


Graph 3: Showing Expenditure

6.5.3 Income 2009/10

Income			
Description	Budget 2009/10	Revised 2008/09	Decr/- Incr
Tariff Charges	6,311,680	5,999,215	312,465
Government Grants and Subsidies	236,553,000	220,798,000	15,755,000
License Income	37,500,000	35,500,001	1,999,999
Interest on Investments	10,000,000	11,473,602	-1,473,602
Other Income	8,903,946	6,642,669	2,261,277
Total: Operating Income Generated	299,268,626	280,413,487	18,855,139
Closing Unappropriated Surplus/ (Deficit)	-11,931,606	1,907,192	-13,838,798

Table 40: Income 2009/10



Graph 4: Showing Income 2009/10

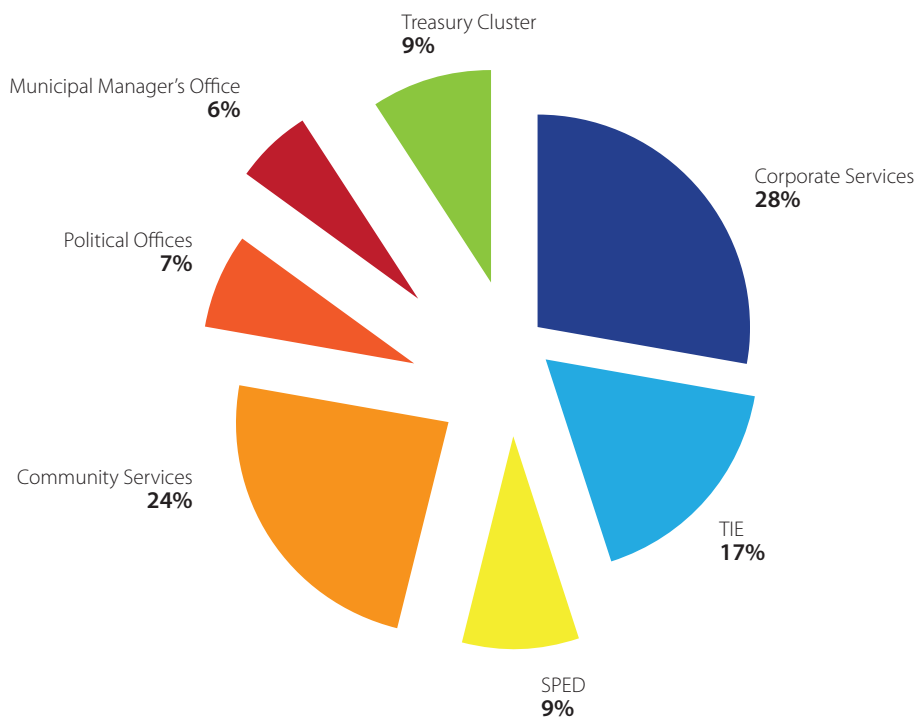
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6.5.4 Expenditure per Cluster

Expenditure per Cluster

Department	Amount
Political Offices	22,223,561
Municipal Manager's office	19,234,340
Treasury Cluster	27,857,534
Corporate Services	85,696,819
TIE	53,112,986
SPED	27,129,396
Community Services	75,945,596
Total expenditure	311,200,232

Table 41: Expenditure per Cluster



Graph 5: Expenditure per Cluster

6.5.5 Capital Investment Projects

CLUSTER	DESCRIPTION OF CAPITAL PROJECT	AMOUNT	SOURCE OF FUNDING	
			OWN REVENUE	GRANT - PROVINCE / NATIONAL
TRANSPORT INFRASTRUCTURE & ENVIRONMENT	Road Signage construction project	2,500,000	2,500,000.00	
	SANRAL Road Partnership project - SDM contribution	4,200,000	4,200,000.00	
	Upgrading of Tazdo Public Transport Hub project	5,000,000	5,000,000.00	
	Construction of Madiba Road with Stormwater drainage at Lesedi Local Municipality project	1,800,000	1,800,000.00	
	Construction of Bonatla Road at Emfuleni Local Municipality project	2,400,000	2,400,000.00	
TRANSPORT INFRASTRUCTURE & ENVIRONMENT TOTAL		16,900,000.00	16,900,000.00	0.00
TREASURY	Upgrading of E - Financial database and E - Procurement system project	4,160,000.00	4,160,000.00	
TREASURY CLUSTER TOTAL		4,160,000.00	4,160,000.00	0.00
CORPORATE SERVICES	Relocation of Wide area network at Meyerton Water Tower project	700,000.00	700,000.00	
	Upgrading of sewer and water networks inclusive of renovations at various Taxi rank bays project	1,500,000.00	1,500,000.00	
	Upgrading of plant, equipment and furniture for the development of Bophelong Taxi rank project	600,000.00	600,000.00	
	Upgrading of sewer and water networks inclusive of renovations for Vanderbijlpark Taxi Rank project	800,000.00	800,000.00	
	Upgrading of the Vereeniging Airport - Pavement of parking area project	150,000.00	150,000.00	
	Sound system and lighting for Theatre and Town Hall project	600,000.00	600,000.00	
CORPORATE SERVICES TOTAL		4,360,000.00	4,360,000.00	0.00
COMMUNITY SERVICES	Expansion & Integration of CCTV Project	10,000,000.00	10,000,000.00	
	CCTV's in all sections of the 4 Licensing service centre projects	1,200,000.00	1,200,000.00	
COMMUNITY SERVICES TOTAL		11,200,000.00	11,200,000.00	0.00
GRAND TOTAL		36,800,000.00	36,800,000.00	0.00

Table 42 : Capital Investment Projects