

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



**DRAFT MTREF BUDGET 2010/2011
31 MARCH 2010**

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2. MAYORAL BUDGET SPEECH

3. DRAFT BUDGET RELATED RESOLUTIONS

1. Council resolves that the draft budget of the Municipality for the financial year 2010/11, with three year audited actual from 2006/07 to 2008/09 and indicative figures for the two projected outer years 2011/12 and 2011/13 be approved for public participation as set-out in the following schedules:
 - 1.1 Budgeted summary on table A1(Page 33);
 - 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2 (page 34)
 - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3 (page 35)
 - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4 (page 36)
 - 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5 (page 37)
 - 1.6 Budgeted financial position as reflected on table A6(page 38
 - 1.7 Measurable performance objective for revenue source as per Cash flow table A7 (page 39)
 - 1.8 The basic service delivery measurement on table A8 (page 40)
 - 1.9 Cash back reserve/ accumulated surplus reconciliation on table A9
 - 1.10 Asset management as reflected on table A10 (page 41)

2. Council resolves that property rates reflected on page 21 be approved for the draft budget year 2010/11.

3. Council resolves that the tariffs policy adopted for public participation and the following tariff and charges reflected on the listed pages be approved for the draft budget 2010/11 financial year.
 - 3.1.1.1.1 Electricity (Page 19)
 - 3.1.1.1.2 Water (Page 20)
 - 3.1.1.1.3 Refuse removal (Page20)
 - 3.1.1.1.4 Sewerage (Page21)
 - 3.1.1.1.5 Basic charges (Page 19)
 - 3.1.1.1.6 Sundry tariffs (Pages 22)

4. Council resolve to adopt the draft amended Integrated Development Plan (IDP)reflected in (Annexure 1)
5. Council note the proposed amendments recommended to the Credit Control and Debt management policy (Annexure B).

- 6.Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

4. EXECUTIVE SUMMARY

Elias Motsoaledi local municipality's 2010/11 draft IDP and budget have been developed to comply with the provisions of various legislation and policies of National and Provincial government. This was prepared in compliance of :

- MFMA circular No 51 dated 02 March 2010- budget content and format- 2010/11 MTREF
- Budget Regulation and reporting frame work

Some of the key issues in the Budget Regulations and Reporting Frameworks outlines are:

- Key deadlines on submission of budget after approval and
- When to table budget adjustment and
- Compliance with the section 71 in- year reporting
- As well as the formation of Budget steering committee.

The Mayor launched the budget Steering committee to assist him with the preparation of the budget, the committee constitute of Directors, Manager Budget and IDP, Municipal Manager and Chairperson of the Finance Portfolio Committee. The committee is chaired by Finance Chairperson Portfolio Committee, the budget steering committee was inducted by Provincial Treasury to give guidance on the terms of reference.

The Departmental Heads presented their budget inputs firstly to the committee on their departmental needs and the committee was able to strategize the priorities as submitted from each wards before it present it to the Executive committee. The wards inputs were summarized on annexure A.

The challenges facing the municipality is to find the means to continue to deliver services to the community whilst also improving and expanding the current services to meet increasing needs. The solutions to this challenge from a management perspective are vested in:-

- Increase productivity
- Re-priorities developmental projects and services
- Increase revenue, through, inter alia, innovative means of funding service delivery

The Municipality must also maintain its assets to ensure viable and sustainable service delivery. Similarly, it must maintain its financial capacity and resources to enable the delivery of services and honouring of development obligations.

The MFMA, inter alia, provides that the involvement of Councillors in the budgeting and financial management processes will be:-

- ❑ Continuous consultation with the community and other stakeholders in the planning of services and reviewing of performance;
- ❑ Ensuring that the budget allocates resources in line with the Council's policy objectives and priorities and the needs of the community;
- ❑ Ensuring that the budget is realistic and financially sound before approving the budget and any adjustments;
- ❑ Evaluating periodic reports on performance of the budget related to developmental and service delivery plans; and
- ❑ Formal reporting activities through annual reports and audited financial statements.

By focusing on these critical aspects, Councillors will be able to provide appropriate political leadership and direction to the Municipality's operations, oversee the preparation of budgets and achievement of financial and non-financial objectives expressed in the budget and IDP.

The current financial year have served as a foundation for transforming the municipal administration and progression towards achieving our strategic objectives. The changes in reporting framework moving from IMFO standard to GRAP. This reflected our struggle to merely comply with legislative requirements to being a strategic, developmental local government. Though our current result did not satisfies the office of Auditor General, but we are confident that we are moving in the right directions.

This budget it also respond to the achievement of working together to a process of clean audit program to meet the dead line of 2014 as the Minister of Corporate Governance and Traditional Affairs has launched. This followed by development of turn around strategy which our municipality should adhere to. President Jacob Zuma mentioned to us that " none of can rest or sleep peacefully until every South African can say:

"I can see better future. I can find a job. I can learn a skill. Hard work will enable me and my family to have shelter and food. If my children work hard at school and college, they will have better future and thousand opportunities"

MEC Sa'ad Cachalia in his budget speech also indicated that" we should help our people to improve their own lives and that of our communities. Our people deserve nothing less."

The municipal political leadership and senior managers held two day strategic planning workshop in February 2010. The strategic planning workshop endeavored to outline key strategic objectives aimed at fulfilling the requirements of a developmental local government. The information gathered during the strategic planning session confirmed a number of mayoral priorities, strategic objective and was aligned to overall government programmed of action.

The Council has ensured that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies. The strategic alignment between National, Provincial and District priorities was also a central factor during the IDP review and budget process.

This draft IDP and budget was prepared in a very challenging situation because of the continuous global economic crisis.

The economic growth has scale down, which resulted in many working group people losing their job through retrenchment. This has been evident in our municipality, as the largest job creation is the mining sector. The Elias Motsoaledi Municipal area is largely inhabited by those caught within the second economy.

Access to basic services like water and sanitation is concentrated around semi-urban areas while rural and farm areas are still lagging behind in this

The MFMA stipulate that an annual budget may only be funded from realistic revenue to be collected and cash back accumulated funds from previous financial years' surplus not being committed. It further stipulates that the revenue projections in the budget must be realistic, taking into account:

- ❖ projected revenue for the current year based on the collection level
- ❖ actual revenue collected in the previous financial years

Base on the above requirements of funding of a budget, the 2010/11 budget has taken into consideration the past performance of three previous financial years pertaining to revenue and expenditure.

The projected revenue includes only allocations confirmed and the allocation as per Division of Revenue Act. The total revenue from grants and subsidies for operating and capital budget is R128, 791 million .

GRANTS AND SUBSIDIES

Revenue generation remains a threat to the municipality's financial viability. Financial viability remains a key feature of transformation in the municipal organisation. The municipality would continue to ensure that it explores new sources of revenue.

The overall financial position of the municipality is still relying on grants and subsidies .

The medium term allocation on grants and subsidies from Division of Revenue Act April 2009 reflect the provisional allocation for 2011 and 2012 as follows:

GRANT AND SUBSIDIES	2010/11 000'	2011/12 000'	2012/13 000'
EQUITABLE SHARE	100,148	112,761	124,019

MUNICIPAL INSTTTUTIONAL SUPPORT GRANT	750	790	800
LOCAL FINANCE MANAGEMENT GRANT	750	1,000	1,250
MUNICIPAL IFRASTRUCTURE GRANT	24,143	29,037	35,306
INTREGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT	3,000	1,000	0
TOTAL GRANTS	128,791	144,838	161,625

5. Budget schedule

Budgeted summary on table A1 (Annexure A1)

Budgeted financial performance (revenue and expenditure by classification reflected on table A2 (Annexure A2)

Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3 (Annexure A3)

Budgeted financial performance (revenue source and expenditure by type reflected on table A4(Annexure A4)

Budgeted capital budget by vote, standard classification and funding as reflected on table A5 (Annexure A5)

Budgeted financial position as reflected on table A6 (Annexure A6)

Measurable performance objective for revenue source as per cash flow table A7(Annexure A7)

The basic service delivery measurement on table A8 (Annexure A8)

Cash back reserve/ accumulated surplus reconciliation on table A9 (Annexure A9)

Asset management as reflected on table A10 (Annexure 10)

6. BUDGET PROCESS OVERVIEW

- **Budget Process Overview**

The budget process is a continuous cycle of planning, implementing, monitoring and reporting. The budget process involves activities relating to at least three budget years simultaneously. The process involves simultaneously assessing how the Municipality is managing the closure of the previous financial year budget, the monitoring of the current year budget and the planning for the next three years' budgets, linked with the IDP.

National Treasury provides guidance on budget preparation by providing the MFMA Circulars . The 2009/10 budget is prepared in accordance with the MFMA Circular No 28. The management and executive committee had undergone the strategic session to clearly define the strategic priorities of the municipality.

Critical to the development of a credible budget are: the manner in which the strategic planning process is integrated; the input of policy directions; and consultation with the community and other stakeholders.

- **Political oversight of the budget process**

The Mayor provided the political guidance overview over the budget and priorities that guided the budget preparation. This has been done in terms of section 53(1)(a) of Municipal Finance Management Act(MFMA) and budget regulation and Reporting.

The budget preparation and IDP review process was driven by the IDP and Budget Steering Committee. This committee is chaired by the Chairperson of Financer and the following persons are members:

- Chairperson: Finance
- Municipal Manager
- All heads of Departments (Directors)
- Manager Budget
- Manager IDP

The Strategic Director on behalf of the municipal Council drives the IDP Review Process, which entails the coordination of activities, meetings and the development of documents within the ambit of the steering Committee.

- **Schedule of Key Deadlines relating to budget process 21(1)(b)]**

The schedule of key deadlines for the preparation of the budget and the annual review of the IDP for the 2009/2010 medium term period was tabled in council in and was approved accordingly.

- **Process for tabling and adoption of budget in council for community consultation**

Elias Motsoaledi Local Municipality 's 2009/10 Budget have been developed to comply with Circular 51 of MFMA and the provision of section 15-20 of MFMA..

The tabling of time schedule outlining key deadlines for Elias Motsoaledi Local Municipality started 10 months before the start of the budget year. The plan indicated the following:

- The preparation, tabling and approval of the Annual Budget;
- Annual Budget review on budget – related policies;
- The tabling and adoption of the reviewed IDP;
- Consultation process with the community.
- Approval of the final IDP and budget

- **Consultation process with stake holders and outcomes**

The draft IDP/Budget will be placed on the municipal website, copies will be placed at all satellite office and libraries and Meshate of Magoshi

The ward committee members were utilized to facilitate community participation meetings.

- **Process used to integrate the review of the IDP and preparation of the budget**

The IDP and budget preparation process started in July 2009, with the review of IDP/Budget process plan reflecting key deadline and was adopted by council.

The IDP revision and budget process were fully integrated to obtain best results. Various meetings were held with community members, ward committees, councilors and other stakeholders.

The IDP review and Budget preparation review process was driven by IDP/ Budget Steering Committee.

- **Summary of Community Priority Issues (During ward based IDP forum)**

Council is committed to allocate scarce financial resources to service delivery goals determined in the IDP and policies of National Government such as free basic water, electricity and sanitation.

During public consultation meetings, communities still raised a number of issues that they considered pertinent for the development of their respective wards and areas. Below is a summary of the most pertinent community issues highlighted throughout the Elias Motsoaledi Municipal Area. The need for:

Infrastructure development needs are:

High mast lights and maintenance
Electricity,

Roads, their maintenance and necessary road signage
Sanitation Facilities
Storm water drainage
Housing backlog and completion of RDP

Health issues

- Centres for orphans and HIV/Aids patients
- Ambulances
- Shortage of clinics
- Support for home based Care Centres

Social service needs

- Refuse removal
- Cemeteries
- Upgrading & maintenance of sport facilities
- Multipurpose Centres
- Children Day care Centres
- Old Age Centres
- Easily accessible pension payment
- Libraries
- Establishment of CPF's
- Skills Development Centres
- Community Halls

Education

- Facilitating Scholar Transport for farm learners
- Schools and libraries
- Bursaries

Local Economic development

- Poverty Alleviation Projects
- Agricultural need
- EPWP projects

All the issues highlighted above are indicative of the fact that there is a need for cross-sectoral collaboration with municipalities and provincial and national service providers.

• Strategic alignment with National and Provincial Governments

Limpopo Province Growth and Development Strategy

In terms of Section 24(1) of the Municipal Systems Act "The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of

other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in Section 41 of the Constitution”.

In case of the Elias Motsoaledi Local Municipality the three most important (although not the only) directives in this regard are the Limpopo Growth and Development strategy (PGDS), the

Integrated Development Plan of the Sekhukhune District Municipality, and the International Community Development Targets (Vision 2014).

The PGDS (2004-2014) is the strategic framework for the Limpopo Provincial Government that sets the tone and pace for growth and development in the province. It addressed the key and most fundamental issues of development spanning the social, economic and the political environment and was developed from the following:

- National policies and strategies
- Provincial strategies
- Local Government plans (e.g. Integrated Development Plans) and strategies

The PGDS is considered a strategic document in as far as it ties Provincial policies with National policies while it spells out strategies on a sectoral level. Moreover, the PGDS also serves as guideline to provincial departments and local government/ organizations when they lay out their budget allocations in the light of key growth and development priorities at the beginning of each budget cycle.

It is thus essential that the issues and programmes emanating from IDP' be compatible with the priority areas of the PGDS.

Limpopo province identified several priority areas of intervention as part of the Provincial Growth and Development Strategy, namely:

- **Economic Development** (i.e. investment, job creation, business and tourism development and SMME development)
- **Infrastructure Development** (i.e. urban/ rural infrastructure, housing and land reform)
- **Human Resource Development** (i.e. adequate education opportunities for all)
- **Social Infrastructure** (i.e. access to full social infrastructure)
- **Environmental Development** (i.e. protection of the environment and sustainable development)
- **Good Governance** (i.e. effective and efficient public sector management and service delivery).

Care was taken during the Elias Motsoaledi IDP process that all actions and initiatives proposed by the municipality are in line with these Provincial Priority Areas for Intervention as highlighted above.

7. ALIGNMENT OF BUDGET WITH IDP

VISION

A better life for all through service excellence.

MISSION

The Elias Motsoaledi Local Municipality is committed to:

- ❑ Provide democratic and accountable government for local communities;
- ❑ Ensure provision of services to communities in a sustainable manner;
- ❑ Promote social and economic development;

We will achieve this by:

- ❑ Implementing a system of Integrated Development Planning based on priority needs of the community identified through community consultation processes;
- ❑ Ensuring the effective performance of all service providers in the municipal area;
- ❑ Supporting sustainable infrastructure development and maintenance, as well as service delivery, through a fair allocation of resources;
- ❑ Promoting a safe and healthy environment;
- ❑ Facilitating economic development and job creation

MUNICIPAL KEY FOCUS AREAS AND IDP PRIORITY ISSUES

Based on the above, the following are the key focus areas of the Elias Motsoaledi Local Municipality

KEY FOCUS AREAS

- Good Governance
- Financial Viability
- Community Consultation
- Infrastructure Development and Service Delivery
- Economic Development and Job Creation

KEY PRIORITY ISSUES

Issue1: Powers, Duties and Functions

Issue2: Organizational Restructuring and Transformation

Issue3: Financial Management

Issue4: Good Governance and Communication

Issue5: Spatial Restructuring and Land Use Management

Issue6: Land Reform and Land Administration

Issue7: Housing

Issue8: Health and Welfare

Issue9: Education

Issue 10: Culture, Sport and Recreation

- Issue 11: Safety and Security
- Issue 12: Emergency Services
- Issue 13: Post and Telecommunication
- Issue 14: Cemeteries
- Issue 15: Water and Sanitation
- Issue 16: Electricity Supply
- Issue 17: Waste Management
- Issue 18: Roads, Storm water and Transport
- Issue 19: Environmental Management
- Issue 20: Economic Development and Job Creation

8.BUDGET RELATED POLICIES: OVERVIEW AND AMENDMENTS

REVENUE MANAGEMENT

The municipality is still reliance on government grants and subsidies. Revenue enhancement strategy is at 95% developmental stage, this will assist council in identify any additional revenue streams and improve on current operations to maximize savings.

Challenges on revenue collection

The municipality does recognize the challenges brought by the billing system. These challenges hinder revenue collection and create mistrust between the municipality and customers. The project of changing old meters to digital metering is completed at Roossenekal and will be focusing Groblersdal town in the last six months of this financial year.

Council has implemented Municipal Property Rate Act and new valuation roll was implemented from 1 July 2009.

There are still challenges on implementing the new valuation roll on some of new rate able properties. Mails do not reach property owners, meaning the address are not updated especially owners of undeveloped land. We will embark on the data cleansing project to ensure that user details are correctly captured.

Municipal Property Rate policy

Municipal property rate policy was adopted in May 2009

CREDIT CONTROL AND DEBT MANAGEMENT

The municipal debt is growth at. In order to ensure that money owed to council is recovered, debt Collection Company was appointed to recover all outstanding debts on behalf of council.

Credit control and debt management policy

Credit control and debt management policy is submitted for reviewed with the budget once adopted it will taken to public participation.

INVESTMENT

Council invested million of rands in short term deposit and call deposits, this funds are temporary invested as per cash flow requirements. The aim is to preserve cash until is required, the deposits are done for 90 days and less.

The table below reflect the account numbers were accounts are held and balances are as at February 2010:

Bank	Type of investment	Amount
Investec	Short term	18 ,000,000
Sanlam	Short term	38,679,288
New republic Bank	Current	274 982
Absa	Call account	41, 791
FBN	Short term	99,595
Total		68 095 433

Cash management and investment policy

The municipality has a cash management policy, which guides on how the money not urgently need is preserve, the policy was adopted in and it is being implemented, no review is proposed.

BUDGET MANAGEMENT AND EXPENDITURE CONTROL

Treasury and Budget Office is implementing new budget format as a requirement of Budget regulation issued by National Treasury.

The finalization of replacing 3000 old meters by digital metering will be complete in the 2011/12 financial year. This will improve revenue collection, as users will pay for accurate billing and mitigate disputed on consumed readings.

The financial system remains a challenge, part of improving the operation is to enforce service level agreement with the current provider and to improve on support and provide training on new users .

Budget policy

The budget policy is submitted for review and once noted will form part of community participation

SUPPLY CHAIN MANAGEMENT

The committee established in terms of supply chain regulations are functional and just need continuous training to ensure compliance with supply chain policy, regulations and relevant legislations.

Supply chain management policy

Supply Chain Management Policy is under review and will serve in the finance portfolio in April 2010

ASSET MANAGEMENT

Infrastructure asset register has been compiled with information that is considered 80% accurate for visible infrastructure

Municipal assets are recorded in the fixed asset register, to ensure that control and risk avoidance are effectively maintained. The effective management of municipal infrastructure is central to municipality to provide acceptable standard of service to the community. It is important to assess and perform regular review the actual extent, utilization, criticality and performance and condition of infrastructure assets to optimize planning and implementation works.

Asset Management Plans

Municipality has compiled Infrastructure asset management plans(IMP) are in draft stage, the plans will give details of conditions of assets. Most of roads infrastructure is at 50% remaining useful life. This implies that capital replacement reserve should be created and be cash backed to achieve a balance between maintaining and renewing existing infrastructure while also addressing the backlog in service delivery in basic services.

The IMP will inform decision on service delivery efficiency and improvement

Long term sustainability and risk management

Performance monitoring and accountability

Priority development of minimum basic services

Asset management and disposal policy

Asset management and disposal policy is at draft stage and it will be serving in the finance committee in April 2010 and anticipated approval is in May 2010.

RISK MANAGEMENT

Council has develop a risk management and anti corruption strategy. The strategy is being implemented and whistle blowing has been functional on several occasions.

Risk assessment has been done and mitigation strategies are being developed to ensure that risk avoidance is achieved.

STATUTORY AND IN-YEAR REPORTING

Council is committed to ensure that administration comply with relevant legislation in terms of financial reporting. The aim is to submit relevant reports such as section 71 reports to the relevant authorities as well as annual reports and financial statements as required by the provision of Municipal Finance Management Act.

The project clean audit was launched and as municipality we have an obligation to ensure that clean audit is achieved. In this regard, the municipality will be developing a comprehensive plan to achieve a clean audit report in the 2009/2010 financial year. The challenges experienced during 2008/09 audit was on the conversion of financial reporting from IMFO standard to GRAP, specifically on asset treatment and revenue recognition on water services since Elias Motsoaledi is providing the service on behalf of the district municipality, as well as traffic fines. The action plan will focus on the risks of financial reporting to ensure that all standard are effectively implemented.

Accounting policy

Accounting policy will be revised in July 2010 and will be submitted to council with the financial statement

Indigent Policy

The municipality's indigent policy was approved by council in, with annual adjustments, linked to the budget, being made to income thresholds and benefits offered to registered indigents.

Salient features of the policy include:

- Threshold for monthly household income of R1 200.00
- Free electricity of 50kWh per household
- 6 kiloliters of free basic water
- Free sanitation
- Free refuse removal

9. BUDGET ASSUMPTION

Salaries and wages

The average increase for salaries and wages agreement reached in 2009 stipulates the wage increases should be based on CPIX plus 1.5%. The guide from Treasury proposed average

increase of 7.7%, but the municipality allowed additional of 2,3% to allow for salary notches, increase will be utilised across the board.

Councillor Allowances

All the costs associated with the remuneration of Councillors, including their allowances and any other benefits paid, is showed in this section as a separate expense. The additional Councillor allowances as promulgated are budgeted for at the estimate of 10%.

General Expenditure

The current CPIX increase identified by National Treasury is approximately 5.7%. The general increases in the budget follow this guide but in certain cases the tariffs are increased in line with actual costs and out of this guideline increases. These items relate to maintenance, fuel, telephone and contracted in services. In order to cover actual costs the increase budgeted for is 15%.

Bulk Purchases

Electricity tariffs are increased by an average of 19% on high consumptions. The implementation of a step tariff is implemented by the Municipality as per electricity tariff table. 15,33% is budget for domestic use provided the consumption does not exceed..... Prepaid are increased at 19% to cater for basic charge

Repairs and Maintenance

This item must include all labour and material costs for the repair and maintenance of the assets of the Municipality. It must include both contracted services and services performed by employees. The total cost of asset maintenance is disclosed in this item to enable an evaluation of asset performance.

Expenditure that maintains an asset in good working order, to ensure asset performance and the useful life originally expected, is not capital and must be shown under this item. "Total Asset Management" requires that a schedule of programmed maintenance should be developed for all assets of the municipality. This ensures that the asset maintains optimal performance and the municipality obtains maximum flow of economic benefits from employment of the asset over its optimum life. The deferral of maintenance expenditure on assets has the effect of increasing future maintenance costs and also has potential for reducing the economic life of the asset and hence the flow of economic benefits. Deferrals should be indicated clearly in the operational plans.

Capital Expenditure

Capital expenditure is funded from National Electrification Grant of R million and Municipal Infrastructure Grant of R24 millions which includes 5% of operation budget. Council is contributing R for the balance of the capital budget

10. **FUNDING THE BUDGET (INCLUDING FISCAL OVERVIEW AND SOURCE OF FUND**

Grants and Subsidies

This item consists of subsidies in the form of equitable share contributions, finance manage grant, municipal systems improvement grant and others as may be determined from time-to-time.

Assessment Rates

An assessment rate element is levied on the land value of property in the municipal area, based on a predetermined percentage. The Local Government Property Rates Act had far reaching implications on the assessment rate tariff.

Consumer Revenue

Consumer revenue consists of income generated from the sale of electricity and water (trading services) and from amounts levied for sewerage and refuse removal (economical services). With reference to each of the services the following should be noted:-

- ❑ Water services, as a trading service, should be operated to generate a surplus of at least 10%. In the case of the Municipality the cost of supply of water is very low and as such a more significant surplus would still be in order. In doing so the pressure on tariffs for economical services could be alleviated. However, as indicated above, the Municipality is currently only delivering water services on an agency basis and would therefore not directly benefit. Such surplus could however be utilised by the District Municipality to subsidise the sewerage service.
- ❑ Refuse removal and sewerage, as economic services, should be operated to at least a point of break even.
- ❑ The guideline of a 13% surplus on turnover by the National Electricity Regulator (NER) on electricity should be taken into account when the percentage increase in electricity tariffs is considered.

Trends in major sources of own revenue

- Electricity and Property Rates remains the major source of revenue for the municipality.
- Property rates increases from 10% of own revenue. This is mainly due to the revised implementation of new Property Rates Act in 2010/11.
- Electricity revenue contribute on average 19% of own revenue of the medium term period.

Other Revenue

Departments that provide services, other than consumer services listed above, must at least recover the costs and may generate a surplus. The services include building plan fees, use of council facilities, electricity connection fees, traffic fines, driver's licenses, transport fees, dumping fees, etc.

BUDGET 2010/2011

TARIFFS FOR STANDS WITH VALUATIONS

TARIFF 2009/2010	%INCREASE 2009/2010	TARIFF 2010/2011	%INCREASE 2010/2011
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ELECTRICITY

i) Residential

Basic Charge	R 57.90	5.6%	61.4c	6.0%
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Unit Charge

First 50 Units (Indigents)	Free	0.0%	Free	0.0%
First 50 Units (Non-Indigents)	40.2c	23.5%	47.4c	18.0%
51-200 Units	49.4c	23.8%	58.8c	19.0%
Above 201 Units	58.1c	34.0%	69.7c	20.0%

Prepaid

Unit Charge	68.34c	34.0%	81.3c	19.0%
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ii) Commercial

Basic charge	R 98.00	5.6%	R 103.88	6.0%
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Unit Charge	58.4c	34.0%	69.5c	19.0%
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iii) Industrial Bulk

Basic Charge	R 230.25	5.6%	R 245.22	6.5%
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Unit Charge	31.44c	34.0%	37.4c	19.0%
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Maximum Demand Charge (60-100A)	R 71.63	0.0%	R 85.24	19.0%
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iv) Industrial Bulk (100A - ABOVE)

Basic Charge	R 83.00	5.6%	R 87.98	6.0%
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Unit Charge	31.44c	34.0%	37.4c	19.0%
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Maximum Demand Charge (60-100A)	R 50.00	5.6%	R 53.00	6.0%
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v) Municipal Buildings

Unit Charge	52.79c	34.0%	62.8c	19.0%
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Reconnection after non payment	R 118.00	5.5%	R 125.08	6.0%
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Connection Fee	R 36.84	5.0%	R 39.05	6.0%
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Test of Meters	R 135.00	0.0%	R 143.10	6.0%
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Tempering with Electrical Meters

First offence *	R 2 000.00	0.0%	R 2 000.00	0.0%
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Second Offence *	R 5 000.00	0.0%	R 5 000.00	0.0%
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Third Offence

Legal action will be take.

* Meter removed until Payment

TARIFFS FOR STANDS WITH VALUATIONS

		TARIFF 2009/2010	%INCREASE 2009/2010	TARIFF 2010/2011	%INCREASE 2010/2011
WATER					
i) Residential					
<i>Metered</i>					
Basic charge		R 53.55	0.0%	R 53.55	0.0%
Unit Charge					
First 6 Units (Indigents)	Free		0.0%	Free	0.0%
First 6 Units (Non-Indigents)	R 2.37		4.6%	R 2.49	5.0%
7 to 10 Units	R 3.06		4.9%	R 3.23	5.6%
11 to 30 Units	R 3.52		4.8%	R 3.73	6.0%
Above 30 units	R 4.00		9.3%	R 4.24	6.0%
<i>Unmetered</i>					
Monthly Flat Rate		R 49.90	4.8%	R 52.89	6.0%
<i>Pre-Paid</i>					
Basic charge		R -	0.0%	R -	6.0%
Unit Charge		R 4.48	4.9%	R 4.77	6.5%
<i>Communal Stand Pipes (Above RDP)</i>					
Monthly Flat Rate		R 27.29	4.8%	R 28.93	6.0%
<i>Communal Stand Pipes (Pre-Paid)</i>					
First 6 Units	R 4.46		4.9%	R 4.73	6.0%
Above 30 units	R 4.75		4.6%	R 5.06	6.5%
ii) Commercial/ Industry					
Basic charge		R 73.02	3.8%	R 77.40	6.0%
First 6 Units	R 2.72		4.4%	R 2.88	6.0%
7 to 30 Units	R 3.39		4.4%	R 3.60	6.1%
Above 30 units	R 4.26		4.7%	R 4.54	6.5%
Departmental		R 4.43	3.8%	R 4.70	6.0%
iii) Connection Fee					
		R 37.72	3.6%	R 39.98	6.0%
iv) Water Tankers (per tank)					
		R 200.00	0.0%	R 212.00	6.0%
REFUSE REMOVAL					
Basic charge (Residential)		R 46.71	6.3%	R 53.72	15.0%
Basic charge (Commercial)		R 114.13	6.3%	R 131.25	15.0%
Basic charge (Departmental)		R 46.71	6.3%	R 53.72	15.0%
Special Refuse Load		R 124.88	6.3%	R 143.62	15.0%
Cleaning of Stands		R -	0.0%	R 300.00	0.0%
Refuse Bins (Weely)		R -	0.0%	R 300.00	0.0%

SEWERAGE

i)	Basic charge (Residential) (6.3% increase to other stand sizes also)	R	31.02	5.6%	R	35.67	15.0%
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Basic charge (Commercial) (6.3% increase to other stand sizes also)	R	60.60	5.6%	R	69.69	15.0%
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ii) **Sewerage Points**

Residential

First two Points	R	5.00	5.7%	R	5.28	5.5%
There after per point	R	5.00	5.7%	R	5.30	6.0%

Commercial	R	19.95	5.7%	R	21.15	6.0%
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Departmental	R	4.70	5.5%	R	4.98	6.0%
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TARIFF 2009/2010	%INCREASE 2009/2010	TARIFF 2010/2011	%INCREASE 2010/2011
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iii) <u>Other Sewerage Tariffs</u>		6.3%		6.3%
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RATES

Tariffs (Property)	0.006c *	N/A	0.006c *	N/A
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* Rate levied on market value of land and buildings

Levied on land value

Ratio at which property tax will be levied

Residential Property	1 : 1	1 : 1
Buiseness and commercial	1 : 2	1 : 2
Agricultural Property	1 : 0,25	1 : 0,25
Stat Owned Property	1 : 0,25	1 : 0,25
Public Service Infrastructure	1 : 0,25	1 : 0,25
Public Benefit Organization Property	1 : 0,25	1 : 0,25
Mining Property	1 : 2	1 : 2
Municipal Property	Not Levied	Not Levied

SUNDRY TARIFFS

		TARIFF 2009/2010	%INCREASE 2009/2010	TARIFF 2010/2011	%INCREASE 2010/2011
i)	<u>Duplicate Accounts</u>	R 1.35	4.2%	R 1.43	6.0%
ii)	<u>Photo Copies</u>				
	A4	R 1.05	4.0%	R 1.11	6.0%
	A3	R 1.75	4.2%	R 1.86	6.0%
	Duplicate Payslips	R 50.00	0.0%	R 50.00	0.0%
	Duplicate IRP 5's	R 50.00	0.0%	R 50.00	0.0%
iii)	<u>Parking per month</u>	R 95.20	5.4%	R 100.00	5.0%
iv)	<u>Building Plan Copies</u>	Paper		Paper	
	A0	R 26.08	6.0%	R 27.64	6.0%
	A1	R 17.80	6.0%	R 18.87	6.0%
	A2	R 13.04	6.0%	R 13.82	6.0%
	A3	R 8.90	6.0%	R 9.43	6.0%
	A4	R 6.52	6.0%	R 6.91	6.0%
v)	<u>Building Plan Copies</u>	Sepia/Durester		Sepia/Durester	
	A0	R 69.54	6.0%	R 73.71	6.0%
	A1	R 41.66	6.0%	R 44.16	6.0%
	A2	R 27.98	6.0%	R 29.66	6.0%
	A3	R 20.14	6.0%	R 21.35	6.0%
	A4	R 13.89	6.0%	R 14.72	6.0%
vi)	<u>Approval of Building Plans</u>				
	Swimming Pools per m ²	R 7.00	-	R 7.00	-
	Extensions per m ²	R 4.00	-	R 4.00	-
	House > 40m ² per m ²	R 6.00	-	R 6.00	-
	Flats per m ²	R 6.00	-	R 6.00	-
	Business per m ²	R 12.00	-	R 12.00	-
vii)	<u>Town Planning</u>				
	Relaxation of building lines	R 105.00	5.0%	R 111.30	6.0%
	Approval of site Development Plan	R 160.00	6.7%	R 169.60	6.0%
	Subdivision of erven	R 74.00	5.7%	R 78.44	6.0%
	Consolidation of erven	R 52.00	4.0%	R 55.12	6.0%
	Consent uses/ amendment of conditions	R 310.00	3.3%	R 328.60	6.0%
	Consent use of certain land of buildings	R 130.00	8.3%	R 137.80	6.0%
	Amendment of scheme/ rezoning	R 1 250.00	4.2%	R 1 325.00	6.0%
	Repeal of scheme or provision or an approved scheme	R 530.00	6.0%	R 561.80	6.0%
	Town Establishment	R 1 300.00	4.0%	R 1 378.00	6.0%
	Ext of boundries of approves township	R 105.00	5.0%	R 111.30	6.0%
	Provision of reason of Council resolution	R 52.00	4.0%	R 55.12	6.0%
	Rezoning Certificate	R 53.00	6.0%	R 56.18	6.0%

viii)	<u>Certificates</u>				
	Clearance Certificates	R 25.00	4.2%	R 26.50	6.0%
	Valuation Certificates	R 25.00	4.2%	R 26.50	6.0%
	Zoning Certificates	R 25.00	4.2%	R 26.50	6.0%
	Deposit Certificates	R 25.00	4.2%	R 26.50	6.0%
	Valuation Roll for Public	R 200.00	5.3%	R 212.00	6.0%
ix)	<u>Hiring</u>				
	<i>*Stadiums</i>				
	Deposit (Refundable)	R 400.00	0.0%	R 424.00	6.0%
	*Hiring	R 500.00	0.0%	R 530.00	6.0%
	<i>*Stadiums (for Music Festivals)</i>				
	Deposit (Refundable)	R 10 000.00	0.0%	R 10 000.00	0.0%
	*Hiring	R 5 000.00	0.0%	R 5 000.00	0.0%
	<i>Cricket Field</i>				
	Deposit (Refundable)	R 100.00	0.0%	R 105.00	5.0%
	*Hiring	R 200.00	0.0%	R 210.00	5.0%
	<i>Halls</i>				
	Deposit (Refundable)	R 1 000.00	0.0%	R 1 050.00	5.0%
	*Hiring	R 500.00	0.0%	R 525.00	5.0%
	x)	<u>Renting Machinery not for Buiseness Use</u>			
		Basic Charge	R 600.00	500.0%	R 630.00
Per Km		R 10.00	0.0%	R 10.50	5.0%
xi)	<u>New connections (Water/Electricity/Sewerage)</u>				
As calculated by the Director Technical Services (Cost + 10%)					
xii)	<u>Issue of Council Documents/Information</u>				
Basic Fee of R30 plus photo copy fees as in paragraph (II) of Sundry Tariffs					
xiii)	<u>Cemetery Fees</u>				
	*Plot Reservation	R 480.00	4.3%	R 508.80	6.0%
	*Residents (In Municipal Area)	R 890.00	1.7%	R 943.40	6.0%
	*Increase depth to 8vt	R 1 100.00	4.8%	R 1 166.00	6.0%
	*Resident Children	R 625.00	0.0%	R 625.00	0.0%
	*Children - Non Residents	R 1 450.00	3.6%	R 1 522.50	5.0%
	*Non Residents (Outside Mun Bound)	R 2 250.00	7.1%	R 2 385.00	6.0%
	*Fees Motetema/ Hlogotlou Etc.	R 400.00	809.1%	R 424.00	6.0%
	* Indigent Household	R 46.00	100.0%	R 48.76	6.0%

xiv)

Library Membership**Residents with W&E Account**

Annual Fee	R 50.00	0.0%	R 53.00	6.0%
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Residents without W&E Account

Deposit	R 100.00	0.0%	R 106.00	6.0%
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Annual Fee	R 50.00	0.0%	R 53.00	6.0%
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Pensioners with W&E Account

Annual Fee	R 30.00	0.0%	R 31.80	6.0%
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Pensioners without W&E Account

Deposit	R 50.00	0.0%	R 53.00	6.0%
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Annual Fee	R 30.00	0.0%	R 31.80	6.0%
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Lost Books

Per Book	Charged as per value of the book / or replacement			
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Library Fines

Late Returns - per book per day	R 2.00	300.0%	R 2.12	6.0%
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* Fees Include VAT

xv)

Fire Fighting Fees

For the first Hour or part thereof
Subsequent hour(s) or part thereof
Retour journey per Km

In Municipal Area	Outside Municipal Area	In Municipal Area	Outside Municipal Area
R 100.00	R 150.00	R 50-R100	R100-R150
R 50.00*	R 160.00	R15- R50*	R50-R150
R -	R 10.00	R -	R 8.00

* Plus Materials Used (Chemicals)

Pumping of Water

For the first Hour or part thereof
Subsequent hour(s) or part thereof
Fire Hoses (per Lenth)

R 150.00	R 100.00
R 60.00	R 50.00
R 20.00	R 20.00

Protective Duties

Per fireman per hour #	R 70.00	R 50.00
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After Midnight time x2

Fire Extinguishers

Used extinguishers cost plus handling cost	R 70.00	R 50.00
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xvi)

Advrtisement & Hordings

Application	R 500.00	R 500.00
Per m ² of Board	R 100.00	R 100.00

xvii)

Interest on Arrears Accounts

15% interest will be charged per year

DEPOSITS

The Director Finance determines the deposit as required from time to time.
Currently the minimum is as follows:

Goblersdal

Household	R 1 300.00	0.0%	R 1 300.00	0.0%
Flats	R 1 300.00	100.0%	R 1 300.00	0.0%
Business	R 2 600.00	4.0%	R 2 600.00	0.0%
Herfsakker (Only Electricity)	R 200.00	0.0%	R 200.00	0.0%

12. SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

13 DISCLOSURE ON IMPLEMENTATION OF MFMA AND OTHER LEGISLATIONS

This section provides disclosure regarding progress in implementing various related legislation including the MFMA and how this affects the budget and budget process.

In regard to the 2009/2010 budget process, the Municipality has ensured compliance with all the critical legislative deadlines and content requirements.

The review of the Draft IDP/Budget was done within the provisions of MFMA and Municipal System Act, following all the critical legislative deadlines and content requirements.

Reporting to the National Departments and Provincial in terms of Division of Revenue Act, Section 71 report of MFMA to the Mayor and in year reporting has improved drastically.

Capacity building in the terms of MFMA on finance staff and management is still receiving its attention. The Budget and Treasury Office is being established as a legislative requirement.

DETAIL CAPITAL BUDGET 2010/2011

ITEMS	2010/11 Medium Term Revenue & Expenditure Budget		
	Budget Year	Budget Year +1	Budget Year +2
	2010-2011	2011-2012	2012-2013
Municipal Manager's Office			
Office Machine			
	0	0	0
Total	0	0	0
BUDGET & TREASURY OFFICE			
Metering solution			
Office machinery & equipment	0	50 000	0
Vehicles			
	0	50 000	0
CORPORATE SERVICES			
IT Network for New Offices /Wireless	130 000	138 000	146 000
Purchase of Computers	150 000	159 000	169 000
Electronic File System	0		
Installation of Blindes	100 000	106 000	225 000
Security System (Cameras)	400 000	424 000	449 440
Aircons	1 200 000	1 272 000	1 348 320
Total	1 980 000	2 099 000	2 337 760
Municipal furniture	300 000	318 000	337 080
VEHICLES	180 000	190 800	202 248
TOTAL CORPORATE	2 460 000	2 607 800	2 877 088
<u>INFRA. ROADS</u>			
Mosterlus to makgopeng Phase 2	5 546 245	11 677 597	12 208 368
Ramogwerane (Phase 3)	5 743 674	12 280 352	12 838 550
Moteti B (Phase 1, 2 & 3)	3 911 444	0	0
Groblersdal Roads & Streets	4 823 551	500 000	7 500 000

Roosenekal Roads & Streets	5 600 000	7 280 000	-
motetema patching of potholes and resealing	0	8 500 000	8 000 000
Construction of stone pitching at Thabakhubedu Road	3 990 000	-	-
Nyakelang public route upgrade	4 000 000	1 000 000	
Moteti "A" bus route upgrading	-	6 600 000	
Zaaiplaas Bus route	4 000 000	0	0
Lehleseng road(still to be costed if possible)	0	2 607 500	10 771 000
Hlogotlou road(still to be costed if possible)	0	7 200 000	0
SUB TOTAL	37 614 913	57 645 449	51 317 918
INFRA. MACHINERY			
MACHINERY & BAKKIES	5 758 400	0	0
SUB TOTAL	5 758 400	0	0
TOWN PLANNING & DEVELOPMENT			
LAND AUDIT SYSTEM/ GIS/ERS	3 100 000	0	0
INSTALLATION OF MUNICIPAL SERVICES @ 885	3 000 000	10 000 000	23 000 000
SUB TOTAL	6 100 000	10 000 000	23 000 000
INFRA. BUILDINGS & COMMUNITY FACILITIES			
FENCING-MUN BUILDING	0	500 000	400 000
Building of main sub-station at Roosenekal	600 000	0	0
Extension of Municipal Offices at main office	0	10 000 000	13 000 000
UPGRADE OF BUS TERMINAL & TAXI RANK	1 765 600	0	0
SUB TOTAL	2 365 600	10 500 000	13 400 000
WATER & SANITATION			
Upgrade of Network & Sewer pump station	2 168 280	0	0
SUB TOTAL	2 168 280	0	0
ELECTRICITY			
Meter Solutions	4 000 000	5 000 000	0
UPGRADE OF ELC			
Mini Subs 500 KVA	1 000 000	600 000	750 000
REPLACEMENT OF PANELS	417 925	0	0
Generator	0	3 000 000	0

Installation of high mast lights (Elandsdoorn)	1 200 000	1 500 000	2 000 000
Electrification projects (by DME)	3 000 000	1 000 000	0
SUB TOTAL	9 617 925	11 100 000	2 750 000
GRAND TOTAL INFRASTRUCTURE	63 625 118	89 245 449	90 467 918
PLANNING AND DEVELOPMENT			
	0	0	0
Stalls	200 000	300 000	318 000
TOTAL PLAN	200 000	300 000	318 000
SOCIAL DEVELOPMENT			
PARKS			
STREET DUSTBIN			
LAWNMOWERS -KUDUS	300 000	318 000	337 080
HOOK LIFT TRUCK	0	1 900 000	0
PALISADE FENCING	0	0	0
VEHICLE			
TRAFFIC DEPARTMENT	-	-	-
WEIGHBRIDGE	0	0	0
FIRE ARMS	60 000	0	0
TRAFFIC LIGHTS (ROBOTS)	800 000	1 600 000	0
TOTAL SOCIAL DEPARTMENT	1 160 000	3 818 000	337 080
GRAND TOTAL	67 445 118	95 971 249	94 000 086