

# **Metsimaholo Local Municipality**



## **2011/2012 Medium Term Revenue and Expenditure Framework (MTREF)**

### **Draft Budget Document**

**March 2011**

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## **2. Mayoral Budget Speech**

*(The Executive Mayor's Budget Speech will be delivered in Council at     May 2011 after the completion of the community consultation process, and to coincide with the tabling of the budget for consideration and approval.*

*The purpose of the speech will be to provide a high-level summary of the budget that draws on the executive summary and highlights key deliverables during the next three years. The speech will address certain fundamental issues, including the eradication of service delivery backlogs, commencement of new programmes and projects.)*

### **3. Draft Budget Related Resolutions**

1. Council takes cognisance of the draft annual budget of the municipality for the financial year 2011/2012 and indicative for the two projected outer years 2012/2013 and 2013/2014 as set-out in the following schedules and the public be invited to comment and thereafter it be resubmitted to Council for approval:
  - 1.1. Operating revenue by source reflected in schedule 1 and 2;
  - 1.2. Operating expenditure by vote reflected in schedule 1 and 2;
  - 1.3. The multi-year capital appropriations by vote and associated funding reflected in schedules 3 of the 2011/2012 MTREF
  
2. Council considered the property rates reflected on page 48 to be imposed for the budget year 2011/2012
  
3. Council considered the following tariffs and charges (VAT exclusive), reflected to be implemented for the budget year 2011/2012
  - 3.1 Electricity (page 50 and 51)
  - 3.2 Water (page 52 and 53)
  - 3.3 Sewerage (pages 54 and 55)
  - 3.4 Cleansing - Refuse removal (page 56)
  - 3.5 Sundry tariffs (pages 59 to 81)
  
4. 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).
  
5. The capital projects/items to be financed from own funds (accumulated surplus) be implemented/purchased subject to the improvement of the cash flow position of the Municipality

- 8 The Indigent Policy be amended to reflect a threshold monthly household income of R2 500 from 1 July 2011
- 9 The tariffs will be applicable to the July 2011 account

## 4. Executive Summary

The 2011/2012 budget preparation and IDP review process were conducted mainly in line with the legislative and regulatory frameworks prescribed by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Guidelines. The format and contents of this budget document are in accordance with the guidelines contained in *MFMA Circular 51 and Circular 54*.

The draft budget be tabled in Council on 31 March 2011 after which an extensive **community consultation** and public participation process will be conducted from 4 April 2011 to 19 April 2011. The programme that will follow with the various public meetings held is included on page 27 of the budget document.

The Municipality has embarked on a data cleansing project on the consumers' accounts, as well as the implementing of the Revenue Enhancement Strategy.

The main challenges experienced during the compilation of the 2011/12 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year’s capital investments needed to be factored into the budget as part of the 2011/12 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2011/12 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

The ***strategic alignment*** between national, provincial and district service delivery priorities was also a critical factor during the IDP review and budget preparation process. Alignment between the Free State Growth and Development Strategy (PGDS), 2007-2014 and the Fezile Dabi District Municipality were important considerations and inputs during the process.

<b>Free State PGDS (2007-2014) Priority Areas for Intervention</b>	<b>Fezile Dabi District Municipality Integrated Goals</b>
<ul style="list-style-type: none"> <li>▪ Economic Growth, Development and Employment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Effective, sustainable accountable governance</li> </ul>

<ul style="list-style-type: none"> <li>▪ Justice and Crime Prevention</li> <li>▪ Social and Human Development</li> <li>▪ Efficient Governance and Administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ High level financial performance and management</li> <li>▪ Efficient and effective service delivery</li> <li>▪ Promotion of public participation and awareness</li> <li>▪ Strategic economic and social role playing in the District</li> </ul>
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The Key Performance Areas of the Metsimaholo Municipality, in line with provincial and district priorities and goals are:

- Governance and Administration
- Economic and Development
- Social and Human Development
- Safety and Security

Further details on objectives and strategies are shown on pages 34-35 of the budget document.

The following are the main benefits offered to registered indigents for which a threshold of a monthly household income of R2 400.00 has been set. The threshold of a monthly household income increase to R2 500 from 1 July 2011.

- Free electricity of 50kWh per household
- 10 kiloliters of free basic water
- subsidy of R50.00 per month for assessment rates and other services not covered by FBS
- Free sanitation
- Free refuse removal

The average tariff increases (including expected growth in consumption levels and corrections in certain cases) are reflected in the table below.

<b>Service</b>	<b>% tariff increase</b>
Property rates	7
Electricity	7-27
Water	7
Sanitation	7
Refuse removal	Between 7 and 19

Further information on proposed tariff increases, including sundry tariffs, are included on pages 48 to 81.

A summary of the operating and capital budget proposals over the medium-term, in terms of the attached budget schedules, is provided in the table below.

	<b>Adjustment Budget</b>	<b>Medium Term Revenue and Expenditure Framework</b>		
	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Operating revenue	<b>548 209</b>	<b>653 481</b>	<b>694 897</b>	<b>765 070</b>
Operating expenditure	<b>564 765</b>	<b>675 801</b>	<b>810 890</b>	<b>883 840</b>
Capital expenditure	<b>133 169</b>	<b>277 817</b>	<b>112 413</b>	<b>124 055</b>

In terms of the municipality's **financial position** own revenue constitute **79.7%** of the total operating revenue of the municipality, whilst government grants and subsidies contributes **20.3%** of total revenue.

Total operating revenue has grown by 19.2 % or R105.3 million for the 2011/12 financial year when compared to the 2010/11 Adjustments Budget. For the two outer years, operational revenue will increase by 6.5% and 10.1% respectively, equating to a total revenue growth of R216,9 million over the MTREF when compared to the 2010/11 financial year.

Total operating expenditure for the 2011/12 financial year has been appropriated at R675.8 million and translates into a budgeted deficit of R22.3 million. When compared to the 2010/11 Adjustments Budget, operational expenditure has grown by 16.5% in the 2011/12 budget and by 19.9% and 9% per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years steadily increases to R115.9 million and then stabilise at R118.7 million.

The capital budget of R278 million for 2011/12 is 108% more when compared to the 2010/11 Adjustment Budget. The capital programme decreases to R112 million in the 2012/13 financial year and then evens out in 2013/14 to R124 million

It should be noted that the ***Service Delivery and Budget Implementation Plan*** (SDBIP) will be submitted to the Executive Mayor 14 days after the approval of the budget in accordance with section 69(3)(a) of the MFMA. The approval of the SDBIP by the Executive Mayor will be done as per the provisions of section 53(1)(c)(ii) of the MFMA, that is 28 days after the approval of the budget.

#### 4.1 Key assumptions

- Inflation is budgeted at 4.8 % in terms of National Treasury circular No. 55
- 10% water loss
- 10% electricity loss
- 10% non payment rate
- 7% increase on Councillors allowance
- Impairment and bad debt provision at R42 million
- In terms of the Salary Agreement provision is made for a 7% increase to cover the general increase as well as the notch increase of staff where applicable.
- 12 000 Approved Indigents

## **4.2 Overview of Budget Funding**

The MTREF is not fully funded. The period 2011/2012 reflected a cash deficit of R66.4m. This is the result of the Capital budget funding from own funds. The cash deficit increases dramatically for the ensuing years based on increasing expenditure trends. It is essential that the municipality should relook at its operational efficiencies to curb the non-core expenditure included in “other expenditure” eg. Professional Fees, telephone cost, rental of equipment, unfunded mandates (libraries) ect. Measures to increase the revenue base for the Municipality should be explored.

Expenditure on the Capital Budget can only occur when the deficit is funded

Annexure C, Table 7, Budgeted Cash flow has more detail on the funding of the MTREF.

## **4.3 Operating Revenue Framework**

For Metsimaholo Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the town and continued economic development;
- Efficient revenue management
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

Revenue by source	2010/11	2011/12	2012/13	2013/2014
	Adjusted Budget	MTREF	MTREF	MTREF
	R'000	R'000	R'000	R'000
Property rates	74 788	79 008	84 025	93 587
Electricity	128 176	173 593	181 232	196 560
Sanitation	24 940	17 046	18 426	20 412
Water	134 806	146 016	157 890	174 289
Refuse removal	30 152	26 882	29 033	31 936
Other service charges	6 931	9 655	9 141	8 490
Fines/Penalties	9 733	12 706	12 706	12 807
Interest	15 380	13 075	12 260	14 655
Licences and permits	111	150	158	159
Rental of facilities	3 735	9 764	9 284	9 058
Other	9 777	19 388	13 083	16 145
Departmental charges	11 446	13 670	15 429	17 682
	<b>449 975</b>	<b>520 953</b>	<b>542 667</b>	<b>595 780</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 87% of the total revenue mix. This increases to R442.5 million, R470.6 million and R516.8 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 84.9% in 2011/12 to 86.7% cent in 2013/14. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

	2010/11	2011/12	2012/13	2013/2014
	Adjusted Budget	MTREF	MTREF	MTREF
	R'000	R'000	R'000	R'000
Govt grants – operating	83 116	93 627	102 363	108 825
Govt grants –capital	15 118	38 901	49 867	60 465

The **operating grants** are as follows:

	2011/2012	2012/2013	2013/2014	
	R'000	R'000	R'000	
Equitable Share	88 125	97 702	104 114	Allocated for Free Services
Financial Management Grant	1 450	1 500	1 500	Appointment of Interns and training
Water services Operating Grant	784			Salaries and materials at the purification works Oranjeville
Library Operating Grant				Salaries at libraries
Municipal System Improvement Grant	790	800	850	Ward committee and Asset register expenditure
Municipal Infrastructure Grant	1 942	2 361	2 361	Salaries and operating expenditure at Project Management Unit

The **Capital grants** are as follows:

	2011/2012	2012/2013	2013/2014
	R'000	R'000	R'000
Department of Energy	2 000	5 000	13 000
Municipal Infrastructure Grant	36 901	44 867	47 465

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges.

#### 4.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Operating expenditure by main type	2010/11	2011/12	2012/13	2013/14
	Adjusted Budget	MTREF	MTREF	MTREF
	R'000	R'000	R'000	R'000
Employee related costs	161 640	177 844	257 980	273 198
Remuneration of councillors	10 769	12 402	13 416	13 390
Bad debts	40 000	42 000	45 000	47 000
Repairs and maintenance	35 252	33 782	36 711	41 137
Bulk purchases-electricity	98 852	119 211	147 476	184 345
Bulk purchases-water	66 114	86 631	93 542	101 005
Contracted services	12 432	17 312	18 158	19 134
General expenses	120 858	141 582	150 646	153 946
Depreciation	18 848	45 037	47 961	50 685
	<b>564 765</b>	<b>675 801</b>	<b>810 890</b>	<b>883 840</b>

The budgeted allocation for employee related costs for the 2011/11 financial year totals R178 million, which equals 26.3% of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2011/12 financial year. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning

assumptions and interventions all vacancies were originally removed from the budget

The settlement reached by the SALGBC parties in the salary dispute resulted in a further financial implication on this area of expenditure. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Provision is made for additional 6 Councillors as well as for the Chief Whip that will be a full time Councillor.

The provision of debt impairment was determined based on an annual collection rate of 90%. For the 2011/11 financial year this amount equates to R42 million and escalates to R47 million by 2013/14. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation budget in this regard total R45 million for the 2011/12 financial and equates to 6.7% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard is not done yet and can bring a range of assets previously not included in the assets register onto the register. This can result in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) that is loans and finance leases. Finance charges make up 3.7% (R24.8 million) of operating expenditure excluding annual redemption for 2011/12 and increases in loans by 2013/14.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been

factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has 17.9% for 2011/12 and curbed at 6% and 3% for the two outer years

## 5. Budget Schedules

### 5.1 Revenue and Expenditure

Description	2007/8	2008/9	2009/10	2011/12 Medium Term Revenue & Expenditure Framework					
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	56917	61816	70977	74488	74788	79799	79008	84025	93587
Property rates - penalties & collection charges									
Service charges - electricity revenue	73402	69702	98520	130047	128177	41972	173593	181232	196560
Service charges - water revenue	117731	79195	122289	133241	134806	131790	146016	157890	174289
Service charges - sanitation revenue	12543	12254	13623	25082	24940	17035	17046	18426	20412
Service charges - refuse revenue	12324	13923	16163	30152	30152	21680	26882	29033	31936
Service charges - other	9726	11027	410	9402	6931	6179	9655	9141	8490
Rental of facilities and equipment	1288	2590	4136	3833	3735	4205	9764	9284	9058
Interest earned - external investments	1827	2893	2213	900	2000	3619	2200	2300	2400
Interest earned - outstanding debtors	14858	18780	16102	11800	13380	14673	10875	9960	12255
Dividends received									
Fines	6528	1052	3444	18671	9733	3617	12706	12706	12806
Licences and permits	63	57	52	111	111	63	150	158	159
Agency services									
Transfers recognised - operational	50726	70424	92520	110166	98234	83116	132528	152230	169290
Other revenue	1243	36906	9401	2159	13223	594	16057	18512	21828
Gains on disposal of PPE	8805	-	695	30000	8000	1514	17000	10000	12000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>367981</b>	<b>380619</b>	<b>450546</b>	<b>580052</b>	<b>548209</b>	<b>409855</b>	<b>653482</b>	<b>694897</b>	<b>765070</b>
<b>Expenditure By Type</b>									
Employee related costs	93947	105056	121595	160345	162441	135447	177844	257980	273198
Remuneration of councillors	7627	8424	9283	10769	10769	9853	12402	13416	13390
Debt impairment	72564	87051	73033	40000	40000	40000	42000	45000	47000
Depreciation & asset impairment	27101	26377	25677	34148	34148	34148	45037	47961	50685
Finance charges	1429	556	4753	10128	4800		18703	19573	20530
Bulk purchases	93096	110402	133257	164966	164966	164568	205841	241018	285350
Other materials									
Contracted services	9048	6606	9764	14167	12432	10950	17312	18158	19134
Transfers and grants	3544	4224	9869	27559	22559	22559	24002	24714	25475
Other expenditure	48735	82291	44979	97593	127951	9283	132661	143069	149079
Loss on disposal of PPE			207						
<b>Total Expenditure</b>	<b>357091</b>	<b>430987</b>	<b>432416</b>	<b>559675</b>	<b>580065</b>	<b>26807</b>	<b>675802</b>	<b>810889</b>	<b>883840</b>
<b>Surplus/(Deficit)</b>	<b>10890</b>	<b>(50368)</b>	<b>18129</b>	<b>20377</b>	<b>(31856)</b>	<b>(16952)</b>	<b>(22320)</b>	<b>(115992)</b>	<b>(118770)</b>
Transfers recognised - capital				(39879)					

Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>10890</b>	<b>(50368)</b>	<b>18129</b>	<b>(19502)</b>	<b>(31856)</b>	<b>(16952)</b>	<b>(22320)</b>	<b>(115992)</b>	<b>(118770)</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>10890</b>	<b>(50368)</b>	<b>18129</b>	<b>(19502)</b>	<b>(31856)</b>	<b>(16952)</b>	<b>(22320)</b>	<b>(115992)</b>	<b>(118770)</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>10890</b>	<b>(50368)</b>	<b>18129</b>	<b>(19502)</b>	<b>(31856)</b>	<b>(16952)</b>	<b>(22320)</b>	<b>(115992)</b>	<b>(118770)</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>10890</b>	<b>(50368)</b>	<b>18129</b>	<b>(19502)</b>	<b>(31856)</b>	<b>(16952)</b>	<b>(22320)</b>	<b>(115992)</b>	<b>(118770)</b>

### **Allocation of Grants made by the Municipality**

The municipality made no grants to other municipalities.

R20 000 per annum is made to the Community Chest

Employee related cost increase by R 15.4 million or 9.5%.

Provision for Bad Debts is R42 million to accommodate the non-payment of services and to impair the debtors.

Expenditure on contracted services increase by R4.8 million or 39%

Repair and Maintenance decrease by R 1.4 million or 4% as part of the loan will be for the rehabilitation of roads

Bulk purchase of electricity increase by R20.4 million or 20.6%

Annexure D reflects the monthly cash flow per revenue and expenditure

## 5.2 Revenue and Expenditure per Department

Vote Description  R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue by Vote</b>									
COUNCIL/MAYOR , SPEAKER & COUNCILLORS	30	73	4	500	250	5	500	1000	2000
MUNICIPAL MANAGER	-	509	733	1600	1156	1156	1942	2361	2361
Organisational Development and Corporate Services	591	449	922	469	410	262	423	423	427
SOCIAL SERVICES	26187	26314	28538	64429	53753	33486	55274	55404	77307
INFRASTRUCTURAL SERVICES	249599	251256	316806	369473	360581	344531	439980	482284	517928
FINANCE	81180	103404	108329	109832	118087	118087	129883	134945	144627
LOCAL ECONOMIC DEVELOPMENT	10123	2067	4188	33749	11723	3690	25480	18480	20420
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>367710</b>	<b>384072</b>	<b>459521</b>	<b>580052</b>	<b>545959</b>	<b>501216</b>	<b>653481</b>	<b>694897</b>	<b>765070</b>
<b>Expenditure by Vote to be appropriated</b>									
COUNCIL/MAYOR , SPEAKER & COUNCILLORS	12140	15325	17280	22335	21579	17137	23642	26727	26601
MUNICIPAL MANAGER	13599	10858	14656	33447	32939	39570	62120	55985	58587
Organisational Development and Corporate Services	8963	29191	11487	23464	21416	11399	22076	23115	20474
SOCIAL SERVICES	55223	70571	61967	92623	86996	63614	94128	124935	131461
INFRASTRUCTURAL SERVICES	200549	215342	280025	378335	372638	283505	422328	523666	586437
FINANCE	67684	97476	64142	12727	28288	37780	34640	36404	36080
LOCAL ECONOMIC DEVELOPMENT	7712	7809	9184	17120	16210	10665	16868	20058	24200
-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>365870</b>	<b>446572</b>	<b>458742</b>	<b>580051</b>	<b>580065</b>	<b>463670</b>	<b>675801</b>	<b>810890</b>	<b>883840</b>
<b>Surplus/(Deficit) for the year</b>	<b>1840</b>	<b>(62500)</b>	<b>779</b>	<b>1</b>	<b>(34106)</b>	<b>37546</b>	<b>(22320)</b>	<b>(115992)</b>	<b>(118769)</b>

### 5.3 Capital expenditure and funding.

Vote Description	2007/8	2008/9	2009/10	2011/12 Medium Term Revenue & Expenditure Framework			Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
<b>R thousand</b>									
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
COUNCIL/MAYOR , SPEAKER & COUNCILLORS	-	-	-	-	-	-	-	-	-
MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
Organisational Development and Corporate Services	-	-	-	-	-	-	-	-	-
SOCIAL SERVICES	-	-	-	-	-	-	-	-	-
INFRASTRUCTURAL SERVICES	-	-	-	-	-	-	-	-	-
FINANCE	-	-	-	-	-	-	-	-	-
LOCAL ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>									
COUNCIL/MAYOR , SPEAKER & COUNCILLORS	-	-	408	1000	250	250	1541	658	592
MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
Organisational Development and Corporate Services	775	570	3795	14867	13953	13953	4628	558	378
SOCIAL SERVICES	1305	1548	5175	35930	6563	6563	23742	18417	58031
INFRASTRUCTURAL SERVICES	40123	16792	23191	123139	96795	99795	116876	66573	57000
FINANCE	8	39	106	1966	10266	10266	528	1206	554
LOCAL ECONOMIC DEVELOPMENT	1500	1570	13	167415	5342	5342	130503	25000	7500
<b>Capital single-year expenditure sub-total</b>	<b>43711</b>	<b>20519</b>	<b>32688</b>	<b>344317</b>	<b>133169</b>	<b>136169</b>	<b>277818</b>	<b>112413</b>	<b>124055</b>
<b>Total Capital Expenditure - Vote</b>	<b>43711</b>	<b>20519</b>	<b>32688</b>	<b>344317</b>	<b>133169</b>	<b>136169</b>	<b>277818</b>	<b>112413</b>	<b>124055</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>783</b>	<b>609</b>	<b>4667</b>	<b>17833</b>	<b>24469</b>	<b>24469</b>	<b>6697</b>	<b>2423</b>	<b>1524</b>
Executive and council			-	1000	250	250	1541	658	592
Budget and treasury office	8	39	98	1966	10266	10266	528	1206	554
Corporate services	775	570	4569	14867	13953	13953	4628	558	378
<b>Community and public safety</b>	<b>2810</b>	<b>1676</b>	<b>4830</b>	<b>191603</b>	<b>5331</b>	<b>5331</b>	<b>143109</b>	<b>36179</b>	<b>31201</b>
Community and social services	1259	15	4763	23841	4848	4848	1845	496	11218
Sport and recreation	49	91	54	3067	150	150	1530	170	69
Public safety	2	-	-	4545	333	333	10733	10514	14913
Housing	1500	1570	13	160150	-	-	129000	25000	5000
Health		-	-						
<b>Economic and environmental services</b>	<b>6146</b>	<b>-</b>	<b>-</b>	<b>63284</b>	<b>60105</b>	<b>60105</b>	<b>43453</b>	<b>1820</b>	<b>2500</b>
Planning and development				7265	4936	4936	1503	-	1500
Road transport	6146			56019	55169	55169	41950	1820	1000
Environmental protection									
<b>Trading services</b>	<b>33971</b>	<b>18234</b>	<b>23191</b>	<b>57236</b>	<b>42858</b>	<b>42858</b>	<b>80879</b>	<b>71991</b>	<b>87830</b>
Electricity	15425	2366	6683	24421	24271	24271	15109	14682	24662
Water	8131	1818	7556	19235	7535	7535	42464	21844	5250
Waste water management	10411	12608	8951	9103	9821	9821	13673	28227	26088
Waste management	4	1442		4477	1232	1231	9633	7238	31830
<b>Other</b>	<b>1</b>			<b>14361</b>	<b>406</b>	<b>406</b>	<b>3680</b>	<b>-</b>	<b>1000</b>
<b>Total Capital Expenditure - Standard</b>	<b>43711</b>	<b>20519</b>	<b>32688</b>	<b>344317</b>	<b>133169</b>	<b>133169</b>	<b>277817</b>	<b>112413</b>	<b>124055</b>
<b>Funded by:</b>									
National Government	39871	16951	25997	41696	44139	44139	41901	74867	65465
Provincial Government			13	172115	2186	2186	131124	11	1500
District Municipality	1230			5727			1643	2938	2948
Other transfers and grants			-						

Transfers recognised - capital	41101	16951	26010	219538	46325	46325	174668	77816	69913
Public contributions & donations		-		26000	5000	5000	15500		
Borrowing		1442		58900	54900	54900	47650	34597	54142
Internally generated funds	2610	2126	6678	39879	26944	26944	40000		
<b>Total Capital Funding</b>	<b>43711</b>	<b>20519</b>	<b>32688</b>	<b>344317</b>	<b>133169</b>	<b>133169</b>	<b>277818</b>	<b>112413</b>	<b>124055</b>

The Capital budget increase by R114.6 million (108%)

### 5.4 Surplus/(Deficit) calculations for the trading services

Description	2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
R Thousand	Audit outcome	Audit outcome	Audit outcome	Original Budget	Adjusted Budget	Full Year Forecast	MTREF	MTREF	MTREF
<b>Electricity</b>									
Total Revenue	225 487	221 113	285 639	154 765	152 406	160 000	200 044	218 786	248 746
Total Expenditure	156 277	152 716	220 941	158 096	156 486	150 000	180 730	216 805	261 183
Surplus/(Deficit) for the year	69 210	68 397	64 698	(3 331)	(4 080)	10 000	19 314	1 981	(12 437)
Percentage Surplus	30.7%	30.94%	22.65%			6.25%	9.6%	0.9%	
<b>Water</b>									
Total Revenue	139 662	114 783	161 346	170 363	168 631	157 156	199 458	209 606	215 289
Total Expenditure	82 892	72 868	103 483	132 035	129 571	110 000	161 360	186 561	196 622
Surplus/(Deficit) for the year	56 770	41 915	57 863	38 328	39 060	47 156	38 098	23 045	18 667
Percentage Surplus	40.65%	36.52%	35.87%	22.5%	23.17%	30%	19.1%	11%	8.7%

## **5.5 Other tables**

Attached to the report are the following Tables:

Table A1: Budget summary

Table A2: Budgeted Financial Performance (standard classification)

Table A6: Budgeted Financial Position

Table A7: Budgeted Cash Flow

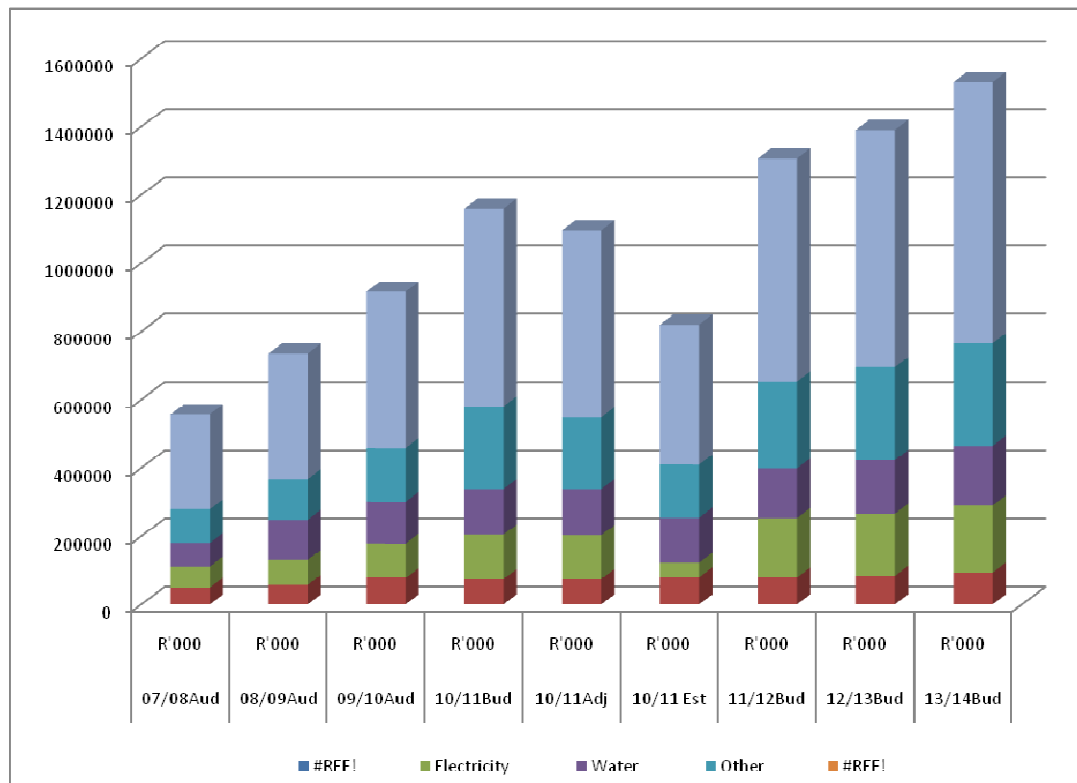
Table A8: Cash backed reserves

Table A9: Asset Management

Table A10: Basic service delivery measurement

## 6. Budget Related Charts

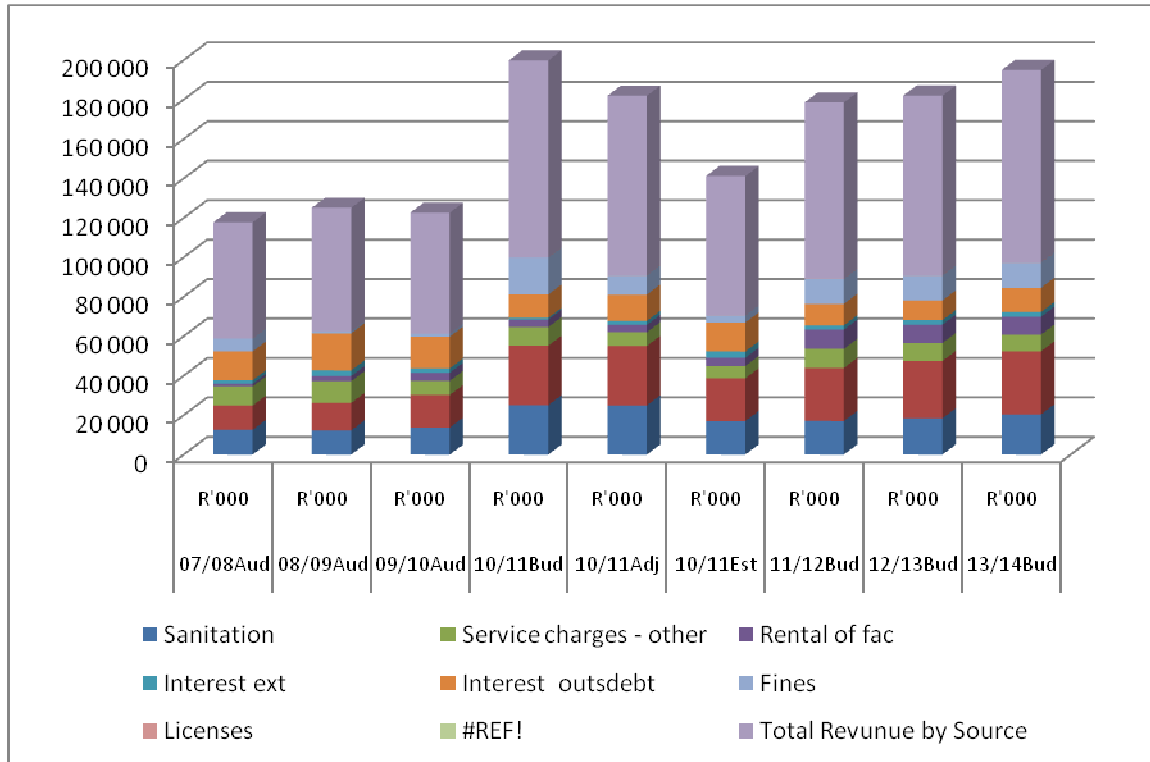
**Chart 1: Revenue by Major source**



Revenue from own source represent **77.9%** of total revenue in 2011/2012 increase slightly to **78.1%** in 2012/13. This indicates that the municipality relies more on its own sources for revenue than on government grants.

Water remains a major source of revenue for the municipality at an average of 28.8% over the medium term.

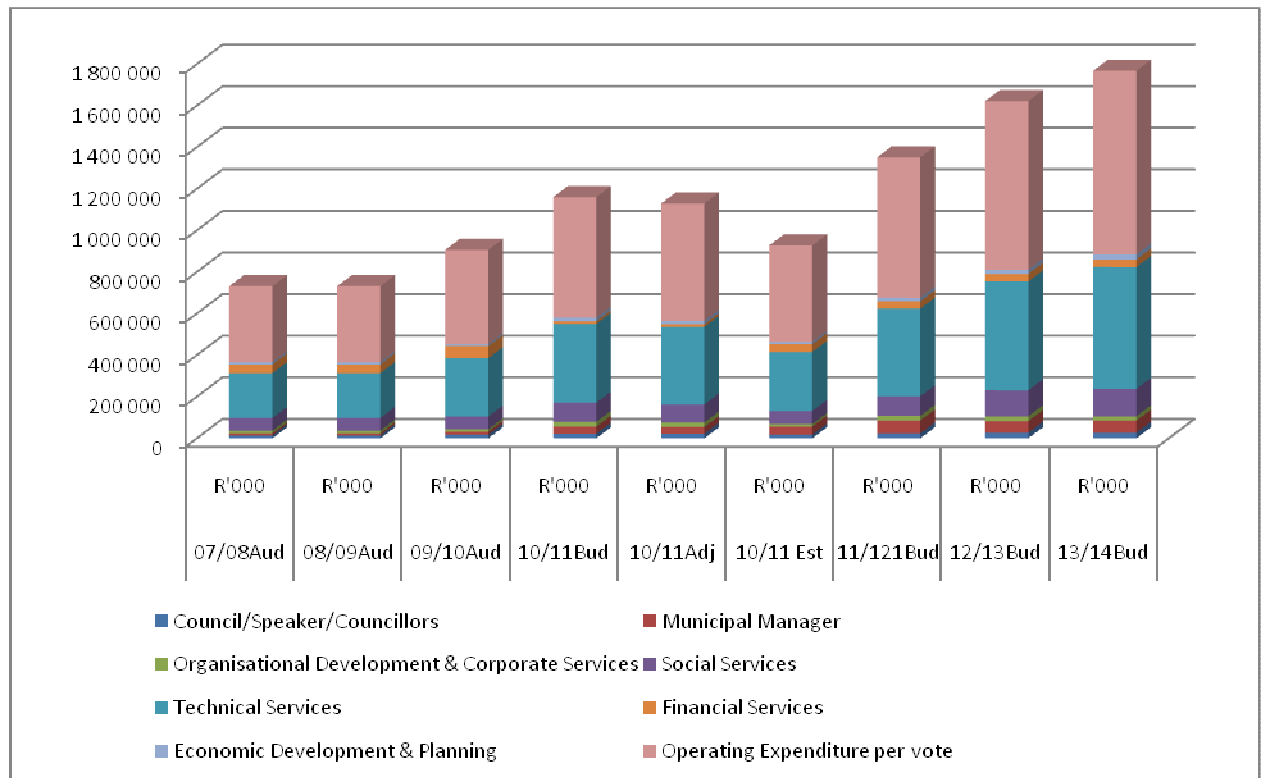
Electricity revenue contribute on average 33.2% of own revenue of the medium term period.

**Chart 2: Revenue by Minor Source**

Revenue from sanitation and refuse tariffs represents on average 3.4% of total revenue and could also be investigated as part of a revenue enhancement strategy.

Interest earned on outstanding debtors increases from R10.8 million in 2011/12 to R12.2 million in 2013/14.

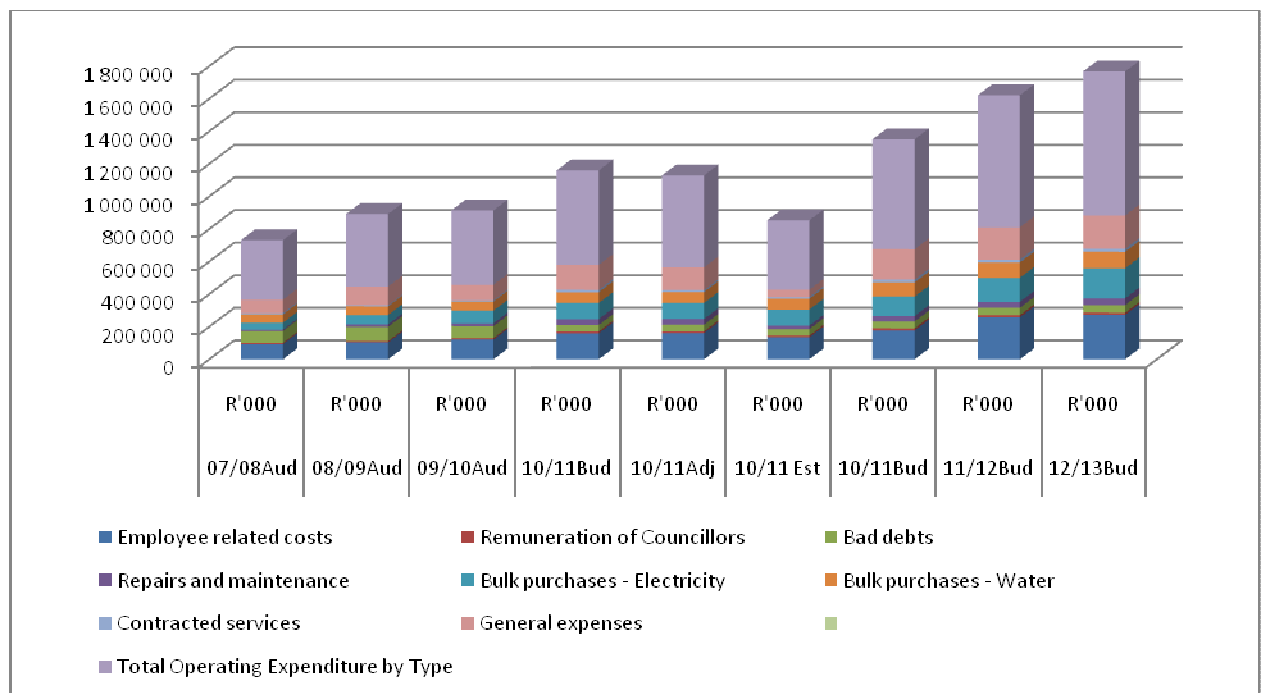
Revenue from fines increases from R9 million in 2010/11 to R12 million in 2011/12

**Chart 3: Operating Expenditure by Vote**

Operating expenditure relating to the Technical Services (Electricity, Water, Sanitation and Roads) is the biggest component at 62.5% in 2011/2012 and then increase to 66.4% in 2013/2014.

Social Services, which includes Refuse Removal is the second biggest component at R94.1 (13.9%) in 2011/2012 increasing to R131 million (14.8%) in 2012/2013

Expenditure relating to Councillors, which includes the Offices of the Mayor and Speaker and Council (General) accounts for R23.6 million in 2011/2012 or 3.5% of total expenditure; is decreasing to R26.6 million or 3% of total operating expenditure in 2013/2014.

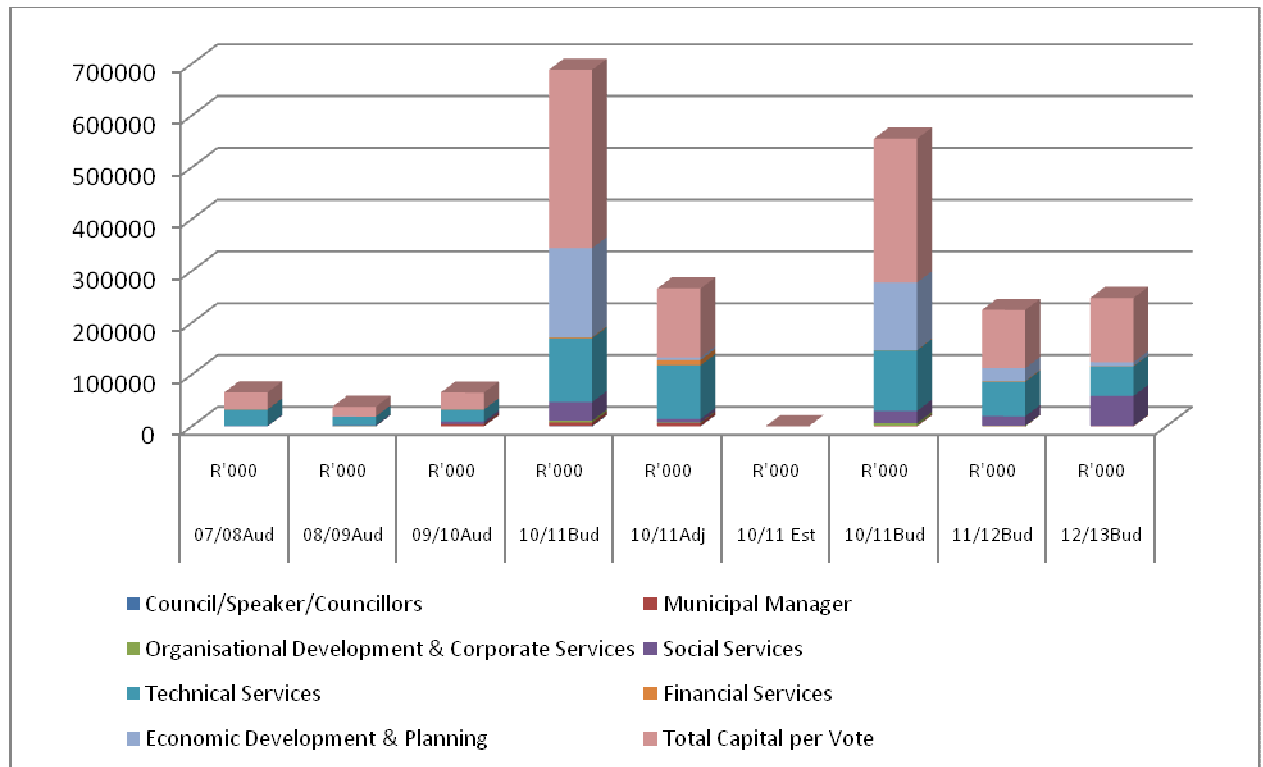
**Chart 4: Operating Expenditure by Major Type**

Employee related costs constitute 26.2% of total operating expenditure in 2011/2012 increasing to 30.6% in 2012/2013

Remuneration of Councillors increases from R12.4 million in 2011/2012 to R13.3 million in 2013/2014

Bulk purchases of electricity amounts to R119 million in 2011/2012 increasing to R184.3(54.6%) million in 2013/14, whilst water purchases increase from R86.6 million to R101 million (16,3%) over the same period.

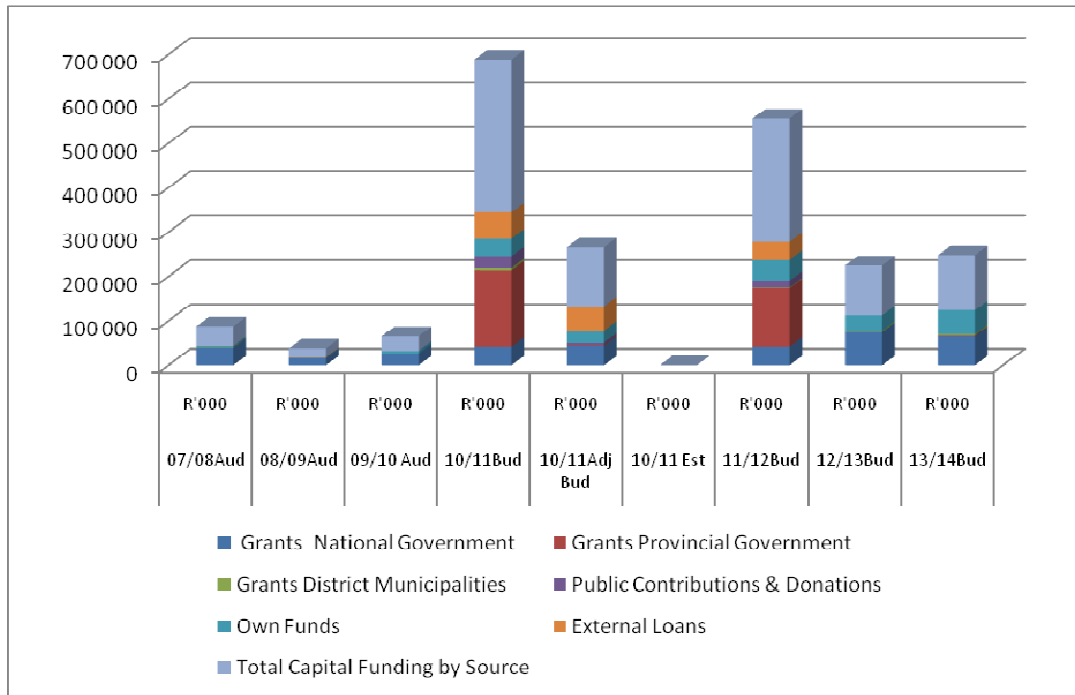
General expenditure amount to **R142.5** million in 2011/2012 increasing to **R156.2** million in 2013/2014

**Chart 5: Capital Expenditure by Vote**

The biggest single portion of capital expenditure is allocated to Technical Services which amounts to **R116.9** million in 2011/2012 decreasing to **R57** million in 2013/2014

It is projected that capital expenditure will decrease over the next three years. This mainly due to delays in confirmation of funding from external sources (province and district) inadequate planning by departments of their capital projects over the medium term. This issue is continuously being addressed as part of the municipality's budget reform programme. However, the two outer years will be populated with projects during the 2011/2012 budget and IDP process.

Detail of the projects and items are reflected in Annexure B

**Chart 6: Capital Expenditure Funding**

The graph indicates that the municipality is reliant for funding from government grants and subsidies to sustain its capital investment and infrastructure delivery programme.

Government grants and subsidies from the National and Provincial spheres, as well as District Municipality, constitute 62.9% of the total capital funding in 2011/2012.

	2011/2012	2012/2013	2013/2014
	R'000	R'000	R'000
Department of Energy	2 000	5 000	13 000
Municipal Infrastructure Grant	36 901	44 867	47 465
Human Settlements	131 000		1 500
Land Affairs		25 000	5 000
Provincial Government	124	11	
DWAF	3 000		
District Municipality	1 643	2 938	2 948

Loans constitute 14.4% of the total capital funding and must be financed via tariff increase.

Capital from own funding (accumulated surplus) will only be used based on the availability of cash.

## 7. Budget Process Overview

MFMA, Chapter 4, as well as Circular **54** and Circular **55** provide guidance on the steps in the annual budget process. 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, as summarised below:

- Political oversight and management of the budget process
  - Time schedule relating to the budget process
  - Process used to integrate the review of the IDP and preparation of the budget
  - Process for tabling of budget and community consultations
- **Political oversight of the budget process**

The Council and Senior Management convened various planning sessions from February 2011 to discuss political and strategic priorities that would inform the IDP review and Budget preparation processes.

In regard to budget committees, the Portfolio Head for Finance, assisted by the various portfolio committees/heads and Mayoral Committee provided a political oversight role over the IDP review and Budget preparation processes.

Informal meetings were also convened to discuss issues pertinent to the budget and to solicit views from councillors on such matters.

The Municipal Manager and Directors provided inputs into the process at various management meetings.

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

The following time schedule of key deadlines for the preparation of the budget for the 2011/2012 medium term period was tabled in Council in August 2010. The revised time schedule was tabled in Council in December 2010 and was approved by council accordingly.

**TIME TABLE FOR BUDGET PROCESS : 2010/2011**

13-20 Oct. 2010	All directors submit 3 year capital budget to Finance	Budget Workshop held on 4 Nov. 2010 Draft capital budget available and will be further discussed at IDP Steering Committee meeting on 7 Dec. 2010.
29 October 2010	IDP review analysis and project identification phases completed	Community needs audit and draft capital budget not yet finalised
29 October 2010	Meeting: IDP Representative Forum <i>(to review report on analysis and project identification phases)</i> <i>Submit 2010/11 First Quarter Performance Report to Council</i>	Meeting held on 26 Nov. 2010  To be submitted by end of Nov. 2010
9 Nov. 2010	Meeting: IDP Steering Committee <i>(to review progress to date)</i>	Meeting held on 17 Nov. 2010
7 Dec. 2010	Meeting: IDP Steering Committee <i>(To receive presentations on LED Plan &amp; all other sector plans; Draft capital budget /MIG discussions)</i>	Directorates to present progress reports to Steering Committee
19-21 Jan. 2010	Mayoral Strategic Workshop on IDP and Budget <i>(Re-scheduled from original date of 22-23 Nov. 2010)</i>	Preparatory Framework to be circulated by end of Nov. 2010
27 January 2011	Submit Mid-year budget and performance assessment report to the Mayor and Council <i>Submit draft PMS Policy framework to Senior Management ( 2<sup>nd</sup> SM meeting)</i> <i>Submit 2010/11 Second Quarter Performance Report to Council</i>  <i>Tabling of 2009/10 Annual Report in Council</i>	Cluster reports to be submitted to Office of the MM by 10 <sup>th</sup> of Jan. 2011 Council establishes the Oversight Committee
Mid-Feb. 2011	Meeting of Budget Steering Committee <i>(Recommend budget policies and parameters)</i>	Chaired by the Cllr for Finance & IDP
1-14 Feb. 2011	Finalise Draft 2011/2012 IDP	Draft will incorporate preliminary outcomes of the ward profiles project.
15 Feb. 2011	Meeting: IDP Steering Committee <i>(to review Draft 2011/2012 IDP)</i>	
18 Feb. 2011	Meeting: IDP Representative Forum <i>(to review Draft 2011/2012 IDP)</i>	
24 Feb. 2011	Informal Council meeting – Draft 2011/2012 IDP, Budget and PMS policy framework	
3 March 2011	Formal Council meeting - Table Draft IDP and 2011/2012 Budget	

	<i>Submit draft PMS Policy framework to Council for adoption</i>	
4 March 2011	Publish Draft IDP, Budget and related documents for comments	On municipal website, libraries and offices.
31 March 2011	Council adopts the oversight report on the 2009/10 Annual Report	
7 March – 8 April 2011	Conduct public hearings and community consultations on Draft IDP & Budget	IDP Manager & Finance to prepare schedule in consultation with Office of the Speaker)
7 March – 8 April 2011	IDP Consultations: National and Provincial Sector Departments, District and Local Municipalities	CoGTA evaluation sessions-IDP Manager to check and confirm dates with CoGTA
28 April 2011	<i>Submit 2010/11 Third Quarter Performance Report to Council</i>  <i>Finalise performance plans of Divisional and Assistant Managers</i>	Cluster reports to be submitted to Office of the MM by 10 <sup>th</sup> of April 2011 To conclude phase 1 of cascading of PMS
28 April 2011	Council meeting: Approval of Final IDP and Budget	
May 2011	Submit and publish approved IDP & Budget	Municipal Manager
13 May 2011	Submit draft SDBIP and Performance Agreements to Mayor (14 days)	Municipal Manager
27 May 2011	Approval of final SDBIP by Mayor (28 days)	Executive Mayor
13 June 2011	Publish SDBIP and signed Performance agreements	Municipal Manager

Communication with municipal departments regarding budget preparation guidelines were communicated at budget meetings with directors and line managers. This was further augmented with formal memoranda from the chief financial officer to departments as indicated in the table below.

Meetings		Memoranda and e-mail	
2 Nov. 2010	Budget Workshop	16 Sept 2010	Capital budget
9-11 Feb.2011	Strategy Session	30 Sept.2010	guidelines
		13 Oct .2010	Reminder to submit
21- 22 Feb. 2011	Bilateral with Directors	26 Nov. 2010	Feedback/ request to
		30 Nov. 2010	revised the inputs
22 March 2011	Bilateral with Directors -link IDP and Capital Budget	17 Jan.2011	Template IDP and Capital Budget
		31 Jan. 2011	Reminder
		23 Feb. 2011	Feedback
		3 March 2011	
9-11 Feb.2011	Strategy Session	26 Nov 2010	Staff budget guidelines
		15 Feb. 2011	Feedback
21-22 Feb.2011	Directors/Managers Bilateral	25 Feb. 2011	Feedback
		3 March 2011	
2 Nov. 2010	Budget Workshop	26 Nov.2010	Operating budget
9-11 Feb.2011	Strategy Session		guidelines
		30 Nov. 2010	Operating budget templates
21-22 Feb. 2011	Directors/ Management Bilateral	17 Feb. 2011	Feedback
		3 March 2011	

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

The IDP Steering Committee consisting of key political office bearers and senior management ensured that issues relating to the IDP and budget preparation are managed and dealt through an integrated and holistic approach.

All IDP related matters having an impact on resource allocations and the budget in general are therefore handled more appropriately by the Steering Committee.

- **Process for tabling of budget and community consultations**

In terms of section 16(2) of the MFMA, the mayor must table the annual budget at least 90 days before the start of the budget year.

The following table provides a clear illustration of the types of consultations, stakeholders involved, dates on which the various consultations took place and the respective venues.



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SASOLBURG  
1947

### **DRAFT BUDGET AND IDP : PUBLIC MEETINGS**

Notice is hereby given in terms of Section 16 read with Section 17 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) and Section 22 and 23 of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003) that the Metsimaholo Local Municipality invites members of the public and stakeholders to participate in the Public meetings as indicated below for the 2011/2012 Draft Budget and IDP.

Ward	Name	Date	Venue	Time
Ward1 (Gortin)	Clr S I Ramathesele	4/04/11	Kopano Thuto	17:00

Ward 1(Amelia)	Clr S I Ramathesele	5/4/11	Church Tent	17:00
Ward 6 Ward 13	Clr M M Mthimkulu Clr C J Lelahla	6/04/11	Credo Primary School	17:00
Ward 2 Ward 7	Clr N M Mafika Clr M R Raboroko	10/04/11	Lehutso Primary School	8:00
Ward 10 Ward 11 Ward 12	Clr L S Lempe Clr T Mabasa Clr M W Khonto	07/04/11	Zamdela Hall	17:00
Ward 8 Ward 9	Clr L S Semonyo Clr D E Mokoena	19/04/04	Zamdela Arts and Culture Centre	17:00
Ward 3 Ward 4	Clr T L Soetsang Clr M I Mashinini	17/04/11	Refengkgotso Hall	8:00
Ward 5	Clr A N Radebe	12/04/11	Metsimaholo Hall	17:00
Ward 5 Farmers	Clr A N Radebe	13/04/11	Oranjeville Primêre Skoolsaal	18:00
Deneysville Ward 5 Farmers	Clr A N Radebe	14/04/11	Deneysville Primary School	17:00
Ward 14 Ward 18 Farmers	Clr F C Coetzer Clr R J Mabefu	18/04/11	Vaalpark Primary School	18:00
Ward 15 Ward 16 Ward 17 Farmers	Clr J J Grobbelaar Clr H J Moolman Clr M C van der Walt All Councillors	11/04/11	Etienne Rousseau Theatre	18:00
Businesses/ Industries	All Councillors	8/04/11	Etienne Rousseau Theatre	07:00

## **Summary of Community Priority Issues**

The Executive Mayor considered the key issues raised where possible.

- **Strategic alignment with National, Provincial and District Governments**

### Free State 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 the case of the Metsimaholo Local Municipality the most important (although not the only) directives in this regard are the National Spatial Development Perspective (NSDP), Free State Growth and Development Strategy (PGDS) and the Integrated Development Plan of the Fezile Dabi District Municipality.

The PGDS (2007-2014) is the strategic framework for the Free State Provincial Government that sets the tone and pace for growth and development in the province. It addresses the key and most fundamental issues of development spanning the social, economic and the political environment.

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/organisations when they lay out their budget allocations in the light of key growth and development priorities at the beginning of each budgeting cycle. It is

thus essential that the issues and programmes emanating from IDPs be compatible with the priority areas of the PGDS.

Free State Province identified several priority areas of intervention as part of the Provincial Growth and Development Strategy, namely:

- Economic Growth, Development and Employment
- Justice and Crime Prevention
- Social and Human Development
- Efficient Governance and Administration

**Integrated Goals for the Fezile Dabi District are:**

- Effective, sustainable accountable governance
- High level financial performance and management
- Efficient and effective service delivery
- Promotion of public participation and awareness
- Strategic economic and social role playing in the District

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

## 8. Alignment of Budget with IDP

This section provides a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The budget documentation provides a good high-level overview of the IDP and reference is being made to the detailed IDP documentation.

The following information obtained from the IDP is included in the budget document for ease of reference.

<b>VISION</b>
<p><b>“Metsimaholo Municipality strives to be a leading Municipality in delivering effective, affordable and sustainable quality services to its communities”.</b></p>

<b>MISSION</b>
<p><b>We will achieve our vision by:</b></p> <ul style="list-style-type: none"><li>• <b>Promoting proper planning and implementation of projects and programmes</b></li><li>• <b>Setting standards</b></li><li>• <b>Being accountable</b></li><li>• <b>Communication</b></li><li>• <b>Capacity building of staff and communities</b></li><li>• <b>Having proper systems and processes</b></li><li>• <b>Ensuring a sustainable, affordable and effective service delivery.</b></li></ul>

## MUNICIPAL KEY PERFORMANCE AREAS AND IDP PRIORITY ISSUES

Based on the above, the following are the Key Performance Areas (KPAs) of the Metsimaholo Local Municipality:

<b>KEY PERFORMANCE AREAS</b>
<p><b>Basic Service Delivery and Infrastructural Investment</b></p> <p><b>Municipal Transformation and Intuitional Development</b></p> <p><b>Financial Viability and Financial Management</b></p> <p><b>Local Economic Development</b></p> <p><b>Good Governance and Public Participation</b></p>

Following from these, and informed by inputs provided by the community during consultation processes, as well as an analysis of technical information pertaining to the area, the following Objectives or Clustered Priority Issues have been identified in the Metsimaholo Municipal Area:

<p><b>Governance and Administration</b></p> <ul style="list-style-type: none"> <li>▪ Monitoring</li> <li>▪ Governance</li> <li>▪ Performance Management and Implementation</li> </ul>	<p><b>Safety and Security</b></p> <ul style="list-style-type: none"> <li>▪ National Crime Prevention Strategy</li> <li>▪ Disaster Management</li> </ul>
<p><b>Economic and Investment</b></p> <ul style="list-style-type: none"> <li>▪ Local Economic Development</li> <li>▪ Poverty Alleviation</li> <li>▪ Acquisition of Land</li> <li>▪ Housing</li> <li>▪ Water Provision</li> <li>▪ Sanitation Provision</li> </ul>	<p><b>Social and Human</b></p> <ul style="list-style-type: none"> <li>▪ Improved Level of Health Services</li> <li>▪ Education</li> <li>▪ Youth Development</li> <li>▪ Welfare Service Provision</li> <li>▪ Culture Enhancement</li> </ul>

- Streets and Storm Water
- Electricity Provision
- Refuse Removal
- Cemeteries
- Telecommunication
- Public Transport
- Environment
- Land Reform

- Safety and Security
- Disaster Management
- Gender Equity
- HIV / AIDS

## **9. Budget Related Policies: Overview and Amendments**

The following policies relating to the budget will be amended:

### **Indigent Policy**

The Indigent Policy be amended to reflect a threshold monthly household income of R2 500 from 1 July 2011

## 10. Fiscal Overview and Source of Funding (Tariffs)

### Revenue Trends

	Medium Term Revenue and Expenditure Framework					
	2011/2012		2012/2013		2013/2014	
	R'000	%	R'000	%	R'000	%
Own revenue	<b>520 953</b>	<b>79.7</b>	<b>542 667</b>	<b>78.1</b>	<b>595 780</b>	<b>77.9</b>
Government grants	132 528	20.3	152 230	21.9	169 290	22.1
<b>Total revenue</b>	<b>653 481</b>	<b>100</b>	<b>694 897</b>	<b>100</b>	<b>765 070</b>	<b>100</b>

Revenue from own source represent **79.7%** of total revenue in 2011/2012 decrease slightly to **78.1%** in 2012/2013. This indicates that the municipality relies more on its own sources for revenue than on government grants.

### Trends in major sources of own revenue

	Medium Term Revenue and Expenditure Framework					
	2011/2012		2012/2013		2013/2014	
	R'000	%	R'000	%	R'000	%
Property rates	79 008	<b>15.2</b>	84 025	<b>15.5</b>	93 587	<b>15.7</b>
Electricity	173 593	<b>33.3</b>	181 232	<b>33.4</b>	196 560	<b>33</b>
Water	146 016	<b>28</b>	157 890	<b>29.1</b>	174 289	<b>29.3</b>
Sanitation	17 046	<b>3.3</b>	18 426	<b>3.4</b>	20 412	<b>3.4</b>
Refuse removal	26 882	<b>5.2</b>	29 033	<b>5.4</b>	31 936	<b>5.4</b>
Interest	13 075	<b>2.5</b>	12 260	<b>2.3</b>	14 655	<b>2.5</b>
Departmental Charges	13 670	<b>2.6</b>	15 429	<b>2.9</b>	17 682	<b>3</b>
Other	51 663	<b>9.9</b>	44 372	<b>8</b>	46 659	<b>7.7</b>
	<b>520 953</b>	<b>100</b>	<b>542 667</b>	<b>100</b>	<b>595 780</b>	<b>100</b>

- Water remains a major source of revenue from services for the municipality at an average of 28.8% over the medium term.

- Property rates income at an average of **15.5%**. Electricity revenue contribute on average **33.2%** of own revenue of the medium term period.

In the preceding financial years revenue from water was negatively affected by billing problems, inconsistent meter readings and high water losses. It is expected that the following interventions already in place will positively address these issues:

- Appointment of a service provider to audit and verify meter information with the billing information.
- The establishment of a task team to focus on consumption and billing by heavy industrial consumers in the municipal area.
- The implementation of the new debt collection and credit control policy
- Implementation of Revenue Enhancement Strategy

It is further expected that the installation of more pre-paid electricity meters will also assist in more effective credit control and debt collection. Currently the number of households with pre-paid meters is 25 172 compared to 3 738 households with conventional meters.

***There is a proposal for the implementation of a fire levy.***

*Enquiries were done at several Municipalities as to the payment for Fire Services.*

*Two methods are currently being used:*

- (1) There are tariffs for different services rendered by the Fire Department and persons making use of it are charged accordingly*
- (2) A Fire levy is charged for all residents at the Municipality, except indigents. The levy amount is determined by the type of user (eg. Domestic, business, industry, vacant property) and is levied per month. The users then do not pay extra for Fire services when required. The normal tariff is*

*applicable when services are rendered for non-residents eg. accidents or special services.*

*The current trend is a levy of between R20.00 to R120.00 per month depending on the type of user.*

*The levy could have a positive effect on alleviating the costs of Fire Services. If implemented the following rate is recommended:*

<b><i>TYPE</i></b>	<b><i>PER MONTH</i></b>
<i>Domestic</i>	<i>R20.00</i>
<i>Business</i>	<i>R36.00</i>
<i>Industrial</i>	<i>R120.00</i>
<i>Vacant property</i>	<i>R24.00</i>

## Tariff Overview

The municipality has not fully succeeded in most of the services to maintain tariff increases within the growth limits set by National Treasury in line with the inflation target band of the Reserve Bank of between 3 and 6 per cent. However, the average increases include an allowance for growth in consumption levels and corrections in certain tariffs. The average tariff increases are reflected in the table below.

<b>Service</b>	<b>% tariff increase</b>
Property rates	7
Electricity	7-27
Water <sup>1</sup>	7
Sanitation	7 & 43
Refuse removal	7-19

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## Proposed Tariff Increases

The tables below indicate the proposed tariff increases for the main consumer services and sundry services for the 2011/2012 financial year.

### Assessment Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The Property Rates Act (Act 53 of 2007) were phased in over the past 3 years and no further rebates are allowed.

<b>Sasolburg/ Zamdela</b>	<b>2010/11</b>	<b>Proposed 2011/2012</b>
Heavy Industries	0.02862	0.030623
Light Industries	0.02862	0.030623
Businesses	0.01145	0.01224
State property	0.01145	0.01224
Domestic and other – Sasolburg	0.00572	0.00612
- Zamdela	0.00572	0.00612
<b>Deneysville/Refengkgotso/ Phomolong</b>		
Residential	0.00572	0.00612
Businesses	0.01145	0.01224
Churches	0	0
State Property	0.01145	0.01224
Refengkgotso	0.00572	0.00612
<b>Oranjeville/Metsimaholo</b>		
Residential	0.00572	0.00612
Businesses	0.01145	0.01224
Metsimaholo : Residential	0.00572	0.00612
Metsimaholo: Businesses	0.01145	0.01224
State Property	0.01145	0.01224
<b>Farmland:</b>		
Residential	0.00215	0.00306
Businesses	0.00429	0.00612
Industries	0.010733	0.01530
Private owned towns, Body Corporate, Sectional Titles	0.00215	0.00306
Mining	0.010733	0.01530
Agricultural	0.001073	0.00153
Unregistered Erven	<b>Municipal services charges equal to category of property</b>	<b>Municipal services charges equal to category of property</b>

The amount allocated to approve indigents for Assessment Rates is to a **maximum of R50.00 per month. For budget purposes the assumption was made that there will be 12 000 approved indigents be registered.** Additional income at 7% tariff increase of assessment rates represents R5 055 190 per annum.

### **Electricity**

NERSA has announced the revised bulk electricity pricing structure. A 28.9% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2011.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Approval must be obtained from NERSA for the increase between 7% and 27% in fees/tariff to finance the ring fencing of the service.

#### ***Basic Service charges for Electricity (VAT exclusive)***

	2010/2011	2011/2012
Sasolburg/Zamdela/Deneysville/ Oranjeville		
Schools, Churches, Halls, etc.	R110.00	R117.70
Businesses, Offices, Hotels, clubs, etc.	R110.00	R117.70
Businesses Zamdela:		
Single phase	R110.00	R117.70
Three phase	R110.00	R117.70
Four meters	R212.00	R227.70
Businesses:                   Deneysville/Refengkgotso	R110.00	R117.70
Phomolong		
Businesses : Oranjeville/Metsimaholo	R110.00	R117.70
Bulk Supply	R 212.00	R227.00

Free basic electricity of 50kWh will be given to all residents (25 000 households). An amount of R11.5 million is allocated in order to make it possible. Eskom must be informed accordingly.

The current tariffs can be implemented after approval from NERSA is as follows:

Tariff(VAT exclusive)	kWh	2010/2011	2011/2012
Domestic	0-50	R0.7965/kWh	R0.7965/kWh
	51-350	R0.7965/kWh	R0.8323/kWh
	351-600	R0.7965/kWh	R0.9780/kWh
	>600	R0.7965/kWh	R1.1492/kWh
Schools, Churches		R0.7965/kwh	R0.9588/kWh
Businesses		R0.7965/kwh	R0.9588/kWh
Bulk		R0.3533/kwh	R0.4477/kWh
KVA		R95.00	R102.13
kW		R102.97	R110.69

**All tariff increases by Eskom will result in an equal increase of tariffs payable by electricity consumers in Metsimaholo area.**

The tariff increase will result in R32 779 250 additional income.

Monthly Consumption kWh	Current Amount Payable R	Proposed amount payable R	Increase R	% Change
100	39.83	41.62	1.79	4.5
500	358.43	396.39	37.96	10.59
1000	756.68	953.87	197.19	26.06

It should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

## **Water**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Basic charges (**VAT exclusive**) for others than households will increase:

	2010/2011	2011/2012
	R	R
<b>Sasolburg/Zamdela</b>		
Churches	19,36	20.72
Businesses	76,69	82.06
Light Industries	99,36	106.32
Heavy Industries	8% on 2009/10 tariff	8% on 2010/11 tariff
<b>Deneysville</b>		
Businesses	76,69	82.06
<b>Oranjeville</b>		
Co-operatives	784,41	839.32
Businesses	76,69	82.06

6kl free water will be given to all households. This will be financed from the Equitable Share. A further amount is allocated from equitable share to finance additional 4kl of water to approved indigents. An approved indigent will receive 10kl of water free. Total amount of R25.1 million is allocated from Equitable Share. 7 % increase represents R10 794 760 per annum.

**Water consumption tariff (VAT exclusive)**

	2010/2011	2011/2012
<i>Sasolburg/Zamdela/Deneysville/ Refenggotso/Phomolong</i>		
Domestic	R10,32/kl	R11.05/kl
Schools	R10,32/kl	R11.05/kl
State property (excl. residential properties)	R9,69/kl	R10.37/kl
Businesses	R9,69/kl	R10.37/kl
Light Industries	R9,69/kl	R10.37/kl
Heavy Industries	R11,03/kl	R11.81/kl
Oranjeville/Metsimaholo	R7,00/kl	R8,00/kl
Oranjeville Businesses	R7,20/kl	R8,20/kl

Guest houses are operated as businesses and are levied as businesses.

## **Sewerage Service**

A tariff increase of 7% is proposed, except for suction tank service.

The basic charges of sewer for residents (households) will be subsidised by Council. An amount of R1 646 600 is allocated from Equitable Share for this purpose. A further amount of R4 217 920 is allocated from Equitable Share for additional sewer to all approved indigents. 7% increase represents R1 032 370 additional income per year.

### **Tariffs(VAT exclusive)**

<b>Sasolburg</b>	<b>2010/2011</b>	<b>Proposed 2011/2012</b>
Domestic - Basic	Free. (R7,48)	Free. (R8.01)
Heavy Industries	Actual cost by	Actual cost by
Businesses	SCI plus 35%	SCI plus 35%
Additional		
(a) Sasolburg sewer	R60,66	R64.91
(b) Zamdela sewer	R60,66	R64.91
(c) Business sewer	R63,81	68.28
(d) Flats	R 4,52	R 4,84
	R60,66	R64.91
(e) 2 <sup>nd</sup> Dwelling Sasolburg	R60,66+R60,66	R64.91+R64.91
(f) 2 <sup>nd</sup> Dwelling Vaalpark	R60,66+R60,66	R64.91+R64.91
(g) Industries sewer	R63,81	R68.28
(h) Day schools	R20,77	R22.23
(i) Creches	R20,77	R22.23
(j) Flats sewer	R60,66	R64.91
(k) Add units flats	R35,70	R38.20
<b>Oranjeville/Metsimaholo</b>		
Suction tank per service	R 200.00	R 271.93
<i>Basic sewer</i>		
Oranjeville Domestic	Free	Free
Metsimaholo Domestic	Free	Free
Businesses	R60,66	R64.91
<i>Additional sewer</i>		
Water borne sewer Oranjeville	R38,56	R41.26
Water borne sewer		
Metsimaholo	R18,32	R19.61
<b>Deneysville</b>		
Suction tank per service	R 200.00	R271.93
<i>Basic sewer</i>		
Deneysville Domestic		
Refenggotso/Phomolong:		
Domestic		
Businesses	R60,66	R64.91
Water borne sewer		

Refengkgotso/Phomolong Bucket services system	R38,56 R18,32	R41.26 R19.61
<b>Rural areas:</b> Suction Tank Services <b>Areas that is not included in the disestablished towns (No Rates Payable)</b>		
Normal working hours	R1 080.00/Service	R1 190.00/Service
After hours	R2 160.00/Service	R2 380.00/Service
<b>Areas with discounted rates:</b>		
Normal working hours	R1 080.00/Service	R1 190.00/Service
After hours	R2 160.00/Service	R2 380.00/Service

Guest houses are levied at business tariffs.

## Cleansing Services

In order to economise the service it must be considered that the same tariff be charged where there is a service once a week. Tariffs are VAT exclusive.

All residents in all areas receive a service once a week. Therefore the tariff must be uniformed. Provision is made for additional 8 000 stands that will receive the service that result in additional income of R8 160 000

An average increase of between 7-29.7% is proposed. The tariff increase represent R1 222 730 additional income for the year.

<b>Sasolburg</b>	<b>R 2010/2011</b>	<b>R 2011/2012</b>
Dwellings/Single flats	72.58	77.66
Joint flats (one service point)	72.58	77.66
Businesses and Schools	135.25	144.72
Dumping ground:		
Industries and Contractors	63.00	75.00
Churches	72.58	77.66
<b>Zamdela</b>		
<i>Formal areas:</i>		
Dwellings	68,00	75.00
Flats (Tswelopele)	68,00	75.00
Businesses	94.50	144.72
Churches	68,00	75.00
Private Hostels	68,00	75.00
<i>Informal areas:</i>		
Dwellings	68.00	75.00
Informal settlement	68.00	75.00
<b>Deneysville/Refengkgotso/Phomolong</b>		
<i>Domestic:</i>		
Deneysville	72.58	77.66
Refengkgotso	68.00	75.00
<i>Businesses</i>	135.25	144.72
<i>Churches</i>	72.58	77.66
<b>Oranjeville/Metsimaholo</b>		
<i>Domestic:</i>		
Oranjeville	72.58	77.66
Metsimaholo	65.00	75.00
<i>Businesses</i>	115.00	144.72
<i>Churches</i>	72.58	77.66
All areas		
Approved indigents	FREE	FREE

Guest houses operate as businesses and are levied as businesses.

An amount of R6.6 million is allocated from equitable share for the refuse service to approved indigents.

## Overall impact of tariff increases on households

### FS204 Metsimaholo - Supporting Table SA14 Household bills

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12 % incr.	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Large' Household Rates and services charges:</b>	1										
Property rates		134.12	265.00	286.20	303.38	303.38	303.38		324.62	350.59	385.65
Electricity: Basic levy		406.22	463.87	579.88	756.68	756.68	756.68		953.87	1135.11	1350.78
Electricity: Consumption											
Water: Basic levy		-	-	-							
Water: Consumption		212.16	212.16	229.20	247.68	247.68	247.68		265.20	286.42	315.07
Sanitation		52.00	52.00	56.16	60.66	60.66	60.66		64.91	70.11	77.13
Refuse removal		64.00	64.00	59.12	72.58	72.58	72.58		77.66	83.88	92.27
Other											
<b>sub-total</b>		<b>868.50</b>	<b>1057.03</b>	<b>1210.56</b>	<b>1440.98</b>	<b>1440.98</b>	<b>1440.98</b>	<b>17.0%</b>	<b>1686.26</b>	<b>1926.11</b>	<b>2220.90</b>
VAT on Services		102.81	110.88	130.81	159.27	159.27	159.27		190.63	220.58	256.94
<b>Total large household bill:</b>		<b>971.31</b>	<b>1167.91</b>	<b>1341.37</b>	<b>1600.25</b>	<b>1600.25</b>	<b>1600.25</b>	<b>17.3%</b>	<b>1876.89</b>	<b>2146.69</b>	<b>2477.84</b>
<b>% increase/-decrease</b>			<b>20.2%</b>	<b>14.9%</b>	<b>19.3%</b>	<b>-</b>	<b>-</b>		<b>17.3%</b>	<b>14.4%</b>	<b>15.4%</b>
<b>Monthly Account for Household - 'Small' Household Rates and services charges:</b>	2										
Property rates		57.58	40.00	40.00	42.40	42.40	42.40		45.37	49.00	53.90
Electricity: Basic levy		191.56	218.76	273.46	356.21	356.21	356.21		394.44	469.39	558.58
Electricity: Consumption											
Water: Basic levy		167.96	167.96	181.45	196.08	196.08	196.08		209.95	226.75	249.43
Water: Consumption		52.00	52.00	56.16	60.66	60.66	60.66		64.91	70.11	77.13
Sanitation		33.00	50.00	60.00	68.00	68.00	68.00		77.66	83.88	92.27
Refuse removal											
Other											
<b>sub-total</b>		<b>502.10</b>	<b>528.72</b>	<b>611.07</b>	<b>723.35</b>	<b>723.35</b>	<b>723.35</b>	<b>9.5%</b>	<b>792.33</b>	<b>899.13</b>	<b>1031.31</b>
VAT on Services		62.33	68.04	79.95	95.34	95.34	95.34		104.58	119.02	136.84
<b>Total small household bill:</b>		<b>564.43</b>	<b>596.76</b>	<b>691.02</b>	<b>818.69</b>	<b>818.69</b>	<b>818.69</b>	<b>9.6%</b>	<b>896.91</b>	<b>1018.15</b>	<b>1168.15</b>
<b>% increase/-decrease</b>			<b>5.7%</b>	<b>15.8%</b>	<b>18.5%</b>	<b>-</b>	<b>-</b>		<b>9.6%</b>	<b>13.5%</b>	<b>14.7%</b>
				1.76		-1.00	-				

				0.17						
<b>Monthly Account for Household - 'Small' Household receiving free basic services Rates and services charges:</b>	3									
Property rates										
Electricity: Basic levy										
Electricity: Consumption	4.30	4.90	6.10	7.97	7.97	7.97	#NAME?	8.33	9.92	11.81
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal										
Other										
<b>sub-total</b>	<b>4.30</b>	<b>4.90</b>	<b>6.10</b>	<b>7.97</b>	<b>7.97</b>	<b>7.97</b>	<b>4.5%</b>	<b>8.33</b>	<b>9.92</b>	<b>11.81</b>
VAT on Services	0.61	0.69	0.86	1.12	1.12	1.12	#NAME?	1.17	1.39	1.66
<b>Total small household bill:</b>	<b>4.91</b>	<b>5.59</b>	<b>6.96</b>	<b>9.09</b>	<b>9.09</b>	<b>9.09</b>	<b>4.5%</b>	<b>9.50</b>	<b>11.31</b>	<b>13.47</b>
<b>% increase/-decrease</b>		<b>13.8%</b>	<b>24.5%</b>	<b>30.6%</b>	-	-		<b>4.5%</b>	<b>19.1%</b>	<b>19.1%</b>

References

1 Use as basis 1  
000m<sup>2</sup> erf, 150m<sup>2</sup>  
improvements, 1  
000 units electricity  
and 30kl water.

2 Use as basis  
300m<sup>2</sup> erf, 48m<sup>2</sup>  
improvements, 498  
units electricity and  
25kl water.

3 Use as basis  
300m<sup>2</sup> erf, 48m<sup>2</sup>  
improvements,  
60kw electricity and  
6kl water (TO BE  
CONFIRMED).

**Sundry Tariffs**

That the following miscellaneous tariffs (**VAT exclusive**) be implemented from 1 July 2011.

**Financial Services**

	2010/2011	2011/2012
<b>New Consumers who moved into municipal area</b>		
Connection fee per meter:		
- Water	R110.00	R120.00
- Electricity	R110.00	R120.00
Delivery of warning notices	R120.00	R140.00
<b>Non-payment fees for defaulters</b>		
- Normal reconnection fee	R250.00	R275.00
- After hours reconnection fee (additional)	R160.00	R180.00
- Reduce water supply	R250.00	R275.00
- Cut electric cable	R250.00	R275.00
- Remove electric cable	R550.00	R575.00
- Replace electric cable	R550.00	R575.00
- Final Notice Fee	R55.00	R60.00
- Dishonoured Cheques R/D	R250.00	R275.00
<b>Illegal Connection(Bypass/tampering of meters)</b>		
Household (Water or Electricity)	R16 000	R17 000
Business	R16000/meter	R17000/meter
Illegal connection after disconnection(switch on of meter)	R3 000	R3 500
Loss of units calculated for up to 1 year average plus tampering penalty	Number of units x tariff applicable	Number of units x tariff applicable
<b>Clearances and Valuation</b>		
<b>Clearance certificates</b>		
Normal collection	R160,00	R170,00
Registered mail	R160,00	R170,00
Valuation Roll per Town (Residential Area)	R220,00	R250,00
or part thereof	R150.00	R160.00
Valuation electronic format	R200.00	R250.00
Valuation Objection Fee	R90.00	R100.00
Valuation Certificate	R400.00	R450.00
Address list per 500 pages or part thereof	R45.00	R50.00
Search Fees		
<b>Other Fees</b>		
Testing of electricity/water meters	R250.00	R275.00
Replacement of padlock	R150.00	R175.00
Duplicate Accounts	R6.00	R7.00
Duplicate tenant's Accounts send to owners	R12.00	R15.00
Duplicate IRP 5	R10.00	R12.00
Fee for block/unblock of Prepaid electricity meters	R65,00	R70,00
Replacement of prepaid card	R45,00	R50,00
Refuse bags	Cost + 10%	Cost + 10%

Selling of wood (= LDV load)	R90.00	R100.00
Cutting of trees (per tree)	R850.00	R900.00

### **Deposits**

	2010/2011	2011/2012
<b>Flats/Town houses</b>		
Owners/Tenants (without pre-paid meters)	R2 500.00	R3 000.00
Owners/Tenants (with pre-paid meter)	R1 500.00	R1 500.00
Where body corporate pay other services	0	0
<b>Houses</b>		
(with pre-paid meters) Owners	R1 750.00	R2 000.00
(with pre-paid meters) Tenants	R1 750.00	R2 000.00
Owners (without pre-paid meters)	R3 500.00	R4 000.00
Tenants (without pre-paid meters)	R3 500.00	R4 000.00
<b>Businesses</b>		
<i>Civic Centre</i>		
(with pre-paid meters) Owners	R1 500.00	R2 000.00
(without pre-paid meters) Tenants based on twice monthly consumption based on the type of business	R2 500.00 min.	R3 000.00 min.
<i>Light Industries</i> based on twice monthly consumption based on the type of business	Twice monthly consumption	Twice monthly consumption
<i>Heavy Industries</i> based on twice monthly consumption based on the type of business	Twice monthly consumption	Twice monthly consumption
Government	Same as businesses	Same as businesses

### **Water, Electricity and Sewer connection tariffs increases**

Connections to be done	2010/2011	2011/2012
<b>Water</b>		
15mm - 3m max	R 1 379.83	R 1 517.55
20mm - 3m max	R 1 621.06	R 1 783.34
80/20 COMBO meter	R 19 298.25	R 21 236.85
50/20 COMBO meter	R 15 052.64	R 16 552.64
40 mm	R 9 311.41	R 10 236.85
All other to be calculated independently (longer than 3m and larger meters)		
Water and Sewer road crossings	R7 236.85	R7 960.53
Relocating Water meters(labour only)	R771.93	R842.11
Stolen Water meter	Cost of meter	Cost of Meter

<b>Electricity</b>		
New single phase connection	R 4 277.60	R 4 277.60
Upgrading from 60 – 80 ampere	R 4 783.08	R 4 783.08
New three phase connection up to design load	R 2 600.00	R 2 600.00
New three phase connection larger than design load	Estimated cost plus network strengthening cost of	Estimated cost plus network strengthening cost of
Single phase prepaid meter	R791.50/Kva	R791.50/Kva
Three phase prepaid meter	R 898.68	R 898.68
Moving of connection	R2 087.69	R2 087.69
New ready board and keypad	R 1 003 .35	R 1 003 .35
Replacement of cable	R1 895.71	R1 895.71
Repair of cable (damaged by owner)	R 1 003.35	R 1 003.35
Temporary connection if service is available	R 444.27	R 444.27
Three phase (town houses)	R 730.23	R 730.23
Testing of kWh meter	R1 339.53	R1 339.53
Testing of prepaid meter	R 357.89	R 357.89
Moving kWh meter from house to stand boundary	R 226.60	R 226.60
Damaged keypad prepaid meter	R 898.68	R 898.68
Prepaid meter and relay	R 660.00	R 660.00
Ripple relay	R1 845.05	R1 845.05
Electrical installation test (1'st free)	R 898.02	R 898.02
	R 250.00	R 250.00
<b>Sewer</b>		
100mm - 3m max	R 3164.92	R 3 482.46
All other to be calculated independently (longer than 3m and larger pipe diameters)		

### Capital Contributions (once off payment)

<b>Water</b>		
Per kiloliter (supply- no units specified)		R 4 000.00
Residential per added building or unit		
High income		R8 000.00
Middle income		R6 000.00
Low income		R2 400.00
Guest houses and hotels: per room(existing developments consider in calculation)		.03 kl per room per day x kiloliter rate
<b>Sewer</b>		
Per kiloliter day usage- effluent		R4 500
Residential per added building or unit		
High income		R5 400.00
Middle income		R4 500.00
Low income		R2 250.00

Guest houses and hotels: treatment of sewer effluent deposit at treatment plant)		R 6 300.00 kl(daily kl demand)

### **Printing price list - Technical Services**

	2010/2011	2011/2012
<b>PAPER</b>		
A0	R 35.09	R 36.85
A1	R 18.42	R 19.30
A2	R 10.53	R 11.41
A3	R 3.50	R 3.95
A4	R 1.75	R 2.20
<b><u>Durester</u></b>		
A0	R 127.19	R 131.58
A1	R 63.16	R 65.79
A2	R 35.09	R 36.85
A3	R 18.42	R 19.30
A4	R 10.53	R 11.41
<b><u>Film</u></b>		
A0	R 92.10	R 95.62
A1	R 61.40	R 64.92
A2	R 31.58	R 33.34
A3	R 15.79	R 17.55
A4	R 8.77	R 8.77
A4 Fax send/received(Private)	R10.00	R10.00

### **Social Services**

(a)		2010/2011	2011/2012
	<b>D P de Villiers Stadium</b>		
	<b>Rental of halls</b>		
	<b>Stadium Hall</b>		
	Resident : meetings	R180 per hour	R216.60 per hour
	Non-Resident : meetings	R360 per hour	R433.20 per hour
	Functions	R480,00	R574.56
	Churches and schools	half price	half price
	<b>Club complex Hall</b>		
	Resident : meetings	R 60,00/ hour	R 41.82/ hour
	Non-Resident : meetings	R120,00/hour	R143.64/hour
	Functions	R240,00	R287.28
	Churches and schools	half price	half price
	<b>Athletics</b>		
	<b>Schools sport meeting</b>		
	Morning session 07:00 - 13:00	R790,00	R945.63
	Afternoon session 13:00 - 19:00	R790,00	R945.63
	Lights to switch on first 2 hours	R360,00	R430.92
	Then per half hour	R95,00	R113.71

<b>Non Residents (Free State)</b>		
Morning session 07:00 - 13:00	R990,00	R1 185.03
Afternoon session 13:00 - 19:00	R990,00	R1 185.03
Lights to switch on first 2 hours	R360,00	R430.92
Then per half hour	R 95,00	R 113.71
<b>Schools in Gauteng</b>		
Morning session 07:00 - 13:00	R1 320,00	R1 580.04
Afternoon session 13:00 - 19:00	R1 320,00	R1 580.04
Lights to switch on first 2 hours	R360,00	R430.92
Then per half hour	R95,00	R113.71
<b>Provincial Meetings</b>		
Morning session 07:00 - 13:00	R1 700,00	R2 034.90
Afternoon session 13:00 - 19:00	R1 700,00	R2 034.90
Lights to switch on first 2 hours	R360,00	R430.92
Then per half hour	R 95,00	R113 .71
<b>National Meetings</b>		
Morning session 07:00 - 13:00	R2 640.00	R3 160.08
Afternoon session 13:00 - 19:00	R2 640.00	R3 160.08
Lights to switch on first 2 hours	R360.00	R430.92
Then per half hour	R95.00	R113.71
<b>Rental of Electronic Timing Equipment</b>		
Electronic Timing Equipment per session	R720,00	R861.84
<b>Training sessions</b>		
<u>Pre-determined practice periods</u>		
Training at the stadium will only be allowed after payment of R275,00 per annum as well as purchase of proxy card at R40,00 per athlete training. Cards will only be sold to contributing schools/clubs/instances.		
Purchase card at R40.00 for student and other person.		
<b>School Rugby, School league all rugby fields as available.</b>		

	Resident per session/season	R240,00	R287.28
	Non-resident per session/season	R360,00	R430.92
	<b>Provincial Games</b>	R1 200.00	R1 436.40
	Per day		Per day
	Lights to switch on first 2 hours	R360,00	R430.92
	Then per half hour	R95,00	R113.71
	<b>National and International Games</b>	R2 400.00	R2 872.80
	<b>Soccer meetings (outside stadium)</b>		
	Resident per session/season	R240,00	R287.28
	Non-resident per session/season	R360,00	R430.92
	<b>Soccer meetings (inside stadium)</b>		
	Morning session 07:00 - 13:00	R660,00	R790.02
	Afternoon session 13:00 - 19:00	R660,00	R790.02
	Lights to switch on first 2 hours	R360,00	R430.92
	Then per half hour	R95,00	R113.71
	<b>Cross Country</b>		
	A Field	R720.00 p day	R861.84 p day
	Outside Field	R240,00 p day	R287.28 p day
	Stadium Hall	R600,00 p day	R718.20 p day
	<b>Dog show</b>		
	Resident per session	R240,00	R287.28
	Non-resident per session	R360,00	R430.92
(b)	<b>Sasolburg show ground</b>		
	Cricket pitch (High Performance)		
(c)	<b>Sports facilities</b>		
	<b>Penny Heyns :</b>		
	Adults: Season tickets	R141,00	R168.77
	: Day tickets	R 14,00	R16.75
	Children : Season tickets	R 68,00	R81.39
	: Day tickets	R 6,80	R8.13
	<b>School Galas</b>		
	Morning session 07:00 - 13:00	R315,00	R377,00

Afternoon session 13:00 - 19:00 Lights to switch on first 2 hours Then per half hour	R315,00 R315,00 R84,00	R377,00 R377,00 R100.54
<b>Clubs/ Social clubs</b> Occasion	R840,00 without touch pad	R1 005.48 without touch pad
<b>Training sessions</b> Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R315 per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R377.05 per annum as well as purchase of seasonal tickets per swimmers training
<b><u>Zamdela Swimming Pool</u></b>		
: Adults : Season tickets	R73.50	R87.97
: Day tickets	R 7,35	R 8.78
: Children : Season tickets	R 42,00	R 50.27
: Day tickets	R 5.25	R 6.28
<b>School Galas</b>		
Morning session 07:00 - 13:00	R315,00	R377.05
Afternoon session 13:00 - 19:00	R315,00	R377.05
Lights to switch on first 2 hours	R315,00	R377.05
Then per half hour	R84,00	R100.54
<b>Clubs/ Social clubs</b> Occasion	R840,00 without touch pad	R1 005.48 without touch pad
<b>Training sessions</b> Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R300 per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R359.10 per annum as well as purchase of seasonal tickets per swimmers training

(d)	<b>Cemeteries</b>		
	Zamdela : Adult : Resident	R270.00	R323.19
	: Non Resident	R1 100.00	R1 316.70
	Children : Resident	R210.00	R251.37
	: Non resident	R840.00	R1 005.48
	Deneysville:		
	Refengkgotso / Metsimaholo :		
	: Adults : Resident	R270.00	R323.19
	: Non Resident	R1 100.00	R1 316.70
	: Children :Resident	R240.00	R251.37
	:Non Resident	R840.00	R1 005.48
	Sasolburg:		
	: Adults : Resident	R790.00	R945.63
	: Non Resident	R3120,00	R3 734.64
	: Children : Resident	R520,00	R653.56
	:Non Resident	R2 170,00	R2 278.85
	Oranjeville:		
	: Adults : Residents	R270.00	R323.19
	Non Residents	R1 200.00	R1 316.70
	: Children : Residents	R240.00	R251.37
	: Non Residents	R840,00	R1 005.48
	<b><u>Indigents</u></b>		
	Approved as per Metsimaholo Local Municipality policy	Free	Free
<b><u>Urns in Walls of Remembrance</u></b>			
Residents	R 630,00	R 630,00	
Non Residents	R2 600.00	R2 600,00	
Placing of urn in existing grave:			
Residents	R160,00	R160,00	
Non Residents	R170,00	R170,00	
<b><u>Stack Burials:</u></b>			
Two coffins in one grave			
Residents	R900.00	Double price of	
Non- Residents	R3 120.00	one	
(e)	<b>Halls</b>		
	<b>Zamdela/Refengkgotso/ Metsimaholo</b>		
	<b>Church Service and meetings</b>		
	Morning session 07:00 - 13:00	R360,00	R430.92
	Afternoon session 13:00 - 19:00	R360,00	R430.92
Extra hour	R120,00	R143.64	
Kitchen use	R120,00	R143.64	

<b>Music/Jazz and others</b>			
Morning session 07:00 - 13:00	R660,00		R790.02
Afternoon session 13:00 - 19:00	R660,00		R790.02
Extra hour	R180,00		R215.46
Kitchen use	R180,00		R215.46
<b>Funeral service and memorial service</b>			
Morning session 07:00 - 13:00	R300,00		R359.10
Afternoon session 13:00 - 19:00	R300,00		R359.02
Extra hour	R120,00		R143.64
Kitchen use	R120,00		R143.64
<b>Political meetings</b>			
Morning session 07:00 - 13:00	R120,00		R143.64
Afternoon session 13:00 - 19:00	R120,00		R143.64
Extra hour	R60,00		R71.82
Kitchen use	R60,00		R71.82
Season 2 meetings per month	R360,00		R430.92
<b>Government structures</b>			
Morning session 07:00 - 13:00	R200,00		R239.40
Afternoon session 13:00 - 19:00	R200,00		R239.40
Extra hour	R50,00		R59.85
Kitchen use	R50,00		R59.85
<b>Welfare</b>	R360.00		R430.92
<b>Deposit</b>			
Music/Jazz and others	R1 200,00		R1 436.40
All other	R240,00		R287.28

(f)	<b>Etienne Rousseau Theatre</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>PERIOD COVERED</b>
	<b>Promotion of the Arts</b> (use of theatre for music, dance or drama)			
	Hire of theatre by artist / group for show.	R2 625.00	R1 000.00	Per day (until 1 hour after show ends)
	For matinee	R525.00	R300.00	Same day
	Hire of theatre by local educational institution or church or charity for presentation of a show.	R1 000.00	R700.00	Per day (until 1 hour after show ends)
	For additional matinee.	R400.00	R175.00	
	Hire of theatre by educational Institution or charity for an event such as a prize giving or pageant	R1 250.00	R800.00	Per day (until 1 hour after show ends)
	Hire of foyer for art exhibitions	R850.00	R330.00	Per day
	Hire of stage only e.g. dance or drama workshops	R600.00	R330.00	Per day

	Hire of foyer for function related to show / event presented in auditorium	R500.00	R275.00	Per day
	<b>Hire of theatre non arts related activities/business</b>			
	Hire of theatre for meeting	R2 625.00	R1 000.00	Per morning (8:00 – 13:00), afternoon (13:00 – 18:00) or evening (17:00 – 22:00)
	Hire of foyer only for meeting or function	R1 200.00	R800.00	Per morning (8:00 – 13:00), afternoon (13:00 – 18:00) or evening (17:00 – 22:00)
	<b>Other tariffs</b>			
	Commission on all ticket sales	10%	10%	Category 2.3
		12,5%	12,5%	Category 1
	Commission on the sale of articles exhibited	10%	10%	Category 2.3
		12,5%	12,5%	Category 1
	Rehearsals	R100,00	R40,00	Per hour between 8:30 and 16:00
		R100,00	R600,00	Per hour between 16:00 and 22:30 and Saturdays
	Preparation/dismantling of stage, sets, sound, lighting	R55.00	R45.00	Per hour
	Hire of piano, special curtains, special effects, theatre equipment	As per schedule	As per schedule	
	<b>Other services:</b>	Actual cost	Actual cost	
	Piano tuning			
	Special effects			
	Newspaper advertisements			
	Dressers / Hair stylists			
	<b>Sundays</b>	Double cost	Double cost	
	Cleaning of theatre and grounds	Discretionary	Discretionary	
(g)	<b>Abrahams rust recreation resort</b>			
	Season tickets (only residents)	R440,00per annum/ motor vehicle/motor cycle/power boat R220,00/ <u>second</u> motor vehicle/motor cycle	R526.68per annum/ motor vehicle/motor cycle/power boat R263.34/ <u>second</u> motor vehicle/motor cycle	
	Pensioners (age 60 years)	R80,00 for 1 ticket per	R80,00 for 1 ticket per	

Metsimaholo workers and Councillors with proof	family R160,00 for 1 ticket per family	family R191.52 for 1 ticket per family
Non-residents registered power boat / caravan owners:	R760,00 / annum per vehicle / power boat	R909.72 / annum per vehicle / power boat
Non-residents Second vehicle	R760	R909.72
<u>Entrance fees (Day visitors)</u>		
Season ticket holders :	Free(Vehicle & 6 passengers, 1 visit per day)	Free(Vehicle & 6 passengers, 1 visit per day)
Other visitors	R60,00/day/ vehicle	R71.82/day/ vehicle
	R52.50/day/person older than 6 years	R62.84/day/person older than 6 years
	2-6 years R21,00	2-6 years R25.73
	R150,00/day/ power boat R315/Day/bus Motorbike not allowed /rally	R179.55/day/ power boat R377.05/Day/ bus Motorbike not allowed /rally
<u>Caravan and tent sites</u>		
Season ticket holders/rallies (10-29 caravans)	R126,00 / caravan/ night	R152.82 / caravan/ night
Pensioners/Rallies(30 and more caravans)	R105,00 / caravan /night	R125.85 / caravan /night
Non-season ticket holders	R252,00 / caravan/ night	R301.64 / caravan/ night
<u>Caravan and tent sites</u>	<u>without</u> power sockets/not exceed 6 people	<u>without</u> power sockets/not exceed 6 people
Season ticket holders/rallies(10-29 caravans)	R115.50 / caravan/ night	R138.25 / caravan/ night
Pensioners/rallies(30 and more caravans)	R84,00 / caravan / night	R84,00 / caravan / night
Non-season ticket holders	R230,00 / caravan/ night	R230,00 / caravan/ night
<u>Chalets</u>		
Small type 2-bed	R500,00	R598.50
Large type 4-bed	R630,00	R754.11
Luxury chalets Chalet A	R800,00	R957.60
Chalet B (with lapa)	R900,00	R1077.30

Park home 6 bed	R500,00	R598.50
Refundable key deposit	R262.50	R262.50
<u>Lapa</u> With shelter per function	R525,00 plus entrance fee	R598.50 plus entrance fee
Without shelter per function	R420,00 plus entrance fee	R502.74 plus entrance fee
Hall	R500,00	R595.50
Rental of resort for event	R100 000	R100 000
Deposit for event	R20 000	R20 000
<b><u>DAY VISIT ORANJEVILLE AND DENEYSVILLE</u></b>		
Season Tickets(only residents)	R80.00 per annum/ motor vehicle/ motor cycle/power boat R80.00 Second motor vehicle /motor cycle	R80.00 per annum/ motor vehicle/ motor cycle/power boat R80.00 Second motor vehicle /motor cycle
Pensioners(age 60years)	R40.00 for 1 ticker per family	R40.00 for 1 ticker per family
Metsimaholo workers and Councillors with proof	R60.00 for 1 ticket per family	R90.00 for 1 ticket per family
Non-residents registered power boat/caravan owners	R360.00per annum per vehicle/ power boat	R720.00per annum per vehicle/ power boat
Non-residents second vehicle	R360.00	R720.00
Entrance fees(Day visit) Season ticket holders	Free (vehicle& 6	Free (vehicle& 6

		passengers, 1 visit per day	passengers, 1 visit per day
(h)	<u>Moses Kotane Stadium Athletics</u>		
	In-house school sport		
	Morning	R262.50	R314.21
	Afternoon	R262.50	R314.21
	Lights to switch on first 2 hours	R210.00	R251.37
	Then per half hour	R84.00	R100.54
	Practice session	R105.00/ school/season	R105.00/ school/ season
	Soccer:		
	Schools	R210.00/ school/season	R251.37/ school/ season
	Other soccer games	15% of entrance fee minimum of	15% of entrance fee minimum of
Morning	R262.50	R314.21	
Afternoon	R262.50	R314.21	
Evening	R262.50	R314.21	
Lights to switch on first 2 hours	R210.00	R251.37	
Then per half hour	R84.00	R100.54	
Practice inside stadium	R157.50 /hour	R157.50 /hour	
Coaching development team and soccer clinics	R84.00 per occasion	R84.00 per occasion	
Practice outside fields	R157.50/season twice weekly	R157.50/seas on twice weekly	
Schools	R126.00/season twice weekly	R126.00/seas on twice weekly	
Social games	R157.50 per occasion	R157.50 per occasion	
Other facilities			
Netball/Basketball and Tennis			
Morning session	R84.00	R84.00	
Afternoon session	R84.00	R84.00	
<b>Stadium Hall</b>			
Sport clubs and cultural groups (by pre-arrangement)	R84.00	R100.54	
Residents: Meetings	R84 per hour	R100.54per hour	
Non residents: Meetings	R200.00per hour	R200.00per hour	
Functions	R360.00	R430.92	
Churches and schools	Half price	Half price	
<b>Non sporting events Inside the</b>			



	Station until the fire has been reported extinguished.		
(d)	<b>Material used</b> Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
<b>II</b>	<u><i>Grass, bush and rubbish fires</i></u>		
(a)	Rubbish Fires Bales of feed or Hay stack (up to 50 cubic meters) Bales of feed or Hay stack (more than 50 cubic meters)	R262.50 R525.00 R1 050.00	R300.00 R600.00 R1 200.00
(b)	<b>Personnel</b> Per Senior Officer Per officer Per Senior Fireman Per Fireman (Times to be calculated from the time that the personnel left the Station until the fire has been reported as extinguished)	R92.40 R115.50 R105.00 R84.00	R150.00 R130.00 R120.00 R100.00
(c)	<b>Vehicles</b> Per vehicle or per fire pump per hour or part thereof calculated from the time that the vehicle has left the Station until the fire has been reported extinguished.	R385.75	R400.00
(d)	<b>Material used</b> Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
<b>III</b>	<u><i>Special services (Dangerous goods etc).</i></u>		
(a)	<b>Call out Fee</b>	R1 050.00	R1200.00
(b)	<b>Personnel</b> Per Senior Officer Per officer Per Senior Fireman Per Fireman	R168.00 R210.00 R189.00 R147.00	R200.00 R250.00 R220.00 R180.00
(c)	<b>Vehicles</b> Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R735.00	R800.00
	Per kilometre (Travelled to and from the time of pump per hour)	R6.30	R8.00
	Per portable pump (Real working time of pump per hour) Per Fire Hose (per hour of part thereof) Per ladder used per call  Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.  For the protection or rescue of life, no fees to be charged.	R105.00 R21.00 R105.00	R130.00 R25.00 R130.00
<b>IV</b>	<u><i>Protection services (Standby Services)</i></u>		

	Where the presence of the Fire Department is compulsory with Fire pump and crew, the company responsible for the situation will be liable for the account.		
(a)	<b>Call out Fee</b>	R1 050.00	R1 200.00
(b)	<b>Personnel</b>		
	Per Senior Officer	R273.00	R300.00
	Per officer	R231.00	R280.00
	Per Senior Fireman	R210.00	R250.00
	Per Fireman	R168.00	R200.00
(c)	<b>Vehicles</b>		
	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R735.00	R800.00
	Per kilometre (Travelled to and from the incident per utility vehicle)	R6.30	R8.00
	Per portable pump (Real working time of pump per hour)	R105.00	R130.00
	Per Fire Hose (per hour of part thereof)	R21.00	R25.00
	Per ladder used per call	R105.00	R130.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
<b>V</b>	<b><u>Filling of swimming pools and water tanks</u></b>		
	Hydrants must be within 90m from swimming or tank basic levy	R525.00	R250.00
	Per Fire Hose per hour period or part thereof	R21.00	R25.00
	Per Officer	R231.00	R130.00
	Per Senior Fireman	R210.00	R120.00
	Per Fireman	R168.00	R100.00
	Per kilometre (calculated to and from the address per utility vehicle)	R6.30	R8.00
	If a fire truck is required per hour or part thereof	R735.00	R400.00
	The cost of the water as per ruling levy on residences on Sundays and Public holidays.	(Double the normal tariffs)	(Double the normal tariffs)

<b>VI</b>	<b><u>Other Services</u></b>		
(a)	<b>Attendance of Fireman in terms of section 14 of the standard by-laws relating to Fire Brigade Services:</b>		
	Per entertainment, recreation meeting or other event provided that in the case of any variety entertainment or stage show conducted on schools premises or in a public hall in aid of school funds, no charges shall be charged for the attendance of a Fireman.	R210.00	R300.00
	Per Officer	R231.00	R280.00
	Per Senior Fireman	R210.00	R250.00
	Per Fireman	R168.00	R200.00

<p>(b) <b>Pumping of water from property:</b></p> <p>1 Light pump with a capacity of up to 1125 l/min per hour or part thereof</p> <p>2 Medium pump with a capacity of up to 2250 l/min per hour or part thereof</p> <p>3 Heavy pump with a capacity of up to 4500 l/min per hour or part thereof</p> <p>Per Officer</p> <p>Per Senior Fireman</p> <p>Per Fireman</p>		<p>R735.00</p> <p>R735.00</p> <p>R735.00</p> <p>R231.00</p> <p>R210.00</p> <p>R105.00</p>	<p>R800.00</p> <p>R800.00</p> <p>R800.00</p> <p>R250.00</p> <p>R230.00</p> <p>R130.00</p>
<p>(c) <b>Using Compressor per hour or part thereof</b></p> <p>Per Officer</p> <p>Per Senior Fireman</p> <p>Per Fireman</p>		<p>R57.75</p> <p>R231.00</p> <p>R210.00</p> <p>R168.00</p>	<p>R60.00</p> <p>R250.00</p> <p>R210.00</p> <p>R200.00</p>
<p>(d) <b>Emergency Rescue unit per hour or part thereof</b></p> <p>Per Officer</p> <p>Per Senior Fireman</p> <p>Per Fireman</p>		<p>R231.00</p> <p>R210.00</p> <p>R168.00</p>	<p>R231.00</p> <p>R230.00</p> <p>R200.00</p>
<p>(e) <b>Any other duty not mentioned under item VI per hour or part thereof</b></p> <p>Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).</p> <p>Per kilometre (Travelled to and from the incident per utility vehicle)</p>		<p>R735.00</p> <p>R6.30</p>	<p>R800.00</p> <p>R8.00</p>
<p>(f) <b>Firebreaks per hour or part thereof</b></p> <p>Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).</p>		<p>R231.00</p> <p>R210.00</p> <p>R168.00</p> <p>R525.00</p> <p>R385.75</p>	<p>R250.00</p> <p>R230.00</p> <p>R200.00</p> <p>R550.00</p> <p>R400.00</p>
<p>Per Officer</p> <p>Per Senior Fireman</p> <p>Per Fireman</p>		<p>R231.00</p> <p>R210.00</p> <p>R168.00</p>	<p>R250.00</p> <p>R230.00</p> <p>R200.00</p>
<p>(g) <b>Special Service</b></p> <p>Refilling of cylinders(SCBA)</p> <p>Issuing of Dangerous Goods Certificate</p> <p>Issuing of Fire Certificate in business</p>		<p>R35.00 per cylinder</p> <p>R250.00 per unit (yearly)</p> <p>R250.00 per business (yearly)</p>	<p>R35.00 per cylinder</p> <p>R250.00 per unit (yearly)</p> <p>R250.00 per business (yearly)</p>

Basic Fire Fighter Training	R250.00 per person	R300.00 per person
Renting of Lecture Room	R300.00 per Morning session	R350.00 per Morning session
Renting of Lecture Room	R300.00 per afternoon session	R350.00 per afternoon session
Extra hour	R100.00	R100.00
Kitchen use	R100.00	R100.00

<b>Traffic Services</b>		<b>2010/2011</b>	<b>2011/2012</b>
<u>Abnormal loads escorts and excavations</u>			
	Per Officer (Per hour or part thereof)	R105.00	R120.00
	Per Officer Overtime (Per hour or part thereof)	R231.00	R250.00
(a)	<b>Sport Meetings</b>		
	Per Officer (Per hour or part thereof)	R157.50	R180.00
	Per Officer Overtime (Per hour or part thereof)	R236.25	R250.00
(b)	<b>Impounded Vehicles</b>		
	Hitching of vehicles	R472.50	R500.00
	Towing of the vehicle	R315.00	R350.00
	Tracing of the owner	R787.50	R800.00
	Storage Fees(per day including first and last day)	R210.00	R80
(c)	Erection of posters DEPOSIT	0	R250
	COST PER POSTER	0	R10
(d)	Street Trading		
	OUTSKIRTS	R40 pm	R100 pm
	CBD	R60 pm	R150 pm

<b>DIVISION</b>	<b>R 2010/11</b>	<b>R 2011/12</b>
<b>Economic Development</b>		
NO tariffs recommended		
Leases - General:		
- Rental arrangements as agreed per contract	Contractual	Contractual

Containers at Zamdela Taxi Rank	R115.00 p.m.	R120.00 p.m.
<b>Housing and Property Management Services</b>		
Leases - General:		
- Rental arrangements as agreed per contract	Contractual	Contractual
<b><u>Thembaletu Hostel (141 x 101,02 m<sup>2</sup> units)</u></b>		
Block A - 24 x units (shower & bath)	R1`000.00 p.m.	R1`100.00 p.m.
Block B - 18 x units (shower & bath)	R1`000.00 p.m.	R1`100.00 p.m.
Block C - 24 x units (shower)	R900.00 p.m.	R990.00 p.m.
Block D - 18 x units (shower)	R900.00 p.m.	R990.00 p.m.
Block E - 30 x units (shower)	R900.00 p.m.	R990.00 p.m.
Block F - 9 x units (shower)	R900.00 p.m.	R990.00 p.m.
Block F - 18 x units (shower)	R900.00 p.m.	R990.00 p.m.
Single Units - 18 x beds (6 x flats with 3 x bedrooms)	R400.00 p.m.	R440.00 p.m.
<i>(Other)</i>		
Tuck shop / Churches (62 m <sup>2</sup> )	R75.00 p/day	R80.00 p/day
Tuck shop / Milk depot (13 m <sup>2</sup> )	R70.00 p.m.	R75.00 p.m.
Tuck shop / F Shai (22 m <sup>2</sup> )	R150.00 p.m.	R165.00 p.m.
Tuck shop / M Kok (22 m <sup>2</sup> )	R150.00 p.m.	R165.00 p.m.
Tuck shop / L Tau (22 m <sup>2</sup> )	R150.00 p.m.	R165.00 p.m.
Tuck shop / Dry Cleaners (37 m <sup>2</sup> )	R150.00 p.m.	R165.00 p.m.
Tuck shop / Hair Saloon (41 m <sup>2</sup> )	R150.00 p.m.	R165.00 p.m.
Tuck shop / Upholsterer (46 m <sup>2</sup> )	R150.00 p.m.	R165.00 p.m.
Tuck shop / Dressmaking (80 m <sup>2</sup> )	R150.00 p.m.	R160.00 p.m.
Tuck shop / Crèche (197 m <sup>2</sup> )	R65.00 p.m.	R70.00 p.m.
Tuck shop / Video Shop (207 m <sup>2</sup> )	R170.00 p.m.	R185.00 p.m.

<u>HOSTELS</u>		
Hostel 1 = 377 units Hostel 2 = 330 units Hostel 3 = 389 units Hostel 4 = 112 units Phomolong = 40 units		
- Fixed Hostel Rent / Tariff of R135.00 plus water consumption;	<i>R135.00 p.m(rent) plus water consumption</i>	<i>R140.00 p.m(rent)plus R150.00 p.m water consumption</i>
- Fixed Hostel Rent / Tariff for purposes of a maximum of 4 single persons sharing a rental unit, that each single should contribute individually and that the rental amount of R135.00 pm. plus water consumption be divided by the number of persons sharing / occupying the unit)	<i>Status quo to be maintained R135.00 p.m(rent)plus Water consumption Divided by number of people sharing</i>	<i>R140.00 p.m plus R150.00 p.m Water consumption Divided by number of people sharing</i>
<b>CRU(Community Residential Units)</b> Bachelor 1 x Bedroom 1.5 Bedroom 2 x Bedroom 3 x Bedroom		<i>R336.88 R449.17 R561.46 R711.19 R954.49</i>
<b>CRU(Register as IGG)</b>  Bachelor 1 x Bedroom 1.5 Bedroom 2 x Bedroom 3 x Bedroom		<b><i>Indigent&lt; R151.36</i></b>  <i>R185.52 R297.81 R410.10 R559.83 R803.13</i>
<b>CRU Tenants above CRU income categories)</b>  Bachelor 1 x Bedroom 1.5 Bedroom 2 x Bedroom		<i>R3500- R4000+10%</i>  <i>R437.94 R583.92 R729.90 R924.54</i>

3 x Bedroom		R1 240.83
<b>CRU Tenants above CRU income categories)</b>		<i>R4001- R5000+13%</i>
Bachelor 1 x Bedroom 1.5 Bedroom 2 x Bedroom 3 x Bedroom		<i>R569.32 R759.10 R948.87 R1 201.90 R1 613.08</i>
<b>CRU Tenants above CRU income categories)</b>		<i>R5 001 and &gt; +15%</i>
Bachelor 1 x Bedroom 1.5 Bedroom 2 x Bedroom 3 x Bedroom		<i>R740.12 R986.83 R1 233.53 R1 562.47 R2 097.01</i>
<b><u>ALIENATION OF LAND</u></b>		
Temporary allocation of land not exceeding 21 days (such Circuses / Churches for spiritual revivals / church outreaches)	R25.00 / day	R30.00 / day
Temporary leases for parking purposes on open portions of land	R4.39/per day per parking bay of 40 m <sup>2</sup>	R5.00per day per parking bay of 40 m <sup>2</sup>
Cattle owners Leases - grazing	R210.00 (Two Hundred & Ten Rand – VAT Included) per month, for each person	R220.00 pm per cattle owner
<b>Urban Planning</b>		
Rezoning	R320.00 / application	R320.00 / application
Subdivision	R320.00 / application	R320.00 / application
Consolidation	R320.00 / application	R320.00 / application

Consent uses	R2`100.00 / application	R2`100.00 / application
Zoning Certificates	R110.00 / application	R110.00 / application
Building Plan: Approval Fee	R260.00 / application	R260.00 / application
	R16.00 / 10m for the first 1`000 m	R16.00 / 10m for the first 1`000 m
	R14.00 / 10m for the following 1`000 m – namely 1`001 to 2`000 m	R14.00 / 10m for the following 1`000 m – namely 1`001 to 2`000 m
	R12.00 / 10m for the following 1`000 m – namely 2`001 m to 2`999 m	R12.00 / 10m for the following 1`000 m – namely 2`001 m to 2`999 m

Internal alterations on building plans	R260.00	R260.00
Swimming pools	R260.00	R260.00
Shade nets	R260.00	R260.00
Boundary walls	R260.00	R260.00
Permits	R260.00	R260.00
Signage	R260.00	R260.00
Inspection fee (farms / plots)	R420.00 / plan	R420.00 / plan
Building clause certificates	R260.00	R260.00
Billboards	R32.00 / m <sup>2</sup>	R32.00 / m <sup>2</sup>
Encroachments fees	<i>To be determined</i>	<i>To be determined</i>
Penalties	<i>To be determined</i>	<i>To be determined</i>
PAVEMENT DEPOSIT	<i>R50</i>	<i>R500</i>

## 11. Disclosure on Salaries, Allowances and Benefits

	Salary	Social Contributions	Allowances	Additional Transport	Performance Bonuses	Total Package
	Rand pa	Rand pa	Rand pa		Rand pa	Rand pa
<b><u>Disclosure of salaries, allowances &amp; benefits</u></b>						
<b><u>Councillors</u></b>						
Mayor	477 990		178 320	56 330		712 640
Speaker	347 490	28 780	132 360	122 890		631 520
Chief Whip	477 270					477 270
Members of Mayoral Committee (7)	2 437 800	137 150	768 020	923 580		4 266 550
Total all other Councillors	4 936 770	102 290	1 275 330			6 314 390
<b><u>Officials of the Municipality</u></b>						
Municipal Manager(MM)	801 220		362 159			1 163 379
Chief Financial Officer	643 617		277 582			921 199
List of senior manager reporting to MM by designation						
Director Social Services	850 000					850 000
Director Technical Services	588 148		239 742			827 890
Director Economic Development and Planning	850 000					850 000
Director Organisational Development and Corporate Services	643 620		277 579			921 199
<b>TOTAL COST OF REMUNERATION TO MUNICIPALITY</b>	<b>13 053 925</b>	<b>268 220</b>	<b>3 511 092</b>	<b>1 102 800</b>	<b>0</b>	<b>17 936 037</b>

### NOTES

1. Total package must equal the total cost to the municipality.
2. Social contributions included pensions, medical aid, etc.

## **12. Measurable Performance Objectives and SDBIP's**

**This section will be completed after approval of the draft budget.**

Included in this section is a summary of annual measurable performance objectives for votes (directorates). Annual performance objectives are converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

### 13. Disclosure on Implementation of MFMA

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

#### MFMA Implementation and Monitoring Checklist

The municipality is generally complying for the majority of the implementation priorities as per the National Treasury implementation and monitoring checklist. This checklist is updated quarterly and submitted to National Treasury.

Below is a summary of progress against the plan.

No.	Implementation priority as per NT template	Progress
1	Preparing an implementation plan	100%
2	Allocating appropriate responsibilities under the MFMA to Accounting Officer	100%
3	Establishing a top (senior) management team	100%
4	Implementing appropriate controls over municipal bank accounts and cash management	100%
5	Meeting of financial commitments	90%
6	Reporting revenue and expenditure	95%
7	Supply chain management	50%
8	Implementing reforms in relation to municipal entities and long-term contracts	100%
9	Completing financial statements and advising National Treasury	100%
10	Completing and tabling annual report	100%
11	Complying with provisions for tender committees, boards of municipal entities and in relation to forbidden activities	80%
12	Complying with provisions for internal audit and audit committees	70%
13	Complying with provisions for budgets	80%
14	Information to be placed on website	90%

## MFMA returns

All MFMA and DORA returns are submitted by the municipality as required monthly, quarterly and annually.

Name of return	Submitted to
<b>MONTHLY</b>	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actuals (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT
Equitable Share	NT/PT
Conditional Grants returns	NT/PT
Debt returns	PT
<b>QUARTERLY</b>	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Public Private Partnerships	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
<b>ANNUALLY</b>	
Budget tables return	NT/PT
Operating Statement Budget (OSB)	NT/PT

## Audit units and audit committees

The internal audit function of the municipality was outsourced to an external service provider until the end of the 2005/06 financial year. There is a process currently underway to perform this function in-house. The function is performed partially due to serious staff shortages.

The municipality has an audit committee in place comprising of independent members as required by section 166 of the MFMA.

**Risk management**

The municipality have an updated risk management strategy and plan in place.

**Implementation of SCM**

The new supply chain management policy of the municipality, in line with the MFMA and national treasury prescripts, was adopted by council in July 2005.

All bid committees as required by the SCM regulations are in place and the bid adjudication is chaired by the chief financial officer and operates within delegated powers.

**Effectiveness of audit steering committees**

The audit steering committees is an ad-hoc committee established during the planning and execution of the annual audit. The committee usually comprise of officials of the municipality and the Auditor-General team performing the audit.

**Reduction of short-term debt**

This regulation is not applicable to the municipality as overdraft facilities are managed within the context of section 45 of the MFMA relating to short-term debt.

### **Tabling of section 71 reports**

Section 71 reports are submitted to the mayor and also forwarded to provincial treasury on a monthly basis. Further the reports are forward to the Municipal Manager and MMC Finance.

### **Delegations**

All delegations are in place and council approved the generic financial delegations in November 2006.

### **Performance agreements**

The new performance agreements for 2010/2011 will be finalised after the SDBIP has been approved.

### **Implementation of GRAP/GAMAP**

The key challenges for implementation of GRAP/GAMAP requirements are the following:

- Asset Register. Full compliance to IAS and GRAP not achieved, to be compliant 30 June 2011.
- Impairment of assets not yet done - 30 June 2011
- Investment property guidelines not yet implemented - 30 June 2011
- Employee benefits not fully captured. 30 June 2011 (Medical Aid completed and Long Service awards outstanding).
- Unbundling of PPE as per guidelines 30 June 2011.
- Not all stands are transferred in terms of housing scheme - needs to be sorted out for inventories 30 June 2011
- All lease information not yet available for asset register 30 June 2011
- Long term loans and Debtors impaired.

- Billing information to be updated to accurate information for statements.
- Debtors and creditors to be discounted/fair valued. Insufficient information is available on system to make this possible 30 June 2010

### **Cost implications**

Cost implications have been investigated and the following major costs need to be incurred.

1	Asset Register - Fully GRAP compliant	R2, 5 million	
2	Debtors fair value	R1 million	
3	Long-term debtors and creditors	Included in 2	
4	Revenue	Included in 2	
5	Accounting standards - Sundry	Included in 2	
6	Accurate Billing information	R2 million	

### **Development of accounting policies**

Several accounting policies have been developed to ensure the requirements of Circular 36 are complied with.

The further development of accounting policies will be guided with exemptions as agreed with National Treasury on an annual basis.

### **Inventories - unsold water**

The inventories of unsold water are available from the Technical Section responsible. The water in "stock" is ± 45 mega litre and recorded daily. The reservoirs and pipes will be subject to stock taking on 30 June 2011. The detail of water losses need to be investigated to see if these stock levels needs to be impaired for the resale value of the water. The information is in the process to be updated.

**Asset register**

The Asset register was previously compiled by several companies. The most important fact is that the compliance requirements of an itemised asset register for moveable assets by 1 July 2007 was complied with by the municipality in May 2009. The compliance of moveable to GAMAP and IAS Standards was funded by the District Council in 30 June 2009. The physical asset count will be performed and communicated by the external service provider. The unbundling of PPE as well as impairment and investment property guidelines are addressed in 2010/2011. A service provider was appointed. The project to be GRAP 17 compliant is nearly completed.

## 14. Summary of Detailed Capital Plan

	2011/12	2012/13	2013/14
	R'000	R'000	R'000
<b>Council/Speaker/Councillors</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Municipal Manager</b>	<b>1 541</b>	<b>658</b>	<b>592</b>
<b>Organisational Development &amp; Corporate Service</b>	<b>4 628</b>	<b>558</b>	<b>379</b>
<b>Social Services</b>	<b>23 741</b>	<b>18 418</b>	<b>58 030</b>
<b>Technical Services</b>	<b>116 876</b>	<b>66 573</b>	<b>57 000</b>
Streets and Storm water	41 950	1 820	1 000
Sewerage	13 673	28 227	26 088
Water supply	42 464	21 844	5 250
Electricity supply	15 109	14 682	24 662
Mechanical Workshop	0	0	0
Buildings	0	0	0
Administration	3 680	0	0
<b>Financial Services</b>	<b>528</b>	<b>1 206</b>	<b>554</b>
<b>Economic Planning and Development</b>	<b>130 503</b>	<b>25 000</b>	<b>7 500</b>
<b>TOTAL</b>	<b>277 818</b>	<b>112 413</b>	<b>124 055</b>

*See Annexure A for detailed capital plan*

## 15 Contracts having future budgetary implications

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	R'000	R'000	R'000	R'000	R'000	R'000
Ukwai Force	3 511	3 220	4 645	5 500	6 000	6 600
Mollenaar and Griffiths	2	200				
Niel de Klerk contact end June 2012	795	275	287			
ICT Contract with Citi Bank		3 253	12 910	12 910	12 910	3 227
Diksey Cleaning	998	1 156	1 360	1 680	1 764	1 870
Minlota	4 510	6 542	6 999	8 092	8 901	9 791