

## **BUDGET FOR 2008/2009 PEOPLE AND SERVICE DELIVERY DRIVEN**

### *Budget runs more than R1 billion*

Matjhabeng Local Municipality's annual budget includes an Operational Budget that provides for the annual expenditure and revenue estimates for 2008/09 as well as a Capital Budget that provides for the on-going investment in infrastructure necessary to provide the services to the community.

The Operational Budget for 2008/2009 is **R 1, 022, 119,949**.

The Operational Budget has been divided into revenue and expenditure sections. The revenue section consists of property rates, electricity, water, sanitation; refuse removal, grants and subsidies, interest and investment income and other revenue such as rental of halls and hostels. The expenditure section includes items such as personnel costs, general expenses, repairs and maintenance, capital charges, contribution to reserves and contributions to capital.

The greatest percentage of revenue is received from the Water and Electricity vote. This vote contributes 38% of the revenue of the Municipality. The equitable share from National Government is included in the vote of Executive and Council and assessment rates are included under Finance and Administration's vote.

The Equitable Share that is received as a grant from National Government makes up 21% of the revenue of the Municipality. This indicates that the Municipality is highly dependant on such grants and the main reason for this can be attributed to the low level of payment from consumers. In order for Matjhabeng to be sustainable, the Municipality must be able to operate independent of the Equitable Share.

Water and Electricity vote is responsible for 38% of the expenditure of the Municipality. Planning and Development makes up 10% and the rest of the votes do not make up more than 11% each.

Water and Electricity purchases make up a combined 32% of total expenditure, while provision for bad debts make up 13%. This highlights the poor payment rate for consumer services. Other General Expenses, which make up 10% of total expenditure, refer to expenses such as advertising, bank charges, electoral expenses, insurance, municipal charges, operating costs of equipment and vehicles, telephones, printing and stationery, professional fees, security services, subsistence and travelling, uniforms etc.

The Municipality's expenditure on personnel cost amount to 32% of total expenditure. The norm for municipalities is 30%. The personnel costs as reflected above relate to positions that have actually been filled. If the Municipality has to go ahead and fill all vacant positions, the percentage of personnel costs to total expenditure will be closer to the 50% mark.