



# ***BUSHBUCKRIDGE LOCAL MUNICIPALITY***

**PRESENTATION TO THE PARLIAMENTARY  
SELECT COMMITTEE ON FINANCE**

**DATE : 05 MAY 2008**

**VENUE : CAPE TOWN**

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# **1. MUNICIPAL OVERVIEW**

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## **1.1 DEMOGRAPHICS**

Bushbuckridge Local Municipality is a presidential nodal point located in the North Eastern part of Mpumalanga Province. The municipality is one of the five constituents of Ehlanzeni District Municipality, and is surrounded by Kruger National Park in the east and Mbombela Local Municipality in the south.

The municipality covers approximately 25,586.76ha of land, and is composed of agricultural land wherein a variety of potential farmers are conducting farming activities and the remaining portions are for residential purposes and water bodies

The municipality consist of 235 settlements and is divided into 34 wards.

The municipality has a population of 509,970 (Stats SA: 2007), of which 507,492 are African, 1,631 are Coloureds, 208 are Indian/Asian and 639 are Whites.

# **1. MUNICIPAL OVERVIEW (cont.)**

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The population figures have increased since 2001, but grants and equitable shares are still determined according to the 2001 statistical information by both the Provincial and National departments.

## **1.2 SOCIO – ECONOMIC PROFILE**

Bushbuckridge has a very high rate of unemployment especially in rural areas, only 18% of the total population is employed.

The high levels of unemployment has resulted in low income per household creating dependency syndrome to grants, it means the fight against poverty is far from over. According to statistics almost 406,689 persons has no income and 90,888 persons are earning between R400 to R51200 and 381 persons are earning between R51201 – R204,801.



## **1. MUNICIPAL OVERVIEW (cont.)**

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- Females represent 55% majority of the population and shows the impact of migration due to labour.
- Between the ages of 1 to 24 years represent 65% and the remaining 35% represents ages between 25 – 85.

## **2. MUNICIPALITY'S BUDGET**

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### **2.1 BUDGET PROCESS FOR 2007 / 2008**

The Bushbuckridge Local Municipality's budgets for 2007/2008 financial year was compiled in accordance with chapter 4 of the Municipal Finance Management Act No 56 Of 2003, in cognizance of Section 16 and 24.

The 2007/2008 Draft Budget was tabled before the Budget and Treasury Steering Committee and Finance Committee on 13 April 2007.

Public participation regarding both the Draft Budget and IDP was conducted on the 08,09 and 10 May 2007.

The 2007/2008 final budget was approved by council on the 29 May 2007.

The 2007/2008 Service Delivery and Budget Implementation Plan was adopted by council.

## 2. MUNICIPALITY'S BUDGET (Cont.)

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### 2007/2008 ANNUAL BUDGET

Operational Budget	R 103,711,800	27.46%
Capital Budget	R 180,941,985	47.90%
Salaries & Allowances	R 82,435,000	21.82%
Maintenance	R 10,650,000	2.82%
TOTAL BUDGET	<b><u>R 377,738,785</u></b>	

Equitable Shares	R 161,651,000	42.79%
Rates & Taxes	R 21,439,600	5.68%
Interest Received	R 5,600,000	1.48%
Traffic Income	R 4,200,000	1.11%
Water & Services	R 26,742,185	7.08%
MIG	R 125,000,000	33.09%
Other Grants	R 33,106,000	8.77%
TOTAL INCOME	<b><u>R 377,738,785</u></b>	

## 2. MUNICIPALITY'S BUDGET (Cont.)

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### 2.2 PERFORMANCE OF 2007 / 2008 BUDGET AS AT MARCH 2008

EXPENDITURE	BUDGET	ACTUAL	
Operating Expenditure	R 196,797	R 138,225	70%
Capital Expenditure	<u>R 180,942</u>	<u>R 110,329</u>	61%
<b>TOTAL</b>	<b><u>R 377,739</u></b>	<b><u>R 248,554</u></b>	<b><u>66%</u></b>
OPERATING REVENUE			
Grants & Subsidies	R 319,757	R 286,705	90%
Service Charges & Other	<u>R 57,982</u>	<u>R 62,092</u>	107%
<b>TOTAL</b>	<b><u>R 377,739</u></b>	<b><u>R 348,797</u></b>	<b><u>92%</u></b>



### **3. MUNICIPALITY'S COMPLIANCE WITH MFMA**

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#### **3.1 LEGISLATIVE REQUIREMENTS**

The Bushbuckridge Local Municipality is committed to achieve the legislative requirements as embodied in the Constitution of the Republic of South Africa, Section 152 (1) which states that the objects of local government are:

- to provide democratic and accountable government for local communities
- to ensure the provision of services to communities in a sustainable manner
- to promote social and economic development
- to promote a safe and healthy environment.
- to encourage the involvement of communities and community organizations in the matters of government

The municipality has further taken into cognisance to ensure that it strives within its financial and administrative capacity to achieve the objects as mentioned above in terms of Section 152(2) of the Constitution of the Republic of South Africa.

### **3. MUNICIPALITY'S COMPLIANCE WITH MFMA (Cont.)**

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#### **3.2 COMPLIANCE WITH MFMA**

The municipality has basically improved in various requirements embodied in the Act, although much focus should be concentrated in terms of compliance to due dates.

The municipality was able to establish the following sections under the administrative charge of the CFO.:

- . **Budget and Treasury Office**  
Supply Chain Management Unit

The Internal Audit Directorate and Performance Audit Committee has been established.

The municipality has appointed the Municipal Manager and all the Section 57 Senior Management

Performance Contracts have been concluded and signed by Second Level Managers

The 2006/2007 Annual Financial Statements were submitted to the Office of the Auditor General on 30 August 2007. The audit outcome was a disclaimer. The municipality has developed an action log in order to implement remedial measures to curb the shortcomings as indicated in the AG's report

The municipality has improved regarding the submission of Section 71 reports to both Provincial and National Treasury.

The municipality's Annual Budget for 2007/2008 financial year was approved on 29 May 2007, in terms of section 24(l) of the MFMA.

The municipality has compiled the 2006/2007 Annual Report and has been adopted by Council on the 26 March 2008.

### **3. MUNICIPALITY'S COMPLIANCE WITH MFMA (Cont.)**

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The municipality has approved the following financial policies to ensure sound financial management:

- Tariffs Policy
- Cash Management and Investment Policy
- Receipts and Banking Policy
- Asset Management Policy
- Supply Chain Management Policy
- Credit Control and Debt Collection Policy
- Payroll / Remuneration Policy
- Property Rates Policy
- Budget Plan and Management Policy
- Assets Management Policy
- Credit control and Debt Management Policy
- Petty Cash Policy
- Municipal BY-LAWS

## **4. PERFORMANCE WITH REGARD TO CONDITIONAL GRANTS**

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### **4.1 LOCAL GOVERNMENT MUNICIPAL SYSTEM IMPROVEMENT GRANT**

AMOUNT ALLOCATED	AMOUNT RECEIVED	ACTUAL EXPENDITURE JUL.2007 TO MARCH 2008	% EXPENDITURE OF ALLOCATION	AVAILABLE BALANCE
R 884,000	R 884,000	R 304,485	34%	R 579,515

The municipality has spent 34% of the allocation for the development of the Performance Management System and IDP. An amount of R130,000 will be incurred in April 2008 for updating Land Use Maps and IDP. The remaining allocation of approximately R449,515 will be incurred during May 2008 and June 2008 respectively to update both the Cadastral Information and the development of the GIS into a Management Information System.



## **4. PERFORMANCE WITH REGARD TO CONDITIONAL GRANTS (cont.)**

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### **4.2 LOCAL GOVERNMENT FINANCE MANAGEMENT GRANT**

<b>AMOUNT ALLOCATED</b>	<b>AMOUNT RECEIVED</b>	<b>ACTUAL EXPENDITURE</b>	<b>% ALLOCATION</b>
<b>R 250,000</b>	<b>R 250,000</b>	<b>R 250,000</b>	<b>100%</b>

The FMG has been utilized effectively for the finance personnel specifically for capacity building in financial management and the entire allocated amount has been exhausted.

## **4. PERFORMANCE WITH REGARD TO CONDITIONAL GRANTS (cont.)**

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### **4.3 Municipal Infrastructure Grant (MIG)**

AMOUNT ALLOCATED	ADJUSTED ALLOCATION	AMOUNT RECEIVED	ACTUAL EXPENDITURE JUL.2007 TO March 2008	% ALLOCA TION	AVAILABLE BALANCE
R 98,167,000	R 125,000,000	R 105,530,000	R 96, 191,309	76.95%	R 28,808,691

The municipality has spent almost 76.95% of the revised allocation and the remaining balance of R28.8 million will be fully spent by June 2008, attributable to the trend of accelerated project implementation.