



Siyazama Municipality

Budget 2010/11 to 2012/13

Medium Term Revenue and Expenditure
Framework

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Part 1 – Annual Budget

1.1 Executive Mayor's Report

The Municipality reaffirms its commitment to the achievement of the goals enshrined within Vision 2011, namely:

- Meeting basic service delivery needs of communities to improve their lives;
- Building a clean, efficient, responsive and accountable Municipality;
- Strengthening oversight over the Municipality's service delivery and financial performance;
- Changing the socio-economic landscape by investing in Infrastructure, human resource development and promoting development;
- Strengthening partnerships between the Municipality, communities and civil society.

In the year ahead, the Municipality will further strengthen its capacity to implement the adopted Budget, so as to positively impact on the lives of residents.

Councillor S. Mqalo
May 2010

1.2 Executive Summary

The 2010/11 to 2012/13 Budget preparation commenced in August 2009 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contains new or replacement assets such as roads, vehicles, buildings, etc. The Operating Budget, which is by far the largest component of the Budget, includes the provision of services, such as electricity, water, refuse collection, etc.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. The Table in section 1.3.5 illustrates the link between the IDP and Budget.

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, Water Services Authority (WSA), major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 116, 531 Million, which funds the continued provision of services provided by the Municipality. The major expenditure items are employee costs (44.2%), bulk electricity and water purchases (13.5%), general expenses (33%), repairs and maintenance (5%) and depreciation (4.3%).

Funding is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (49.9%), property rates (9.4%), grants and subsidies received from National and Provincial Governments (40.7%).

In order to support the 2010/11 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2010:

- Property rates - 6%
- Water - 6%
- Sanitation - 6%
- Electricity - 19%
- Refuse - 6%

A provision of R34,385 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 22%.

In the past as a result of limited funds, a number of important issues such as addressing maintenance backlogs, making adequate contributions to provision and reserves, staffing requirements, etc. were not fully covered. However strategies to address these issues were undertaken and as at 30 June 2010 all of the provisions were at their required levels. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service delivery. The 2010/11 Budget does make provision for increased allocations to deal with the maintenance of infrastructure.

The Assistance to the Poor Programme currently, provides the following monthly benefits to poor households in the municipality:

- Free 6kl of water
- Free basic sanitation
- Free 50 kwh Electricity
- Free basic refuse removal
- Property rates subsidy

The Siyazama Local municipality has prioritized spending on this associated program and has significantly increased allocations for the MTEF in the sum of R 5,271 million increasing to R 5,928 Million in 2012/2013.

The Capital Budget totals R 29,754 million and this is funded mainly through revenue from operations (40.3%), Government grants (59.7%). Grants and subsidies are mainly earmarked road infrastructural projects. Annexure "A" provides a summary of the capital projects included in the Capital Budget.

The Budget-related policies as have been adhered to in the development of the Budget, whilst continuous monitoring of budget performance is possible through Key Performance Indicators as contained within the Service Delivery and Budget Implementation Plan.

1.3 Fiscal Overview

1.3.1 2008/09 Actual and 2009/10 Projected Financial Performance

The municipality's financial performance and position appears to be sound for the following reasons:

- Budgets are balanced, being funded from the current financial year's revenues.
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a positive cash and investments position.
- Relatively high revenue collection rates are being achieved.
- The municipality has maintained a favourable credit rating.

Operating Budget

In the 2009/10 financial year expenditure in the amount of R 81.16 million was fully funded from the municipality's revenues. A similar performance is projected for 2010/11 with R 116,531 million of expenditure being funded by revenue of R 127, 754 million leaving a budgeted surplus of R 11,224 million which is appropriated in the Statement of Changes in Net Assets. For both financial years, the current financial year's revenues were sufficient to cover the operating expenditures.

In February 2010 it was reported to the Budget and Treasury Standing Committee that the average revenue collection rate was 28% of the current financial year's billings, as at the end of January 2010. The collection rate of 40% on which the 2010/11 Operating Budget is based, is in line with the IDP target. It will assist the municipality in maintaining its financial position to support the mid-term plan in this Budget. The Municipality has developed a Revenue enhancement strategy, and will be implementing the turnaround strategy on 1 July 2010 to ensure the achievement of a collection rate of 80% within the MTREF.

Capital Budget

The actual capital budget spending in 2008/09 amounted to R 52, 641 million, of which R 21,763 million was funded from National and Provincial Government grants, and the remaining R 30 878 million was funded from Council's internal sources.

The projected spending level in 2010/11 is significantly reduced compared to the original 2009/10 level. The decreased is primarily attributed due to single year capital appropriation within the roads functioning, associated with the procurement of plant and machinery valued at R 14 million during the 2009/2010 financial year.

1.3.2 Mid Term Outlook – 2010/11 to 2012/13

Operating Budget

The operating budget amounts to R 81,166 million for the 2009/10 financial year. It then increases to R116,531 in 2010/11, and R 125,600 in 2011/12 and finally to R 135,160 in 2012/13. This growth is mainly in the following areas:

- Increased spending attributable to addressing maintenance backlogs in infrastructure.
- Increased spending on employee related costs.
- Increased spending attributable to bulk purchasing costs for electricity and water.

Capital Budget

Over the next three financial years, 2010/11 to 2012/13, capital spending is projected at R 29,754 million in 2010/11, R 28,661 million in 2011/12 and R 33, 584 million in 2012/13. The projected spending level in 2010/11 is significantly reduced compared to the original 2009/10 level. The decreased is primarily attributed due to single year capital appropriation within the roads functioning, associated with the procurement of plant and machinery valued at R 14 million during the 2009/2010 financial year.

Council intends augmenting the existing building used to house the administration of Council. A significant portion of the Capital Budget over the 2010/11 to 2012/13 equating to R 11 Million has been appropriated for this purpose. The level of capital investment is being managed in line with available resources. Backlogs within service infrastructure relative to capital contributions recognized is disproportionate and needs to be addressed at a macro level as the requisite level of investment is not forthcoming.

Financial Ratios

The current and projected financial picture is reflected in the various ratios, monitored by the municipality on a monthly basis. Ratios such as levels of cash, loan debt, debtors to total revenue, etc. – are expected to improve slightly from their current levels over the mid-term outlook of this Budget.

On the whole the financial positioning of Council is stable as reflective within the Performance indicators and benchmarks.

On-going issues requiring monitoring and evaluation

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or commensurate reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions;
- Staffing requirements and the impact on the personnel expenditure target;
- Improvement of current collection rates;
- Reviewing and enhancing the level of the Capital Replacement Reserve, to ensure that the Municipality is able to cover the purchase of new and replacement assets;
- Financial implications associated with the outcomes of the Section 78 processes-Solid Waste.

1.3.3 Priorities and linkages to the IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community. The 2010/11 to 2012/13 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget. After the tabling of the budget, a series of meetings were held throughout the municipal area to consult with the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the draft budget addresses the IDP priorities and objectives. The feedback flowing from these meetings were positive and no material amendments to the budget were undertaken. The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

Below is a table, which illustrates the link between the Budget and the IDP.

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2010/11 Budget						
Capital Expenditure	1 050	19 746	1 778	80	7 100	29 754
Operating Expenditure	15 507	54 414	8 467	22 343	15 800	116 531
Total	16 557	74 160	10 245	22 423	22 900	146 285
2011/12 Budget						
Capital Expenditure	1 115	23 467	1 888	85	2 106	28 661
Operating Expenditure	16 348	59 561	8 991	23 920	16 780	125 600
Total	17 463	83 028	10 879	24 005	18 886	154 261
2012/13 Budget						
Capital Expenditure	1 181	28 201	2 000	90	2 112	33 584
Operating Expenditure	17 312	65 351	9 521	25 206	17 770	135 160
Total	18 493	91 552	11 521	25 296	19 882	168 744

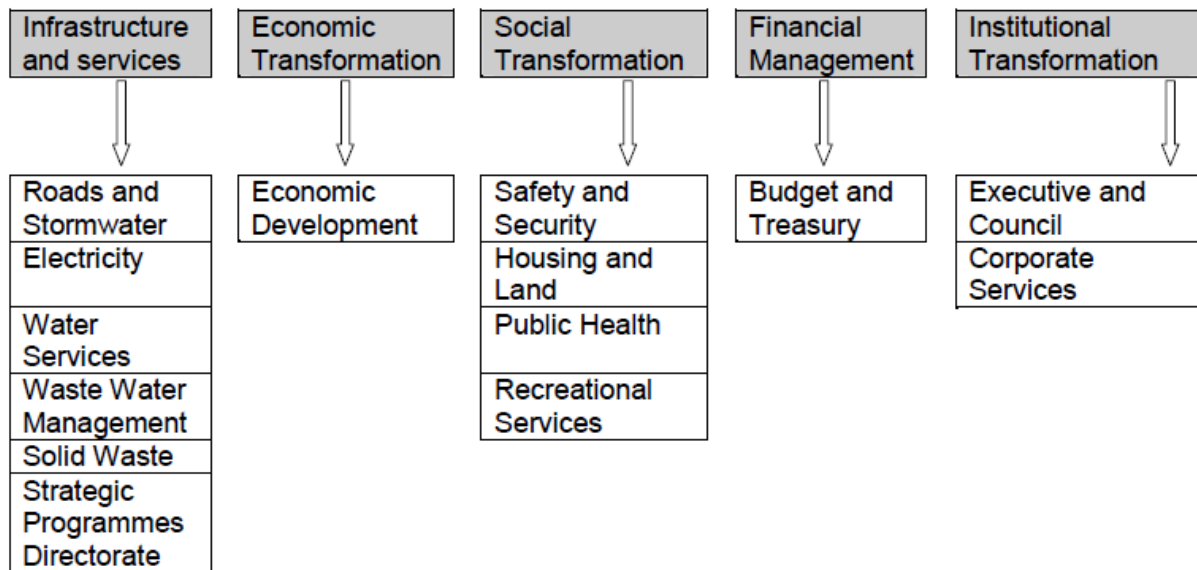
The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act has been guided and informed by the following principles:

- It must support the achievement of the five strategic priorities of the Siyazama Local Municipality.
- Focus on service delivery and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the SDBIP.

1.3.4 Alignment with National and Provincial Priorities

The Municipality's priorities are aligned to those of the National and Provincial Governments. The matrix below shows the alignment with National and Provincial Government priorities:



The above is an indication of Siyazama Local Municipality alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Directors' performance agreements.

1.3.5 Amendments to Budget Related Policies

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis. A review of the existing budget related policies indicated that minor changes are required at this stage. The following amended budget related policies are submitted herewith for final adoption:

- Human Resource related policies
- Debt Write-off policy

1.4 Annual Budget Tables

The annual budget tables are included in this section.

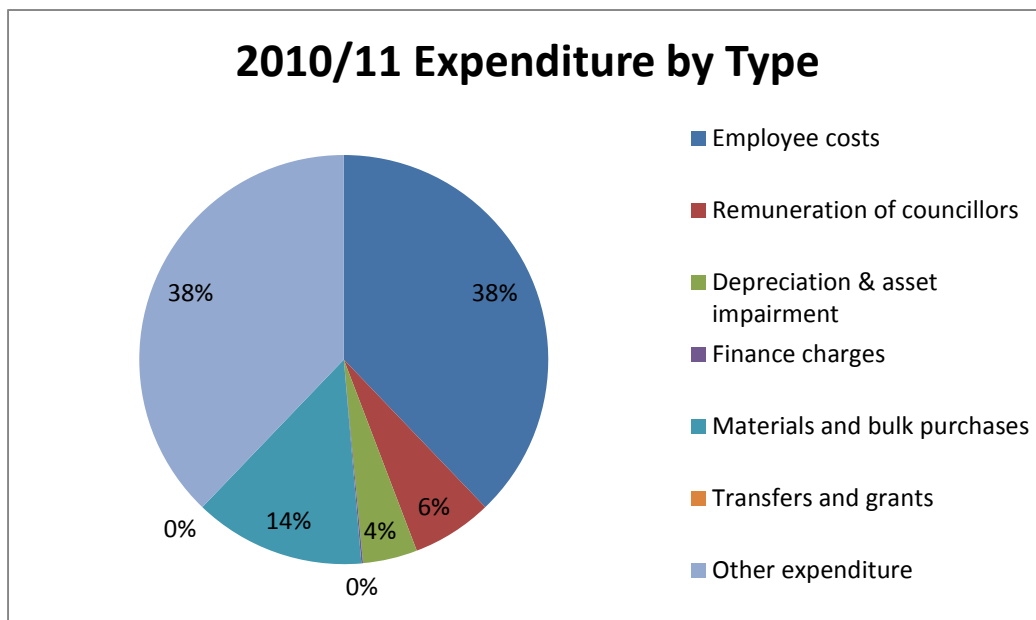
1.4.1 Budget Summary

The aim of the Budget Summary is to 'provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position and cash flow, and MFMA funding compliance). The table provides a 'snapshot view' of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

EC 521 Siyazama - Table A1 Budget Summary							
Description	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousands							
Financial Performance							
Property rates	-	15 719	5 683	5 683	12 053	14 151	16 409
Service charges	-	18 590	14 089	14 089	22 404	25 010	27 967
Investment revenue	-	1 800	1 800	1 800	2 500	2 655	2 812
Transfers recognised - operational	-	60 407	70 676	70 676	52 021	58 599	64 179
Other own revenue	-	9 785	19 796	19 796	38 776	30 821	32 516
Total Revenue (excluding capital transfers and contributions)	-	106 301	112 044	112 044	127 754	131 236	143 883
Expenditure By Type							
Employee costs	-	42 320	38 878	38 878	44 086	44 243	46 852
Remuneration of councillors	-	-	-	-	7 427	7 888	8 353
Depreciation & asset impairment	-	-	-	-	5 011	5 321	5 635
Finance charges	-	-	150	150	159	169	179
Materials and bulk purchases	-	7 150	7 200	7 200	15 774	18 528	21 902
Transfers and grants	-	-	-	-	-	-	-
Other expenditure	-	41 071	34 938	34 938	44 074	49 451	52 239
Total Expenditure	-	90 541	81 166	81 166	116 531	125 600	135 160
Surplus/(Deficit)	-	15 770	30 878	30 878	11 224	5 637	8 722
Transfers recognised - capital	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	21 763	21 763	21 763	18 680	22 466	27 317
Surplus/(Deficit) after capital transfers and contributions	-	37 533	52 641	52 641	29 904	28 103	36 039
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		37 533	52 641	52 641	29 904	28 103	36 039
Capital expenditure & funds sources							
Capital expenditure	-	37 533	52 633	52 633	29 754	28 661	33 584
Transfers recognised - capital	-	21 763	21 763	21 763	17 746	21 343	25 951
Public contributions and donations	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-
Internally generated funds	-	15 770	30 870	30 870	12 008	7 318	7 633
Total sources of capital funds	-	37 533	52 633	52 633	29 754	28 661	33 584
Financial position							
Total current assets	58 409	41 207	41 215	41 215	43 005	44 157	48 372
Total non current assets	47 374	84 907	100 007	100 007	129 082	157 022	189 844
Total current liabilities	22 919	6 056	6 056	6 056	6 401	6 798	7 199

Total non current liabilities	2 853	2 515	2 515	2 515	2 696	2 789	2 881
Community wealth/Equity	80 011	117 544	132 652	132 652	162 991	191 592	228 137
Cash flows							
Net cash from (used) operating	(3 280)	13 589	28 065	31 265	17 926	27 941	35 957
Net cash from (used) investing	(17 771)	(37 533)	(52 633)	(52 633)	(29 754)	(28 661)	(33 584)
Net cash from (used) financing	(576)	(48)	(48)	(48)	(49)	(53)	(56)
Cash/cash equivalents at the year end	(21 627)	27 424	26 800	29 999	18 122	17 348	19 666
Cash backing/surplus reconciliation							
Cash and investments available	54 152	23 043	23 051	23 051	18 122	17 348	19 666
Application of cash and investments	15 130	4 988	2 542	1 471	1 289	(2 171)	(2 916)
Balance - surplus (shortfall)	39 022	18 055	20 509	21 580	16 833	19 519	22 582
Asset management							
Asset register summary (WDV)	47 374	84 907	100 007	100 007	129 082	157 022	189 844
Depreciation and asset impairment	-	-	-	-	5 011	5 321	5 635
Renewal of Existing Assets	-	-	-	-	-	-	-
Repairs and Maintenance	-	5 816	5 793	5 792	7 409	7 886	8 331
Free services							
Cost of Free Basic Services provided	10 193	11 598	11 598	11 598	13 878	15 827	18 184
Revenue cost of free services provided	-	7 826	7 826	7 826	10 861	10 183	9 361
Households below minimum service level							
Water:	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-
Energy:	28 728	28 728	28 728	28 728	5 400	5 400	5 400
Refuse:	21 989	21 989	21 989	21 989	21 989	21 989	21 989

The graph below reflects the expenditure components of the budgeted statement of financial performance.



The two main expenditure components are Employee Costs and Electricity. These are discussed below.

Employee Costs

The 2010/11 draft budget provides for annual increments, where applicable, and a general increase of 8.48% in line with the negotiated agreement.

The budget provision of R 44,086 million represents an increase of 32.47% over the 2009/10 budget; the above-mentioned increase is primarily attributed to new positions created specifically within Public

Participation programmes, and the introduction of an in-house plant department informed through a R 12 million investment in plant and machinery to service roads function.

National Treasury no longer prescribes a norm for salary expenditure and instead requires Municipalities to develop a personnel expenditure ratio that is based on the nature of its functions, organizational structure, labour intensity of intensity of its operations, extent to which labour intensive components of its operations are outsourced and the composition of non-personnel components of its operational expenditure. The 2010/11 budget reflects that 38% of the operational budget was allocated to salary expenditure.

Electricity

Purchase of Power has increased from R 7 million in 2009/10 to R 9,064 million in 2010/11 an increase of 29.%. Eskom has increased bulk tariffs to Municipalities by 28.9% as relates to the 2010/11 financial year. The 2010/11 budget accordingly allows for a 28.9% increase for bulk power purchases from Eskom. It has been estimated, however, that energy consumption levels will reflect a negative growth of approximately 2%, attributable to the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy;
- The implementation of energy conservation measures; and,
- The down-turn in the economy and its consequential impact on industry.

1.4.2 Consolidated Financial Performance 2009/10 to 2011/12

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

EC 521 Siyazama - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)							
Standard Classification Description R thousand	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue - Standard							
Governance and administration		75 527	72 547	72 547	79 707	79 006	87 094
Executive and council		4 450	4 450	4 450	7 250	2 266	2 281
Budget and treasury office		70 927	68 097	68 097	72 370	76 648	84 715
Corporate services		150	-	-	87	93	98
Community and public safety		1 721	971	971	710	743	779
Community and social services		1 721	971	971	709	741	777
Sport and recreation		-	-	-	2	2	2
Public safety		-	-	-	-	-	-
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
Economic and environmental services		7 809	20 630	20 630	13 964	14 828	15 707
Planning and development		3 974	4 795	4 795	1 667	1 770	1 878
Road transport		3 835	15 835	15 835	12 076	12 823	13 580
Environmental protection		-	-	-	221	235	249
Trading services		21 255	17 896	17 896	33 252	36 531	40 167
Electricity		10 000	7 220	7 220	10 927	12 821	15 059
Water		5 560	5 571	5 571	11 969	12 711	13 461
Waste water management		5 013	4 476	4 476	4 777	5 073	5 372
Waste management		682	629	629	5 580	5 926	6 276
Other	4	-	-	-	120	127	135
Total Revenue - Standard	2	106 312	112 044	112 044	127 754	131 236	143 882

Expenditure - Standard							
Governance and administration		45 388	43 904	43 904	53 650	57 048	60 288
Executive and council		15 007	13 587	13 587	15 800	16 780	17 770
Budget and treasury office		16 432	16 802	16 802	22 343	23 920	25 206
Corporate services		13 949	13 515	13 515	15 507	16 348	17 312
Community and public safety		7 148	5 678	5 678	5 907	6 272	6 642
Community and social services		1 763	2 498	2 498	1 953	2 073	2 196
Sport and recreation		4 886	2 540	2 540	3 423	3 635	3 849
Public safety		-	-	-	-	-	-
Housing		499	640	640	531	564	597
Health		-	-	-	-	-	-
Economic and environmental services		13 931	8 251	8 251	19 749	20 973	22 204
Planning and development		2 269	3 230	3 230	2 560	2 719	2 879
Road transport		11 086	4 549	4 549	16 512	17 535	18 564
Environmental protection		576	472	472	677	719	761
Trading services		24 074	23 333	23 333	37 225	41 307	46 026
Electricity		11 901	10 943	10 943	13 474	16 082	19 312
Water		5 560	6 772	6 772	11 961	12 703	13 453
Waste water management		3 075	2 539	2 539	3 203	3 402	3 603
Waste management		3 538	3 079	3 079	8 588	9 121	9 659
Other	4	-	-	-	-	-	-
Total Expenditure - Standard	3	90 541	81 166	81 166	116 531	125 600	135 160
Surplus/(Deficit) for the year		15 770	30 878	30 878	11 223	5 636	8 722

The purpose of the format in which the budget is presented below, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned. Below is a classification of operating revenue and expenditure by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

EC 521 Siyazama - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)							
Vote Description	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue by Vote	1						
EXECUTIVE & COUNCIL		4 450	4 450	4 450	7 250	2 265	2 281
BUDGET & TREASURY OFFICE		70 927	68 097	68 097	72 370	76 648	84 715
CORPORATE SERVICES DEPARTMENT		150	-	-	87	93	98
COMMUNITY SERVICES DEPARTMENT		5 695	5 766	5 766	4 673	4 952	5 238
TECHNICAL SERVICES DEPARTMENT		25 090	33 731	33 731	43 373	47 278	51 549
Total Revenue by Vote	2	106 311	112 044	112 044	127 754	131 236	143 882
Expenditure by Vote to be appropriated	1						
EXECUTIVE & COUNCIL		15 007	13 587	13 587	15 800	16 780	17 770
BUDGET & TREASURY OFFICE		16 432	16 802	16 802	22 343	23 920	25 206
CORPORATE SERVICES DEPARTMENT		13 949	13 515	13 515	15 507	16 348	17 312
COMMUNITY SERVICES DEPARTMENT		14 179	12 318	12 318	12 247	13 006	13 773
TECHNICAL SERVICES DEPARTMENT		30 975	24 944	24 944	50 634	55 545	61 098
Total Expenditure by Vote	2	90 541	81 166	81 166	116 531	125 600	135 160
Surplus/(Deficit) for the year	2	15 770	30 878	30 878	11 223	5 636	8 722

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

The following table reflects the budgeted financial performance by expenditure and income categories:

EC 521 Siyazama - Table A4 Budgeted Financial Performance (revenue and expenditure)							
Description	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1						
Revenue By Source							
Property rates	2	10 388	2 841	2 841	12 053	14 151	16 409
Property rates - penalties & collection charges		5 331	2 841	2 841	-		
Service charges - electricity revenue	2	10 000	7 200	7 200	9 503	11 309	13 458
Service charges - water revenue	2	1 368	1 368	1 368	6 968	7 399	7 836
Service charges - sanitation revenue	2	481	368	368	353	375	397
Service charges - refuse revenue	2	682	629	629	5 580	5 926	6 276
Service charges - other		6 060	4 524	4 524			
Rental of facilities and equipment		606	503	503	8 670	9 208	9 751
Interest earned - external investments		1 800	1 800	1 800	2 500	2 655	2 812
Interest earned - outstanding debtors		-	-	-	150	159	169
Dividends received		-	-	-	-	-	-
Fines		45	81	81	73	78	82
Licences and permits		400	400	400	2 001	2 125	2 251
Agency services		8 725	8 300	8 300	9 325	9 903	10 487
Transfers recognised - operational		60 407	70 676	70 676	52 021	58 599	64 179
Other revenue	2	-	10 431	10 431	18 557	9 348	9 776
Gains on disposal of PPE		20	80	80	-		
Total Revenue (excluding capital transfers and contributions)		106 311	112 044	112 044	127 754	131 236	143 882
Expenditure By Type							
Employee related costs	2	42 320	38 878	38 878	44 086	44 243	46 852
Remuneration of councillors		-	-	-	7 427	7 888	8 353
Debt impairment	3	-	-	-	12 945	13 748	14 559
Depreciation & asset impairment	2	-	-	-	5 011	5 321	5 635
Finance charges		7 150	150	150	159	169	179
Bulk purchases	2	-	7 200	7 200	9 065	11 403	14 357
Other materials	8				6 709	7 125	7 545
Contracted services		679	1 979	1 979	2 852	3 029	3 208
Transfers and grants							
Other expenditure	4, 5	40 392	32 959	32 959	28 276	32 674	34 472
Loss on disposal of PPE							
Total Expenditure		90 541	81 166	81 166	116 531	125 600	135 160
Surplus/(Deficit)		15 770	30 878	30 878	11 224	5 637	8 722
Transfers recognised - capital							
Contributions recognised - capital	6	21 763	21 763	21 763	18 680	22 466	27 317
Contributed assets							
Surplus/(Deficit) after capital transfers & contributions		37 533	52 641	52 641	29 904	28 103	36 039
Taxation							

Surplus/(Deficit) after taxation		37 533	52 641	52 641	29 904	28 103	36 039
Attributable to minorities							
Surplus/(Deficit) attributable to municipality		37 533	52 641	52 641	29 904	28 103	36 039
Share of surplus/ (deficit) of associate	7						
Surplus/(Deficit) for the year		37 533	52 641	52 641	29 904	28 103	36 039

Sources of Funding

The Municipality receives its funding from many sources, including property rates, services charges and government grants. The table above identifies the sources of funding for the current financial year and the projected budgets for 2010/11 to 2012/13.

It is evident from Table A4 above, that Electricity service charges and Property Rates, Agency Services and rental of facilities and equipment constitute the largest components of the Municipality's discretionary revenue sources. Grants and Subsidies (Transfers recognised) also constitute a significant component of total revenue.

In order to support the Operating Budget, the following increases in rates and service charges have been proposed, compared to the 2009/10 financial year:

	2009/10	2010/11	2011/12	2012/13
	%	%	%	%
Property rates increase	6.0	6.0	6.2	5.9
Water increase	10.0	6.0	6.2	5.9
Sanitation increase	10.0	6.0	6.2	5.9
Electricity increase	34.0	19.0	19.0	19.0
Refuse increase	4.9	6.0	6.2	5.9

1.4.3 Capital Budget Summary

The 2010/11 Capital Budget amounts to R 29 754 million compared to R 52,633 million in 2009/10.

The reduction within the capital budget framework is due to a significant reduction/commitment of prior year reserves, most noticeably with the development of an in-house plant department expected to be operationalised during 2010/2011, necessitating a curtailment of the utilization of surpluses given Council's policy on funding and reserves, which is aimed at ensuring that an appropriate level of funding is managed and sustained - (cash backed reserves and working capital requirements).

EC 521 Siyazama - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding							
Vote Description	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1						
Capital expenditure - Vote							
Multi-year expenditure to be appropriated	2						
EXECUTIVE & COUNCIL		500	4 100	4 100	7 100	2 106	2 112
BUDGET & TREASURY OFFICE		7 231	3 331	3 331	80	85	90
CORPORATE SERVICES DEPARTMENT		450	-	-	1 050	1 115	1 181
COMMUNITY SERVICES DEPARTMENT		220	3 370	3 370	1 778	1 888	2 000
TECHNICAL SERVICES DEPARTMENT		29 132	41 832	41 832	19 746	23 467	28 201
Capital multi-year expenditure sub-total	7	37 533	52 633	52 633	29 754	28 661	33 584
Single-year expenditure to be appropriated	2						
EXECUTIVE & COUNCIL		-	-	-	-	-	-
BUDGET & TREASURY OFFICE		-	-	-	-	-	-

CORPORATE SERVICES DEPARTMENT		-	-	-	-	-	-
COMMUNITY SERVICES DEPARTMENT		-	-	-	-	-	-
TECHNICAL SERVICES DEPARTMENT		-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-
Total Capital Expenditure - Vote		37 533	52 633	52 633	29 754	28 661	33 584
Capital Expenditure - Standard							
Governance and administration		8 181	7 431	7 431	8 230	3 306	3 383
Executive and council		500	4 100	4 100	7 100	2 106	2 112
Budget and treasury office		7 231	3 331	3 331	80	85	90
Corporate services		450	-	-	1 050	1 115	1 181
Community and public safety		220	3 370	3 370	1 778	1 888	2 000
Community and social services		220	3 370	3 370	957	1 017	1 077
Sport and recreation					21	22	24
Public safety					800	850	900
Housing							
Health							
Economic and environmental services		24 132	40 042	40 042	18 046	21 661	26 289
Planning and development		-	-	-	-	-	-
Road transport		24 132	40 042	40 042	18 046	21 661	26 289
Environmental protection		-	-	-	-	-	-
Trading services		5 000	-	-	-	-	-
Electricity		5 000	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
Other		-	1 790	1 790	1 700	1 805	1 912
Total Capital Expenditure - Standard	3	37 533	52 633	52 633	29 754	28 661	33 584
Funded by:							
National Government		21 763	21 763	21 763	17 746	21 343	25 951
Provincial Government							
District Municipality							
Other transfers and grants							
Transfers recognised - capital	4	21 763	21 763	21 763	17 746	21 343	25 951
Public contributions & donations	5						
Borrowing	6						
Internally generated funds		15 770	30 870	30 870	12 008	7 318	7 633
Total Capital Funding	7	37 533	52 633	52 633	29 754	28 661	33 584

1.4.4 Budgeted Financial Statements

The financial statements below identify the financial viability of the Municipality. It is evident from this statement that value of the Municipality is increasing and liquidity although appropriate at this point of time, will require monitoring.

1.4.4.1 Table A6 Budgeted Financial Position

The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

EC 521 Siyazama - Table A6 Budgeted Financial Position								
Description	Ref	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12
R thousand								
ASSETS								
Current assets								
Cash		2 736	2 744	2 744	2 744	258	274	290
Call investment deposits	1	51 416	20 299	20 307	20 307	17 864	17 074	19 376
Consumer debtors	1	3 964	17 854	17 854	17 854	24 554	26 460	28 338
Other debtors		-						
Current portion of long-term receivables		-						
Inventory	2	293	311	311	311	329	349	368
Total current assets		58 409	41 207	41 215	41 215	43 005	44 157	48 372
Non current assets								
Long-term receivables		-						
Investments		-						
Investment property		-						
Investment in Associate		-						
Property, plant and equipment	3	47 374	84 907	100 007	100 007	128 232	155 269	187 135
Agricultural								
Biological								
Intangible						850	1 753	2 709
Other non-current assets								
Total non current assets		47 374	84 907	100 007	100 007	129 082	157 022	189 844
TOTAL ASSETS		105 783	126 114	141 222	141 222	172 087	201 180	238 217
LIABILITIES								
Current liabilities								
Bank overdraft	1	-						
Borrowing	4	33	55	55	55	58	62	66
Consumer deposits		137	146	146	146	155	164	174
Trade and other payables	4	21 749	4 354	4 354	4 354	4 603	4 888	5 176
Provisions		1 000	1 500	1 500	1 500	1 586	1 684	1 783
Total current liabilities		22 919	6 056	6 056	6 056	6 401	6 798	7 199
Non current liabilities								
Borrowing		295	240	240	240	182	120	54
Provisions		2 559	2 275	2 275	2 275	2 514	2 669	2 827
Total non current liabilities		2 853	2 515	2 515	2 515	2 696	2 789	2 881
TOTAL LIABILITIES		25 772	8 570	8 570	8 570	9 096	9 587	10 080
NET ASSETS	5	80 011	117 544	132 652	132 652	162 991	191 592	228 137
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		72 385	109 918	125 026	125 026	154 930	183 032	219 071
Reserves	4	7 626	7 626	7 626	7 626	8 061	8 560	9 066
Minorities' interests								
TOTAL COMMUNITY WEALTH/EQUITY	5	80 011	117 544	132 652	132 652	162 991	191 592	228 137

1.4.4.2 Table A7 Budgeted Cash Flows

Table A7 includes, some specific features:

- Clear separation of receipts and payments within each cash flow category
- Clear separation of capital and operating receipts from Government, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt)

EC 521 Siyazama - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other		33 412	27 903	33 004	36 204	42 460	47 212	52 868
Government - operating	1	31 674	52 609	52 609	52 609	52 021	58 599	64 179
Government - capital	1	21 706	21 763	21 763	21 763	18 680	22 466	27 317
Interest			1 800	1 800	1 800	2 500	2 655	2 812
Dividends								
Payments								
Suppliers and employees		(89 979)	(90 392)	(81 016)	(81 016)	(97 634)	(102 884)	(111 105)
Finance charges		(94)	(95)	(95)	(95)	(101)	(107)	(113)
Transfers and Grants	1							
NET CASH FROM/(USED) OPERATING ACTIVITIES		(3 280)	13 589	28 065	31 265	17 926	27 941	35 957
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-
Payments								
Capital assets		(17 771)	(37 533)	(52 633)	(52 633)	(29 754)	(28 661)	(33 584)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 771)	(37 533)	(52 633)	(52 633)	(29 754)	(28 661)	(33 584)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans		-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(56)	7	7	7	9	9	10
Payments								
Repayment of borrowing		(520)	(55)	(55)	(55)	(58)	(62)	(66)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(576)	(48)	(48)	(48)	(49)	(53)	(56)
NET INCREASE/ (DECREASE) IN CASH HELD		(21 627)	(23 992)	(24 616)	(21 417)	(11 877)	(774)	2 318
Cash/cash equivalents at the year begin:	2	-	51 416	51 416	51 416	29 999	18 122	17 348
Cash/cash equivalents at the year end:	2	(21 627)	27 424	26 800	29 999	18 122	17 348	19 666

1.4.4.3 Table A8 Cash backed reserves/accumulated surplus reconciliation

The underlying purpose of the table is to reflect the predicted cash and investments that are available at the end of a particular budget year and how those funds were used. A surplus would indicate that sufficient cash and investments was available to meet commitments, whilst a shortfall would indicate inadequate cash and investments was available to meet commitments.

EC 521 Siyazama - Table A8 Cash backed reserves/accumulated surplus reconciliation								
Description	Ref	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash and investments available								
Cash/cash equivalents at the year end	1	(21 627)	27 424	26 800	29 999	18 122	17 348	19 666
Other current investments > 90 days		75 779	(4 381)	(3 749)	(6 948)	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-
Cash and investments available:		54 152	23 043	23 051	23 051	18 122	17 348	19 666
Application of cash and investments								
Unspent conditional transfers		17 668	-	-	-	-	-	-
Unspent borrowing		-						
Statutory requirements	2							
Other working capital requirements	3	(11 664)	(4 239)	(6 685)	(7 756)	(8 464)	(12 528)	(13 885)
Other provisions		1 500	1 601	1 601	1 601	1 692	1 797	1 903
Long term investments committed	4	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	7 626	7 626	7 626	7 626	8 061	8 560	9 066
Total Application of cash and investments:		15 130	4 988	2 542	1 471	1 289	(2 171)	(2 916)
Surplus(shortfall)		39 022	18 055	20 509	21 580	16 833	19 519	22 582

1.4.5 Asset Management

Table A9 provides a summarised version of the capital programme divided into new assets and renewal of existing assets and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected. It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

EC 521 Siyazama - Table A9 Asset Management								
Description	Ref	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CAPITAL EXPENDITURE								
Total New Assets	1	15 143	9 502	36 653	36 653	29 754	28 661	33 584
Infrastructure - Road transport		4 750	-	-	-	17 746	21 343	25 951
Infrastructure - Electricity		8 683	-	5 200	5 200	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-
Infrastructure - Other		348	-	3 835	3 835	200	212	225
Infrastructure		13 781	-	9 035	9 035	17 946	21 555	26 176
Community		-	180	3 522	3 522	1 041	1 106	1 619
Heritage assets		-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-
Other assets	6	1 362	7 982	23 946	23 946	9 917	5 098	4 833
Agricultural Assets		-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-
Intangibles		-	1 340	150	150	850	902	956
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-

Investment properties	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-
Total Capital Expenditure	4							
Infrastructure - Road transport		4 750	-	-	-	17 746	21 343	25 951
Infrastructure - Electricity		8 683	-	5 200	5 200	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-
Infrastructure - Other		348	-	3 835	3 835	200	212	225
Infrastructure		13 781	-	9 035	9 035	17 946	21 555	26 176
Community		-	180	3 522	3 522	1 041	1 106	1 619
Heritage assets		-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-
Other assets		1 362	7 982	23 946	23 946	9 917	5 098	4 833
Agricultural Assets		-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-
Intangibles		-	1 340	150	150	850	902	956
TOTAL CAPITAL EXPENDITURE - Asset class	2	15 143	9 502	36 653	36 653	29 754	28 661	33 584
ASSET REGISTER SUMMARY - PPE (WDV)	5							
Infrastructure - Road transport		9 080	28 542	24 542	24 542	41 609	62 231	87 420
Infrastructure - Electricity		11 796	10 710	15 910	15 910	15 910	15 910	15 910
Infrastructure - Water		-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-
Infrastructure - Other		11 444	11 063	11 213	11 213	11 413	11 625	11 850
Infrastructure		32 321	50 315	51 665	51 665	68 932	89 766	115 180
Community		129	116	116	116	1 157	2 263	3 882
Heritage assets		-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-
Other assets		14 925	34 475	48 226	48 226	58 143	63 241	68 074
Agricultural Assets		-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-
Intangibles		-	-	-	-	850	1 753	2 709
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	47 375	84 907	100 007	100 007	129 082	157 022	189 844
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment		-	-	-	-	5 011	5 321	5 635
Repairs and Maintenance by Asset Class	3	-	5 816	5 793	5 792	7 409	7 866	8 331
Infrastructure - Road transport		-	1 800	800	800	2 800	2 974	3 149
Infrastructure - Electricity		-	450	1 195	1 195	700	743	787
Infrastructure - Water		-	1 450	1 390	1 390	1 100	1 168	1 237
Infrastructure - Sanitation		-	900	900	900	700	743	787
Infrastructure - Other		-	-	320	320	300	319	337
Infrastructure		-	4 600	4 605	4 605	5 600	5 947	6 297
Community		-	100	30	30	40	42	45
Heritage assets		-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-
Other assets	6, 7	-	1 116	1 158	1 157	1 769	1 877	1 989
TOTAL EXPENDITURE OTHER ITEMS		-	5 816	5 793	5 792	12 420	13 187	13 966
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		0.0%	7.0%	6.0%	6.0%	6.0%	5.0%	4.0%

1.4.6 Basic service delivery measurement

Table A10 provides basic service delivery information that the municipality approves basic service delivery targets aligned to national priorities.

EC 521 Siyazama - Table A10 Basic service delivery measurement								
Description	Ref	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Household service targets	1							
Water:								
Piped water inside dwelling		-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-
Sanitation/sewerage:								
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-
Energy:								
Electricity (at least min.service level)		-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		5	5	5	5	-	-	-
<i>Minimum Service Level and Above sub-total</i>		5	5	5	5	-	-	-
Electricity (< min.service level)		1	1	1	1	5	5	5
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-
Other energy sources		28	27	27	27	-	-	-
<i>Below Minimum Service Level sub-total</i>		29	29	29	29	5	5	5
Total number of households	5	34	34	34	34	5	5	5
Refuse:								
Removed at least once a week		12	12	12	12	12	12	12
<i>Minimum Service Level and Above sub-total</i>		12	12	12	12	12	12	12
Removed less frequently than once a week		-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-
No rubbish disposal		22	22	22	22	22	22	22
<i>Below Minimum Service Level sub-total</i>		22	22	22	22	22	22	22
Total number of households	5	34	34	34	34	34	34	34
Households receiving Free Basic Service	7							
Water (6 kilolitres per household per month)		7	7	7	7	8	8	9
Sanitation (free minimum level service)		1	1	1	1	1	1	1
Electricity/other energy (50kwh per household per month)		8	9	9	9	10	10	11
Refuse (removed at least once a week)		7	7	7	7	8	8	8

Cost of Free Basic Services provided (R'000)	8							
Water (6 kilolitres per household per month)		2 401	2 717	2 717	2 717	3 356	3 770	4 236
Sanitation (free sanitation service)		595	674	674	674	756	849	954
Electricity/other energy (50kwh per household per month)		1 959	2 278	2 278	2 278	3 104	3 733	4 585
Refuse (removed once a week)		5 239	5 930	5 930	5 930	6 662	7 474	8 408
Total cost of FBS provided (minimum social package)		10 193	11 598	11 598	11 598	13 878	15 827	18 184
Highest level of free service provided								
Property rates (R value threshold)		15	15	15	15	15	15	15
Water (kilolitres per household per month)		6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-
Sanitation (Rand per household per month)		50	55	55	55	59	62	66
Electricity (kwh per household per month)		50	50	50	50	50	50	50
Refuse (average litres per week)		40	40	40	40	40	40	40
Revenue cost of free services provided (R'000)	9							
Property rates (R15 000 threshold rebate)		-	1 390	1 390	1 390	1 525	1 620	1 715
Property rates (other exemptions, reductions and rebates)		-	3 940	3 940	3 940	3 063	1 902	592
Water		-	1 800	1 800	1 800	3 116	3 309	3 504
Sanitation		-	-	-	-	131	139	148
Electricity/other energy		-	695	695	695	1 700	1 805	1 912
Refuse		-	-	-	-	1 325	1 407	1 490
Municipal Housing - rental rebates		-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)		-	7 826	7 826	7 826	10 861	10 183	9 361

Part 2 – Supporting Documentation

2.1 Overview of annual budget process

The Budget process started in August 2009 after the approval of a timetable and strategy to guide the preparation of the 2010/11 to 2012/13 Operating and Capital Budgets. The timetable provided broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, State departments, other municipalities, business and labour, during March/April/May 2010. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled in March 2010.

The Budget was tabled by the Mayor at a Council meeting to be held on 31 March 2010, following which it was submitted to National Treasury as well as being subjected to a consultation process with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, other municipalities, business, labour, National and Provincial Governments.

The consultation took place in the form of a series of public meetings in the various wards (clustering certain wards) under the direction and leadership of the Mayor and his Mayoral Committee. Taking the inputs of the aforementioned consultations into account, the Executive Mayor will table the IDP and Budget for final approval at a Council meeting to be held on 15 June 2010.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned. The draft budget was also considered by the Budget Task Team. The Task Team consists of Councillors of the Budget and Treasury Committee, whilst being chaired by the Portfolio Councillor. The main objective of the Budget Task Team was to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account. The deliberations of the Budget Task Team were considered by the IDP and Budget Steering Committee under the direction of the Mayor. The purpose of the aforementioned Committee is to co-ordinate the review of the IDP and ensuring that the key service delivery priorities are addressed in the Budget.

2.2 Overview of Budget Assumptions

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro- economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- The need to enhance the municipality's revenue base.

The multi-year budget is therefore underpinned by the following assumptions:

	2010/11	2011/12	2012/13
Income	%	%	%
Water Tariff Increase	6.0	6.2	5.9
Sanitation Tariff Increase	6.0	6.2	5.9
Refuse Tariff Increase	6.0	6.2	5.9
Property Rates Increase	6.0	6.2	5.9
Electricity Tariff Increase	19.0	19.0	19.0
Revenue collection rates	40.0	60.0	80.0
Expenditure			
Total Expenditure Increase allowed (excluding repairs and maintenance)	6.0	6.2	5.9
Salary increase	8.48	6.2	5.9
Increase in repairs and maintenance	27.1	6.2	5.9
Increase in bulk purchase of power costs	29.8	25.8	25.9

It is to be noted that the Budget has been prepared, based on Generally Recognised Accounting Practice (GRAP).

2.3 Expenditure on allocations and grant programmes

Grants received

EC 521 Siyazama - Supporting Table SA18 Transfers and grant receipts							
Vote Description	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand							
RECEIPTS	1,2						
<u>Operating Transfers and Grants</u>							
National Government:		-	42 502	42 502	52 021	58 599	64 179
Municipal Systems Improvement			735	735	750	790	800
Finance Management			1 000	1 000	1 250	1 500	1 500
Equitable share			40 767	40 767	50 021	56 309	61 879
Provincial Government:		-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	42 502	42 502	52 021	58 599	64 179
<u>Capital Transfers and Grants</u>							
National Government:		-	16 763	16 763	18 680	22 466	27 317
Municipal Infrastructure (MIG)			16 763	16 763	18 680	22 466	27 317
Provincial Government:		-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	16 763	16 763	18 680	22 466	27 317
TOTAL RECEIPTS OF TRANSFERS AND GRANTS		-	59 265	59 265	70 701	81 065	91 496

Expenditure incurred against grants

EC 521 Siyazama - Supporting Table SA19 Expenditure on transfers and grant programme							
Vote Description	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
EXPENDITURE	1						
<u>Operating expenditure of Transfers and Grants</u>							
National Government:		42 502	42 502	42 502	52 021	58 599	64 179
Municipal Systems Improvement		735	735	735	750	790	800
Finance Management		1 000	1 000	1 000	1 250	1 500	1 500
Equitable share		40 767	40 767	40 767	50 021	56 309	61 879
Provincial Government:		-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		42 502	42 502	42 502	52 021	58 599	64 179
<u>Capital Expenditure of Transfers and Grants</u>							
National Government:		21 763	21 763	21 763	18 680	23 458	28 367
Municipal Infrastructure (MIG)		21 763	21 763	21 763	18 680	23 458	28 367
Provincial Government:		-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		21 763	21 763	21 763	18 680	23 458	28 367
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		64 265	64 265	64 265	70 701	82 057	92 546

Grants Reconciliation

EC 521 Siyazama - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds							
Description	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Operating transfers and grants:	1,3						
National Government:							
Balance unspent at beginning of the year							
Current year receipts		42 502	42 502	42 502	52 021	58 599	64 179
Conditions met - transferred to revenue		42 502	42 502	42 502	52 021	58 599	64 179
Conditions still to be met - transferred to liabilities					-		
Provincial Government:					-		
Balance unspent at beginning of the year					-		
Current year receipts					-		
Conditions met - transferred to revenue		-	-	-	-	-	-
Conditions still to be met - transferred to liabilities					-		
District Municipality:					-		
Balance unspent at beginning of the year					-		
Current year receipts					-		
Conditions met - transferred to revenue		-	-	-	-	-	-

Conditions still to be met - transferred to liabilities							
Other grant providers:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		-	-	-	-	-	-
Conditions still to be met - transferred to liabilities							
Total operating transfers and grants revenue		42 502	42 502	42 502	52 021	58 599	64 179
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-
Capital transfers and grants:	1,3						
National Government:							
Balance unspent at beginning of the year							
Current year receipts		21 763	21 763	21 763	18 680	22 466	27 317
Conditions met - transferred to revenue		21 763	21 763	21 763	18 680	22 466	27 317
Conditions still to be met - transferred to liabilities							
Provincial Government:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		-	-	-	-	-	-
Conditions still to be met - transferred to liabilities							
District Municipality:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		-	-	-	-	-	-
Conditions still to be met - transferred to liabilities							
Other grant providers:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		-	-	-	-	-	-
Conditions still to be met - transferred to liabilities							
Total capital transfers and grants revenue		21 763	21 763	21 763	18 680	22 466	27 317
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		64 265	64 265	64 265	70 701	81 065	91 496
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-

2.4 Allocations or Grants made by the Municipality

No grant allocations are made by the municipality.

2.5 Councillors and board members allowances and Employee Benefits

EC 521 Siyazama - Supporting Table SA22 Summary councillor and staff benefits							
Summary of Employee and Councillor remuneration R thousand	Ref	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
-	1	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>							
Salary		4 849	4 730	4 730	5 226	5 550	5 867
Pension Contributions							
Medical Aid Contributions							
Motor Vehicle Allowance		1 621	1 577	1 577	1 747	1 855	1 961
Cellphone Allowance		364	354	354	400	425	449
Housing Allowances							
Other benefits and allowances							
In-kind benefits					54	58	61
Sub Total - Councillors		6 834	6 661	6 661	7 428	7 888	8 338
% increase	4	-	-2.5%	-	11.5%	6.2%	5.7%
<u>Senior Managers of the Municipality</u>	2						
Salary		2 202	2 647	2 647	3 095	3 287	3 474
Pension Contributions					-	-	-
Medical Aid Contributions					-	-	-
Motor Vehicle Allowance		975	975	975	902	958	1 013
Cellphone Allowance		60	51	51	60	64	67
Housing Allowances		284	284	284	334	355	375
Performance Bonus		-	454	454	496	527	557
Other benefits and allowances		-	-	-	5	5	6
In-kind benefits		-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		3 521	4 411	4 411	4 892	5 195	5 491
% increase	4	-	25.3%	-	10.9%	6.2%	5.7%
<u>Other Municipal Staff</u>							
Basic Salaries and Wages		17 124	18 148	18 148	26 745	28 403	30 022
Pension Contributions		2 536	2 918	2 918	2 060	2 187	2 316
Medical Aid Contributions		2 873	2 112	2 112	4 233	4 496	4 761
Motor Vehicle Allowance		1 437	1 770	1 770	1 579	1 677	1 772
Cellphone Allowance		-	255	255	489	519	549
Housing Allowances		582	710	710	678	720	761
Overtime		-	-	-	-	-	-
Performance Bonus		-	1 663	1 663	2 247	1 046	1 195
Other benefits and allowances		-	230	230	1 164	-	-
In-kind benefits		-	1 946	1 946	-	-	-
Sub Total - Other Municipal Staff		24 552	29 752	29 752	39 193	39 047	41 376
% increase	4	-	21.2%	-	31.7%	-0.4%	6.0%
Total Parent Municipality		34 907	40 824	40 824	51 513	52 130	55 205
TOTAL SALARY, ALLOWANCES & BENEFITS		34 907	40 824	40 824	51 513	52 130	55 205
% increase	4	-	17.0%	-	26.2%	1.2%	5.9%
TOTAL MANAGERS AND STAFF	5	28 073	34 163	34 163	44 085	44 243	46 867

EC 521 Siyazama - Supporting Table SA23 Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.			2	3
Councillors	4						
Speaker	5	367 969	1 692	144 754			514 415
Chief Whip		189 734	1 692	76 730			268 156
Executive Mayor		459 963	1 692	176 113			637 768
Deputy Executive Mayor		-	-	-			-
Executive Committee		758 936	6 768	306 920			1 072 624
Total for all other councillors		3 449 700	42 300	1 442 275			4 934 275
Total Councillors	9	5 226 302	54 144	2 146 792			7 427 238
Senior Managers of the Municipality	6						
Municipal Manager (MM)		889 567	1 583	132 600	122 879	12 000	1 158 629
Chief Finance Officer		503 245	1 583	280 604	58 182	12 000	855 614
Deputy City Manager - Governance		-					-
Deputy City Manager - Procurement and Infrastructure		526 768	1 583	281 879	92 610	12 000	914 840
Deputy City Manager - Health, Safety and Social Issues		489 538	1 583	391 927	111 012	12 000	1 006 060
Deputy City Manager - Corporate and Human Resources		401 873	1 583	429 331	111 324	12 000	956 111
<i>List of each official with packages >= senior manager</i>							
Head: Internal Audit and Performance Management							-
Head: Geographical Information and Policy							-
Head Office of Intergovernmental and Governance Relations							-
Total Senior Managers of the Municipality	9	2 810 991	7 915	1 516 341	496 007	60 000	4 891 254
A Heading for Each Entity	7,8						
List each member of board by designation							
Chief Executive Officer (CEO)							-
Total for municipal entities	9	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		8 037 293	62 059	3 663 133	496 007	60 000	12 318 492

EC 521 Siyazama - Supporting Table SA23 Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Summary of Personnel Numbers	Ref	2008/09			Current Year 2009/10			Budget Year 2010/11		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)					32		32	32		32
Board Members of municipal entities	3									
Municipal employees	4									
Municipal Manager and Senior Managers	2			5	5		5	5		5
Other Managers	6			4	9	1	4	9	5	4
Professionals		-	15	1	12	7	5	12	7	5
<i>Finance</i>			15	1	3	1	2	3	1	2
<i>Spatial/town planning</i>										
<i>Information Technology</i>					1		1	1		1
<i>Roads</i>					1	1		1	1	
<i>Electricity</i>					1		1	1		1
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>					6	5	1	6	5	1
Technicians		-	9	-	44	36	2	44	42	2
<i>Finance</i>			9		5	3	1	5	4	1
<i>Spatial/town planning</i>					1	1		1	1	
<i>Information Technology</i>					2	1		2	2	
<i>Roads</i>					6	3		6	6	
<i>Electricity</i>					6	6		6	6	
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>					24	22	1	24	23	1
Clerks (Clerical and administrative)			35		40	34		40	40	
Service and sales workers			6							
Skilled agricultural and fishery workers					3	2		3	3	
Craft and related trades			12		27	12		27	27	
Plant and Machine Operators										
Elementary Occupations			123		120	111		120	120	
TOTAL PERSONNEL NUMBERS		-	200	10	292	203	48	292	244	48
% increase			-	-95.0%	2820.0%	1930.0%	380.0%	508.3%	16.4%	80.3%
Total municipal employees headcount	5									
Finance personnel headcount	7				38	18	8	38	30	8
Human Resources personnel headcount	7				9	5	4	9	5	4

2.5 Municipal Manager's Quality Certification

Quality Certificate

I, Khaya Gwabeni, Municipal Manager of Siyazama Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name _____

Municipal Manager of Siyazama Local Municipality (EC521)

Signature _____

Date _____