

WARDS 3 AND 6 WARD COMMITTEES 2010/2011 DRAFT BUDGET MEETING (B3/4)

REPORT: MUNICIPAL MANAGER

Minutes of the Wards 3 and 6 Ward Committees 2010/2011 Draft Budget meeting held in the Civic Hall, McKenzie Street, Dundee on Wednesday, 28 April 2010 at 10:00.

SUBMITTED FOR INFORMATION

ENDUMENI MUNICIPALITY

Minutes of the Wards 3 and 6 Ward Committees 2010/2011 Draft Budget meeting held in the Civic Hall, McKenzie Street, Dundee on Wednesday, 28 April 2010 at 10:00.

Present:

As per attached attendance register.

1. Opening:

The Co-Chairperson, Cllr. T.B. Mkhize, welcomed everybody and thanked them for attending the draft budget meeting.

Mr. F.C. Bester requested that he be given a time to read and hand in a letter from Endumeni Ratepayers Association regarding the IDP and the budget.

Co-Chairperson, Cllr. A.M. Raubenheimer said that Mr. F.C. Bester will be granted that opportunity.

2. Apologies:

Mr. J.B. Maltman

Mr. S. Perumall

3. 2010/2011 Draft Budget:

At this juncture, Cllr. Mkhize requested the Co-Chairperson, Cllr. Raubenheimer, to chair the meeting as he had an urgent business to attend to.

Cllr. Raubenheimer requested the Chief Financial Officer (CFO) to do a presentation on the Draft Budget for 2010/2011 financial year.

Mr. Grisdale did the presentation of the 2010/2011 Draft Budget as per attached **Annexure "A"**.

Cllr. Raubenheimer thanked the CFO and explained that this was a draft budget only and that other wards will also meet, make their proposals or comments and the Council will eventually approve the budget after considering all the inputs from various wards.

4. Inputs, Questions and Points of clarification:

Cllr. Raubenheimer requested that the meeting come with proposals or questions regarding the presentation.

4.1 Electricity tariff:

Mr. L. Steenkamp said that the ratepayers cannot be expected to subsidize electricity by 6,9% and proposed that the tariff be kept at 28,9% instead of the proposed 22%.

Cllr. Raubenheimer concurred and said that even the rates hike should be inflation-related instead of 10% increase.

4.2 Letter of concern: Ratepayer Association:

Mr. Bester read from a letter the concerns raised by the Ratepayers Association whereafter he submitted the said letter **Annexure "B"**.

Cllr. Raubenheimer thanked Mr. F.C. Bester and reported that he will ask the Municipal Manager to look at the complaints and that the letter will also be included in the minutes. He requested that this letter be included in other ward committees.

Regarding the IDP, Cllr. Raubenheimer reported that he will ask the IDP Manager to respond. As far as the budget is concerned he will ask the CFO to respond to that matter.

4.3 Cllr. Raubenheimer's savings proposals:

Cllr. Raubenheimer informed the meeting that rates income was ±R48 million and a R1 million save was about 2%.

However the following savings could assist:

1. The 7,7% increase for Staff and 9% increase for Councillors be the same at 7,7%.
2. The 14% increase for Youth and Sport be slashed to 7% increase, to keep track with inflation.
3. R100 000-00 provision for ward committees be reduced to R50 000-00.
4. Promotion of Endumeni be reduced from 40% increase to 10% increase.
5. As the Traffic Department was running at a loss of about R3,9 million, in order to solve future problems, this department be handed over to the Province like the clinics.

Cllr. Raubenheimer then requested the Municipal Manager, the Speaker and Cllr. J.A. Tshabalala to give passing comments.

The Municipal Manager responded as follows:

1. He will investigate whether the IDP is not on the website and whether it is not available at the libraries, if not, that will be corrected.

2. Regarding rates, the only way will be to cut down on other items if we want to keep rates down, which will also create gaps somewhere.
3. Staff Salaries: the unions and SALGA determine the increases nationally.
4. Councillor Allowances: these are nationally determined in that municipalities of that size will get this much: however, this is a recommended increase, per Province the MEC for Local Government determines the increase per municipality.
5. The LED Section is not there and there we are lacking. There is no dedicated person to liaise solely on LED programmes from Umzinyathi or Province. Council will have to decide on this matter.
6. We must also bear in mind that there are also many needs from other ward committees and we must also accommodate them amongst scant and limited resources.
7. It is a pity that the Ratepayers Association come only with criticism and concerns now. It would be better if the Ratepayers Association comes with constructive criticism and also be part of the solution because we all want to serve the residents and ratepayers better.

The Speaker, Cllr. D. Singh, on behalf of Endumeni, thanked the Ratepayers Association for showing interest and for attending.

Cllr. Tshabalala said that we should be building Endumeni, not pointing fingers, by helping each other to the benefit of our communities. She also reported that 4 (four) Jojo Tanks have been delivered and thanked Cllr. Raubenheimer as they came from the R400 000-00 grant.

5. Closure:

Cllr. Raubenheimer said that most of the concerns from the Ratepayers Association were not new and that he was sure that Council will liaise with the Ratepayers Association to respond to their concerns.

There being no further business to discuss, the Co-Chairperson, Cllr. A.M. Raubenheimer declared the meeting closed at 11:30.

CHAIRPERSON: **DATE:**

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.

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.

- 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.

SUMMARY: OPERATIONAL BUDGET

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

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 173 380 577

REVENUE

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

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

Annexure "B"



Residents Association / Inwonersvereniging

COMMENTS ON DRAFT BUDGET AND IDP FOR 2010/2011: WARDS 3 AND 6 MEETING HELD ON WEDNESDAY 28 APRIL 2010.

1. NOTICE OF THE PROPOSED BUDGET 2010/2011

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. NERSA

We have on record that NERSA informed the Municipal Manager 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.

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.

A copy of this letter referred has already been submitted at the meeting of Wards 1 & 2.

3. RATES

3.1 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.

3.2 Municipal Property Rates Act, Rates Policy and Rates Bylaws

We must bring it to the attention of this meeting and Council, that we believe that the current or existing Rates Policy of Endumeni is inconsistent with the Property Rates Act, 2004 (Act No. 6 of 2004) and the Property Rates By-Laws.

3.2.1 The existing Rates Policy, indicates that the said policy took effect on 1 July 2008 and that the municipality adopted By-laws to give effect to the implementation of the Rates Policy.

The By-laws was only adopted by the municipality on 22 September 2008 and published in the KZN Provincial Gazette on 27 November 2008.

It is submitted that the existing Rates Policy could not have been implemented on 1 July 2008, as the municipality misled the community in stating that the By-laws have already been adopted.

We request Council to revise this misconception by Monday, 3 May 2010.

- 3.2.2 The Property Rates Act as well as the By-Laws provide for the exemption reduction and rebates (Section 15 of the Property Rates Act and Section 11 of the By-Laws).

It is hereby requested that the existing Rates Policy be amended to include owners of agricultural properties who are *bond fide* farmers, see section 15(2)(f) of the Municipal Property Rates Act, 2004, be inserted.

- 3.2.3 We also enquire whether any exemptions, rebates and reductions have been made in the current financial year, see section 15(3) of the Municipal Rates Act. This information is currently not available.
- 3.2.4 Can the Chairman and Council give reasons why is there a difference in rates in respect of Dundee, Glencoe and Wasbank. In Dundee and Wasbank rates are payable on land and buildings and in Glencoe on land only. Why? Is this equitable treatment of rate payers?
- 3.2.5 We wish to bring it to the attention of the meeting and Council that section 2.6 of the existing Rates Policy provides that:

“this policy was developed in consultation with the community.....”

We hereby call upon Council to bear this in mind and that the proposed amendments to the existing rates policy will also be amended in consultation with the community, and to consider our proposal to amend the rates policy to include owners of agricultural properties who are *bona fide* farmers to apply for exemption, reduction and rebates.

- 3.3 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.

4. **TARIFF POLICY & BYLAWS**

Sections 74 and 75 of the Municipal Systems Act, 2000 (Act 32 of 2000) provides for service tariffs.

Section 74 provides that:

"a municipality council must adopt and implement a tariff policy on the levying of fees for municipal services."

The draft budget and IDP for 2010/2011 is silent regarding such policy and bylaws.

The official website does not provide any such information.

Can the Chairman give reasons for this oversight and non-compliance?

Can the Chairman please indicate and make public on what basis can the accounting officer recommend tariff increases if there is no such policy?

The Endumeni Ratepayers Association therefore object to the proposed tariff increases as proposed in the draft budget.

We hereby request that this matter be revisited by the accounting officer and council.

5. ALIGNMENT OF DRAFT BUDGET WITH IDP

- 5.1. The overview document of the draft 2010/2011 budget mentions that *"the draft budget is aligned to the IDP and the revised IDP, which is currently being proposed for approval by end of May 2010"*.
- 5.2. First of all the Endumeni Ratepayers Association, wish to place on record that the draft IDP was only available on the official website of Endumeni Municipality on 16 April 2010. Again, non-compliance of the budget process i. r. o consulting with the local community.

We have studied the draft IDP and have noted the following shortcomings:

5.2.1. Service Delivery and Budget Implementation Plan

To be able to comment on this specific chapter of the IDP one has to rely and be able to study all relevant documentation.

We have to bring it to the attention of the meeting that none of the 9 Appendixes are available. See in this regard paragraphs 5, 6, 7, 8, 9, 10, 11, 12 and 13 of chapter 4 of the draft IDP.

In view of the above the Endumeni Ratepayers Association requests that the outstanding Appendixes be made available on the official website by Friday, 30 April to enable us to study the document to be able to comment thereon, and that we reserve the right to submit further comments in this regard.

5.2.2. Turnaround Strategy

First of all we would like to enquire who prepared this section of the draft IDP?

The document is not complete, pages 3 and 4 are not available.

The Endumeni Ratepayers Association questions the authenticity of this specific chapter of the draft IDP, for example, "*paragraph 1.6 Report Structure*" is non-existent (See page 7 of the document).

It seems that this particular section is a classic example of cut and paste.

We require the Chairman to rule that this section of the draft IDP be revisited and the revised section be made available by Monday, 3 May 2010, for comments. We reserve the right to submit further comments in this regard.

- The action plan – Annexure A, page 5 mentions that "*approximately R39 million is still outstanding*". This is most alarming and the planned expected activity is not acceptable.

The Endumeni Ratepayers Association requests the accounting officer and council to address this matter urgently and to make public what plan of action will be in place by 7 May 2010.

It must be noted that in the way with we support the writing off of any dept.

Can the Chairman indicate what is the exact amount outstanding, please.

- Transfer of Assets to the Water Services Authority – page 6 of the document.

It is not acceptable that R16 million is still owed to the municipality/council. This matter has been outstanding since 2003.

7 years have already passed and nothing has been achieved.

We put it to this meeting that the accounting officer and council has failed the community to allow this dept to be outstanding for 7 years.

How can the Endumeni Council expect the residents and community to support the draft Budget for 2010/2011 with outstanding dept that amounts to:

- R39 million
- R16 million
- R55 million

Is the general public aware of this?

- **Municipal Salary Bill – page 6.**
Currently above the set limit of 30% of the operational budgeted 40,25%. This is most unacceptable and the plans envisaged cannot be supported.

We request council to address and finalize this matter before 31 May 2010. The plan of action and the management thereof to be made public.

Can the Chairman indicate the remuneration of all section 57 Managers form part of the Municipal Salary Bill? We will address the remuneration of section 57 Managers further on in this presentation.

In view of the above the Endumeni ratepayers Association cannot support the proposed 7% salary increase for staff.

- **Appointment of LED officer, page 19**
This matter is long overdue because of the interference of council and the moratorium set on the filling of this important post.

We request that this appointment be finalized by 31 July 2010.

- **Implementation Framework for Poverty Alleviation Strategy – Page 20**

We request that this matter be finalized by 30 June 2010 and Implemented On 01 July 2010.

5.2.3. Financial Plan – Section 6 of the draft IDP

- In Paragraph 2.1.1 under the heading social responsibility mention is made of “*Council's Indigent Policy*”, and the draft budget of 2010/2011 provides that R6, 010, 836 million has been provided for indigent support. The draft budget indicates an increase of R2, 545, 191 for this support.

The website, draft IDP and draft budget 2010/2011 is silent regarding the policy of indigent support.

The question is, whether the Endumeni Municipality has such a policy, if so, why is it not available in the draft IDP and draft budget?

The Institutional Plan of the municipality confirms that the certain policies have been finalized, however these policies are as yet not included in the draft IDP and not published on the website of the municipality.

We request that all the policies which have been finalized as set out in paragraph 5, under the heading Endumeni Internal Policies be made available to the public and placed on the official website by Monday, 03 May 2010.

Seeing that the Governance and Finance policies are not available at present, the Endumeni Ratepayers Association reserves the right to submit further comments in this regard.

- **Asset Management**
The Financial Plan, chapter 6 of the draft IDP, page 3, paragraph 2.1.5 addresses asset management and mentions the following:

"It is important to maintain a regular inventory of property, plant and equipment, implementation of maintenance programme review and insurance cover. This part of the plan will be extended to assist in identifying and listing unutilized/uneconomic assets with a view to disposal as previously indicated. Although directly related to revenue raising it is appropriate to include the monitoring of rental income and policies with the asset management programme. This aspect of asset management will ensure Council is receiving economic rentals from Council owned land and buildings which are rented out."

In view of the above, the proposed budget does not indicate the assets of the municipality, for instance: agricultural land, registered in the name of the municipality, in 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.

Furthermore, we must also enquire who rents the agricultural land and are rental contracts in place?

In view of the above we request that the accounting officer ensures that the municipality is in compliance with the provisions of section 75 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), and that all information is available on the website by Friday, 07 May 2010.

The meeting must note that we reserve the right to submit further comments in this regard.

5.2.4 Performance Management System (section 8 of the draft IDP)

- This particular section starts with an introduction and continues with paragraphs 1.0, 1.2, 2.1, 2.2 and 7 (conclusion).

It is submitted that paragraphs 2.3 up to 6 are outstanding and not available.
This oversight is not acceptable and hinders the community to give any comments.

We call on the Chairman to ensure that this oversight be rectified by Thursday, 29 April 2010.

- This particular section of the draft IDP is silent about the number of section 57 Managers employed and contracted by the Endumeni Municipality.

The Endumeni Residents Association is aware of the fact that the total of section 57 Managers amounts to 6, and that only 4 Performance Agreements are available on the website and draft IDP.

The Performance Agreements of Messrs Esterhuizen and Carelse is not acceptable and we call on the Chairman to ensure that 2 outstanding Performance Agreements and their remuneration be made available by Thursday, 29 April 2010.

The abovementioned information is required to make meaningful comments regarding the high 40% Salary Bill of the Municipality.

- We have noted that auditors Pricewater-house Coopers have prepared a draft Performance Agreements for the financial year 2010/2011 i. r. o. Municipal Manager, Chief Financial Officer, Manager Corporate Services and the Manager Technical Services.

We would like to enquire at what costs was these agreements obtained? Surely, these managers could have prepared the agreements without any costs, it was done in the past.

- We must bring it to the attention of this meeting, that we are of the opinion that the managers or so-called section 57 Managers are currently in their respective positions without the required Performance Agreement.

The existing agreements, Mr. Perumal, Manager Corporate Services, excluded, are all outdated.

In view of the above, we believe that this matter be investigated and that no performance bonuses be paid to the identified officials. This matter has been brought to the attention of the Chairman and Council. It is obvious that our requests have fallen on deaf ears.

Even Gobodo Auditors did not acknowledge this fact. The said auditors report only indicates the non-compliance of the Performance Agreement of the Manager Cooperate Services, which forms part of the draft IDP.

5.2.5 Local Economic Development Plan (Section 19 of the Draft IDP)

- The draft budget provides that only R300 000 be allocated for LED projects. It is submitted with respect that this amount is not in line with the LED Plan as set out in the draft IDP.

Local Economic Development is the cornerstone for the future development and sustainability of our area.

- Paragraph 6.2.3 of the LED document needs to be updated.
- The LED section identifies **local institutional inefficiencies** in respect of the LED within the Endumeni Municipality (page 6:59, par. 6.6 of the document).

There is no indication in the budget or the IDP how these inefficiencies are going to be addressed.

The document recommends that a LED Manager be appointed. However, the Council decided to place a moratorium on such an appointment and now opt for a LED officer.

The above is not acceptable and we wish to put on record that the interference of Council not to appoint a LED Manager to drive and manage Local Economic Development in Endumeni, have put our area in few years back.

- We request that this so-called moratorium be lifted at the next Council meeting and that Council accept the responsibility to be more Local Economic Development orientated and put the interest of the Endumeni people at the forefront.
- We request that the LED drivers as identified in paragraph 8.2 (page 8:64), be implemented as well as the LED objectives and Program and Action Plans, see in this regard paragraphs 9.2 and 9.3 (page 9:70 to 9:86).
- In view of the above, we believe that the draft budget be revised to cater for the implementation of the LED plan.
- 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).

- Provisions of R366 000 has 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 and T-shirts.

5.2.6 Grants in Aid

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

6. OBJECTION

In view of our concerns, expressed in this submission, of which a copy is hereby handed to the Chairman, we request that it forms 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, Council and the Accounting Officer, that the draft budget and Rates Policy as well as the IDP, be revisited and a further meeting be scheduled and such notice be published in this regard.

7. LETTER ADDRESSD TO THE MUNICIPAL MANAGER, DATED 15 APRIL 2010

We hereby place on record that to date and time of this meeting, the Municipal Manager has failed to respond to our letters and have not addressed the non-compliance of the provisions of the various legislation, as mentioned in our letter, of which a copy was forwarded to the Mayor, Deputy Mayor and Speaker.

In view of the above, we request this meeting and the Mayor of Endumeni to act in terms of the provisions of section 27 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). We also request that we be informed of the actions taken by the Mayor.

8. INTERVENTION

We hereby place on record that should the Mayor fail to adhere to the provisions of section 27 of the Municipal Finance Management Act, and inform the Association in writing of such action by 4 May 2010, that the Endumeni Resident Association will:

- 8.1 declare a dispute with the Endumeni Municipality, and
- 8.2 request the provincial executive to intervene in terms of the appropriate provision of section 139 of the Constitution. Section 27(5) of the Municipal Financial Management Act, provides *inter alia*, that the provincial executive may intervene if a municipality does not comply with the provisions of chapter 4, including a provision relating to process.

This submission has been prepared by:

FC BESTER

Chairman

Endumeni Residents Association, a Local Recognized Community Organization in the Endumeni Municipality area.

28 April 2010