

**WARDS 1 & 2 WARD COMMITTEES: DRAFT BUDGET 2010/2011 (B3/4)**

**REPORT: MUNICIPAL MANAGER**

Minutes of the Wards 1 & 2 Ward Committees 2010/2011 Draft Budget meeting held in Town Hall, Biggar Street, Glencoe on Wednesday, 21 April 2010 at 10:00.

**SUBMITTED FOR INFORMATION**

# **ENDUMENI MUNICIPALITY**

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### **Present:**

As per attached attendance register.

### **1. Opening:**

Chairperson, Cllr. Bisram opened the meeting by requesting a moment of silence and thereafter introduced the Municipal Officials. He explained that the budget process begins with Department Heads collecting information about the needs in their respective departments in conjunction with their Sectional Heads and Supervisors. The draft budget is then drawn-up by the CFO (Chief Financial Officer) and thereafter the community at large, including ward committees. They are all invited to complete the consultation process by hearing their inputs which will eventually compete with other wards for consideration by Council amid very scant and limited resources.

### **2. Apologies:**

Mr. J.B. Maltman  
Mr. S. Perumall

### **3. Draft Budget: 2010/2011:**

The Chairperson requested the CFO, Mr. I. Gridale, to make a presentation of the Draft Budget 2010/2011.

Mr. Gridale reported that Endumeni Municipality does not run its budget on loans. The only loan that was made was only for 2 (two) Refuse Waste Compactors. He also reported that this draft budget is available on the municipal website, libraries, municipal offices in Dundee and Glencoe, after which there will be a Council Workshop and finally a Council Resolution.

Mr. Gridale then made the attached presentation (**Annexure "A"**).

### **4. Inputs, Questions and Points of Clarification:**

#### **4.1 Letter of concerns: Ratepayers Association:**

Mr. Rossouw submitted a letter with concerns from the Ratepayers Association.

Cllr. Bisram said that the letter will be submitted with the minutes to Council for

consideration whereafter the Municipal Manager will convey the response of the Council to the Ratepayers Association (**Annexure "B"**).

#### **4. 2 Not enough people:**

Mr. Zwane said that there were not enough people and requested that the presentation be done again on 26 April 2010 at Sithembile Community Hall because the Province will also be present and the R400 000-00 for wards can also be discussed at that meeting.

#### **4. 3 R100 000-00 for Ward Committees:**

Mr. Naidoo said that the R100 000-00 allocated for Ward Committees be re-allocated to the HIV/Aids Project and that the R50-00 out-of-pocket travel allowance be slashed as this is voluntary work.

The Municipal Manager explained that in terms of the Structures Act and the Systems Act there must be a public participatory system and that it must be a Ward Committee System. The legislation also stipulates that they must be subsidized for catering and re-imbursed for out-of-pocket travel expenses. He reported that the Government is busy finalizing the monthly payment of a stipend to Ward Committees. He informed the meeting this was not the end of consultation: organizations meet Council from time to time.

#### **4. 4. No stipend:**

Ms. Mala Sooknanan reported that she was not getting a stipend from the municipality and that she was not getting R50-00 all the time.

#### **4. 5 Accountability:**

Mr. Rossouw enquired how the Ward Committees will be held to account.

The Municipal Manager explained that the people must hold the ward committees to account. The community must participate and relay their wishes or concerns or needs to ward committees. The ward committee minutes will be submitted to Council for consideration.

#### **4. 6 R200 000-00 for HIV/Aids not enough:**

Mr. Zwane said that R200 000-00 was not enough and that this was because public meetings were not held to hear the views of the people.

The Municipal Manager explained that the R200 000-00 allocated for HIV/Aids was mainly for awareness campaigns to communities, 3 (three) different campaigns are held per year: communities from different areas are visited to make them aware of HIV/Aids. The municipality does not visit alone: there are also Health, Social Development, Local

Government , SAPS, all sectors are provided an avenue to make the communities aware. R200 000-00 may not be enough but it is as far as we can go.

The Municipal Manager requested participants not to change this meeting to a platform to attack and accuse each other.

#### **4. 7 Refuse Bags:**

Mr. Selby Nene said that he supports the free issue of 2 (two) plastic bags per household per week.

#### **4. 8 Cell Phone Allowance:**

Mr. Peter Khumalo requested that because cell phones are no longer going to be provided, will it be possible to receive a monthly cell phone allowance instead.

The Municipal Manager reported that the National Guidelines about the remuneration of ward committees is being finalised and a workshop will be held when they are issued.

#### **4. 9 Sithembile outages, Electricity poles and Kiosks:**

Mr. Mhlungu requested that the electricity be upgraded to prevent outages in Sithembile. He said the electricity poles were loose and some were rotten and falling down. The kiosks were open and a hazard to children.

Mr. Donaldson reported that there is no ring-system in Sithembile at this stage and there is no budget allocation for this ring-feed. However, he said that he will approach the Department of Minerals and Energy (DME) for assistance as there is no funding at this stage. As to the loose and falling poles, Mr. Donaldson said that he will make a follow-up. Regarding the kiosks, Mr. Donaldson reported that a lock costs R80-00 each and people were cutting them and selling them as scrap metal. However, he said he was attempting to acquire alternative locks that were not resaleable.

#### **4.10 HIV/Aids treatment and Public toilets:**

Mr. Peter Khumalo enquired about why the emphasis on awareness about HIV/Aids but nothing is done about food and treatment. He also reported that the public toilets in Glencoe were filthy and a health hazard.

The Municipal Manager explained that the treatment and food for HIV/Aids patients was the line-function of the Health Department. The state of the public toilets in Glencoe will have to be investigated by Technical Services and the problem must be fixed.

#### **4.11 Audit fees:**

Cllr. Bisram said that this matter of paying audit fees by municipalities was being taken up with relevant authorities.

#### **4.12 IDP Presentation:**

Cllr. Bislam reported that he will request the IDP Manager to make a presentation to his ward committee so that they understand better all the relevant points covered by the IDP.

#### **4.13 Indigent Grant:**

Cllr. Ndima enquired whether the indigent grant can be reviewed as it was proving to be inadequate for the poor families.

Mr. Grisdale said that he can only liaise with the National Treasury to ascertain what is the norm for the indigent amount.

#### **4.14 Explanation to various items:**

Mr. Rossouw asked what various items on the budget meant and Mr. Grisdale explained each and every item asked.

#### **4.15 R170 000-00 for Grant-in-Aid:**

Mr. Zwane wanted to know how the grant-in-aid worked, and what happens if it is left over, is it transferred to another vote.

Mr. Grisdale explained that the municipality advertises round about August for people who need assistance to apply. It is allocated to organisations on condition that they report to Council. As to transferring it to other votes, the Auditor-General will not allow it.

#### **4.16 Rubble from residential premises:**

Cllr. Ndima requested that tractors that were used before, to remove vegetation, building and general rubble: that tractors be used to remove rubble as people had no transport to take it to the landfill site.

The Chief Financial Officer advised that Mr. Maltman will be the responsible person to respond to this matter.

#### **4.17 R120 000-00 farm:**

Cllr. Ndima wanted to know if the community can acquire a farm estimated at R120 000-00, for youth employment.

The Chief Financial Officer suggested that the community can approach the Department of Land Affairs directly for assistance in that regard.

#### **4.18 49 Houses, Road upgrading and gravelling:**

Cllr. Bislam reported that there is a crisis in Scheme Area in 49 Houses whenever it rains, in terms of flooding. There is a need of road upgrading, not just scraping, at KwaThelaphi. He also reported that they will be gravelling at Donald McHardy dam as requested by Mr. Taljaard.

The Chief Financial Officer stated that these matters were the responsibility of Technical Services and Mr. Maltman will respond to them.

#### **4.19 R400 000-00 per Ward:**

Mr. Zwane wanted to know whether there were conditions to the R400 000-00 grant for a Ward or any project can be done.

The Chief Financial Officer explained that R325 000-00 can be utilized for capital projects. R75 000-00 can be used as an operating budget: running expenses like cutting grass. Although community must be consulted but it can only be done through the ward committee system.






























#### **5. Closure:**

The Chairperson, Cllr. Bislam thanked everybody for attending and declared the meeting closed at 12:55.

**CHAIRPERSON:** ..... **DATE:** .....

# ATTENDANCE REGISTER

MEETING: WARDS | WARDS COMMITTEE: Budget 2010/2011 | DATE: 2010-04-21 | TIME: 10:00

NAME	ORGANISATION	ADDRESSES	Tel no.	Fax No.	Signature
MALIA SATHANAN	WT COMMITTEE	1 ALPINE STREET	0765568014		
T.P. SIVARAN	WARD 2 COMM. M	1052 MAINMALLAN ST. NG2	071618673		
V.T. RASER	ENGLAND IN UNIV. C	PC BOX 119 GLEN	074582268		
A. Schmidt	Private	Edinburgh St 100	0733432220		
A. Chasford	Private	12 Capricorn St 37A	0343931375		
M. B. B. B.	Private	155 Bloemfontein	0343931946		
S.M. SITHAKHANE	EXAMEN MUNICIPALITY	6A VICTORIA STREET DUNDE	034-2122121	034-2123856	
T. G. G. G.	✓	✓	034-2122121	034-2122192	
M. D. D. D.	✓	✓	034-2122121	034-2122709	
G.K. N. N. N.	PRIVATE	19 Violet Rd NG2	0343931664		
N.P. N. N. N.	"	33 RIVERVIEW R. NG2	0834738535		
E. L. L. L.	"	11 ADALIA RD. SLG10	0722011701		
B.P. B. B. B.	WARD 2	5 Hodking 2930	0786443252		
B. G. G. G.	WARD 2	17 Thibault Street	0343931359		
A. A. A. A.	Private	14 V. V. V. V.	034-2122121	034-2123856	
Thembelile Msh	Sithembile Working Class	338 Denale Street	0733884167		
T. G. G. G.	Sithembile Working Class	45 Family Unity	0790842533		
N.B. R. R.	Private	Cume Lutho Dunder			
S.B. N. N.	Private	56 PUNINGORE GLEN/UC	0764650787		
E.A. H. H. H.	WARD 2	79 NADIM STR.	0735233269		
P.M. G. G.	Private	10 NENE RD. GLEN	0781815556		
K. G. G. G.	Private	3106 14105, ST	0731626391		
M.A. D. D. D.	WARD 2	212 VIKHITANI STR.	0833312206		
S. S. S. S.	WARD 2	261 NENE ST	0836689746		
T. T. T. T.	WARD 2	1489 Radenam Street	0707119726		
S. S. S. S.	WARD 2	487 Van Rensburg Street	0826770136	034-2123856	
V. V. V. V.	WARD 2	113 VICTORIA STREET	0731626391		
P. P. P. P.	WARD 2	1004 VICTORIA STREET	0826770136		
S. S. S. S.	WARD 2	1048 VIKHITANI STR	0832163444		

## ENDUMENI MUNICIPALITY

### OVERVIEW OF BUDGET 2010/2011

#### INTRODUCTION

Since the introduction of the Municipal Finance Management Act, No 25 of 2003 (MFMA) there have been constant changes in the formats and reporting frameworks applying to the finances of local government. The current financial year saw the implementation of GRAP, with the elimination of almost all reserves that we got so used to, as well as the first phase of the implementation of the Budget Regulations, which have been published for comments before finalisation and implementation.

The draft budget once again was compiled with due consideration of the IDP, with one of the main priorities being the financial sustainability of Endumeni.

Various requests were received from the Departments and Councillors. The needs are unfortunately much more than the available resources, financial and otherwise.

#### BUDGET PARAMETERS

- 11.95% operational growth compared to budget for 2009/2010
- Provision for a 7.7% salary increase for staff
- Provision for a 9% increase in Councillors' allowances
- Operational budget amounts to R 155 698 156.
- Capital budget of R 19 852 021.

## SALIENT POINTS OF THE BUDGET

### Revenue

- The equitable share from National Government has been increased from R 15 160 000 to R 19 788 000
- National Treasury provides a Finance Management Grant of R 1 200 000
- DPLG provides a Municipal Systems Improvement Grant of R 750 000
- Provincial departments assist with grants for:
  - Clinics R 2 077 000
  - Museum R 74 000

### Operational Expenditure

- Salaries and allowances amounts to 38,85% of the operational budget
- Provisions has been made for R 1 792 030, compared to R 1 307 088 for the current year, to be spent on social development, which includes Sport, Youth, Art and Cultural activities
- HIV AIDS projects have been allocated R 200 000
- LED projects were allocated R 300 000
- R 100 000 provided for Ward Committee expenses
- Provision of R 366 000 for the promotion of Endumeni
- Transport cost amounts to R 2 866 400 =
- Provision for security of Council's property and assets amounts to R 1 871 585
- Provision for Audit Fees amounts to R 800 000
- R 6 010 836 has been provided for indigent support, compared to R 3 465 645 for the current year
- Provision of R 270 000 is made for grants-in-aid
- Provision is made for the free supply of two plastic refuse removal bags per household per week (estimated at R680 000)
- R 800 000 is provided for contribution to bad debt reserve
- Depreciation to the amount of R 5 million was provided for.



- An amount of R 41 995 150 has been provided for the purchase of electricity from Eskom. (Compared with R 33 661 855 for 2009/2010).
- Concern to be noted:  
*Provincial Treasury in their Circular TC/RM3 of 2009/2010 dated 5 March 2010 indicated that the clinics for Endumeni will only be subsidised with an amount of R 2 077 000 for the 2010/11 year. The original budget indicated an amount of R 4,6 million is required. In view of a resolution by this Council the Department of Health was informed that Endumeni will only provide services to the amount of the subsidy and that they should either increase the funding or take over the service (which is their function) as this municipality will not be able to subsidize KZN Province with an amount of R 2,6 million.*

#### Capital Expenditure

- Provision has been made for capital expenditure to a total amount of R 19 852 021 as per annexure, funded as follows:
 

- Revenue	R 2 169 600
- MIG	R 8 522 000
- DOT	R 3 082 874
- Cap Replacement Reserve	R 6 077 547

- An amount of R325 000 per ward has been set aside for capital expenditure identified by the individual ward committees and a further R 75 000 for operational needs, after consultation with the wards. Such identified individual projects will have to be submitted to Council for final approval.

#### TARIFF PRINCIPLES

- In funding the operational budget, the following criteria provide a good indication of the various levels to which the tariffs for individual services should be adjusted:

#### -Trade services

Services such as electricity are classified as trade services, where tariffs should be determined in a way that will ensure that the service is delivered at a surplus.

#### -Economic Services

A service such as refuse removal is classified as an economic service. Tariffs should be set at a level to ensure that expenditure is recovered and that there is at least a break even

#### - Subsidised services

These are services not classified as Trade or Economic Services and are funded from revenue obtained from property rates.

#### TARIFF INCREASES

To ensure sustainability, it would be necessary to increase tariffs as follows to fund the expenditure provided for in the budget:

#### Rates:

Apart from increases in miscellaneous tariffs, a general increase of 10% in the randage is required to fund subsidised services.

#### Refuse removal:

In considering the tariffs for this service, the following had a big impact:

- Provision of two plastic bags per household per week at no charge

A general increase of 17,5% in related tariffs is required to render a sustainable service.

#### Electricity:

We are all aware of the energy crisis that has been constantly in the news for the past 30 months. A tariff increase of 28,9% for Eskom was recently approved with effect from 1 July 2010.

In order for the municipality to provide a sustainable service, the tariffs will have to be increased by 22,0% with effect from the first accounts rendered after 1 July 2010.

#### Miscellaneous tariffs:

Miscellaneous tariffs will also be adjusted where necessary.

### BUDGET SUMMARY

#### EXPENDITURE

• Operational Expenditure		
Salaries and allowances		60 495 646
General Expenditure		83 469 216
Repairs and Maintenance		5 328 439
Capital Charges		4 013 680
Contributions to Provisions		895 076
Contra Debits/ Credits		(673 501)
Contr. to Capital Outlay		<u>2 169 600</u>
		155 698 156
• Capital Expenditure		
Per Summary	19 852 021	
Less: Financed from revenue	<u>2 169 600</u>	17 682 421
TOTAL EXPENDITURE	R	<u>173 380 577</u>

#### REVENUE

Operational revenue, inclusive of proposed tariff increases amounts to R 155 702 980

### SUMMARY: OPERATIONAL BUDGET

Expenditure	155 698 156
Revenue	155 702 980
<b>SURPLUS</b>	<b>R <u>4 824</u></b>

### ALIGNMENT OF DRAFT BUDGET WITH IDP

The draft budget is aligned to the IDP and the revised IDP, which is currently being prepared for approval by end of May 2010. In terms of the IDP priorities, capital and maintenance of roads, stormwater, electricity, housing, cemeteries and community facilities are incorporated in the budget.

In the financial field financial sustainability has been addressed.

### FINANCIAL AND RELATED PRIORITIES 2010/2011

Some of the more important matters that will be addressed in the new financial year are the following:

- Streamlining the GRAP reporting framework
- Revenue enhancement programme
- Efficiency of debt collection
- Improved access to electricity vending points after hours

## **CONCLUSION**

The objectives and priorities of the draft budget are-

- To improve service delivery with adherence to the “Batho Pele” principles
- To render services at an improved level
- To ensure sustainability of Endumeni Municipality

**W N MBATHA**  
**MAYOR: ENDUMENI MUNICIPALITY**



## **Residents Association / Inwonersvereniging**

### **COMMENTS ON DRAFT BUDGET FOR 2010/2011**

21/04/2010

- 1) The notice of the proposed budget was not on the official website of the municipality.

Notice No. 12 of 2010 was not published and available on the official web site of the Endumeni Municipality on 1 April 2010.

We request that it be minuted that the meeting is aware of this.

As a result of this oversight of the municipality, we have already informed the Municipal Manager of the irregularities in this regard. A copy of our letter dated 15 April 2010, addressed to the Municipal Manager, is hereby handed to the Chairman and we request that this letter form part of the minutes of this meeting.

We request the Chairman that a ruling be made, that a further meeting be scheduled to take place in this regard.

- 2) We have on record that NERSA informed the Municipal Manager was informed on 8 December 2009, that Endumeni Municipality were charging tariffs in the current financial year that were not approved by the Energy Regulator and that this is regarded as a violation of a license conditions and that the Energy Regulator will implement measures that will recover the amount charged in excess the tariffs approved for 2009 in the tariffs that will be approved for 2010/2011 and subsequent years.

A copy of this letter referred to, is hereby handed to the Chairman to form part of the minutes of this meeting.

Can the Chairman indicate that this matter will be investigated and the tariff increase regarding electricity in the proposed budget of 2010/2011, be revisited and that a public notice in this regard, be made public in the media and published on the official website.

- 3) It is not clear from the proposed budget of 2010/2011 of the breakdown of expenditure, for example:

Travelling expenses;

Subsistence allowance etc, etc.

We request the Chairman to rule that the proposed budget be revisited and that the Financial Manager prepare a document that sets out all expenditure in a manner that will be understood by the majority of the public.

We also request that the budget indicate savings that will be made and what items will be increased with the required motivation.

- 4) The budget does not make provision for the amount of kilometres per section. Each section has to budget for kilometres per month and year.

This is not reflected in the proposed budget.

- 5) What is the allowance for the indigents?  
When last it was revised hoe is responsible for the allocation and control of funds.

We believe that the allocation of funds for indigents are not in line with the draft IDP and request that this matter be revised and resubmitted.

- 6) How much funds are allocated to the municipality from the provincial and national Government?

We request that a breakdown be given of all the funding and the amounts earmarked for each project.

- 7) The budget is not clear on the distribution of funds for subsistence SNT allowances. We request that a report of all expenses incurred during the current financial year, form part of the budget process and this report be made public.

The draft budget is also silent on any savings in this regard.

- 8) Can the Chairman report on dept amount still outstanding?

What is the municipality doing in this regard? Can the Municipal Manager and Council indicate in public and in the proposed budget, the true facts in this regard?

- 9) What is the cost to collect outstanding dept?

- 10) The proposed budget mentions that provision has been made for R1 792 030 has been made to be spent on development, which includes sport, youth, art and cultural activities.

We request that the Financial Manager revisit this allocation and inform this meeting of a total breakdown of allocations to the various activities mentioned in the draft budgeted.

- 11) The draft budget provides that LED projects are allocated R300 000.

We request the Municipal Manager and the Financial Manager, to explain to this meeting, why such a dismal amount is allocated for Local Economic Development, as it is clear that the draft budget, as presented and advertised, has not taken into account the commitments and recommendations made in the draft LED Plan as published in the draft IDP plan 2010/2011.

The allocation of R300 000 does not indicate the projects for which this dismal amount will be spent on. The IDP mentions that "*the Endumeni Municipality has been involved in LED in a very limited scale*", (par. 8.1).

- 12) Provisions of R366 000 have been made for the promotion of Endumeni.

We request that this amount form part of the LED budget and that a breakdown be given on the allocation of this amount. In other words, for what will it be utilized?

We request that the funds available will not be utilized for meetings, workshops, seminars and training.

- 13) Provisions for R270 000 are made for grants-in-aid. Can the Chairman indicate who will benefit in this so-called "grants-in-aid"?

- 14) Rates

The draft budget mentions that: "*Apart from increases in miscellaneous tariffs, a general increase of 10% in the randage is required to fund subsidized services*".

We request the Chairman to define "*miscellaneous tariffs*" and make public the breakdown of such miscellaneous tariffs.

It must be noted that the Endumeni Residents Association, objects to the increase of 10% of the rates, in that the Municipality and the proposed budget, does not indicate any savings made or planned in the proposed budget. It must be noted that the residents of Endumeni is not there to fund exorbitant expenses. For example: attending of unnecessary meetings, workshops and seminars, big screen activities, T-Shirts, etc, etc.

- 16) Lastly, the proposed budget does not indicate the assets of the municipality, for instance: agricultural land, registered in the name of the municipality, on which grazing is taking place.

We must enquire, what is the income of the renting of agricultural land currently and what was the income on agricultural land during the last 5 financial years? This is not indicated in the budget.

- 17) In view of our concerns of which a copy is hereby handed to the Chairman, which must form part of the minutes of this meeting, the Endumeni Residents Association strongly object to the draft budget in its current form and request the Chairman and the Municipal Manager, that the draft budget be revisited and a further meeting be scheduled and a notice be published in this regard.

Yours sincerely

*VJA Rossouw*

Mr. V J A Rossouw  
Secretary Endumeni Residents Assosiation.