



BUDGET

2009 / 2010

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2. EXECUTIVE MAYOR'S BUDGET SPEECH

Thank you Mr. Speaker

The Budget has changed since the draft was proposed.

Increase in Brent Crude
Salary increases uncertainty
Electricity increases 34%
Water 16% - further crippling the economy
Payment rate – 92% - substantially higher than neighbouring councils
Debt collection – sharpened up and intensified
Freezing of posts will remain.
The staff budget – 32,5% (overtime intensely managed)
Upgrade of depot facilities

The Budget is now tailored to meet these changing circumstances

Capital Budget – linked to IDP
Loan 40 Million –
Together with the current funding of R19,2 million projects are as follows:
CBD – R 7 850 000
Riversdal electrical substation (together with land) – R6 100 000
Three Rivers substation, joint initiative with Emfuleni – R7 500 000
Address water losses and sewerage spillages – Telemetry system R3 350 000
Last phase of Vaal Marina Water reservoir – R2 800 000
Gravel to tar – R1 600 000
Tedderfield water – R6 000 000 (partnership with the community)
Tar road upgrades – R12 500 000
Upgrade gravel roads –R 9 500 000
Upgrade sewerage stations – R1 500 000
Daleside water – R2 000 000
Eisenhower Bridge – R1 000 000

MIG

DAC funding –
Roads and stormwater gravel to tar sicelo & lakeside - R9 900 000
Sewer network extentions –R5 000 000
Interim upgrades of purification works – R2 200 000
Upgrade Bantu Bonke sewerage – R1 400 000
Lakeside installation of metres – R1 400 000
Airators at purification – R3 000 000
Parks – Meyerton sports club – R1 000 000
Sicelo Multi purpose centre – R1 000 000
Bantu Bonke Multi pupose – R1 200 000
Waste management – transfer station – R\$490 000
Regional waste feasibility study – R1000 000
New waste site – R2 000 000
Cemetery – R1 500 000
Libraries – R1 500 000 (equipment upgrades)

Operational – total R 400 000 000

Total salaries – R114 000 000

Planned payment rate 95% (compared with 98% in previous year) income foregone of R18 000 000

Thank you Mr Speaker

When my predecessor presented the draft budget in March this year, she alluded to the troubles facing our country as a whole and specifically our municipality. Since then we have seen a worsening of the economic situation. Just yesterday it was announced that South Africa is officially in a

recession and that the economy shrank by 6,7% in the last quarter. Consumer spending has again dropped and obviously this means that companies are now producing fewer goods. These companies are either retrenching workers or they are opting to work fewer hours.

Just yesterday we saw members of NUMSA protesting outside of the Reserve Bank. They were demanding a drastic decrease in interest rates as they fear further job losses and hardships for workers who stand to lose their homes over the next few months. Fortunately the monetary policy committee responded positively today by decreasing interest rates with 100 basis points but many believe that this is too little too late.

A municipality such as Midvaal is heavily reliant on income generated from the sale of water and electricity to large industries. When such industries consume less then we obviously see a decline in our revenue which in turn forces us to adjust our expenditure. Ordinary residents are also consuming less or, are simply unable to pay their municipal accounts, and this places even more strain on our resources.

Fortunately Midvaal's administrative and political management foresaw this situation way back in January when we were preparing the 2008/2009 revised budget. Our response was to immediately freeze all vacant staff positions that were not required for essential service delivery. We also issued guidelines to all departments on how expenditure patterns would have to change in order to adjust to the declining income. The Municipal Manager, CFO and MMC for Support Services actively manage our day-to-day cash flow and inspect all requisitions thoroughly before they are approved. I too receive almost daily reports on our bank balance, as well as current and future commitments and am often faced with making some very difficult political decisions. Financial, and specifically cash management, in Midvaal is now our daily priority as we cannot allow a situation to unfold where we do not have enough cash in the bank to pay salaries and bulk purchases such as water and electricity.

Mr Speaker, whilst all is not well in our country's economic outlook there is much hope in Midvaal. By accurately predicting this situation some months ago we had the convictions to take tough decisions that would lessen the negative impact. Furthermore, the strict financial discipline and prudence practiced over the past eight years also played a major role in assuring our soft landing in times when many municipalities are crashing.

About two weeks ago the ever present frown on my face suddenly changed to a smile when I realized that Midvaal is busy turning the situation around and that our outlook is indeed a positive one. The payment rate for last month was 109% and our overall payment rate for the year to date is now 92%. This is indeed much higher than the 70's and 80's that we are hearing from our neighbours. Furthermore, our active cash management strategy has ensured that we will not have to employ unnecessary delaying tactics in paying our suppliers and our biggest assets, namely our employees, will not have to worry about whether they will be paid at the end of the month. I came to realize that predictions had come true, namely that those organizations that have the determination and outright guts to take difficult decisions early on in this crisis will also be the first ones to see a recovery.

Mr Speaker, it is with this background that I present the 2009/2010 budget. The operational budget totals just less than R400 million and is based on a conservative payment rate of 95% and a very prudent provision of R18 million income foregone.

3. MESSAGE OF THE MUNICIPAL MANAGER

The IDP and Budget process of councils was used to complete a medium term expenditure framework which will account to the periods 1 July 2009 to 30 June 2012.

Needs were established through public and ward committee meetings, as well as the contributions of other stakeholders such as business and political parties. As in the past, the needs of the community are far more than what the Council can afford.

On the one hand the Council must maintain and provide services to the community, but on the other hand they have to determine affordable tariffs for the community as a whole.

The Council therefore has to prioritise the identified projects, including those for which it has applied for MIG funding, to address the requirements of the community. The Council will spend an amount of R915 000 from own funding on capital projects for 2009/2010. A total amount of R57.7 million will be spend on infrastructure. This constitutes 74% of the total capital budget.

On the Opex budget for 2009/2010 certain requests could not be addressed due to the lack of growth in income. Due to pressures the staff budget is still within the norms and standards of 30%. The economic crises have put significant constraints on payment levels of bulk contributions therefore limiting the growth in the income base. It also impacts on funding for the maintenance of infrastructure.

Although there is significant growth potential experienced in Midvaal, this growth will only materialise over a period of time.

Due to significant economical pressures outside the control of Council such as a 34% increase in Eskom tariffs, a 15.3% increase in Rand Water tariffs and fuel price increases, specific increases have to be subsidised from savings as well as income contributions from new developments. The new developments is anticipated to only materialise during the financial period 2010/11

There will be a challenge to management to reduce costs without failing the community on the basic standard of service.

ASA DE KLERK
MUNICIPAL MANAGER

4. **BUDGET RELATED RESOLUTIONS**

- 4.1 Council resolves that the annual budget of the municipality for the financial year 2009/10; indicative for the two projected outer years 2010/11 and 2011/12 be approved as set-out in the following schedules:
- 4.1.1 Operating revenue by source reflected in schedule 1;
 - 4.1.2 Operating revenue by vote reflected in schedule 2;
 - 4.1.3 Operating expenditure by GFS classification reflected in schedule 2(a);
 - 4.1.4 Capital expenditure by vote reflected in schedules 3;
 - 4.1.5 Capital expenditure by GFS classification reflected in schedule 3(a); and
 - 4.1.6 Capital funding by source reflected in schedule 4.
- 4.2 That Council approves the annual budget for the financial year 2009/10.
- 4.3 Council resolves that tariffs and charges reflected in **Annexures "C" – "P"** are approved for the budget year 2009/10.
- 4.4 Council resolves that the measurable performance objectives for revenue from each source reflected in **Schedule 1** are approved for the budget year 2009/10.
- 4.5 Council resolves that the measurable performance objectives for each vote reflected in **Table 10** are approved for the budget year 2009/10.
- 4.6 Council resolves that the amended policies for credit control, debt collection and indigents as reflected in **Annexure "R"** are approved for the budget year 2009/10.

5. EXECUTIVE SUMMARY (CFO'S REPORT)

FOREWORD

The three year budget has been compiled in terms of Generally Recognised Accounting Practices (*GRAP*), *MFMA No.56 of 2003*. The budget has also been compiled on a three year basis, which is a requirement of National Treasury. The budget process for the compilation of the three-year budget commenced in August 2008. The municipality were faced with various challenges during the compilation of the budget and reviewing the IDP such as the formulation of measurable objectives for the different functions, the financial implications of the organisational structure, capital costs, rising input costs to deliver services and the increasing of maintenance costs.

According to National Treasury MFMA Circular No. 28 of 2005:-

The draft budget documentation must be tabled to council not later than 31 March (90 days before the start of the budget year). Immediately after tabling, the following must be submitted to the National Treasury:

- Three hard copies of the draft budget documentation
- The corresponding electronic budget returns (Appendix A and B).

5.2 BUDGET – 2009/2010

A three (3) year capital budget has been prepared and built on the IDP document to be approved by the Council on 28 May 2009. A budget workshop was held on 17 February 2009 with the Mayoral committee and again on 14 and 15 May finalise all inputs received.. Discussions and deliberations took place ensuring good governance. External factors, past and current performance, service delivery standards, fiscal strategy, financial position, constrains and ongoing viability and sustainability was discussed.

Public meetings will be held during March and April 2009. Inputs will be received from the public and will be incorporated where possible.

CAPITAL BUDGET

The capital amount required for 2009/2010 is R77 685 850.

EXECUTIVE SUMMARY (CFO'S REPORT)

On the capital budget, the Council need to use ± R1 million from its own funds. The Council made provision on the 2009/2010 capital budget for external loans to the amount of R43.700 million to fund the upgrading of various capital projects relating to infrastructure. The amount to be received from grants is R33.070 million. Many of the capital projects required by the Executive Managers were reduced due to a lack of funds and the increasing maintenance costs.

OPERATING BUDGET

The operating budget is attached as **Annexure "A"** and includes a three year term, which will be reviewed annually.

Expenditure

The operating expenditure budget for 2009/2010 amounts to R399 951 399 as compared to the previous revised budget of R338 832 366 in the 2008/2009 financial year. This represents an increase of 18.0%.

To keep the budget within the income of the council, many requests of the Executive Directors could not be budgeted for, because the council cannot allow tariff increases to be too high. Council revised it's tariffs to be in line with surrounding municipalities.

The main sections of the expenditure in the operating budget are the following: -

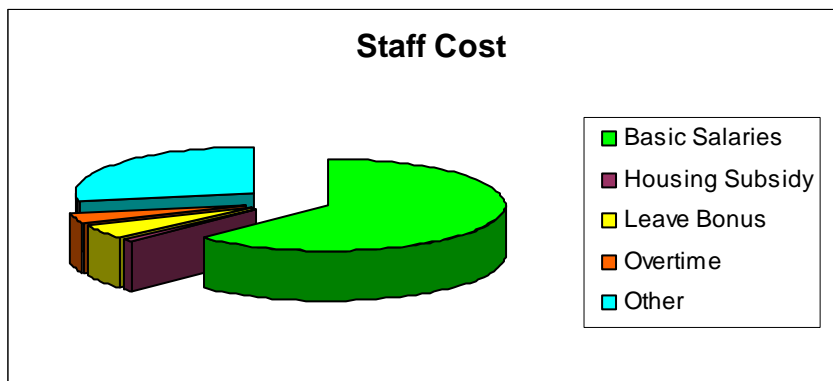
Salaries

This section increased from R101 147 044 for the 2008/2009 financial year's revised budget to an amount of R114 824 109 for the 2009/2010 financial year (excluding councilors), which includes a general, salary increase of 12.00% to all staff members, the overall increase over salaries is 13.26%, which is due to the fact that some vacancies had to be filled in order to sustain service delivery. The total salary package of the Council amounts to 29.95% of the total expenditure.

EXECUTIVE SUMMARY (CFO'S REPORT)

SALARIES: 2009/2010

Description	Budget 2009/10	Revised 2008/09	-Decr/Incr
Basic Salaries	71,540,711	62,270,810	9,269,901
Housing Subsidy	1,338,524	1,286,900	51,624
Leave Bonus	5,512,523	4,749,260	763,263
Overtime	4,240,000	4,460,000	-220,000
Other	32,192,351	28,380,074	3,812,277
Total	114,824,109	101,147,044	13,677,065



General Expenses

Increased from R170 698 939 to an amount of R210 101 540. This represents an increase of 23.08% and includes expenditure with regard to: -

DESCRIPTION	FROM	TO	%
Bulk purchases Electricity	R 48 200 000	R 65 953 125	36.8%
Bulk purchases Water	R 35 970 000	R 45 000 000	25.1%
TOTAL	R84 170 000	R110 953 125	31.8%

EXECUTIVE SUMMARY (CFO'S REPORT)

The Council has no control over the abovementioned expenditure and the increase was R26 783 125 or 31.8%. These two (2) elements represent 49.3% of the General Expenses.

Other costs included in the General Expenditure that put pressure on the tariffs are the following:

DESCRIPTION	FROM	TO
Stores and Material	R 1 883 164	R 2 432 117
Printing and Stationery	R 1 362 120	R 1 532 750
HIV Programme	R 1 795 000	R 1 920 650
Contracted services (incl. security services)	R37 200 500	R39 009 035

The growth in the expenditure is high and tariffs cannot be increased with the same percentage, but new assets of the council have an influence on the other expenditures (for example – Municipal Service, Security and Insurance costs).

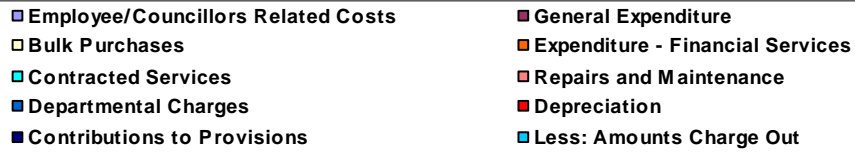
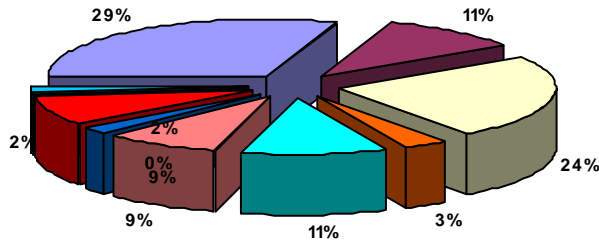
Interest External Borrowings

The expenditure has increased from an amount of R8 963 001 to R15 694 347 for the 2009/2010 in financial year, an increase of 75.1%. This is the result of the R70 million in respect of portion 1 (R50.8 million) disbursement.

INCOME AND EXPENDITURE

Description	Budget 2009/10	Revised 2008/09	-Decr/Incr
Employee/Councillors Related Costs	119,684,289	105,669,740	14,014,549
General Expenditure	40,925,032	37,100,400	3,824,632
Bulk Purchases	110,953,125	84,170,000	26,783,125
Expenditure - Financial Services	19,214,348	12,228,039	6,986,309
Contracted Services	39,009,035	37,200,500	1,808,535
Repairs and Maintenance	25,508,850	30,480,620	-4,971,770
Departmental Charges	8,646,582	6,933,546	1,713,036
Depreciation	40,322,992	30,176,901	10,146,091
Contributions to Provisions	2,200,000	300,000	1,900,000
Less: Amounts Charge Out	-6,512,854	-5,427,380	-1,085,474
Total: Expenditure	399,951,399	338,832,366	61,119,033
Assessment Rates	94,197,751	85,407,000	8,790,751
Electricity	90,118,282	70,080,570	20,037,712
Water	70,262,119	60,955,500	9,306,619
Refuse Removal	15,406,726	12,169,000	3,237,726
Sewerage	18,942,991	17,732,700	1,210,291
Tariff Charges	32,545,400	25,503,106	7,042,294
Government Grants and Subsidies	80,722,219	50,432,287	30,289,932
Fines	5,017,000	3,258,000	1,759,000
Other Income	12,393,600	14,300,000	-1,906,400
Total: Operating Income Generated	419,606,088	339,838,163	79,767,925
Income Foregone	18,000,000	16,000,000	2,000,000
Grand Total: Operating Income	401,606,088	323,838,163	77,767,925
Minus: Offset in Dep.& Grants	-1,574,243	15,080,539	-16,654,782
Closing Unappropriated Surplus/ (Deficit)	80,446	86,336	-5,890

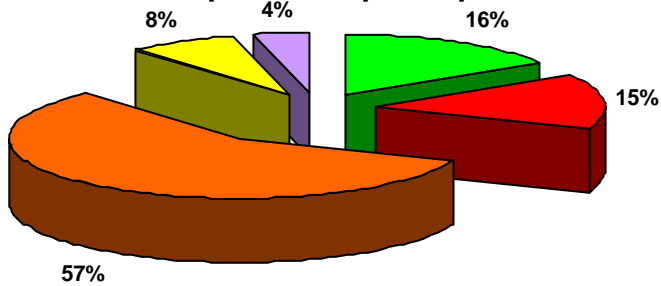
Expenditure 09/10



Expenditure per department

Department	Amount
Management support services	64,378,168
Social Services	59,112,483
Engineering Services	229,823,226
Protection Services	31,126,555
Development & Planning	15,510,967
	399,951,399

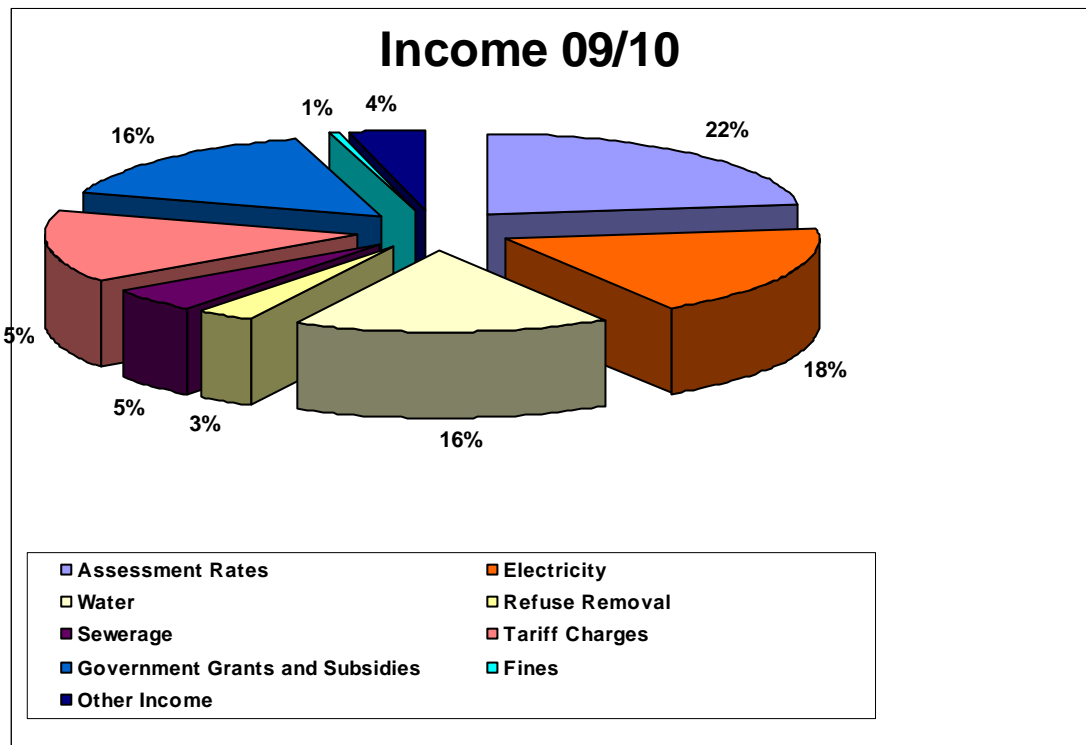
Expenditure per department



Income

The operating income for 2009/2010 is estimated at R401 606 088 thus leaving a surplus on the operating account of R80 446. Provision has been made to supply all households serviced by the Council with 6Kl of water free of charge. The Income Budget has been compiled and based on a 100% income principle, although provision for bad debts has been provided for in the Operating Expenditure Budget for 2009/2010.

To cover the expenditure of the operating budget all the tariffs of the Council were investigated and where necessary increased. The increase in income from R323 838 163 budgeted for the 2008/2009 period to R401 606 088 budgeted for the 2009/2010 financial year is 24.01%.



5.2 BUDGET SCHEDULES (OPERATING & CAPITAL)

SCHEDULE 1: REVENUE BY SOURCE

Midvaal SCHEDULE 1 REVENUE BY SOURCE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
<u>Operating Revenue by Source</u>							
Property rates	63,783	80,150	85,407	85,407	94,777	103,037	114,492
Service charges - electricity revenue from tariff billings	49,944	76,280	70,080	70,080	90,878	97,205	104,994
Service charges - water revenue from tariff billings	51,171	59,312	60,955	60,955	69,912	74,607	80,251
Service charges - sanitation revenue from tariff billings	15,582	18,138	17,733	17,733	18,943	23,385	31,269
Service charges - refuse removal from tariff billings	10,510	12,170	12,169	12,169	14,207	17,463	23,229
Service charges - other	20,893	21,737	55,503	55,503	30,995	32,534	34,031
Rental of facilities and equipment	958	825	990	990	990	1,040	1,088
Interest earned - external investments	5,035	5,900	3,400	3,400	800	841	879
Interest earned - outstanding debtors	4,537	4,400	5,570	5,570	5,800	6,096	6,376
Fines	1,716	2,325	2,326	2,326	3,017	3,171	3,317
Government grants & subsidies	42,505	56,412	58,562	58,562	69,953	73,587	75,432
Other Income	25,634	6,035	4,340	4,340	4,524	4,754	4,974
	-					-	-
Minus: Income Foregone	9,129	-16,000	-16,000	-16,000	-18,000	18,918	19,788
Total Revenue By Source	283,139	327,684	361,035	361,035	386,796	418,802	460,544

SCHEDULE 2: OPERATING EXPENDITURE BY VOTE

SCHEDULE 2 OPERATING EXPENDITURE BY VOTE	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Municipal Manager	2,054	1,283	1,321	1,321	1,412	1,485	1,553
Office of the Mayor		1,287	1,176	1,176	1,244	1,308	1,368
Corporate Services Administration	8,556	9,533	8,341	8,341	12,314	12,784	13,227
Councillors	5,170	5,189	5,321	5,321	5,694	5,985	6,260
Speakers Office	1,023	1,986	1,869	1,869	1,912	2,016	2,109
Council Buildings	2,449	2,523	2,223	2,223	2,386	2,507	2,623
Marketing/PRO	334	1,205	1,185	1,185	1,268	1,333	1,394
IT Services	373	1,735	1,739	1,739	2,399	2,522	2,638
Performance/Audit System	1,352	929	899	899	955	1,004	1,050
Financial Services	22,536	25,067	26,299	26,299	27,091	29,699	30,018
Management Services	5,377	6,928	7,136	7,136	7,357	7,733	8,088
Development and Planning Administration	12,165	13,513	13,423	13,423	14,780	15,533	16,248
Clinics	4,931	7,089	6,836	6,836	7,283	7,655	8,007
Libraries	3,743	4,481	4,567	4,567	5,611	5,896	6,168
Cemetries	124	43	46	46	158	165	173
Social Services	3,558	4,867	4,735	4,735	3,951	4,253	4,449
Traffic	11,739	17,426	17,003	17,003	17,572	18,468	19,317
Fire Services	7,634	9,825	10,365	10,365	12,128	12,719	13,279
Sport & Recreation	11,511	16,239	16,705	16,705	17,459	18,349	19,192
Environmental Health	1,258	2,137	2,178	2,178	2,726	2,865	2,997
Waste Water Management	15,773	23,133	23,560	23,560	22,258	23,066	23,949
Waste Management	19,663	24,657	22,918	22,918	24,757	26,019	27,216
Roads & Transport	37,173	58,093	58,546	58,546	45,458	46,709	48,755
Water Services	52,977	66,759	67,586	67,586	72,661	82,873	94,787
Electricity	72,404	93,217	117,810	117,810	93,741	109,912	134,506
OPERATING EXPENDITURE BY VOTE	303,877	399,144	423,787	423,787	404,575	442,858	489,371

SCHEDULE 2(a): OPERATING EXPENDITURE BY GFS

SCHEDULE 2(a) OPERATING EXPENDITURE BY GFS	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Executive & Council	21,311	25,670	24,074	24,074	29,584	30,944	32,222
Finance & Admin	27,913	31,995	33,435	33,435	34,448	37,432	38,106
Planning & Development	12,165	13,513	13,423	13,423	14,780	15,533	16,248
Health	4,931	7,089	6,836	6,836	7,283	7,655	8,007
Community & Social Services	7,425	9,391	9,348	9,348	9,720	10,314	10,789
Public Safety	19,373	27,251	27,368	27,368	29,700	31,187	32,597
Sport and Recreation	11,511	16,239	16,705	16,705	17,459	18,349	19,192
Environmental Protection	1,258	2,137	2,178	2,178	2,726	2,865	2,997
Waste Water Management	15,773	23,133	23,560	23,560	22,258	23,066	23,949
Waste Management	19,663	24,657	22,918	22,918	24,757	26,019	27,216
Road Transport	37,173	58,093	58,546	58,546	45,458	46,709	48,755
Water	52,977	66,759	67,586	67,586	72,661	82,873	94,787
Electricity	72,404	93,217	117,810	117,810	93,741	109,912	134,506
OPERATING EXPENDITURE BY VOTE	303,877	399,144	423,787	423,787	404,575	442,858	489,371

SCHEDULE 3: CAPITAL EXPENDITURE BY VOTE

SCHEDULE 3 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Engineering Administration	26	25	3,525	3,525	5,000	5,550	5,500
Roads and Stormwater	8,289	10,105	7,400	7,400	7,915	21,583	22,000
Sewer Services	27,124	12,000	11,650	11,650	7,000	24,189	26,190
Purification	10,987				3,000	750	650
Water Services	5,294	11,320	13,760	13,760	3,600	8,455	8,500
Electricity Services	13,545	6,875	12,037	12,037	6,077	34,070	33,450
Environmental Health	138		150	150	225	250	
Waste Management	168	2,300	2,896	2,896	4,796	33,475	24,620
Parks & Recreation	3,467	4,104	5,601	5,601		11,188	3,050
Libraries	496	837	1,337	1,337	1,337	305	
Clinics	1,516		300	300			
Social Services	94	15	15	15			
Corporate Services	8,979	4,887	886	886		306	
IT						109	109
Councillors	117		80	80	130		
Council Buildings			5,416	5,416	260	660	
Municipal Manager	76						
Financial Services	383					220	
Management Services	91	88	88	88		75	75
Development and Planning	2,354	6,140	125	125		200	
Traffic Services	565	675	664	664		1,058	1,058
Fire Services	241	15	26	26		3,174	
CAPITAL EXPENDITURE BY VOTE	83,950	59,386	65,956	65,956	39,340	145,617	125,202

SCHEDULE 3(a) : CAPITAL EXPENDITURE BY GFS

SCHEDULE 3(a) CAPITAL EXPENDITURE BY GFS	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Executive & Council	9,172	4,887	6,382	6,382	390	1,075	109
Finance & Admin	500	113	3,613	3,613	5,000	5,845	5,575
Planning & Development	2,354	6,140	125	125		200	
Health	1,516		300	300			
Community & Social Services	590	852	1,352	1,352	1,337	305	
Public Safety	806	690	690	690		4,232	1,058
Sport and Recreation	3,467	4,104	5,601	5,601		11,188	3,050
Environmental Protection	138		150	150	225	250	
Waste Management	168	2,300	2,896	2,896	4,796	33,475	24,620
Waste Water Management	38,111	12,000	11,650	11,650	10,000	24,939	26,840
Road Transport	8,289	10,105	7,400	7,400	7,915	21,583	22,000
Water	5,294	11,320	13,760	13,760	3,600	8,455	8,500
Electricity	13,545	6,875	12,037	12,037	6,077	34,070	33,450
CAPITAL EXPENDITURE BY VOTE	83,950	59,386	65,956	65,956	39,340	145,617	125,202

SCHEDULE 4: CAPITAL FUNDING BY SOURCE

SCHEDULE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
National Government Amounts allocated / gazetted for that year Amounts carried over from previous years	7,462	9,361	12,961	12,961	16,961	19,358	16,619
Total Grants & Subsidies - National Government	7,462	9,361	12,961	12,961	16,961	19,358	16,619
Provincial Government Amounts allocated / gazetted for that year Amounts carried over from previous years	419 933	1,237 100	1,237 300	1,237 300	1,337		
Total Grants & Subsidies - Provincial Government	1,352	1,337	1,537	1,537	1,337	0	0
District Municipality Amounts allocated for that year Amounts carried over from previous years	4,300	5,805 0	500	500	5,225		
Total Grants & Subsidies - District Municipalities	4,300	5,805	500	500	5,225	0	0
Total Government Grants & Subsidies	13,114	16,503	14,998	14,998	23,523	19,358	16,619
Public Contributions & Donations	1,180	1,000					
Accumulated Surplus (Own Funds)	22,223	22,683	25,182	25,182	7,140	126,259	108,583
External Loans	47,433	19,200	25,776	25,776	8,677		
TOTAL FUNDING OF CAPITAL EXPENDITURE³	83,950	59,386	65,956	65,956	39,340	145,617	125,202

5.3 BUDGET RELATED CHARTS

TABLE 1: REVENUE BY SOURCE

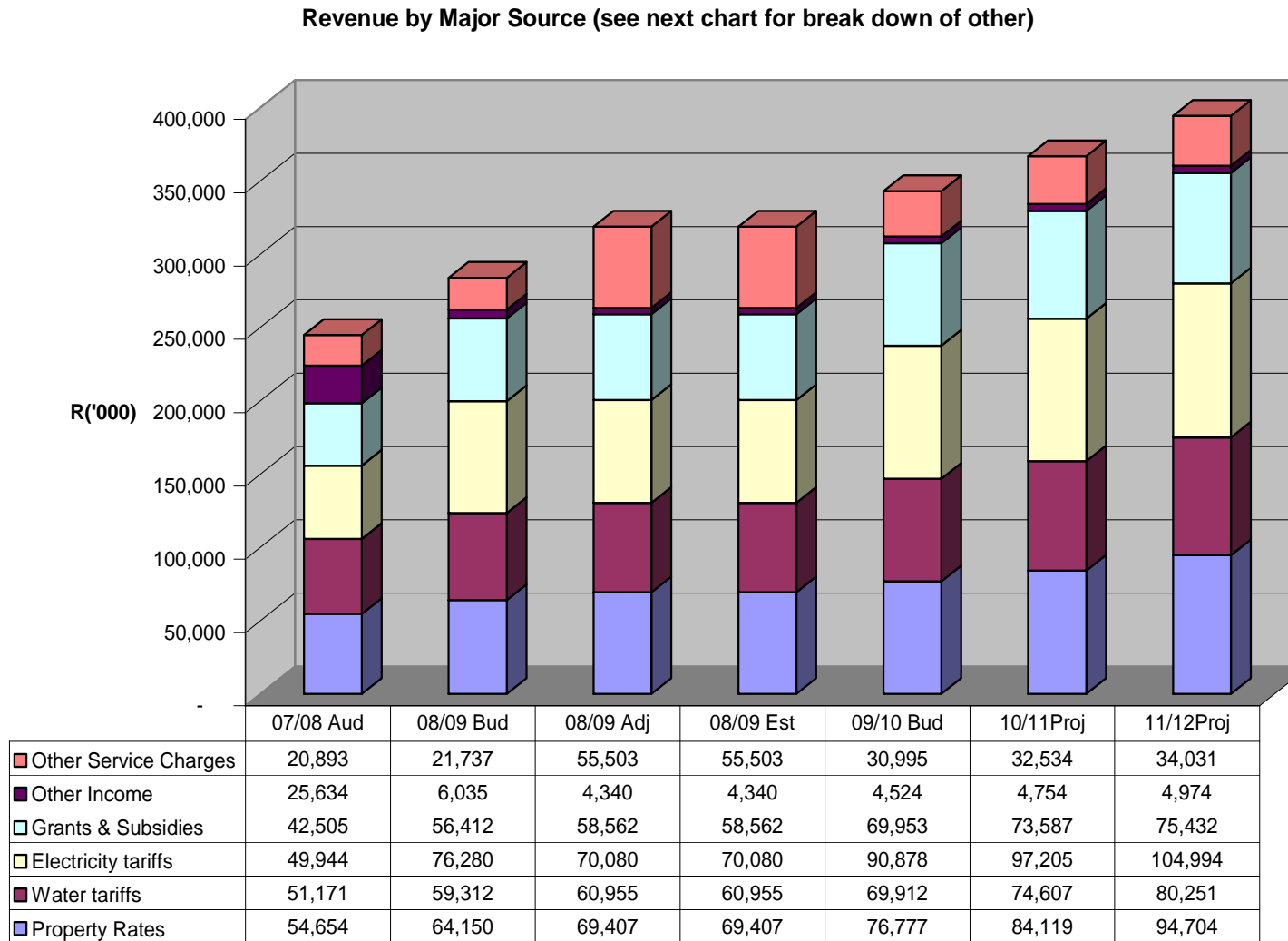


TABLE 2: OPERATING EXPENDITURE BY VOTE

Operating Expenditure by Major Vote (see next chart for breakdown of other)

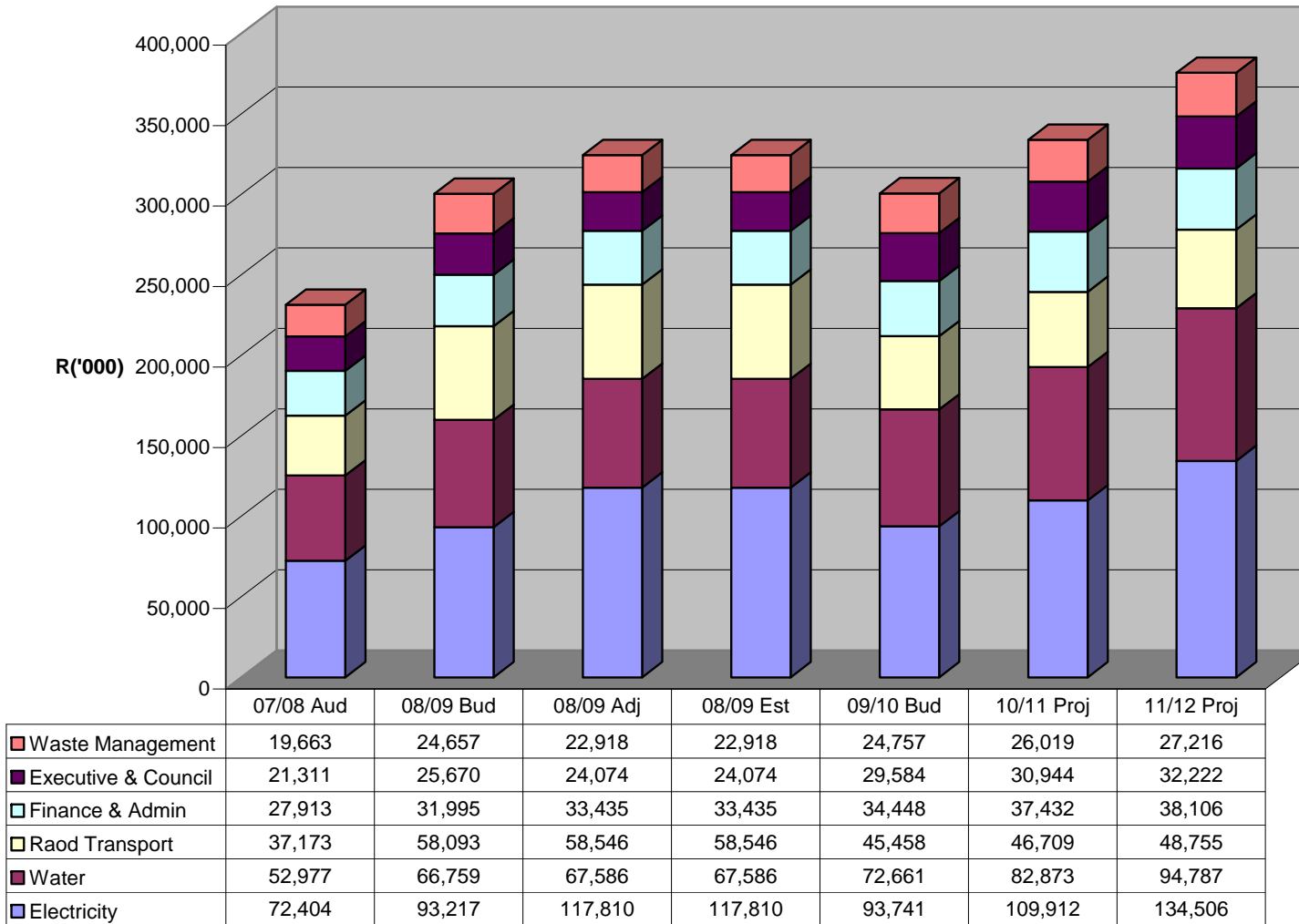
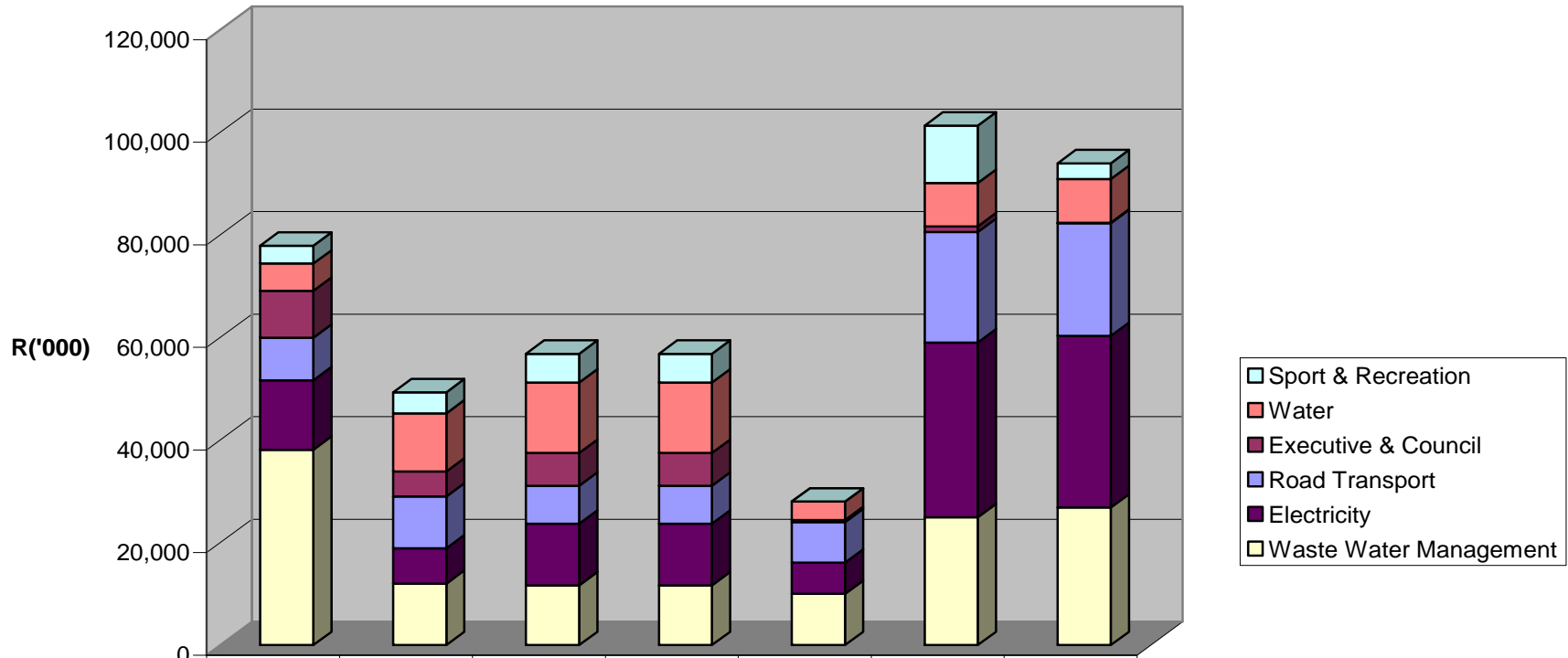


TABLE 3: CAPITAL EXPENDITURE BY VOTE

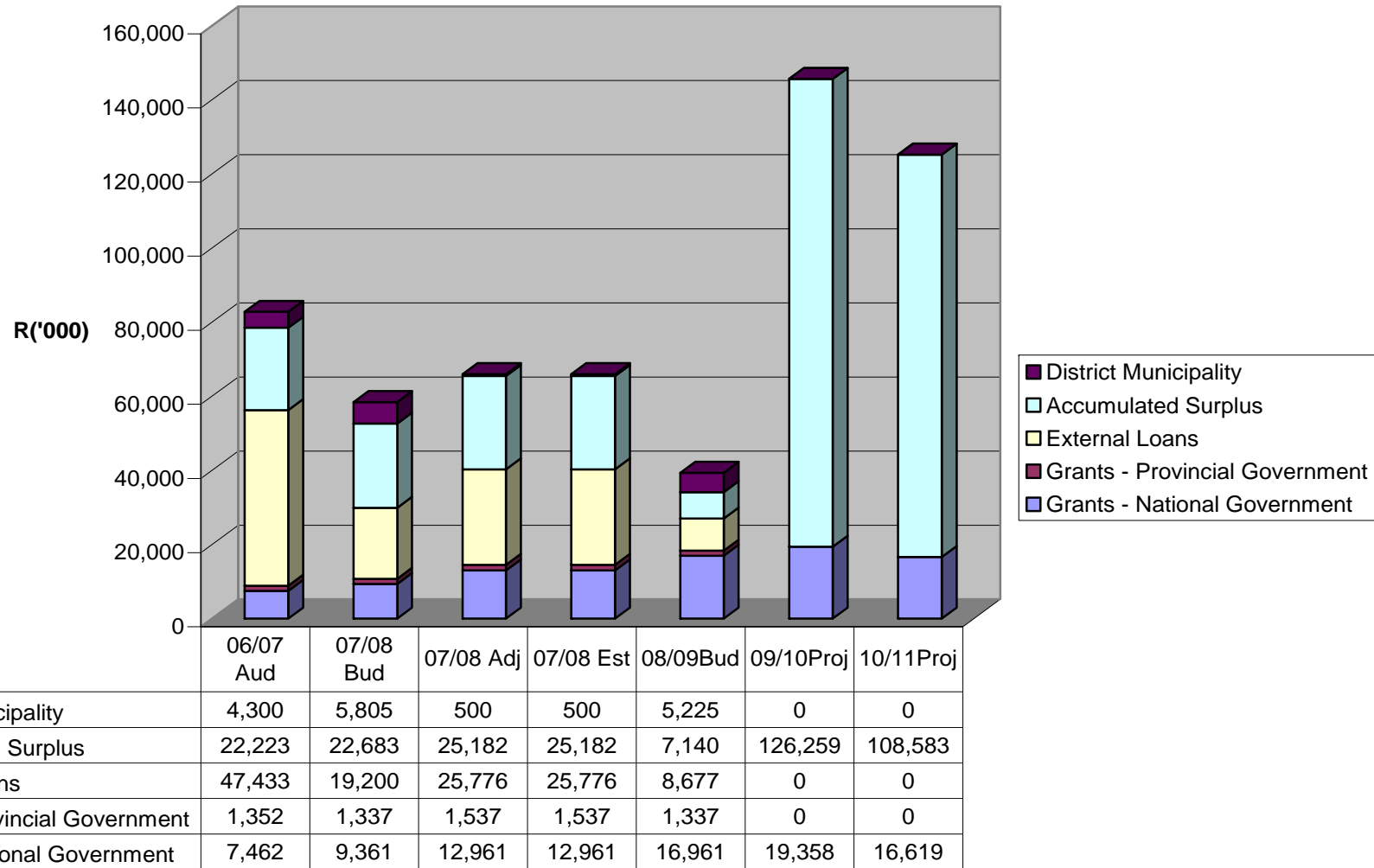
Capital Expenditure by Major Vote (see next chart for breakdown of other)



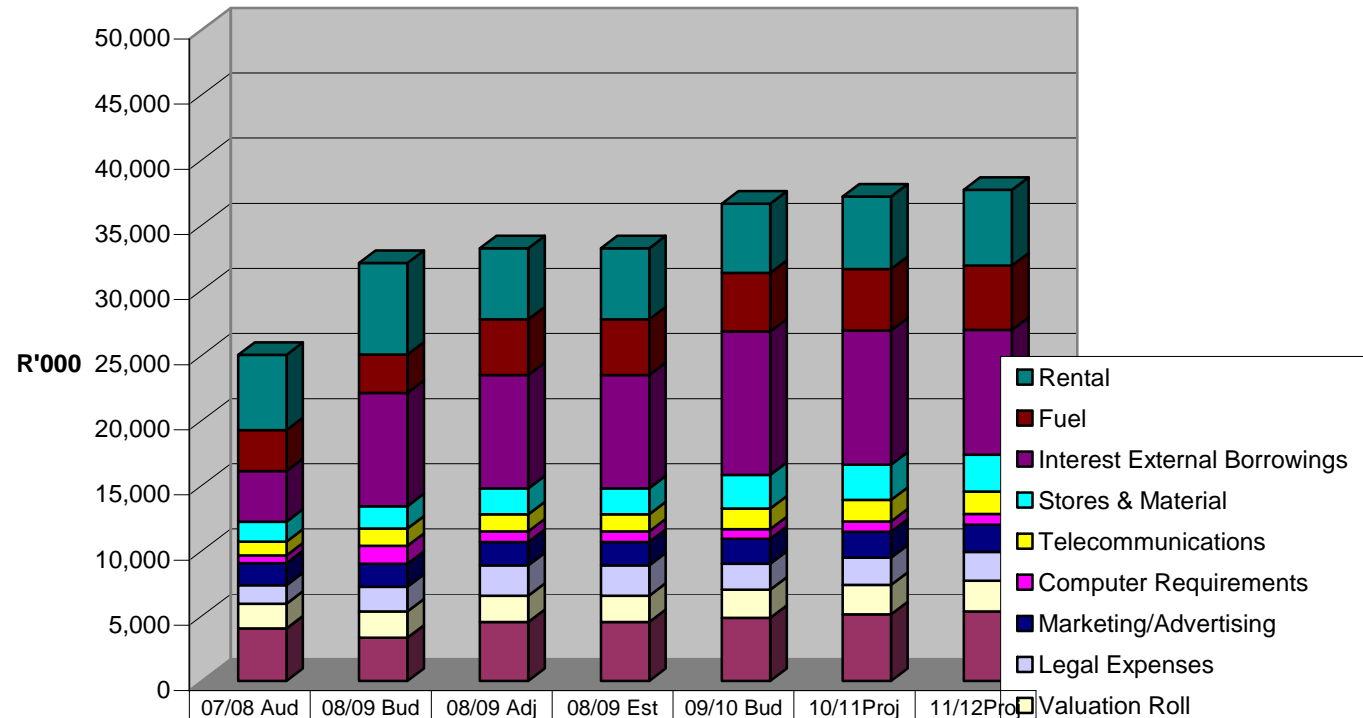
	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
□ Sport & Recreation	3,467	4,104	5,601	5,601	0	11,188	3,050
■ Water	5,294	11,320	13,760	13,760	3,600	8,455	8,500
■ Executive & Council	9,172	4,887	6,382	6,382	390	1,075	109
■ Road Transport	8,289	10,105	7,400	7,400	7,915	21,583	22,000
■ Electricity	13,545	6,875	12,037	12,037	6,077	34,070	33,450
■ Waste Water Management	38,111	12,000	11,650	11,650	10,000	24,939	26,840

TABLE 4: CAPITAL FUNDING BY SOURCE

Capital Funding by Source



Operating Expenditure by Minor Type (break down of other from previous chart)



	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11Proj	11/12Proj
Rental	5,779	7,040	5,469	5,469	5,298	5,568	5,824
Fuel	3,151	2,938	4,267	4,267	4,496	4,725	4,943
Interest External Borrowings	3,887	8,697	8,715	8,715	11,035	10,287	9,569
Stores & Material	1,521	1,704	1,993	1,993	2,581	2,712	2,837
Telecommunications	1,047	1,327	1,309	1,309	1,561	1,640	1,716
Computer Requirements	591	1,391	806	806	745	783	819
Marketing/Advertising	1,694	1,761	1,790	1,790	1,905	2,002	2,094
Legal Expenses	1,433	1,900	2,350	2,350	2,000	2,102	2,198
Valuation Roll	1,900	2,014	2,014	2,014	2,155	2,265	2,369
Remuneration of Councillors	4,035	3,322	4,522	4,522	4,860	5,108	5,343

6.1 **BUDGET PROCESS OVERVIEW**

6.1.1 **Political oversight of the budget process**

This section provides an overview of the Budget process and the 2009/2010 – 2011/2012 Multi-Year Operating and Capital Budgets and the linkage with the IDP.

The 2009/2010 – 2011/2012 Multi-Year Budget was assessed by the different departments with the intention to move towards a realistic activity based budget for the Municipality and to ensure that the budget is focusing on service delivery.

Departments were requested to clearly demonstrate how their budget addresses the following:

- Municipal priorities
- Alignment with the IDP
- Community Needs (Ward-based)
- Visible Delivery
- Political (MMC & Portfolio) Involvement

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. Section 53(1)(a) of the MFMA states that the mayor of a municipality must provide political guidance over the budget process and priorities that must guide the preparation of the budget.

Political oversight of the budget process is essential to ensure that the political executive is responsible for policy and prioritisation.

Priorities are linked to departmental spending plans and the delivery of quality services.

As was the case with the 2008/2009 financial planning process, the Mayoral Committee had a significant role to play in the financial planning process. Strengthening the link between governments' priorities and spending plans is not an end in itself, but the goal should be enhanced service delivery aimed at improving the quality of life for all the people within the municipality boundaries.

Budgeting is primarily about the priorities and choices that the Municipality has to make in deciding how to meet the agreed set of policy objectives through better service delivery.

Political oversight of the budget process allows Government and in particular the Municipality to manage the tension between competing policy priorities and fiscal realities.

The key to strengthening the linkage between priorities and departmental plans lies in enhancing political oversight of the IDP and Budget process.

BUDGET PROCESS OVERVIEW

Schedule of key deadlines relating to the budget process

TIME SCHEDULE OF KEY DEADLINES: FY 2009 / 2010	
Month	Municipality <u>MIDVAAL LOCAL MUNICIPALITY</u>
	Mayor and Council Administration Budget Year <u>2009 / 2010</u>
July	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53</p> <p>Accounting officers and senior officials of municipality begin planning for next three-year budget MFMA s 68, 77</p> <p>Accounting officers and senior officials of municipality review options and contracts for service delivery MSA s 76-81</p> <p>Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist</p>
August	<p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year. MFMA s 21,22, 23; MSA s 34, Ch 4 as amended</p> <p>Mayor establishes committees and consultation forums for the budget process</p>
September	<p>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans</p> <p>Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>
October	<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS</p>
November	<p>Accounting officer reviews and drafts initial changes to IDP MSA s 34</p>
January	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) MFMA s 36</p>

<p>February</p>	<p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year MFMA s 37(2)</p>
<p>March</p>	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 & 37; MSA Ch 4 as amended</p> <p>Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March MFMA s 42</p> <p>Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year MFMA s 16, 22, 23, 87; MSA s 34</p>
<p>April</p>	<p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc MFMA s 21</p> <p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>
<p>May</p>	<p>Public hearings on the budget, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year. MFMA s 23, 24; MSA Ch 4 as amended</p> <p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p>
<p>June</p>	<p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year MFMA s 16, 24, 26, 53</p> <p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. MFMA s 69; MSA s 57</p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval. MFMA s 53; MSA s 38-45, 57(2)</p> <p>Accounting officers of municipality and entities publishes adopted budget and plans MFMA s 75, 87</p> <p>Council must finalise a system of delegations. MFMA s 59, 79, 82; MSA s 59-65</p>

The tabling of the budget in Council on 12 March 2009 were followed by publication of the budget documentation and various community consultation and community consultative meetings. Ward committees, residents, community organisations and other stakeholder formations were invited to make representations and submissions on the draft budget.

Activity and Purpose	Participants
Special Council Meeting	Executive mayor tables budget (pre-community consultation) to Council
Draft Budget	Made available on the municipality's website, municipal offices and notice placed in all major newspapers informing members of the public about the draft budget and inviting written submissions/representations.
Budget discussions	Ward committees/Stakeholders.
Community consultation	To present and discuss the draft budget proposals and receive inputs/ submissions
Closing of Submissions	Submissions to close on 8 May 2009.
Special Council Meeting	Executive Mayor delivers budget speech and submits final budget to Council for consideration and approval.

Process used to integrate the review of the IDP & preparation of the budget.

The pre-community consultation budget was published and various community consultation and community consultative meetings will be hold to receive representations and submissions. In terms of Section 16 read with Section 17 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and in conjunction with the MFMA, ward committees, residents, community organizations and other stakeholder formations, will be invited to participate in the Council's budget process.

The pre-community consultation budget will be made available on the municipality's website, and hardcopies, will be made available on municipal notice boards and the various libraries.

Process for consultations with each group of stakeholders and outcomes.

Notices were published in the major local newspapers, such as the Vaal Ster, Meyerton Ster, Sowetan and Beeld inviting the public to participate in the budget process. Notices will also be put in libraries and different pay points.

Process to record and integrate inputs from the community

After consideration of all budget submissions the Executive Mayor must be given the opportunity to respond, if necessary revise the budget and table amendments for consideration. To ensure that all community inputs are recorded and integrated, throughout the consultation period, a system were initiated to ensure that:

1. All written submissions were required to be directed to the CFO, who would maintain a record of lodgments and direct submissions to the appropriate department for comment and recommendation.
2. All verbal questions at community consultation meetings would be recorded, together with the answer provided at the meeting or referred by the CFO or representative to the appropriate department for comment and recommendation.

3. Where possible, the submissions and presentations received during the community consultation process and additional information regarding revenue and expenditure will be addressed before tabling of the final budget.

Statistics relevant to the process (submissions, attendance at forums etc.)

Statistics will be kept during the consultation process. The process of consultation will without a doubt add to the building of a working community in the ongoing struggle to develop and create a prosperous community.

The common areas observed by both politicians and officials and the issues catered for in the reviewed budget will be noted in the final documentation.

On completion of all community consultation proceedings the Chief Financial Officer will prepare a report for the Executive Mayor, summarising the representations received and indicating what action, if any, has been taken as a consequence of the representations.

All documents in the appropriate format (electronic and printed) will be provided to Provincial Treasury and National Treasury in accordance with the MFMA, and their views and inputs sought.

After the Budget is approved by Council, the Executive Mayor and/or senior officials will inform the community of the outcome thereof by means of publicity in the local newspapers and on the Council's website.

Key stakeholders involved in consultations

Rand Water

In terms of the MFMA, Rand Water has to provide the proposed tariff to National Treasury and SALGA to afford both institutions a period of 40 days for their consideration of the proposed tariff increase.

Rand Water informed its municipal customers in December 2007 that the bulk potable tariff will increase by 13.6% from 1 July 2009, which is within the National Treasury guidelines and will be acceptable to the municipalities.

Eskom

In accordance with MFMA (section 42) Eskom submitted a proposed a bulk electricity price amendment to SALGA. The increase in tariffs amounted to 28% from 1 July 2009.

Provincial Treasury

Provincial Treasury will analyse and evaluate the draft budget and give their inputs to the Mayoral Committee. Comments received from them will be included if necessary.

National Treasury

A copy of the draft budget will be submitted to National Treasury for any comments which will be included in the final budget.

Vision

The Midvaal Municipal area, as the southern growth point of Gauteng, will be the renowned centre for residential settlement, tourism, agriculture, business, industry and commerce. We strive to enhance and sustain the quality of life in our urban and rural areas.

Mission

The vision is under-pinned by the following principles:

Sustainable growth and development, a special focus on rural areas
Quality, affordable services
Financial and fiscal discipline
Transformation and integration
Accountable and transparent local government
Recognition of the diversity of our communities
Respect for the fundamental rights of every person
Equity
Focus on economical growth and asset management
Safe and secure living environments
Maintenance of open spaces and natural assets

The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), requires adoption of a single, inclusive and strategic plan for the development of the municipality, as well as conducting an annual review. The MFMA requires any proposed amendments, as a consequence of the annual review, to be included within the medium term budget.

The IDP and the budgets are annually discussed with the community and the community leaders are invited to fully participate right through the process. The IDP is reviewed on an annual basis and is tabled on the council's meetings annually.

The key elements of the IDP review include the further elaboration of the followings:

Midvaal's key priorities are: -

- Economic development;
- Ensure sustainable development strategies;
- Improve provision of information;
- Skills development;
- LED support and implementation;
- Integrated Land Use Management System;
- Re- alignment of the Urban Edge;
- Implementation and monitor of a Performance Management System;
- Environmental Management;
- Optimise tourism potential;
- Rural development;
- Poverty Alleviation, particularly in rural areas;
- Service backlogs;
- Upgrading and maintenance of roads and storm water, electricity, water, sewer and purification networks;
- Improve access and linkages between towns, informal and rural settlements;

- Public transportation should be improved;
- Improve solid waste management;
- Broaden revenue base;
- Ensure high level of payment for services;
- Indigent provision;
- Access to social services and community centres;
- Building of new and upgrading of existing sport and recreation facilities;
- Improvement of education facilities o all levels;
- Implementation of the HIV/AIDS plan;
- Crime prevention;
- Water and electricity loss management;
- Extension of Engineering Services to unserved areas, and
- Upgrading and extension of bulk Engineering Services in support and in line with new developments.

The Midvaal IDP was prepared in terms of the provisions of chapter 4 of the Municipal Systems Act, (Act NO. 32 of 2000) and Municipal Financial Management Act (MFMA, 2003).

During the formulation of the IDP, the formulation process was prescribed in the Department of Provincial and Local Government's 'IDP Guide Pack' and an extensive public participation process will be followed.

All the councillors and most of the officials was involved in the formulation process. This IDP is linked to the remaining two year tenure of the current councillors. Thus the performance of the councillors will be measured against the achievements made through the IDP.

SUPPORTING TABLE 1 RECONCILIATION OF IDP & BUDGET - REV	Strategic Objective	Action Plan	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
			Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
			A	B	C	D	E	F	G
-	Sustainable Services	Water	60,628	70,002	76,092	76,092	82,105	87,302	94,137
	Sustainable Services	Electricity	84,352	110,696	133,673	133,673	130,873	143,533	154,344
	Sustainable Services	Waste Water Management	20,433	30,715	23,410	23,410	33,266	34,977	45,452
	Sustainable Services	Waste Management	13,557	15,419	16,441	16,441	20,724	22,015	28,228
	Sustainable Services	Health Services	6,442	7,089	6,989	6,989	7,212	7,580	7,929
	Sustainable Services	Community & Social Services	2,735	3,576	4,121	4,121	6,766	5,706	5,968
	Infrastructure	Roads & Transport	2,939	1,705	5,305	5,305	7,700	8,250	7,000
	Infrastructure	Sport & Recreation	2,881	3,206	4,543	4,543	55	3,857	110
	Good Governance	Executive & Council Financial	3,781	1,825	2,571	2,571	2,717	2,289	2,404
	Good Governance	Management Development & Planning	66,235	76,048	80,534	80,534	86,173	93,897	105,144
	Good Governance	Environmental Services	3,138	2,295	2,355	2,355	2,900	3,006	3,144
	Environmental Management	Services	1,246	2,137	2,327	2,327	2,914	2,826	2,956
	Safety & Security	Protection Services	1,911	2,971	2,674	2,674	3,391	3,564	3,728
TOTAL OPERATING REVENUE			270,278	327,684	361,035	361,035	386,796	418,802	460,544

SUPPORTING TABLE 2 RECONCILIATION OF IDP & BUDGET - OPEX	Strategic Objective	Action Plan	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
			2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
			Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
- Sustainable Services	- Water		52,977	66,759	67,586	67,586	72,661	82,873	94,787
Sustainable Services	Electricity		72,404	93,217	117,810	117,810	93,741	109,912	134,506
Sustainable Services	Waste Water Management		15,773	23,133	23,560	23,560	22,258	23,066	23,949
Sustainable Services	Waste Management		19,663	24,657	22,918	22,918	24,757	26,019	27,216
Sustainable Services	Health Services		4,931	7,089	6,836	6,836	7,283	7,655	8,007
Sustainable Services	Community & Social Services		7,425	9,391	9,348	9,348	9,720	10,314	10,789
Infrastructure	Roads & Stormwater		37,173	58,093	58,546	58,546	45,458	46,709	48,755
Infrastructure	Sport & Recreation		11,511	16,239	16,705	16,705	17,459	18,349	19,192
Good Governance	Executive & Council		21,311	25,670	24,074	24,074	29,584	30,944	32,222
Good Governance	Financial Management		27,913	31,995	33,435	33,435	34,448	37,432	38,106
Good Governance	Development & Planning		12,165	13,513	13,423	13,423	14,780	15,533	16,248
Environmental Management	Environmental Services		1,258	2,137	2,178	2,178	2,726	2,865	2,997
Safety & Security	Protection Services		19,373	27,251	27,368	27,368	29,700	31,187	32,597
TOTAL OPERATING EXPENDITURE			303,877	399,144	423,787	423,787	404,575	442,858	489,371

SUPPORTING TABLE 3 RECONCILIATION OF IDP & BUDGET - CAPEX	Strategic Objective	Action Plan	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
			2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
			Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
- Sustainable Services	- Water		5,294	11,320	13,760	13,760	3,600	8,455	8,500
Sustainable Services	Electricity		13,545	6,875	12,037	12,037	6,077	34,070	33,450
Sustainable Services	Waste Water Management		38,111	12,000	11,650	11,650	10,000	24,939	26,840
Sustainable Services	Waste Management		168	2,300	2,896	2,896	4,796	33,475	24,620
Sustainable Services	Health		1,516		300	300		250	
Sustainable Services	Community & Social Services		590	852	1,352	1,352	1,337	305	
Infrastructure	Roads & Transport		8,289	10,105	7,400	7,400	7,915	21,583	22,000
Infrastructure	Sport & Recreation		3,467	4,104	5,601	5,601		11,188	3,050
Good Governance	Executive & Council		9,172	4,887	6,382	6,382	390	1,075	109
Good Governance	Financial Management		500	113	3,613	3,613	5,000	5,845	5,575
Good Governance	Development & Planning		2,354	6,140	125	125		200	
Environmental Management	Environmental Services		138		150	150	225		
Safety & Security	Protection Services		806	690	690	690		4,232	1,058
TOTAL CAPITAL EXPENDITURE			83,950	59,386	65,956	65,956	39,340	145,617	125,202

6.3 Budget related policies Overview and Amendments

Midvaal Local Municipality annually review all these policies. The following budget related policies are included.

- 6.1.1 Tariff Policy
- 6.1.2 Credit control Policy
- 6.1.3 Debt collection Policy
- 6.1.4 Indigent Policy
- 6.1.5 Supply Chain Management Policy
- 6.1.6 Investment Policy
- 6.1.7 Rates Policy

6.4 Budget assumptions

Midvaal Local Municipality is experiencing a high growth in development. The municipality must include financially viable infrastructure projects in their framework to lure investors to their demographic space. This will increase both the economic growth and the municipalities own funds. It should therefore be crucial to consider the impact on the budget regarding repairs and maintenance.

Electricity price increases have a huge impact on the 2009/2010 budget. Bulk purchases will increase with $\pm 34\%$. Water price increases followed with a 15.3% increase for the 2009/2010 financial year.

The salary expenditure forms a large part of the budget. The increase envisaged is 12% which amounts to R119 684 289 out of a total expenditure budget of R399 951 399 – 29.9 %

The impact of inflation also needs to be kept in mind.

Development of 18 000 houses was also taken into account for the next two financial years, and is included in projections in the budget.

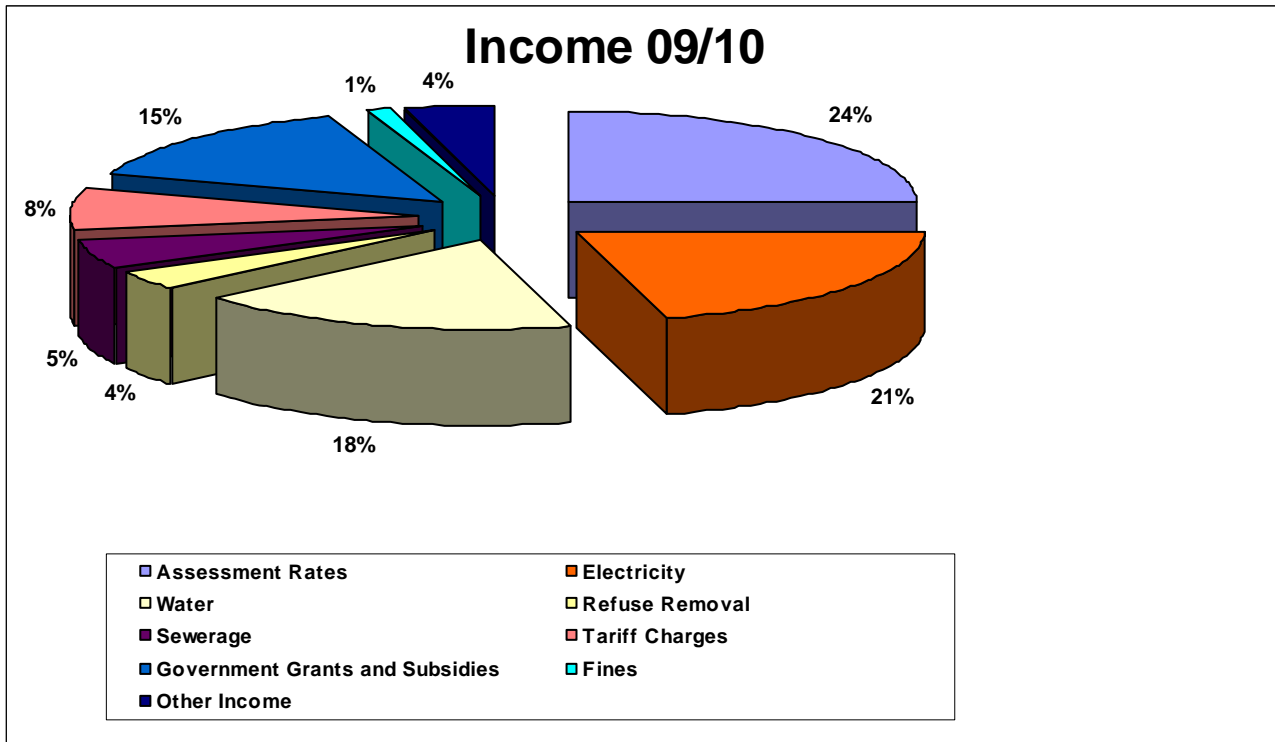
6.5 Fiscal overview and sources of funding (Tariff overview)

Midvaal Local reviewed all tariffs and also took into account tariffs of neighboring Councils. Rates and taxes remains the main source of revenue for the Council.

Income

The operating income for 2009/2010 is estimated at R401 606 088 thus leaving a surplus on the operating account of R80 446. Provision has been made to supply all households serviced by the Council with 6kl of water free of charge. The Income Budget has been compiled and based on a 100% income principle, although provision for bad debts has been provided for in the Operating Expenditure Budget for 2009/2010.

To cover the expenditure of the operating budget all the tariffs of the Council were investigated and where necessary increased. The increase in income from R323 838 163 budgeted for the 2008/2009 period to R401 606 088 budgeted for the 2009/2010 financial year is 24.01%.



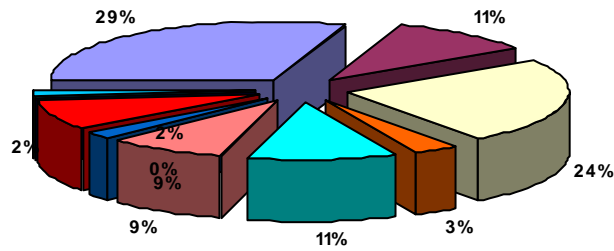
Expenditure

The operating expenditure budget for 2009/2010 amounts to R399 551 399 as compared to the previous revised budget of R338 632 366 in the 2008/2009 financial year. This represents an decrease of 17.98%.

To keep the budget within the income of the council, many requests of the Executive Directors could not be budgeted for, because the council cannot allow tariff increases to be too high. Council revised it's tariffs to be in line with surrounding municipalities.

The main sections of the expenditure in the operating budget are the following: -

Expenditure 09/10



Employee/Councillors Related Costs	General Expenditure
Bulk Purchases	Expenditure - Financial Services
Contracted Services	Repairs and Maintenance
Departmental Charges	Depreciation
Contributions to Provisions	Less: Amounts Charge Out

Expenditure per department

Department	Amount
Management support services	64,378,168
Social Services	59,112,483
Engineering Services	229,823,226
Protection Services	31,126,555
Development & Planning	15,510,967
	399,951,399

Examples of different accounts in the Midvaal Local Municipal area are as follow:

Golfpark

Acc 40024839
Valuation

21000

Area 1190

	2008/2009	2009/2010	% INCREASE
ASSESMENT RATES	290.59	328.00	12.87
BASIC WATER	27.70	29.00	4.69
WATER CONSUMPTION	209.20	242.74	16.03
BASIC ELECT	44.95	49.50	10.12
ELECT CONSUMPTION	470.20	650.10	38.24
BASIC SEWERAGE	56.20	56.20	0.00
ADD SEWERAGE	51.00	52.00	1.96
REFUSE	73.00	77.00	5.48
	1,201.58	1,412.34	17.54
VAT 14%	130.52	155.17	18.89
TOTAL PER MONTH	1,332.09	1,567.51	17.67

Sicelo

Stand Valuation 30000 Area 285

	2008/2009	2009/2010	% INCREASE
ASSESMENT RATES	0.00	0.00	0.00
BASIC WATER	27.70	29.00	4.69
WATER CONSUMPTION 10 kl	40.20	46.64	16.02
BASIC ELECT	44.95	49.50	10.12
ELECT CONSUMPTION 1000 U			
BASIC SEWERAGE	56.20	56.20	0.00
ADD SEWERAGE	51.00	52.00	1.96
REFUSE	73.00	77.00	5.48
	293.05	310.34	5.90
VAT 14%	41.03	43.45	5.90
TOTAL PER MONTH	334.08	353.79	5.90

Meyerton Small Farms

Stand Valuation 410,000 Area 1115

	2008/2009	2009/2010	% INCREASE
ASSESMENT RATES	179.55	202.67	12.87
BASIC WATER	27.70	29.00	4.69
WATER CONSUMPTION 30 kl	209.20	242.74	16.03
BASIC ELECT	44.95	49.50	10.12
ELECT CONSUMPTION 1000 U	470.20	650.01	38.28
BASIC SEWERAGE	56.20	56.20	0.00
ADD SEWERAGE	51.00	52.00	1.96
REFUSE	73.00	77.00	5.48
	1,111.80	1,311.01	17.92
VAT 14%	130.52	155.17	18.89
TOTAL PER MONTH	1,242.32	1,466.17	18.02

7. SUPPORTING DOCUMENTATION

SUPPORTING TABLE 4 INVESTMENT PARTICULARS BY TYPE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
- Investment Type							
Securities - National Government Listed Corporate Bonds							
Deposits - Banks	25,000,000	10,000,000	10,000,000	10,000,000	15,000,000	15,000,000	20,000,000
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates Negotiable Certificate of Deposit - Banks							
Guaranteed Endowment Policies (sinking funds)							
Repurchase Agreements - Banks							
Municipal Bonds							
TOTAL INVESTMENTS	25,000,000	10,000,000	10,000,000	10,000,000	15,000,000	15,000,000	20,000,000

SUPPORTING TABLE 5 GOVERNMENT GRANTS & SUBSIDIES - ALLOCATIONS ¹	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
- <u>National Grant Allocations²</u>							
-							
1. GT422 Equitable Share	17,549,013	23,640,000	25,123,000	25,123,000	27,421,000	34,915,000	38,388,001
2. GT422 Financial Management Grant	240,000	500,000	500,000	500,000	750,000	1,000,000	1,250,000
3. GT422 Specific Contribution towards Councillors	678,763	781,000	781,000	781,000	942,000	991,000	1,051,000
4. GT422 Municipal Infrastructure Grant	7,462,193	12,961,000	12,961,000	12,961,000	17,446,508	19,358,000	16,619,000
6. GT422 Municipal Systems Improvement	934,000	735,000	735,000	735,000	1,300,000	1,000,000	1,050,000
Sub Total - National Grant Allocations	26,863,969	38,617,000	40,100,000	40,100,000	47,859,508	57,264,000	58,358,001
- <u>Provincial Grant Allocations²</u>							
-							
1. Provincial Health Subsidy	4,926,123	6,689,039	6,689,039	6,689,039	7,212,413	7,580,200	7,928,949
2. HIV Programme	1,081,792	1,795,000	1,795,000	1,795,000	1,920,650	2,018,603	2,111,459
3. Water & Sanitation Programme	114,000	228,000	0	0	0	0	0
4. Dept of Sport & Recreation, Art & Culture	0	1,237,000	1,337,000	1,337,000	0	0	0
Sub Total - Provincial Grant Allocations	6,121,915	9,949,039	9,821,039	9,821,039	9,133,063	9,598,803	10,040,408
- <u>Municipal Grant Allocations³</u>							
DC42 Sedibeng District Municipality Environmental Health	5,702,145	4,832,483	4,832,483	4,832,483	2,689,350	2,826,507	2,956,526
DC42 Sedibeng District Mun SRSS : Interim Upgrade					2,000,000		
DC42 Sedibeng District Mun4 X Aerators SRSS Upgrade					3,000,000		
DC42 Sedibeng District Municipality 2 Vehicles					225,000	250,000	
Sub Total - Municipal Grant Allocations	5,702,145	4,832,483	4,832,483	4,832,483	7,914,350	3,076,507	2,956,526
TOTAL GRANT ALLOCATIONS	38,688,029	53,398,522	54,753,522	54,753,522	64,906,921	69,939,310	71,354,935

SUPPORTING TABLE 6	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	NEW BORROWING	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F
- <u>Development Bank</u>	63,932	19200	25776	25776	8,677	0	0
NEW BORROWING	63,932	19,200	25,776	25,776	8,677	0	0

SUPPORTING TABLE 8a SUMMARY OF TOTAL SALARIES, WAGES, ALLOWANCES etc	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
<u>Councillors (Political Office Bearers plus Other)</u>							
Basic Salaries	4,106	4,354	4,354	4,354	4,625	4,861	5,085
Pension Contributions							
Medical Aid Contributions							
Allowances					234	247	258
Sub Total - Councillors	4,106	4,354	4,354	4,354	4,859	5,108	5,343
<u>Senior Managers of the Municipality (s 57 of Systems Act)</u>							
Basic Salaries	5,729	5,112	5,112	5,112	5,726	6,126	6,556
Pension Contributions	424	575	575	575	575	615	658
Medical Aid Contributions	109	166	166	166	142	152	163
Allowances	815	867	867	867	1,176	1,258	1,346
Performance Bonus	1,144	495	495	495	406	434	465
Sub Total - Senior Managers of Municipality	8,221	7,215	7,215	7,215	8,025	8,585	9,188
<u>Other Municipal Staff</u>							
Basic Salaries	50,572	58,016	58,016	58,016	65,815	70,422	75,352
Pension Contributions	11,304	12,938	12,938	12,938	14,609	15,631	16,726
Medical Aid Contributions	4,950	5,819	5,819	5,819	6,290	6,730	7,201
Allowances	10,649	13,937	13,937	13,937	16,124	17,252	18,460
13th Cheque	4,636	4,254	4,254	4,254	5,107	5,464	5,847
Performance Bonus							
Sub Total - Other Municipal Staff	82,111	94,964	94,964	94,964	107,945	115,499	123,586
TOTAL EMPLOYEE COSTS	94,438	106,533	106,533	106,533	120,829	129,192	138,117

SUPPORTING TABLE 8b SUMMARY OF PERSONNEL NUMBERS (Full Time Equivalent)	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual No. A	Approved Budget No. B	Adjusted Budget No. C	Full Year Forecast No. D	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
					Budget No. E	Budget No. F	Budget No. G
<u>Municipality</u>							
Councillors (Political Office Bearers plus Other)	18	19	19	19	19	19	19
Senior Managers including Municipal Manager (s 57 of Systems Act)	8	8	8	8	8	8	8
Other Managers	7	12	12	12	11	11	11
Technical / Professional Staff	47	52	52	52	54	52	52
Other Staff (clerical, labourers etc)	431	547	547	547	559	572	572
Sub Total - Municipality	511	638	638	638	651	662	662
TOTAL PERSONNEL NUMBERS	511	638	638	638	651	662	662

SUPPORTING TABLE 9															
MONTHLY CASH FLOWS															
	Budget July 2009 R'000	Budget August 2009 R'000	Budget September 2009 R'000	Budget October 2009 R'000	Budget November 2009 R'000	Budget December 2009 R'000	Budget January 2010 R'000	Budget February 2010 R'000	Budget March 2010 R'000	Budget April 2010 R'000	Budget May 2010 R'000	Budget June 2010 R'000	Budget Full Year 2009/10 R'000	Budget Full Year 2010/11 R'000	Budget Full Year 2011/12 R'000
Cash Operating Receipts by Source															
Property rates	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	94,777	103,037	114,492
Service charges - electricity	7,573	7,632	6,678	7,100	7,600	7,523	6,520	6,952	7,800	8,200	8,800	8,500	90,878	97,205	104,994
Service charges - water	5,600	5,300	5,400	6,000	6,200	6,001	6,000	5,500	5,600	5,700	6,400	6,210	69,911	74,606	80,251
Service charges - sanitation	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	18,942	23,383	31,269
Service charges - refuse	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184	14,207	17,463	23,227
Service charges - other	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	30,995	32,533	34,029
Rental of facilities and equipment	83	83	83	83	83	83	83	83	83	83	83	83	990	1,047	1,088
Interest earned - external investments			100	150	40	20	100	95	60	100	75	62	800	840	879
Interest earned - outstanding debtors	483	483	483	483	483	483	483	483	483	483	483	483	5,800	6,095	6,376
Fines	240	210	210	250	220	240	310	190	220	322	290	315	3,017	3,170	3,317
Grants - operating (incl. grants from other municipalities)	10,965	2,121	4,680	1,720	12,586	2,121	3,526	10,932	7,526	5,238	3,852	4,685	69,952	73,587	75,432
Other income	377	377	377	377	377	377	377	377	377	377	377	381	4,527	4,754	4,978
Income Foregone													-18,000	-18,918	-19,788
Cash Operating Receipts by Source	38,564	29,449	31,254	29,406	40,832	30,091	30,602	37,860	35,427	33,721	33,590	33,998	386,796	418,802	460,544
Other Cash Receipts by Source															
New Loans Raised	0	0	0	0	0	0	0	0	0	0	0	-	0	0	0
Receipts from old outstanding debtors	104	104	104	104	104	20	104	104	104	104	104	104	1,167	740	680
Contribution: Land Trust		0		0	0	0		0	0	0	0	0	0	0	10,000
Asset finance fund	-		0		0			0	0	0	0	-	0	0	0
Total Cash Receipts by Source	104	104	104	104	104	20	104	104	104	104	104	104	1,167	740	10,680
Cash Operating Payments by Type															
Employee related costs	9,569	9,569	9,569	9,569	9,569	9,569	9,569	9,569	9,569	9,569	9,569	9,569	114,823	120,679	126,231
Remuneration of Councillors	405	405	405	405	405	405	405	405	405	405	405	405	4,860	5,108	5,343
Collection costs															
Repairs and maintenance	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	31,137	32,725	34,230
Interest paid	44	44	44	44	44	5,283	44	44	44	44	44	5,312	11,035	10,287	9,569
Bulk purchases - Electricity	5,250	5,600	4,800	4,800	4,900	4,900	4,800	4,700	5,200	5,100	6,150	6,800	63,000	77,805	101,100
Bulk purchases - Water	3,500	3,700	4,000	4,000	4,900	4,800	4,900	4,000	3,600	3,000	2,300	2,300	45,000	37,696	39,468
Bulk purchases - Sewer													0		
Contracted services	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	38,353	39,802	41,632
Grants and subsidies paid - other municipalities															
Grants and subsidies paid - other															
Etc	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	54,983	57,787	58,053
Cash Operating Payments by Type	29,140	29,690	29,190	29,190	30,190	35,329	30,090	29,090	29,190	28,490	28,840	34,758	363,191	381,889	415,626
Other Cash Payments by Type															
Capital Expenditure	3,000	6,000	10,000	7,000	6,000	3,000	5,000	7,000	12,000	9,000	5,000	6,881	79,881	34,142	14,952
Loans repaid															
Etc (list each source)															
Total Cash Payments by Type	3,000	6,000	10,000	7,000	6,000	3,000	5,000	7,000	12,000	9,000	5,000	6,881	79,881	34,142	14,952
NET INCREASE / (DECREASE) IN CASH & INVESTMENTS	6,528	-6,137	-7,832	-6,680	4,746	-8,218	-4,384	1,874	-5,659	-3,665	-146	-7,537	-55,108	3,511	40,646

TABLE 11 CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
INFRASTRUCTURE	74,008	45,600	52,166	0	36,638	117,935	115,090
Land and Buildings	8,580	4,000	5,416			1,588	4,600
Roads, pavements, bridges and stormwater	8,288	10,105	7,400		7,700	21,583	22,000
Water Reservoirs and reticulation	5,294	11,320	13,760		3,600	8,455	8,500
Car parks, bus terminals and taxi ranks							
Electricity reticulation	13,546	6,875	12,037		6,077	34,070	33,450
Sewerage purification and reticulation	37,972	12,000	11,450		10,000	24,939	26,840
Refuse sites		1,300	2,103		4,261	27,300	19,700
Other	328				5,000		
COMMUNITY	6,983	10,341	9,826	9,826	1,597	10,180	2,084
Establishment of parks & gardens	183	650	650	650			
Sportsfields	1,391	1,000	1,500	1,500		3,037	2,084
Community halls	694	100					
Libraries	1,684	837	1,337	1,337	1,337	305	
Recreation facilities	1,443	1,241	2,326	2,326		1,250	
Clinics							
Other	1,588	6,513	4,013	4,013	260	5,588	
HERITAGE ASSETS	x	x	x	x	x	x	x
INVESTMENT PROPERTIES	x	x	x	x	x	x	x
OTHER ASSETS	2,958	2,644	3,964	3,964	1,105	10,288	6,327
Other motor vehicles	1,045	565	1,694	1,694	890	5,142	4,610
Plant & equipment	182	1,385	1,580	1,580	25	3,937	883
Office equipment	1,731	694	690	690	190	1,209	834
Security measures							
Other							
SPECIALISED VEHICLES	0	800	0	0	0	7,214	1,700
Refuse		800				5,063	1,700
Fire						2,151	
TOTAL CAPITAL EXPENDITURE¹	83,949	59,385	65,956	13,790	39,340	145,617	125,201

ANNUAL MEASURABLE PERFORMANCE OBJECTIVES

SUPPORTING TABLE 10

S U M M A R Y

ANNUAL MEASURABLE PERFORMANCE OBJECTIVES IN RESPECT TO IDP	UNIT OF MEASUREMENT	ANNUAL TARGET 2009/2010
<p>Department: Municipal Managers Office Vote: Executive & Council</p> <p>Budget consultation meetings held Performance Agreements and contracts signed Performance Assessments conducted</p>	<p>No of meetings held No of contracts signed on time No of assessments conducted</p>	<p>10 8 32</p>
<p>Department: Corporate Services Vote: Corporate Services Speakers Office Councillors IT Services Council Buildings Communication Officer</p> <p>Produce Municipal Booklet</p> <p>General Ward Meetings per ward Council Meetings Mayoral Committee Meetings Section 80 Portfolio Committee Meetings</p>	<p>Per Annum</p> <p>No of meetings No of meetings per annum No of meetings per annum No of meetings per annum</p>	<p>1 Annual Report 1 Mid-year Report 4 Newsletters 40 per annum 6 per annum 12 per annum 30 per annum</p>
<p>Department: Management Services Vote: Management Services</p> <p>Job Descriptions submitted to PJEC for all employees Submit WSP iro skills efficiency analysis of employees Disciplinary Hearings Local Labour Forum Meetings Central Health & Safety Meetings EAP Assistance HIV/AIDS Assistance & Awareness</p>	<p>No of job descriptions submitted No of employees trained No of disciplinary hearings No of meetings No of meetings % of allocated budget No of training/awareness sessions</p>	<p>505 12 4 R-value 1 per quarter</p>
<p>Department: Chief Financial Officer Vote: Finance & Administration</p> <p>Billing of Municipal Accounts Debt Collection Financial Reporting Indigents approved</p>	<p>No of accounts % recovered Monthly reports No of meetings</p>	<p>27 000 R-value 12 12</p>

ANNUAL MEASURABLE PERFORMANCE OBJECTIVES IN RESPECT TO IDP	UNIT OF MEASUREMENT	ANNUAL TARGET 2009/2010
<p>Department: Development & Planning Vote: Housing Development & Planning Building Control Town Planning</p> <p>Building inspections conducted Spatial Development Framework - City Wide - Wards - Various development plans Revision of IDP Land use control application</p>	<p>No of building inspections Complete plans by July 2009</p> <p>Completion 30 March annually No of applications approved annually</p>	<p>1</p>
<p>Department: Protection Services Vote: Traffic Services Fire Services</p> <p>Compliance to Fire Arms Act Crime Prevention Traffic control special road checks</p> <p>Formation of Fire Prevention Associations Fire Prevention checks</p>	<p>No of fire arm practices No of stakeholders meetings No of special projects</p> <p>No of volunteers recruited No of fire inspections conducted</p>	<p>4 per annum 24 per annum 24 per annum</p> <p>220 280</p>
<p>Department: Engineering Services Vote: Electricity</p> <p>New electricity connections Percentage of electricity losses Preventative substation maintenance</p> <p>Vote: Water</p> <p>New water connections Percentage of water losses Replacing of old water meters</p> <p>Vote: Sewer</p> <p>New sewer connections Percentage of households with no sewer services</p> <p>Vote: Roads & Storm Water</p> <p>Km of new road for previously unserviced areas</p>	<p>No of connections % reduction in losses Number of substations</p> <p>No of new water connections % reduction in losses No of meters replaced</p> <p>No of new sewer connections No of households vs total households</p> <p>No of kilometers</p>	<p>400 10% 1</p> <p>450 10% 1000</p> <p>100 0%</p> <p>5</p>

<p>Department: Social Services Vote: Administration Environmental Health</p> <p>Food premises inspections Milk Farm/Parlour inspections Creches/Preschool inspections Public Complaints</p> <p>Clinic - Randvaal Meyerton Kookrus</p> <p>Tuberculosis Patients Anti-retroviral treatment sites Malnutrition in the under 5 year olds Supply of Vitamin A to under 5 year olds</p> <p>Parks & Recreation Swimming Pool</p> <p>Maintenance of area as per programme</p> <p>Solid Waste Cleansing Services</p> <p>Refuse collection per programme Maintenance of skip Street cleansing programme Maintenance of land file sites</p> <p>Sport Administration</p> <p>Maintenance of sport facilities</p> <p>Library – Meyerton Henley-on-Klip De Deur Randvaal</p> <p>Expansion of scope and quality of library services</p> <p>Cemeteries</p> <p>Maintenance of cemeteries</p>	<p>No of premises inspected No of inspections No of inspections No of complaints addressed</p> <p>No of patients No of sites functional No of patients No of patients</p> <p>No of areas maintained</p> <p>No of services No of skips maintained No of black bags collected No of land file sites</p> <p>No of facilities</p> <p>% of increase of users</p> <p>No of cemeteries</p>	
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7.9 Disclosure on MFMA implementation

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 complying to all aspects of the implementation priorities as per National Treasury implementation and monitoring checklist. The checklist is updated quarterly and submitted to National Treasury.

MFMA returns

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

