

NALEDI LOCAL MUNICIPALITY



2010/2011 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL BUDGET DOCUMENT

JUNE 2010

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2. Administrator's Budget Speech

The Administrator's Budget Speech will be delivered and signed to the community at Thapelong Hall on 25th June 2010 after the completion of the community consultation process, and to coincide with the tabling of the budget for consideration and approval.

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

3. Draft Budget Related Resolutions

1. Administrator takes cognisance of the draft annual budget of the municipality for the financial year 2010/2011 and indicative for the two projected outer years 2011/2012 and 2012/2013 as set-out in the following schedules and the public be invited to comment and thereafter it be resubmitted to the Administrator for approval:
 - 1.1. Operating revenue by source reflected in schedule 1 and 2;
 - 1.2. Operating expenditure by vote reflected in schedule 1 and 2;
 - 1.3. The multi-year capital appropriations by vote and associated funding reflected in schedules 3 of the 2010/2011 MTREF
2. Administrator considered the property rates reflected on page 34 to be imposed for the budget year 2010/2011
3. Administrator considered the following tariffs and charges reflected to be implemented for the budget year 2010/2011
 - 3.1 Electricity (page 35 and 36)
 - 3.2 Water (page 37)
 - 3.3 Sewerage (pages 38 and 39)
 - 3.4 Cleansing - Refuse removal (page 40)
 - 3.5 Sundry tariffs (pages 41 to 59)
- 4 Administrator notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
- 5 The Property Rates Policy on page 20 shall not be amended, with regard to the valuation roll the municipality shall prepare a new valuation roll every after 5 (five) years and supplementary valuation rolls monthly.

4. Executive Summary

The 2010/2011 budget preparation and IDP review process were conducted partly in line with the legislative and regulatory frameworks prescribed by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Guidelines due to administrative challenges that have resulted into placing the municipality under section 139 of the Constitution of the Republic of South Africa on the 6th May 2010. The format and contents of this budget document are in accordance with the guidelines contained in *MFMA Circular 51*.

The draft budget was tabled in Council on 31 March 2010 after which an **community consultation** and public participation process will be conducted in June 2010. The programme that will follow with the various public meetings held is included on page 21 of the budget document.

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

Free State PGDS (2007-2014) Priority Areas for Intervention	Motheo District Municipality Integrated Goals
<ul style="list-style-type: none"> ▪ Economic Growth, Development and Employment ▪ Justice and Crime Prevention ▪ Social and Human Development ▪ Efficient Governance and Administration 	<ul style="list-style-type: none"> ▪ Effective, sustainable accountable governance ▪ High level financial performance and management ▪ Efficient and effective service delivery ▪ Promotion of public participation and awareness ▪ Strategic economic and social role playing in the District

The Key Performance Areas of the Naledi Local Municipality, in line with provincial and district priorities and goals are:

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

Further details on objectives and strategies are shown on pages 26-27 of the budget document.

The following are the main benefits offered to registered indigents for which a threshold of a monthly household income of R1 100.00 has been set.

- 6 kiloliters of free basic water
- Free sanitation
- Free refuse removal

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

Service	% tariff increase
Property rates	6.5
Electricity	N/A
Water	6.5
Sanitation	6.5
Refuse removal	6.5

Further information on proposed tariff increases, including sundry tariffs, are included on pages 33 to 60. In terms of the municipality's **financial position** own revenue constitute close to 12,782,000 which is about 28.4% of the total operating revenue of the municipality, whilst government grants and subsidies contribute on approximately 32,165,000 or 71.6% to the total revenue.

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

	Medium Term Revenue and Expenditure Framework		
	2010/2011	2011/2012	2012/2013
	R'000	R'000	R'000
Operating revenue	44,947,000	48,978,000	51,903,000
Operating expenditure	44,608,000	48,352,000	51,001,000
Capital expenditure	12,744,000	14,274,000	17,353,000

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

4.1 Key assumptions

- Inflation is budgeted at 6.5 % slightly 0.8% more the rate that is in terms of National Treasury circular No. 51
- 35% water loss
- 40% non payment rate
- 8% increase on Councillors allowance
- Impairment and bad debt provision estimated at t 25 million
- Additional increase in revenue from the implementation of the Property rates Act 2010/2011 financial year is estimated at 7,5 million
- In terms of the Salary Agreement provision is made for a 13% increase that is apportioned into provision for salary level adjustment of 9% and salary increase of 4% to cover the general increase as well as the notch increase of staff where applicable. The implementation approach is aimed at closing the wage gap where employees at the same level have to be remunerated the same.

5. Budget Schedules

5.1 Revenue and expenditure

FS171 Naledi (Fs) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source											
Property rates	2	2 524	2 739	3 041	3 002	1 038	1 038	-	2 355	2 589	192
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	2 179	3 598	11 800	5 540	2 794	4 789	-	2 936	3 150	357
Service charges - sanitation revenue	2	2 751	3 039	3 466	3 019	3 012	3 100	-	3 165	3 240	957
Service charges - refuse revenue	2	1 896	2 199	2 105	2 043	2 018	2 268	-	2 121	2 271	835
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments											
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational											
Other revenue	2	1 459	4 534	1 621	8 187	978	4 248	-	2 205	1 537	998
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		24 301	31 788	41 008	47 560	35 608	41 212	-	44 947	48 978	51 903
Expenditure By Type											
Employee related costs	2	12 489	12 224	16 708	17 732	19 627	19 627	-	20 441	22 287	438
Remuneration of councillors											
Debt impairment	3	-	5 387	993	4 058	4 058	169	-	3 865	4 508	994
Depreciation & asset impairment	2	-	-	-	-	-	-	-	4 000	5 257	950
Finance charges											
Bulk purchases	2	1 327	4 989	3 735	5 346	1 779	1 779	-	2 000	2 170	354
Other materials											
Contracted services	8	-	-	-	-	-	-	-	-	-	-
Transfers and grants											
Other expenditure	4, 5	3 449	17 450	20 170	11 849	8 875	9 071	-	25 482	26 684	726
Loss on disposal of PPE											
Total Expenditure		18 022	40 770	42 258	42 436	34 971	31 279	-	57 352	62 627	68 354

Surplus/(Deficit) Transfers recognised - capital		6 279	(8 982)	(1 250)	5 124	637	9 933	-	(12 405)	(13 649)	451	(16)
Contributions recognised - capital		9 200	-	-	10 605	10 605	10 605	-	12 634	14 149	203	17
Contributed assets	6	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		15 479	(8 982)	(1 250)	15 729	11 242	20 538	-	229	500	752	
Taxation												
Surplus/(Deficit) after taxation		15 479	(8 982)	(1 250)	15 729	11 242	20 538	-	229	500	752	
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		15 479	(8 982)	(1 250)	15 729	11 242	20 538	-	229	500	752	
Share of surplus/(deficit) of associate	7											
Surplus/(Deficit) for the year		15 479	(8 982)	(1 250)	15 729	11 242	20 538	-	229	500	752	

The capital grants are not included in the revenue:

2010/2011	R 32,165,000
2011/2012	R 36,191,000
2012/2013	R 36,564,000

Table A9 has more detail on repair and maintenance. The amount reflected under Expenditure: Materials refers to repair and maintenance.

Employee related cost increase by R 0,814,000 million or about 4.5% which is due to the following critical posts:

1. DIRECTORATE: FINANCIAL SERVICES

- 1.1 Manager: Revenue Services Management
- 1.2 Manager: Financial Management Services
- 1.3 Manager: Financial Support Services
- 1.4 Personal Assistant to Chief Financial Officer
- 1.5 Customer Care Officers: Van Stadensrus Paypoint
- 1.6 Customer Care Officer: Wepener Paypoint
- 1.7 Customer Care Officer: Dewetsdorp

2. DIRECTORATE: TECHNICAL SERVICES

- 2.1 Manager: Project Management Unit
- 2.2 Personal Assistant to Director: Technical Services
- 2.3 Administrator: Project Management Unit

Provision for Bad Debts is 3.8 million to accommodate the non-payment of services and to impair the debtors and the repair and maintenance increase by R 0,703,000 million or 101.5%.

5.2 Revenue and Expenditure per Department

FS171 Naledi (Fs) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	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									8
Vote1 - Council		6 140	6 472	8 133	8 131	3 079	3 079	7 209	7 954	276
Vote2 - Treasury		1 943	3 606	2 058	5 692	169	349	12 886	13 000	14
Vote3 - Corporate & Social Services		1 147	4 834	6 246	7 555	810	752	6 288	5 942	7
Vote4 - Technical Services		11 570	32 486	38 003	38 406	12 459	14 784	30 567	35 502	179
Vote5 - Planning and Development		-	-	-	-	-	-	631	729	38
Example 6 - Vote6		-	-	-	-	-	-	-	-	519
Example 7 - Vote7		-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	20 800	47 399	54 440	59 784	16 517	18 964	57 581	63 127	69
Expenditure by Vote to be appropriated	1									8
Vote1 - Council		7 495	9 394	18 441	10 184	7 399	7 399	7 101	7 950	243
Vote2 - Treasury		1 956	9 883	6 740	5 813	7 030	7 745	9 964	10 324	11
Vote3 - Corporate & Social Services		1 728	3 095	5 351	7 630	5 086	5 108	5 854	6 091	7
Vote4 - Technical Services		7 144	18 888	13 457	37 768	28 210	16 620	34 104	37 916	41
Vote5 - Planning and Development		-	-	195	840	567	697	330	346	372
Example 6 - Vote6		-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	18 323	41 259	44 183	62 235	48 292	37 570	57 352	62 627	68
Surplus/(Deficit) for the year	2	2 477	6 139	10 257	(2 451)	(31 775)	(18 606)	229	500	354

5.3 Capital expenditure and funding.

S171 Naledi (Fs) - Table A5 Budgeted Capital Expenditure by vote											
Vote Description R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote1 - Council		-	-	-	-	-	-	-	-	-	-
Vote2 - Treasury		-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate & Social Services		-	-	-	-	-	-	-	-	-	-
Vote4 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote5 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote1 - Council		-	-	(6)	30	45	46	-	-	-	-
Vote2 - Treasury		-	-	(28)	40	24	40	-	980	-	-
Vote3 - Corporate & Social Services		-	26	10	2 180	480	480	-	-	-	-
Vote4 - Technical Services		18	-	849	16 833	12 433	5 181	-	11 764	14 274	17 353
Vote5 - Planning and Development		-	-	-	517	387	517	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		18	26	824	19 600	13 370	6 264	-	12 744	14 274	17 353
Total Capital Expenditure - Vote		18	26	824	19 600	13 370	6 264	-	12 744	14 274	17 353
Capital Expenditure - Standard											

<i>Governance and administration</i>		-	-	(34)	70	70	86	70	980	-	-
Executive and council		-	-	(6)	30	45	46	30	-	-	-
Budget and treasury office		-	-	(28)	40	24	40	40	980	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	900	-	-	900	-	2 000	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	900	-	-	900	-	2 000	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	26	40	4 317	4 187	4 317	4 317	4 564	4 910	7 822
Planning and development		-	-	-	517	387	517	517	-	-	2 530
Road transport		-	-	30	3 320	3 320	3 320	3 320	4 564	4 910	4 042
Environmental protection		-	26	10	480	480	480	480	-	-	1 250
<i>Trading services</i>		-	-	-	9 578	9 398	9 398	9 578	7 200	7 364	9 531
Electricity		-	-	-	1 828	1 828	1 828	1 828	-	-	-
Water		-	-	-	5 280	5 100	5 100	5 280	4 200	3 510	4 131
Waste water management		-	-	-	-	-	-	-	3 000	2 654	3 500
Waste management		-	-	-	2 470	2 470	2 470	2 470	-	1 200	1 900
<i>Other</i>		18	-	819	4 735	3 015	3 015	4 735	-	-	-
Total Capital Expenditure - Standard	3	18	26	824	19 600	16 670	16 816	19 600	12 744	14 274	17 353
Funded by:											
National Government		18	26	824	12 433	12 433	12 433	12 433	12 634	14 149	17 203
Provincial Government											
District Municipality					6 834	3 399	3 399	6 000			
Other transfers and grants											
Transfers recognised - capital	4	18	26	824	19 267	15 832	15 832	18 433	12 634	14 149	17 203
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					333	857	984	1 167	110	125	150
Total Capital Funding	7	18	26	824	19 600	16 690	16 816	19 600	12 744	14 274	17 353

The Total capital budget is R 12,744,000 million.

5.4 Other tables

Attached to the report are the following Tables:

Table A1: Budget summary

Table A2: Budgeted Financial Performance (standard classification)

Table A6: Budgeted Financial Position

Table A7: Budgeted Cash Flow

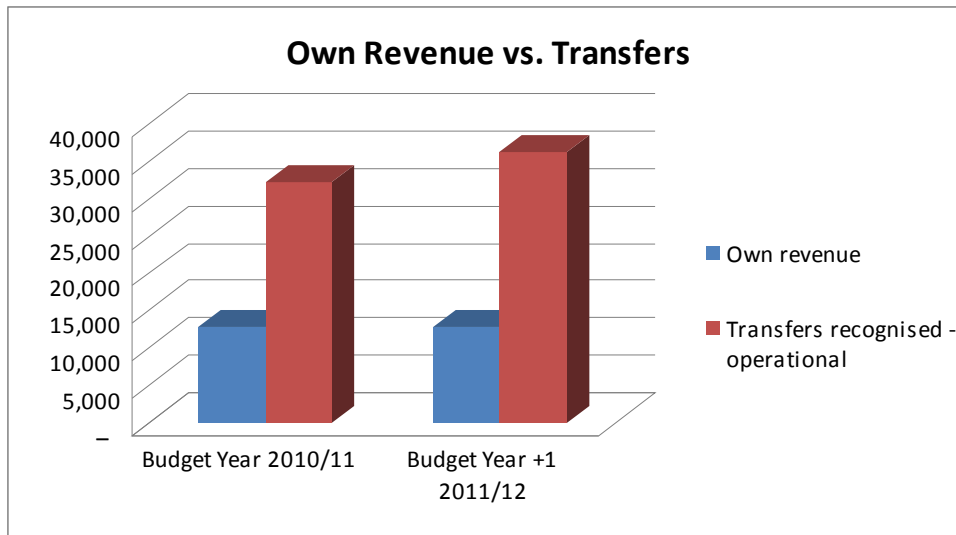
Table A8: Cash backed reserves

Table A9: Asset Management

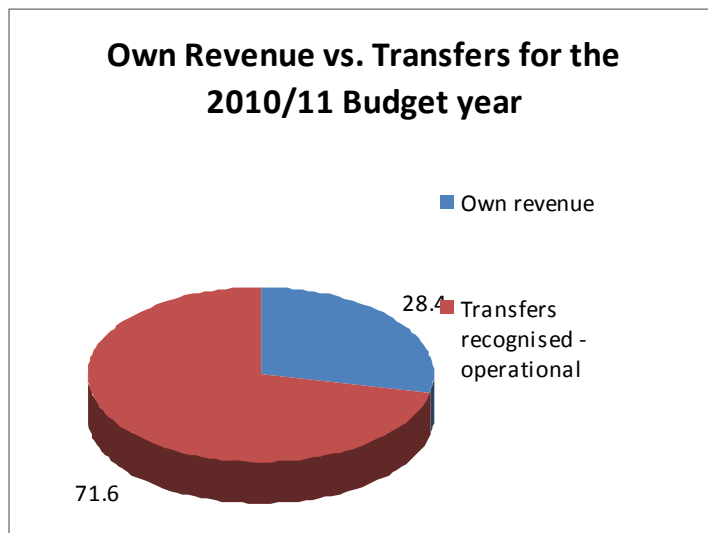
Table A10: Basic service delivery measurement

6. Budget Related Charts

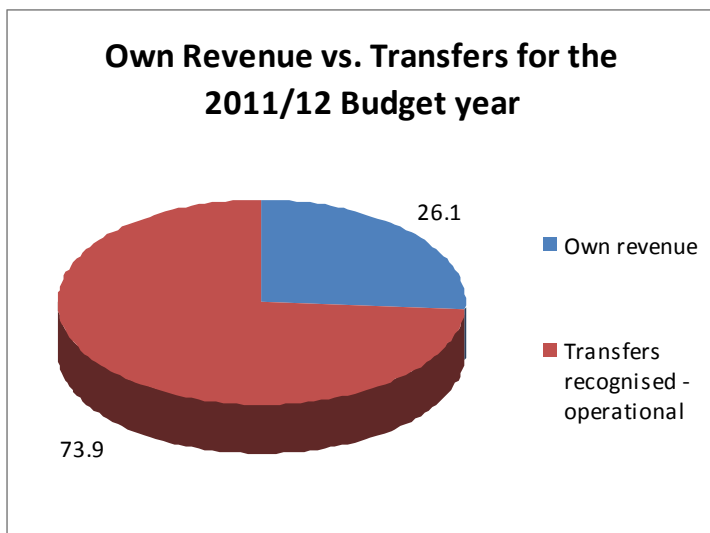
Chart 1: Revenue by Major source



Bar Chart in Rand Value.

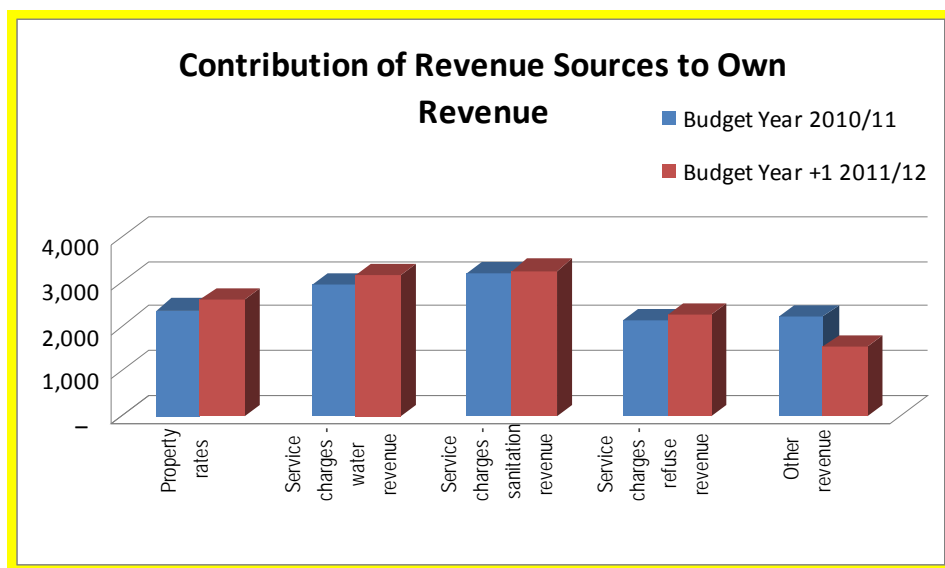


2010/2011 Pie Chart in percentile



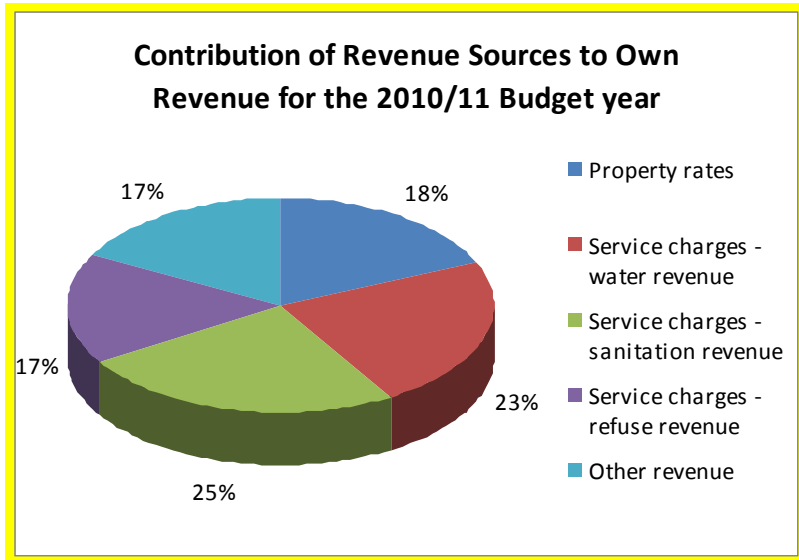
2011/12 Pie Chart in percentile.

Revenue from own source represents R 12,8 million which is 22.2% of total revenue in 2010/2011 it increases to R 12,8 which is 26.1% in 2011/12. This indicates that there is no increase in own revenue except the increase in allocated grants. The situation illustrates the municipality’s reliance on government grant is between 77.2% and 65.5% for 2010/11 and 2011/2012.

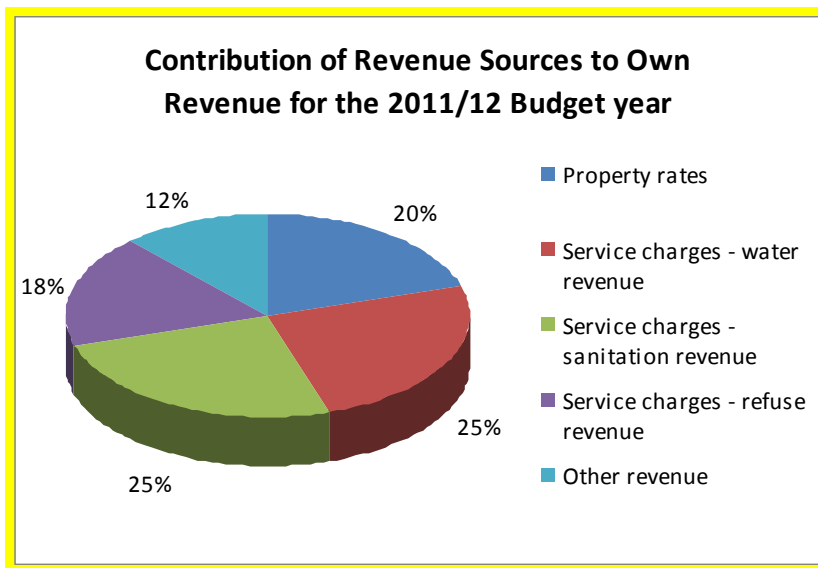


Bar Chart in Rand Value





2010/2011 Pie Chart in percentile.



2011/2012 Pie Chart in percentile.

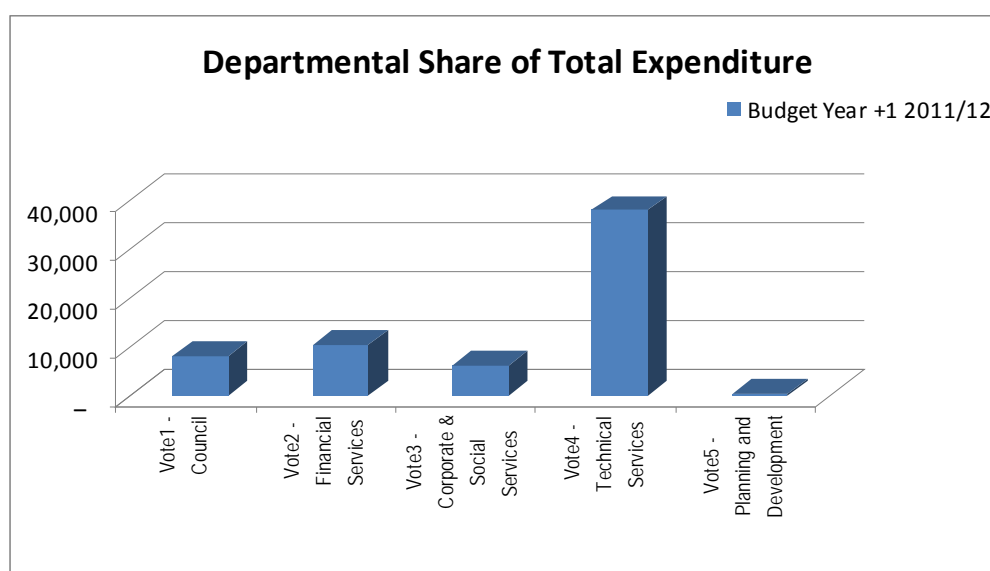
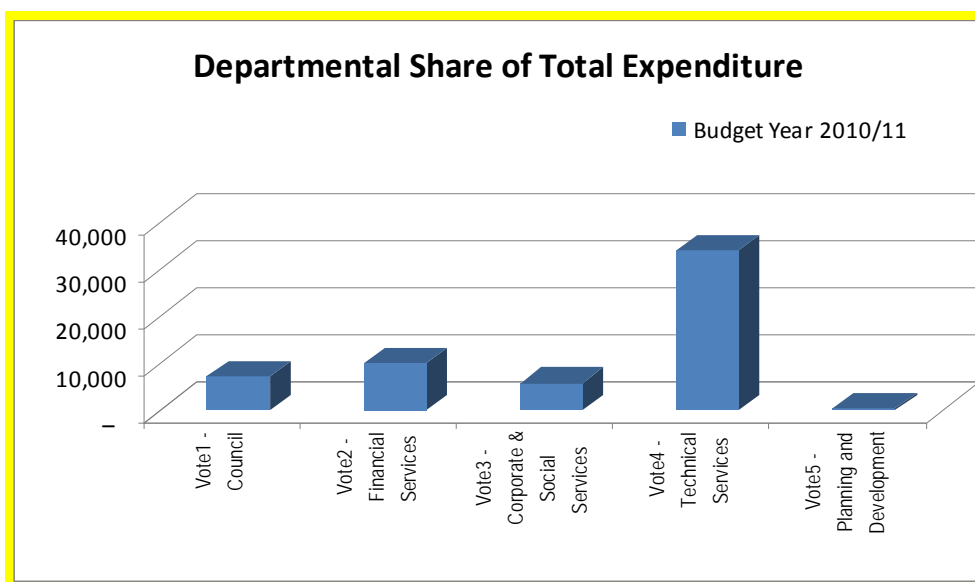
Water and Sanitation remain the major revenue sources in 2010/2011 and 2011/2012 with water revenue increase by 2% between years and sanitation remaining at 25%.

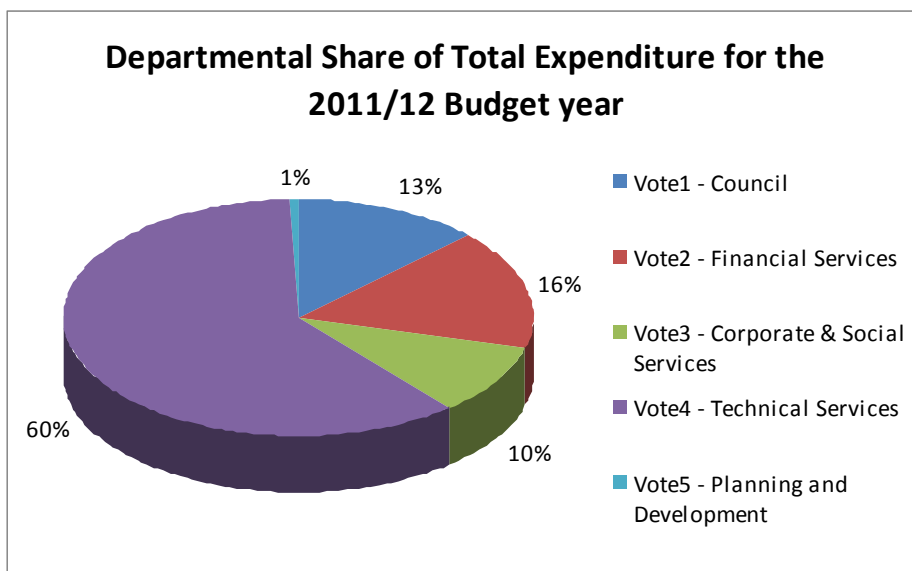
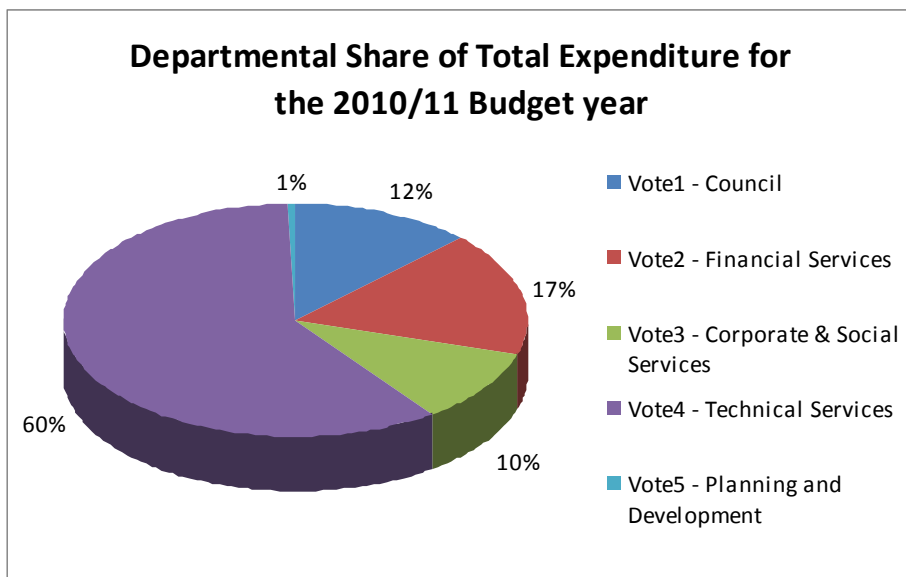
Water shares 23% and 25% in 2010/2011 and 2011/2012

Sanitation's share is 25% in both 2010/2011 and 2011/2012

The electricity revenue is not reflected on due to the situation explained with regard to the Service Delivery Agreement between the municipality and service provider. It is within the municipality’s intended plans to consider the electricity tariffs, revenue and expenditure for the adjustment budget should the clear understanding on the Service Delivery Agreement (SDA) be developed between the two parties. The inclusion of the electricity revenue into the budget of the municipality will boost the revenue base.

Chart 2: Revenue by Minor Source

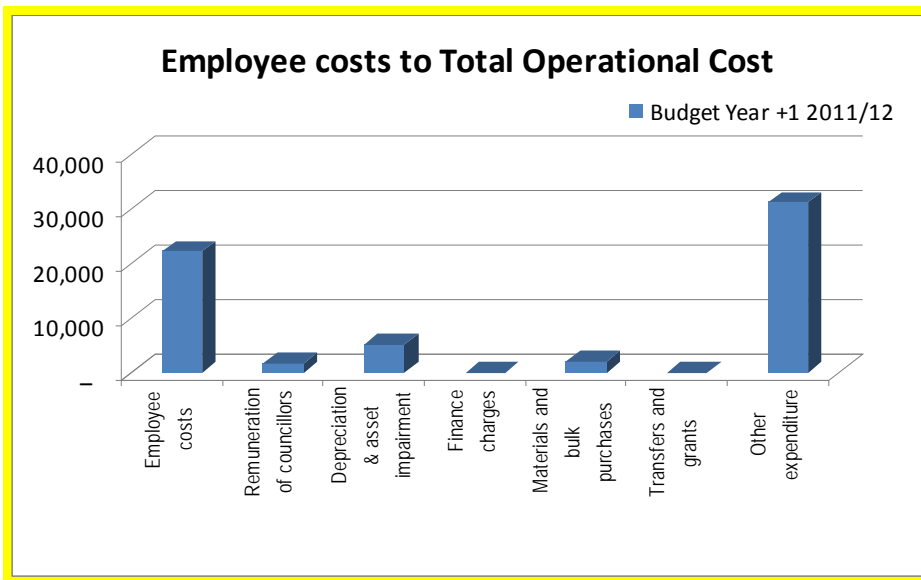
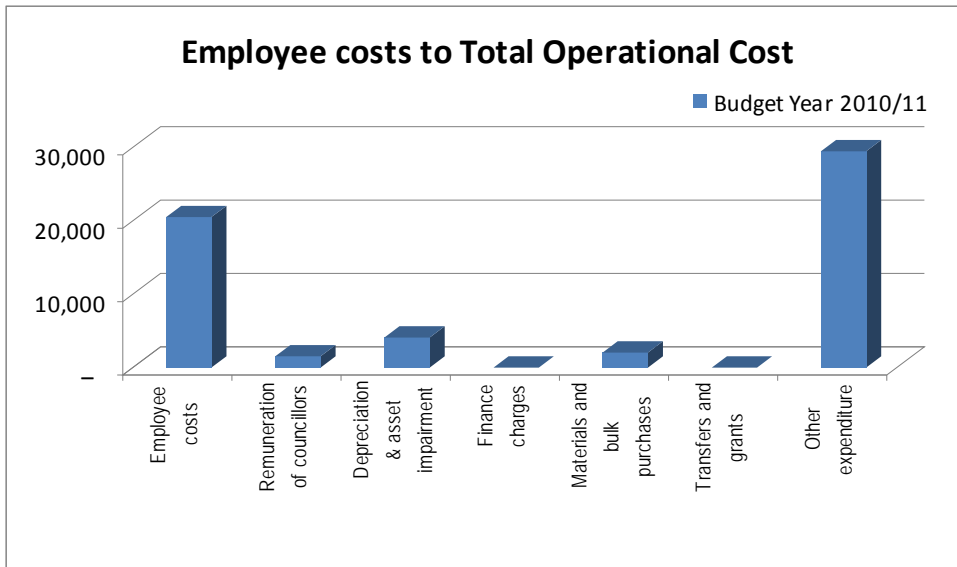


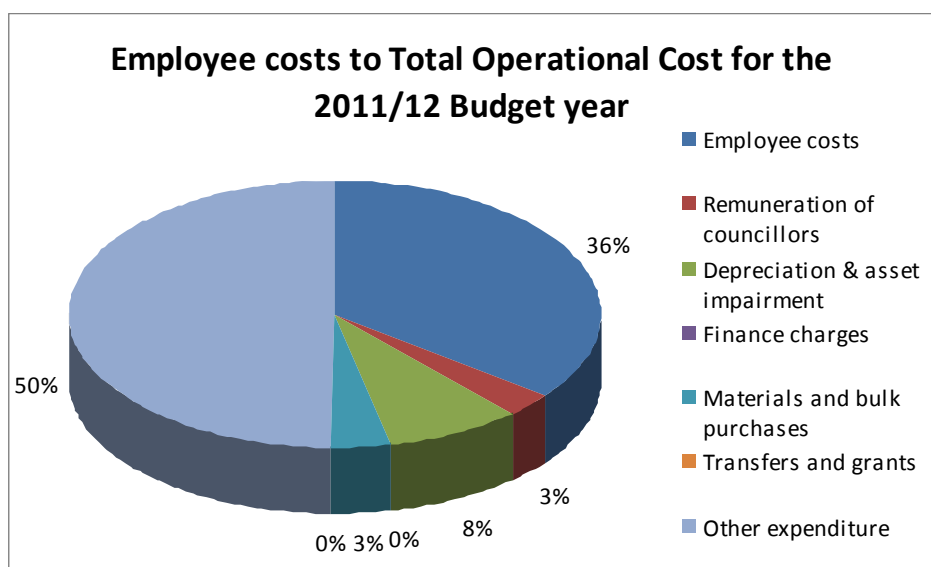
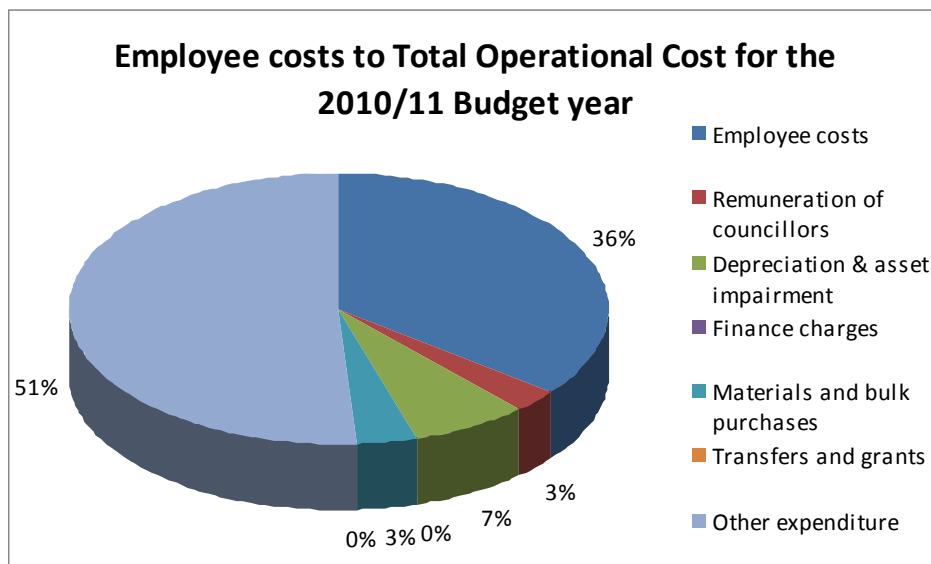


Revenue from sanitation tariffs represents on average 30% of total revenue while revenue from refuse tariffs represents on average 20% of total revenue.



Chart 3: Operating Expenditure by Vote





The expenditure relating to the Technical Services (Electricity, Water, Sanitation and Roads) is the biggest component at 59% in 2010/2011 this is due to municipality's prioritization of service delivery.

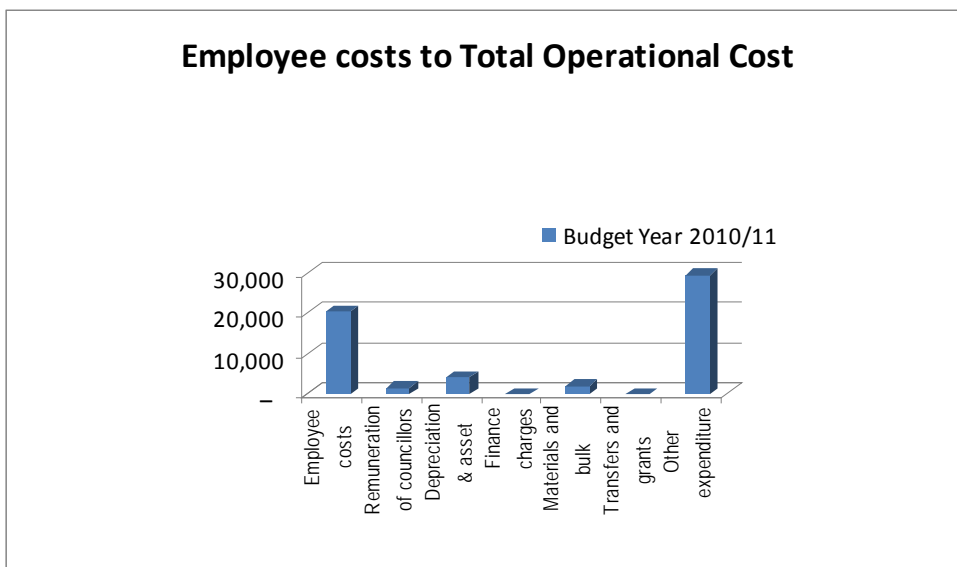
Financial Services, which includes Revenue Management, Financial Management Services and Financial Support Services is the second biggest component at 17% in 2010/2011. The prioritization of the Directorate: Financial Services is informed by the process of building finance department that should be able to meet the current financial



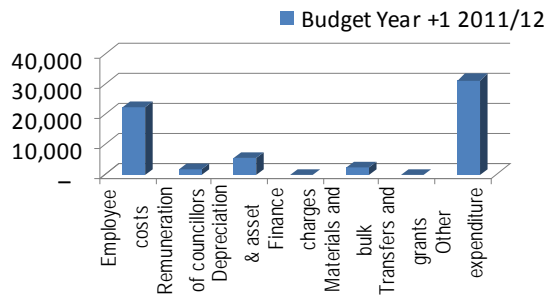
reforms by ensuring that the department is beefed up with necessary staff. The other priority is at the customer care service in response to the principles of Batho Pele.

Expenditure relating to political office and the office of Municipal Manager i.e. Council, the Office of the Mayor/Speaker and Municipal Manger shares 12% of total expenditure. The municipality is in the process of aligning the budget allocations to the definition of the municipality in terms of section 2 of the Local Government: Municipal Systems Act. The alignment will ensure that the budget of the office of Municipal Manager is reported under Directorate: Corporate Services not within the political structure.

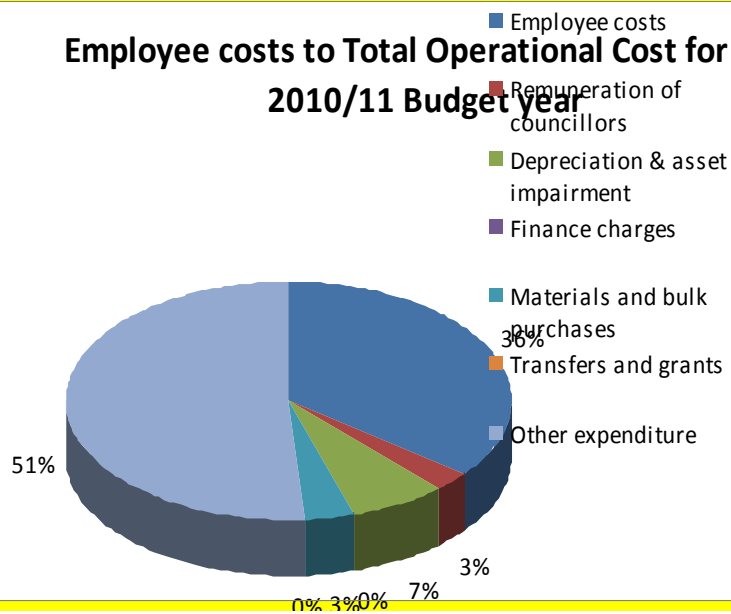
Chart 4: Operating Expenditure by Major Type

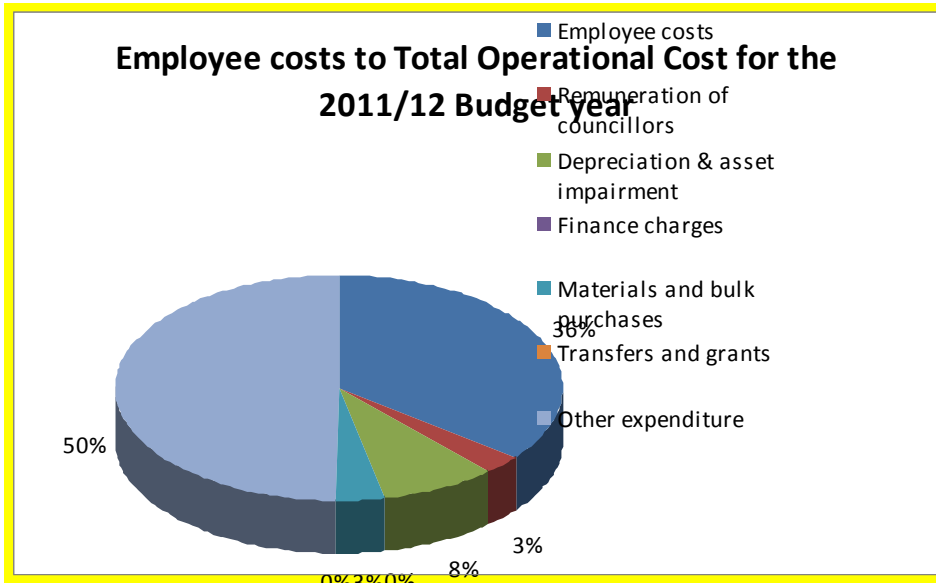


Employee costs to Total Operational Cost



Employee costs to Total Operational Cost for the 2010/11 Budget Year

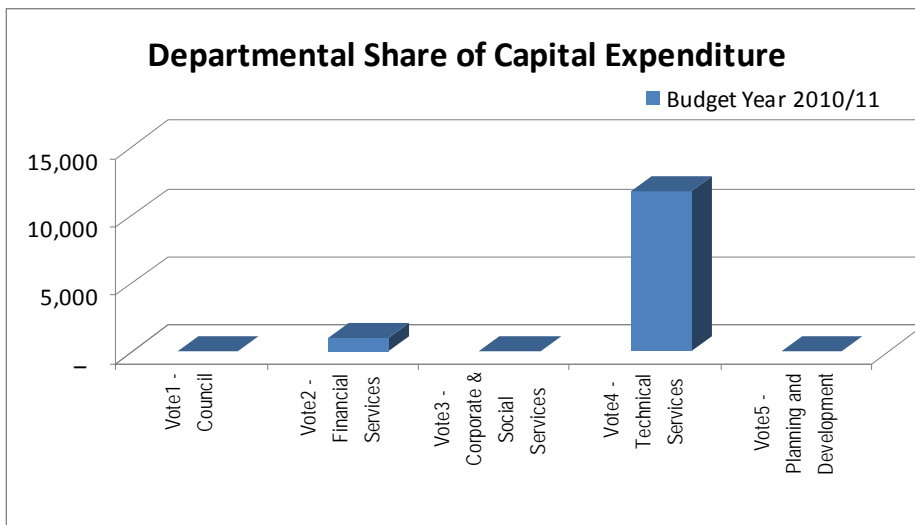


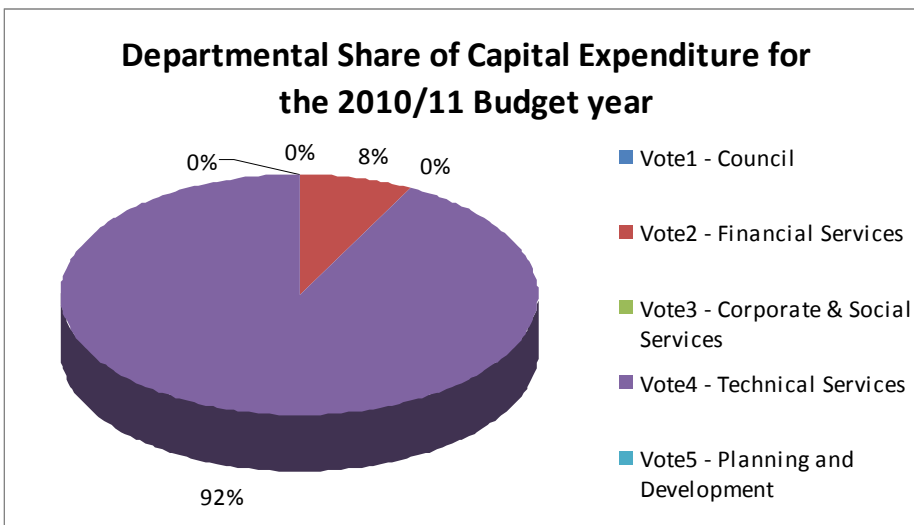
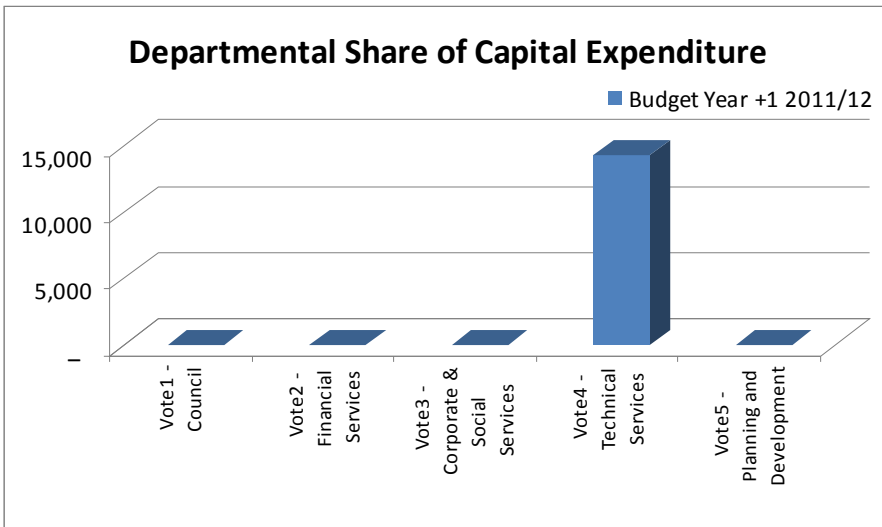


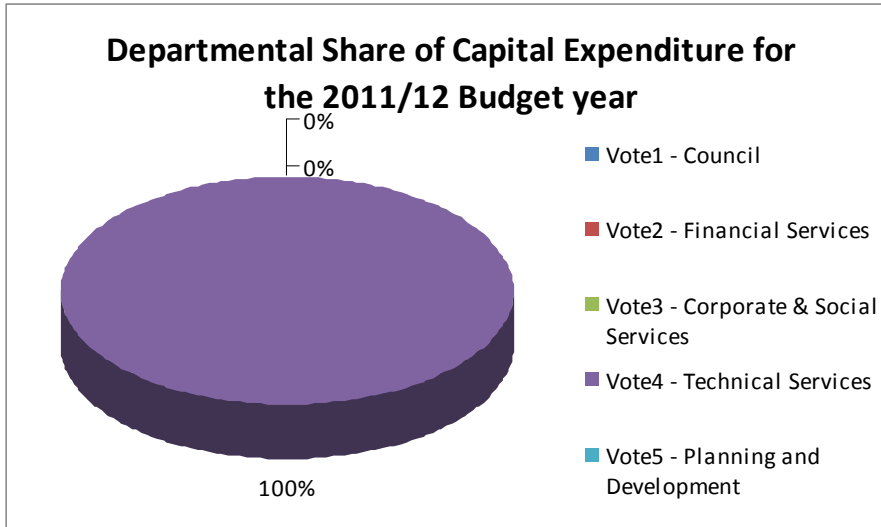
Employee related cost constitute 22,005,000 which is 38.4% of total expenditure in 2010/2011. The amount includes the councillor’s allowance. Like in the case of the expenses related to the Municipal Manager, the future budget will separate the political structure expenses from the administration.

General expenditure amount to R25, 482,000 million in 20101/2011 increasing to R26, 684,000 million in 2011/2012.

Chart 5: Capital Expenditure by Vote



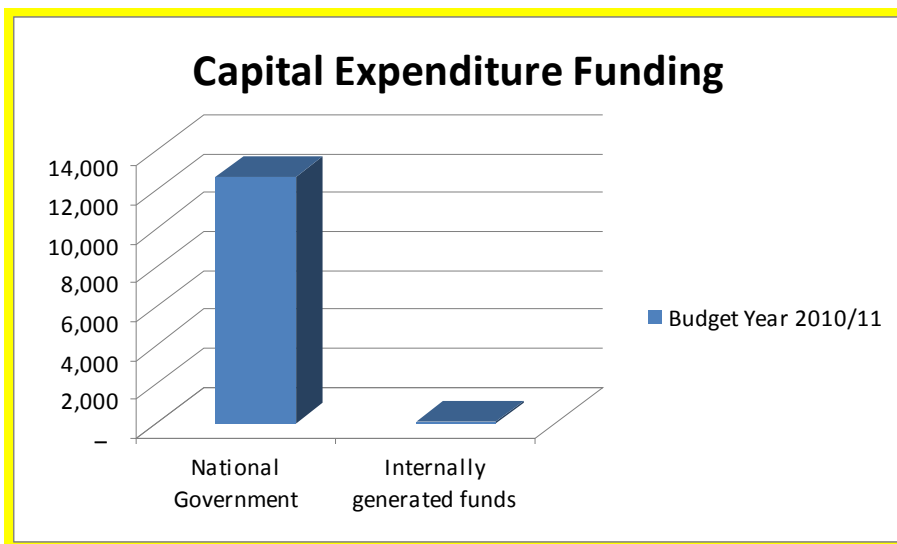


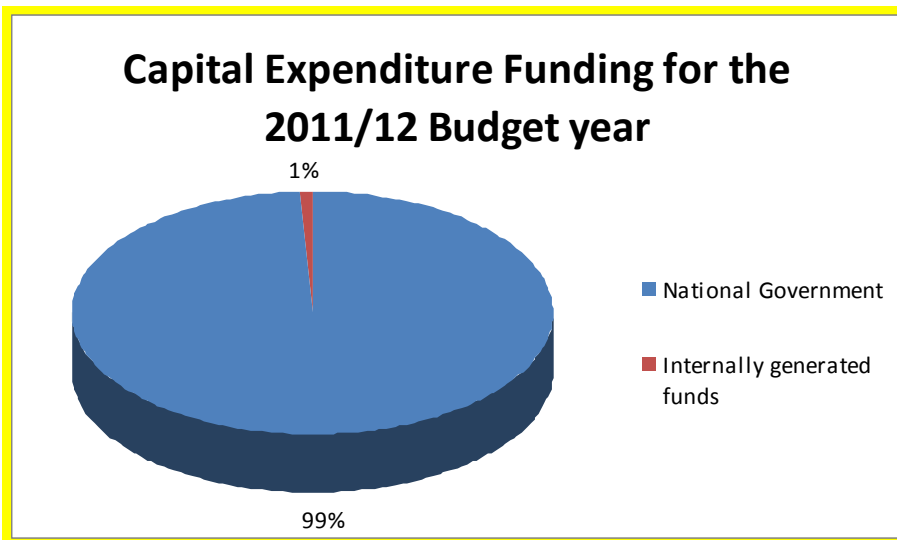
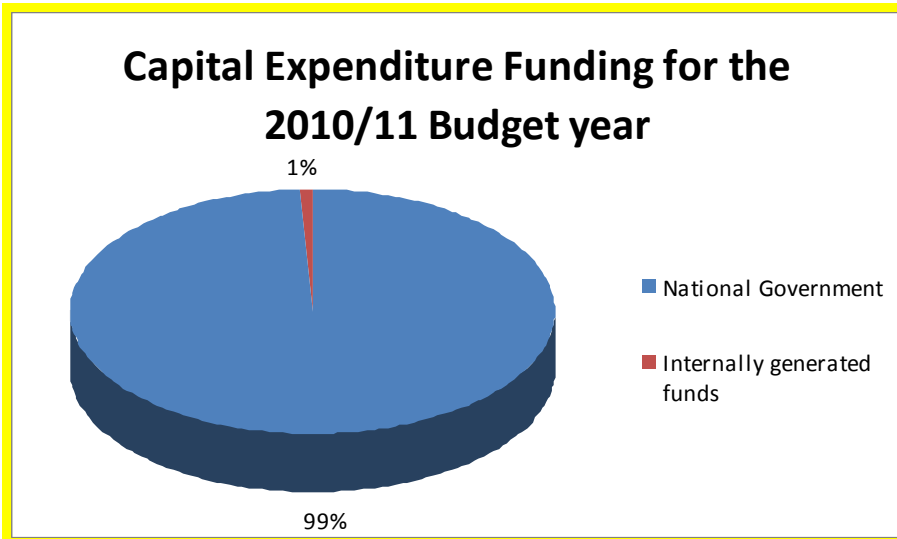
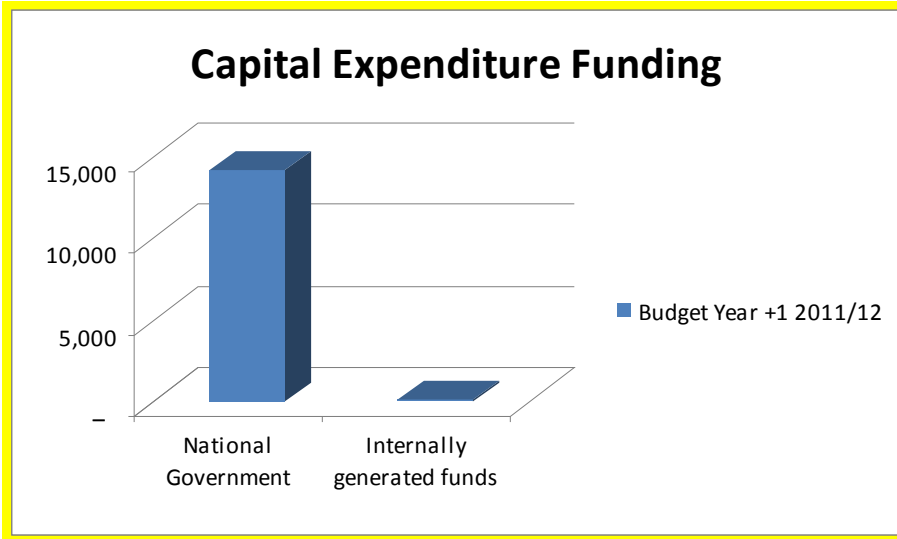


The biggest single portion of capital expenditure is allocated to Technical Services which amounts to R 11,764,000 million in 2010/2011 increasing to R 14,274,000 million in 2011/2012

It is projected that capital expenditure will be increasing over the next three years i.e. R 12,634,000 million in 2010/2011, R 14,149,000 million in 2012/2012 and R 17,302,000 million in 2012/2013. This is due increase on the grants received from the National Government.

Chart 6: Capital Expenditure Funding





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

Government grants and subsidies from the National and Provincial spheres, as well as District Municipality, constitute 99.1% of the total capital funding in 2010/2011.

7. Budget Process Overview

MFMA, Chapter 4, as well as Circular **51** provide guidance on the steps in the annual budget process. Critical to the development of a credible budget are: the manner in which the strategic planning process is integrated; the input of policy directions; and consultation with the community and other stakeholders, as summarised below:

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

• Political oversight of the budget process

The Council and Senior Management convened various planning sessions from December 2008 to discuss political and strategic priorities that would inform the IDP review and Budget preparation processes.

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

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

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

Various public participation meetings with residents and ward committees on the annual revisions to IDP were held during the period October 2009 to November 2009.

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

The following time schedule of key deadlines for the preparation of the budget for the 2010/2011 medium term period was tabled in Council in August 2009 and was approved by council accordingly in September.

1. Preparation [Pre-Planning] Phase

DELIVERABLE	ACTION(S) TO BE TAKEN	RESPONSIBLE PARTIES	TIME-FRAME(S)
Consider comments and/or proposals received from MEC, if any, MSA s 32	Convene an IDP Steering Committee and analyse MEC's comments and/or proposals, if any.	IDP Steering Committee	Aug - Sep 2009
Consider comments and/or proposals from Councillors, Ward Committees and other key-role players that may have been received	Convene an IDP Steering Committee and analyse comments and/or proposals, if any.	IDP Steering Committee	Aug - Sep 2009
Establish method(s) of gathering of data and processing into decision-making information	Convene an IDP Steering Committee	IDP Steering Committee	Aug - Sep 2009
Presentation on Constitutional obligation powers and functions of the district to Council.	Presentation on Constitutional obligation powers and function of the District to Council.	Provincial department/ Municipal Manager	Aug – Sep 2009

2. Phase 1: Analysis

DELIVERABLE	ACTION(S) TO BE TAKEN	RESPONSIBLE PARTIES	TIME-FRAME(S)
Obtain adoption of IDP Review Process Plan	Convene a Special Council Meeting	Acting Municipal Manager & Mayor	Sep – Oct 2009
Status Quo Analysis	Present status quo (incl Spatial Development Framework) report on Community and Municipal-wide issues	IDP Steering Committee	Sep – Oct 2009
Progress Report on 2009/2010 IDP Implementation	Present Outcome & Impact of 2009/2010 IDP Implementation	IDP Steering Committee	Sep – Oct 2009
Validation of existing level of development dynamics	Present existing level of development dynamics Representative Forum	IDP Steering Committee	Sep – Oct 2009
Document all Outputs	Deskwork	Manager: IDP & OPM Unit	Sep – Oct 2009

3. Phase 2: Strategies

DELIVERABLE	ACTION(S) TO BE TAKEN	RESPONSIBLE PARTIES	TIME-FRAME(S)
Review of Naledi Vision, Mission &, Values	Facilitate a meeting with IDP Steering Committee & Rep Forum	Manager: IDP & OPM Unit	Oct –Nov 2009
Review of Development Objective & Strategies	Facilitate a meeting with IDP Steering Committee & Rep Forum	Rep Forum Manager: IDP & OPM Unit	Oct – Nov 2009

4. Phase 3: Projects

DELIVERABLE	ACTION(S) TO BE TAKEN	RESPONSIBLE PARTIES	TIME-FRAME(S)
Review of IDP projects & programmes	Facilitate a meeting with IDP Steering Committee & Rep Forum	Manager: IDP & OPM Unit	Oct – Nov 2009
Designing of IDP projects & programmes	Establish Project/Programme and Sectoral Task teams and assign responsibilities to design projects /programmes with clear deliverables	IDP Steering Committee	Oct – Nov 2009

5. Phase 4: Integration

DELIVERABLE	ACTION(S) TO BE TAKEN	RESPONSIBLE PARTIES	TIME-FRAME(S)
Integration & Alignment of IDP to Motheo IDP, Provincial and National Plans and Programmes	1. Develop Financial strategies [Medium Term Expenditure Framework] including 2010/2011 Annual Budget 2. Align to Spatial development framework (Motheo DM & Free State) 3. Align to Free State Growth Development Strategy 4. Align to National Spatial Development Perspective	IDP Steering Committee	February-March 2009
Document Output and Incorporate Budget Process as per applicable MFMA Circular	Deskwork Internal Consultation External Consultation Adjust to Approved Budget Process	Manager: IDP & OPM Unit	Feb - March 2009

Publication of draft IDP 2010-2011 & 2010-2011 Annual Budget for Public Comment	Advertise through Express, Volksblad and Municipal Notice Boards for 21 Days	Manager : IDP & OPM Unit	March – April 2010
Tabling of Draft IDP 2010-2011 & 2010-2011 Annual Budget for Final Approval.	Convene a Special Council Meeting	Municipal Manager & Mayor	April – May 2010

6. Phase 5: Approval

DELIVERABLE	ACTION(S) TO BE TAKEN	RESPONSIBLE PARTIES	TIME-FRAME(S)
Obtain approval of Draft IDP 2010 - 2011 & 2010/2011 Annual Budget	Convene a Special Council Meeting	Municipal Manager & Mayor	March – April 2010
Consideration of public comment	Consider and Incorporate Public Comments	Manager: IDP & OPM Unit	March - April 2010
Development and submission of Service Delivery & Budget Implementation Plan & Annual Performance Agreements by Municipal Manager to the mayor for consideration	Develop and Implement support systems and Mechanisms, commit resources (Capital, Human and Physical) Build Capacity of Council and Officials	Municipal Manager	May 2010
IDP Implementation, Monitoring and Review	Constantly Implement , Monitor and	All	Immediately

	Review Implementation of Naledi IDP then Report to Relevant Stakeholders and the Public		
			Ongoing

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

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

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

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

Free State Growth and Development Strategy

In terms of Section 24(1) of the Municipal Systems Act “The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution”.

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

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

The PGDS is considered a strategic document in as far as it ties provincial policies with national policies while it spells out strategies on a sectoral level. Moreover, the PGDS also serves as guideline to provincial departments and local government/organisations when they lay out their budget allocations in the light of key growth and development priorities at the beginning of each budgeting cycle. It is thus essential that the issues and programmes emanating from IDPs be compatible with the priority areas of the PGDS.

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

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

Integrated Goals for the Motheo District Municipality are:

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

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

8. Alignment of Budget with IDP

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

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

VISION
<p>The vision of the municipality has been defined through the Integrated Development Process (IDP) by the IDP Representative Structure and adopted by the Council as follows:</p> <p><i>"A constantly progressive municipality where <u>quality, a healthy and safe environment empowers the harmonized community to develop their own economic security in a sustainable local future for all.</u>"</i></p>

MISSION
<p>Based on the Vision the following Mission statement was formulated during the workshop:</p> <p><i>"To work as a committed team towards achieving the Municipalities objectives by means of the following:</i></p> <ul style="list-style-type: none"> • <i>Improve our capacity in terms of resources</i> • <i>Ensure effective communication and consultation between all stakeholders</i> • <i>Absolute commitment towards the implementation of our plans/programs and strategies</i> • <i>Strengthening our institutional capacity</i> • <i>To develop a clear understanding and interpretation of Local Government Legislation and Policies</i> <p><i>Ensure proper accountability relating to clear roles and responsibilities</i></p>

MUNICIPAL KEY PERFORMANCE AREAS AND IDP PRIORITY ISSUES

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

KEY PERFORMANCE AREAS
KEY STRATEGIC PRIORITIES
<p>Based on all the strategic issues identified it was decided to concentrate on the seven most important strategic priorities that will be able to make a significant impact on the performance of the municipality. The seven strategic priorities identified during the workshop were as follows:</p> <ol style="list-style-type: none"> 1. <i>Financial Viability</i> 2. <i>Implementation of Council Resolutions</i> 3. <i>Implementation of the IDP</i> 4. <i>Address the lack of Resources</i> 5. <i>Improve communication both internal and external</i> 6. <i>Clarify roles and responsibilities</i> 7. <i>Good Governance and Public Participation</i>

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

Governance and Administration <ul style="list-style-type: none"> ▪ Monitoring ▪ Governance ▪ Performance Management and Implementation 	Safety and Security <ul style="list-style-type: none"> ▪ National Crime Prevention Strategy ▪ Disaster Management
Economic and Investment <ul style="list-style-type: none"> ▪ Local Economic Development ▪ Poverty Alleviation 	Social and Human <ul style="list-style-type: none"> ▪ Improved Level of Health Services

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

- Education
- Youth Development
- Welfare Service Provision
- Culture Enhancement
- Safety and Security
- Disaster Management
- Gender Equity
- HIV / AIDS

9. Budget Related Policies: Overview and Amendments

The following policies relating to the budget will not be amended:

9.1 Indigent Policy

9.2 Supply Chain Policy

9.3 Budget Policy

9.4 Property Rates Policy

9.5 Credit Control and Debt Collection Policy

The following policy will be amended to give effect to the prudent financial management:

9.6 The Subsistence and Travelling policy

10. Fiscal Overview and Source of Funding (Tariffs)

Revenue Trends

	Medium Term Revenue and Expenditure Framework					
	2010/2011		2011/2012		2012/2013	
	R'000	22.2%	R'000	25.5%	R'000	22.2%
Own revenue	12,782		12,787		15,339	
Government grants	44,799,	77.8%	50,440	65.5%	56,884	77.8%
Total revenue	57,581	100%	63,127	100%	69,106	100%

Revenue from own source represent **22.2%** of total revenue in 2010/2011. It increases slightly by less than 3.5% in 2011/2012. The present scenario illustrates the high dependency of the municipality on government grants than on its own sources for revenue. The implementation of revenue enhancement and the possibility of including the electricity revenue in the budget adjustment and or budget of 2010/11 and or 2011/11 shall provide a different information.

Trends in major sources of own revenue

	Medium Term Revenue and Expenditure Framework					
	2010/2011		2011/2012		2012/2013	
	R'000	%	R'000	%	R'000	%
Property rates	2,358	18.4	2,589	20.25	3,192	20.81
Electricity	0	0	0	0	0	0
Water	2,936	23	3,150	24.63	3,357	21.89
Sanitation	3,165	24.8	3,240	25.63	3,957	25.80
Refuse removal	2,212	16.6	2,271	17.76	2,835	18.48
Interest	0	0	0	0	0	0
Other	2,205	17.3	1,537	12.02	1,998	13.03
	12,876	100	12,787	100	15,339	100

- Sanitation remains the major source of revenue from service for the period 2010/11 to 2013.
- Water becomes the second major source of revenue from services for the municipality for the period 2010/11 to 2013.
- The rest of other revenue sources compete for the third position in fluctuating percentages for the period 2010/11 to 2013.

In the preceding financial years revenue from water was negatively affected by billing problems, inconsistent meter readings, high water losses, poor attendance to customer complains, lack focussed management on revenue section. It is expected that the following interventions already in place will positively address these issues:

- The community awareness campaign on water loss and payment of municipality accounts;
- The establishment of meter reading and accounts issuing schedule (to be issued with accounts to community);
- The introduction of new account format;
- The establishment of Customer Care Services points in three towns;
- The establishment of Debt Acknowledgement and arrears agreement measures;
- The invitation to section 81 schools to open municipal services account with regard to various accounts excluding property rates;

- The establishment of improved relations with the financial system service provider to ensure enhancement of the system;
- The in – process working on the implementation of the new debt collection and credit control policy;
- Implementation of Revenue Enhancement Strategy; and
- The appointment of the Manager: Revenue Services.

Tariff Overview

The municipality has succeeded in most of the services to maintain tariff increases within the growth limits set by National Treasury in line with the inflation target band of the Reserve Bank of between 3 and 6.5 per cent. However, the average increases include an allowance for growth in consumption levels and corrections in certain tariffs. The average tariff increases are reflected in the table below.

Service	% tariff increase
Property rates	6.5
Water ¹	6.5
Sanitation	6.5
Refuse removal	6.5

Proposed Tariff Increases

The tables below indicate the proposed tariff increases for the main consumer services and sundry services for the 2010/11 financial year.

Assessment Rates

The municipality's right to impose municipality rates is implemented in terms of the Property Rates Policy of the municipality which is in line with the Local Government: Municipal Property Rates Act [Act 6 of 2004].

Item No	Description	Tariffs July 2009 - 10	Tariffs July 2010 - 11
1.	<p><i>Assessment Rates</i></p> <p>RESIDENTIAL</p> <p><i>All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2009/2010 financial year the maximum reduction is determined as R35 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R20 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.</i></p> <p><u>Retired and Disabled Persons Rate Rebate.</u> For the 2009/2010 financial year the total monthly income and corresponding rebate is determined as follows:-</p> <p>R0 to R2 500 per month - 100% R2 501 to R5 000 per month - 50% R5 001 to R8 000 per month - 20%</p> <p>Indigent owners and child headed families will receive a 100% rebate from rates</p>	0.015	0.015975

BUSINESS/INDUSTRIAL/COMMERCIAL	0.015	0.01677375
STATE OWNED-GOVERNMENT	0.03	0.03195
AGRICULTURAL <u>Standard rebate to all agricultural properties</u>	0.015	0.015975
<p>- Ratio of 1:0.25 (75% rebate) on tariff of R0.0150 as promulgated by the Minister of Provincial and Local Government</p> <p><u>Additional rebnate if qualified and applied for</u></p> <ul style="list-style-type: none"> - 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants - 2,5% if such residential properties are provided with potable water. - 2,5% if the farmer for the farm workers electrifies such residential properties. - 2,5% for the provision of land for burial to own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms. 		

Additional income at 6.5% tariff increase of assessment rates.

Water

Basic charges for others than households will increase:

2009-2010	2010-2011
-----------	-----------

AVERAGE ACCOUNT FOR SMALL HOUSEHOLD		
SEWER	47.2505	50.32
REFUSE	37.9335	40.40
SITE LEVY	29.282	31.19
WATER	14.9072	15.88
	40.02438	42.63
Consumption 10	0	0.00
	169.39758	180.41
Without site levy	140.11558	149.22

6kl free water will be given to all households. This will be financed from the Equitable Share. Total amount of R 2, 7 million is allocated from Equitable Share. The amount is R 600,000 more which is 28% increase as compared to the allocation in 2009/2010.

Water consumption tariff

		2009-2010	2010-2011
13.	WATER CONSUMPTION		
	Consumers		
	Service levy	14.641	15.59
	Service levy - Commerce.governm,sport & schools	86.515	92.14
	Per KI usage (1 -6)	0	0.00
	Per KI usage (>6 KI -30KI)	7.26	7.73
	>30kL + COMMERCE, GOVERNMENT	7.7682	8.27
	CONTRACTORS	0	
	BREAKAGE	0	
	BREAKAGE UNREPORTED	0	
	Sport Clubs and Departmental	0	

Per KI usage	6.897	7.35
Irrigation		
Flood irrig / cycle - V/Stadensrus	16.6375	17.72
Lost Water Tokens		
	242	257.73
Connections		
Reconnection - 1 st	166.375	177.19
Reconnection - 2 nd	399.3	425.25
Reconnection - 3 rd	798.6	850.51
New connections		
Test meter	199.65	212.63
Private Work		
Labour per hour - Supervisor	88	93.72
Labour per hour - General worker	49.5	52.72
Saturday and weekdays - after hours		
Public holidays, Sundays		
Material costs		

Guest houses are operated as businesses and are levied as businesses. In terms paragraph 9 of the property rates policy the municipality shall levy the property in accordance with the dominant use of the property.

Sewerage Service

Tariffs

		2009-2010	2010-2011
10.	<i>Sewerage and Sanitation</i>		
	Sewerage connected at network or suction tank		
	Boarding houses	133.27545	141.94
	Houses per month	45.059795	47.99
	Offices per month	79.96527	85.16
	Offices per month - Suction	79.96527	85.16
	Shops & Sport Clubs per month	86.31172	91.92
	Large businesses per month	180.23918	191.95
	SAP and hotel/guest house per month	856.77075	912.46
	School per month	2284.722	2 433.23
	Correction Services per month	1903.935	2 027.69
	Spoornet per month	86.31172	91.92
	Churches/crèches	45.059795	47.99
	Suctions - Domestic	45.059795	47.99
	Amandelhof & Stiilehawe	352.86262	375.80
	Flats - i.e. More than 3 flats on one site /flat	45.059795	47.99
	New Connections		
	New connections - private		
	New connections - other		

A tariff increase of 6.5% is proposed. The alteration is on the renting of municipality own houses and flats where municipal officials renting the property will pay like ordinary members of the community who occupy the property on rental arrangement

Guest houses, Lodges e.t.c are operated as businesses and are levied as businesses. In terms paragraph 9 of the property rates policy the municipality shall levy the property in accordance with the dominant use of the property.

Sundry Tariffs

		2009-2010	2010-2011
6.	Properties		
	Camps		Minimum of R 4,000.00 p/a per camp.
	Biological Assets disposal		1500.00
	Private rental - Mc Donald and 20 Spiestreet (garden service included)	1118.557617	1185.67
	Private rental - 16 Spiestreet	853.6360758	0.00
	Private rental - 18 Spiestreet	853.6360758	0.00
	Personnel Housing - If qualified (Postlevel 1-6)	6% of salary	0
	Municipal flat		600
	Municipal House		950
	Dewetsdorp (Flats)		
7.	Public Works		
	General workman per hour - Supervisor	88.03208	93.75
	General workman per hour	3.301203	3.52
	Illegal dumping on pavement - per load	176.06416	187.51
	Garden refuse removal - per load	Per actual cost	Per actual cost
	Construction equipment - per hour (fuel included)	330.1203	351.58
	Transport - per kilometer (load km)	16.506015	17.58
	Clearing of erven with machinery - per erf per hour (min: 1 hour)	187.06817	199.23
	Whole area - Per hand per square meter (Not removal)	1.100401	1.17
	GRAVEL		

8. Licences per annum		
Business Licences	165.06015	175.79
Informal tuck shop	55.02005	58.60
Street hawker	12.104411	12.89
9. City Hall and Offices		
Rental Town Hall		
Wepener		
Side Hall	139.6219	148.70
Main hall	279.2438	297.39
Kitchen and cutlery	203.0864	216.29
All	634.645	675.90
Qibing & Ebenhaeserhoogte halls		
Friday - Sunday	165.0077	175.73
Monday - Thursday	165.0077	175.73
Mapuding hall		
Dewetsdorp		
Rental Town Hall		
Side Hall	139.6219	148.70
Main hall	279.2438	297.39
Halls for churches	0	120.00
Kitchen and cutlery	203.0864	216.29
Table and Chair	0	250.00
All	634.645	675.90
Morojaneng Hall		
Rental	R 150.01	159.76
Vanstadensrus		
Hire: Community hall	165.0077	175.73
Refundable deposit payable on all cutlery hire	576.95	614.45

Deposits		
<i>Wepener</i>		
City Hall	865.425	921.68
Annex and kitchen	317.3225	337.95
Ebenhaezerhoogte/Qibing Halls	576.95	614.45
<i>Dewetsdorp</i>		
Morojaneng Hall -	576.95	614.45
Morojaneng Hall - Non residents	576.95	614.45
Dewetsdorp Town Hall	865.425	921.68
Van Stadensrus	576.95	614.45

11. Disclosure on Salaries, Allowances and Benefits

Disclosure of Salaries, Allowances & Benefits 1.	Salary
Rand per annum	
<u>Councillors</u>	
Speaker	504 536
Chief Whip	
Executive Mayor	
Deputy Executive Mayor	
Executive Committee	
Total for all other councillors	1 059 520
Total Councillors	1,564,056
<u>Senior Managers of the Municipality</u>	
Municipal Manager (MM)	810 300
Chief Finance Officer	666 000
Deputy City Manager - Governance	
Deputy City Manager - Procurement & Infrastructure	666 000
Deputy City Manager - Health, Safety & Social Issues	
Deputy City Manager - Corporate & Human Resources	666 000
<i>List of each official with packages >= senior manager</i>	
Head: Internal Audit & Performance Management	
Head: Geographical Information & Policy	
Head Office of Intergovernmental & Governance Relations	
Sub - Total	2,808,300
<u>Other Municipal Staff</u>	
Basic Salaries and Wages	13,402,333.00
Pension Contributions	2,017,195.00
Medical Aid Contributions	1,028,017.00
Motor vehicle allowance	1,026,600.00
Cell phone allowance	0
Housing allowance	31,463.00
Overtime	0
Performance Bonus	0
Other benefits or allowances	126,856.00

In-kind benefits	
Sub Total - Other Municipal Staff	17,632,464.00
Total Parent Municipality	22,004,820.00

NOTES

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

2. Measurable Performance Objectives and SDBIP's

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

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

13. Disclosure on Implementation of MFMA

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

MFMA Implementation and Monitoring Checklist

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

Below is a summary of progress against the plan.

No.	Implementation priority as per NT template	Progress
1	Preparing an implementation plan	100%
2	Allocating appropriate responsibilities under the MFMA to Accounting Officer	100%
3	Establishing a top (senior) management team	100%
4	Implementing appropriate controls over municipal bank accounts and cash management	100%
5	Meeting of financial commitments	70%
6	Reporting revenue and expenditure	90%
7	Supply chain management	50%
8	Implementing reforms in relation to municipal entities and long-term contracts	100%
9	Completing financial statements and advising National Treasury	100%
10	Completing and tabling annual report	75%
11	Complying with provisions for tender committees, boards of municipal entities and in relation to forbidden activities	80%
12	Complying with provisions for internal audit and audit committees	70%
13	Complying with provisions for budgets	80%
14	Information to be placed on website	90%

MFMA returns

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

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

Implementation of SCM

The Supply Chain Management policy of the municipality was adopted by the council on the 29th August 2010, and the policy is in line with the MFMA and national treasury prescripts although the policy has not been adhered to in many instances. Some of the few critical decision of the Municipal Manager has been to take the Supply Chain Management out of the section 81 Local Government: Municipal Finance Management roles of the CFO and place it under Directorate: Corporate Services with effect from January 2010, the SCM committees convened in exclusion of the CFO but consisting the committees, particularly the Adjudication Committee with persons who are not municipality employees when the same person has also compiled the specification and participated in bid evaluation process.

Reduction of short-term debt

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

Tabling of section 71 reports

Section 71 reports are submitted to the Municipal Manager and also forwarded to provincial treasury on a monthly basis. The reports were not submitted to the Mayor for the account of council.

Delegations

Developed but not submitted for council approval.

Performance agreements (PA)

Only the following three Performance Agreements in place while the agreement between the PA for the CFO was still to be signed after the contract of employment was finalised:

- Performance Agreement for the Municipal Manager
- Performance Agreement for the Director: Corporate & Social Services
- Performance Agreement for the Director: Technical Services

Implementation of GRAP/GAMAP

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

- Capacity challenges and funds to appoint the Service Provider;
- Asset Register. Full compliance to IAS and GRAP not achieved, to be compliant 1 June 2012.
- Impairment of assets not yet done - 30 June 2011
- Investment property guidelines not yet implemented - 30 June 2011
- Employee benefits not fully captured. 30 June 2010 (Medical Aid and Pension).
- Not all stands are transferred in terms of housing scheme - needs to be sorted out for inventories 30 June 2011
- All lease information not yet available for asset register 30 June 2011
- Long term loans and Debtors impaired.
- Billing information to be updated to accurate information for statements.
- Debtors and creditors to be discounted/fair valued. Insufficient information is available on system to make this possible 30 June 2010

Cost implications

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

1	Asset Register - Fully GRAP compliant	R2, 7 million	
6	Accurate Billing information	R2, 4 million	Data Clean partly financed by FDDM

Development of accounting policies

Several accounting policies need to be developed to ensure the requirements of Circular 36 are complied with.

Inventories - unsold water

It is not possible to clearly state the inventories of unsold water due to lack of inventory control measures and the continuous loss or unaccounted for water and capacity challenges from the Technical Section responsible.

NALEDI LOCAL MUNICIPALITY

**PROPERTY RATES BY-LAW
(FINAL)**

(18 MAY 2009)

FOR IMPLEMENTATION

ON

1st JULY 2009

NALEDI LOCAL MUNICIPALITY

1. PROPERTY RATES BY-LAW

The Municipal Manager of Naledi Local Municipality hereby, in terms of Section 6 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), publishes the Property Rates By-law for the Naledi Local Municipality, as approved by its Council as set out hereunder.

2. PURPOSE OF BY-LAW

To allow Council to exercise its power to value and impose rates on immovable properties located within its area of jurisdiction in such a manner that it will contribute to effective and economic service delivery to the entire community.

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1. Definitions

For the purpose of these by-laws any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) shall bear the same meaning in these by-laws and unless the context indicates otherwise-

- 1.1 **"Act"** means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 1.2 **"Agent"**, in relation to the owner of a property, means a person appointed by the owner of the property-
- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
 - (b) to make payments in respect of the property on behalf of the owner;
- 1.3 **"Agricultural purpose"** in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;
- 1.4 **"Annually"** means once every financial year;
- 1.5 **"Category"**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
 - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 1.6 **"Child-headed household"** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 1.7 **"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;
- 1.8 **"Land reform beneficiary"**, in relation to a property, means a person who -
- (a) acquired the property through -
 - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
 - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
 - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
 - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 1.9 **"Land tenure right"** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 1.10 **"Municipality"** means the Local Municipality of Naledi;

- 1.11 **“Newly Rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
 - (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 1.12 **“Owner”-**
- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
 - (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
 - (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
 - (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-
 - (i) a trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
 - (iv) a judicial manager, in the case of a property in the estate of a person under
 - (v) a curator, in the case of a property in the estate of a person under curatorship;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
 - (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- 1.13 **“Privately owned towns serviced by the owner”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

1.14 **“Property”** means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

1.15 **“Public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

1.16 **“Residential property”** means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it

were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.

- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

1.17 **“Rural communal settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

1.18 **“state trust land”** means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

1.19 In this by-law, words used in the masculine gender include the feminine, the singular includes the plural and vice versa.

2. Principles

2.1 Rates will be levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

2.2 The municipality will differentiate between various categories of property and categories of owners of property as contemplated in clause 5 and 6 of this by-law.

2.3 Some categories of property and categories of owners will be granted relief from rates.

2.4 The municipality will not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

2.5 There will be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 14 of this by-law.

2.6 The municipality's rates policy will be based on the following principles:

(a) Equity

The municipality will treat all ratepayers with similar properties the same.

(b) Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates and cross subsidy from the equitable share allocation.

(c) Sustainability

Rating of property will be implemented in a way that:

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
- ii. Supports local, social and economic development; and
- iii. Secures the economic sustainability of every category of ratepayer.

(d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

3. Application of By-law

- 3.1 Where this by-law contradicts national legislation, such legislation has preference over this by-law. The Municipal Manager shall bring such conflicts immediately to the attention of the municipality once he becomes aware of such conflicts and will propose changes to the municipality's by-laws to eliminate such conflicts.
- 3.2 If there is any conflict between this by-law and the Property Rates policy of the municipality, this by-law will prevail.
- 3.3 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners.

3.Principles applicable to financing services

- 4.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and Executive Committee of the municipality, make provision for the following classification of services:-

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 4.1 (a) and (b).

- 4.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c)

will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

5. Categories of property

- 5.1 Different rates may be levied in respect of the categories of rateable properties as determined by the municipality's rates policy.
- 5.2 Such rates will be determined on an annual basis during the compilation of the municipality's budget.
- 5.3 In determining the category of a property referred to in 5.1 the municipality shall take into consideration the dominant use of the property regardless the formal zoning of the property;
- 5.4 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 7 of this by-law.

6. Categories of owners

- 6.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 9, 10 and 11 respectively the following categories of owners of properties are determined:
 - (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
 - (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
 - (c) Owners of property situated within an area affected by-
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii. serious adverse social or economic conditions.
 - (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
 - (e) Owners of properties situated in "privately owned towns" as determined by the municipality's rates policy;
 - (f) Owners of agricultural properties as determined by the municipality's rates policy; and
 - (g) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

7. Properties used for multiple purposes

- 7.1 Rates on properties used for multiple purposes will be levied by the "dominant use of the property".

8. Differential rating

- 8.1 Criteria for differential rating on different categories of properties will be according to-
 - (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
 - (b) The promotion of social and economic development of the municipality.
- 8.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category; and
- 8.3 by way of reductions and rebates as provided for in the municipality's rates policy document.

9. Exemptions and Impermissible Rates

- 9.1 Categories of property and categories of owners as determined by the municipality's rates policy on an annual basis will be exempted from paying rates.
- 9.2 Conditions determined by the rates policy will be applied accordingly.
- 9.3 Exemptions will automatically apply where no applications are required.
- 9.4 Rates may not be levied by the municipality on properties prescribed in Section 17(1) of the Municipal Property Rates Act, 2004.
- 9.5 Public Benefit Organisations performing a specific public benefit activity and registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, may apply for exemption of property rates, on conditions as determined by the municipality's rates policy.
- 9.6 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 9.7 The extent of the exemptions implemented will annually be determined by the municipality and it must be included in the annual budget.

10. Reductions

- 10.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:
- 10.1.1 Partial or total destruction of a property.
- 10.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 10.2 The following conditions shall be applicable in respect of 10.1:-
- 10.2.1 The owner referred to in 10.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 10.2.2 A maximum reduction determined annually by the municipality will be allowed in respect of both 10.1.1 and 10.1.2.
- 10.2.3 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.
- 10.2.4 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

11. Rebates

- 11.1. Categories of property

- 11.1.1 The municipality may grant rebates to categories of property as determined in the municipality's rates policy.
- 11.2 Categories of owners
- 11.2.1 The municipality may grant rebates to categories of owners as determined annually in the municipality's rates policy.
- 11.3 Conditions determined by the rates policy will be applied accordingly.
- 11.4 Applications for rebates must reach the municipality before the date determined by the property policy, preceding the start of the new municipal financial year for which relief is sought.
- 11.5 The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.
- 11.6 Properties with a market value below a prescribed valuation level of an amount determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.
- 11.7 The extent of the rebate in terms of 11.1, 11.2 and 11.6 will annually be determined by the municipality and it must be included in the annual budget.
- 12. Payment of rates**
- 12.1 Council may levy assessment rates: -
- (a) On a monthly basis or less regular as determined by the Municipal Finance Management Act,(No.56 of 2003) or
- (b) Annually, as agreed with the owner of the property.
- 12.2 The municipality shall determine the due dates for payments in monthly instalments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 12.3 Rates payable on an annual basis will be subject to a discount of 5% if paid in full on or before 30 September of each year.
- 12.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 12.5 If a property owner, who is responsible for the payment of property rates in terms of the rates policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 12.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control en debt collection by-law.
- 12.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

12.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

13. Accounts to be furnished

13.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:

- (i) the amount due for rates payable,
- (ii) the date on or before which the amount is payable,
- (iii) how the amount was calculated,
- (iv) the market value of the property, and
- (v) rebates, exemptions, reductions or phasing-in, if applicable.

13.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

13.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

14. Phasing in of rates

14.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

14.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

14.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-

- First year : 100% of the relevant rate;
- Second year : 75% of the relevant rate;
- Third year : 50% of the relevant rate; and
- Fourth year : 25% of the relevant rate.

15. Special rating areas

15.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

15.2 The following matters shall be attended to in consultation with the committee referred to in clause 15.3 whenever special rating is being considered:

15.2.1 Proposed boundaries of the special rating area;

15.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

15.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

15.2.4 Proposed financing of the improvements or projects;

- 15.2.5 Priority of projects if more than one;
- 15.2.6 Social economic factors of the relevant community;
- 15.2.7 Different categories of property;
- 15.2.8 The amount of the proposed special rating;
- 15.2.9 Details regarding the implementation of the special rating;
- 15.2.10 The additional income that will be generated by means of this special rating.
- 15.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 15.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 15.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 5.
- 15.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 15.7 The municipality shall establish separate accounting and other record-keeping systems, for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.
- 16. Frequency of valuation**
- 16.1 The municipality shall prepare a new valuation roll every 4 (four) years.
- 16.2 The municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 16.3 Supplementary valuations will be done at least on an annual basis to ensure that the valuation roll is properly maintained.
- 17. Community participation**
- 17.1 Before the municipality adopts the rates by-law, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:
- 17.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
- 17.2 Conspicuously display the draft rates by-law for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices and libraries (and on the website).
- 17.3 Advertise in the media a notice stating that the draft rates by-law has been prepared for submission to council and that such by-law is available at the various municipal offices and on the website for public inspection.

- 17.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 17.5 The municipality will consider all comments and/or representations received when considering the finalisation of the rates policy and by-law.
- 17.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.
- 17.7 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

18 Register of properties

- 18.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 18.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 18.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act, 2004,
 - ii. Rebate or reduction in terms of section 15 of the Act ,
 - iii. Phasing-in of rates in terms of section 21 of the Act, and
 - iv. Exclusions as referred to in section 17 of the Act.
- 18.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 18.5 The municipality will update Part A of the register during the supplementary valuation process.
- 18.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

19. Regular review processes

- 19.1 The municipality's rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and with relevant legislation.

20. Short title

This by-law is the rates by-law of the Naledi Local Municipality.

21. Commencement

This by-law comes into force and effect on 1 July 2009.

ANNEXURE: Table A1: BUDGET SUMMAR

FS171 Naledi (Fs) - Table A1 Budget Summary										
Description	2007/8		2008/9		Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework	Budget Year +1 2011/12	Budget Year +2 2012/13
	R thousands	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11		
Financial Performance										
Property rates	2,524	2,739	3,041	3,002	1,038	1,038	-	2,355	2,589	3,192
Service charges	6,827	8,836	17,370	10,602	7,823	10,157	-	8,222	8,661	10,149
Investment revenue	-	-	-	-	-	-	-	-	-	-
Transfers recognized – operational	13,492	15,678	18,976	25,769	25,769	25,769	-	32,165	36,191	36,564
Other own revenue	1,459	4,534	1,621	7,781	-	4,248	-	2,205	1,537	1,998
Total Revenue (excluding capital transfers and contributions)	24,301	31,788	41,008	47,153	34,631	41,212	-	44,947	48,978	51,903
Employee costs	12,489	12,224	16,708	17,795	19,627	19,627	-	20,441	22,287	24,438
Remuneration of councilors	756	719	650	3,450	632	632	-	1,564	1,720	1,893
Depreciation & asset impairment	-	-	-	-	-	-	-	4,000	5,257	5,950
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	1,327	4,989	3,735	5,346	1,779	1,779	-	2,000	2,170	2,354
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	3,449	22,838	21,164	35,696	26,003	11,012	-	29,348	31,192	33,720
Total Expenditure	18,022	40,770	42,258	62,287	48,042	33,049	-	57,352	62,627	68,354
Surplus/(Deficit)	6,279	(8,982)	(1,250)	(15,133)	(13,411)	8,163	-	(12,405)	(13,649)	(16,451)
Transfers recognized – capital	9,200	-	-	13,433	13,433	13,433	-	12,634	14,149	17,203
Contributions recognized - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	15,479	(8,982)	(1,250)	(1,700)	22	21,596	-	229	500	752
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	15,479	(8,982)	(1,250)	(1,700)	22	21,596	-	229	500	752
Capital expenditure & funds sources										
Capital expenditure	18	26	824	19,500	13,370	1,063	-	12,744	14,274	17,353
Transfers recognized – capital	18	26	824	20,267	16,832	4,743	-	12,634	14,149	17,203
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	333	857	984	-	110	125	150
Total sources of capital funds	18	26	824	20,600	17,690	5,727	-	12,744	14,274	17,353

Financial position										
Total current assets	31,296	104	60,764	122	122	122	122	132	143	155
Total non current assets	29,955	-	34,709	19,600	13,370	6,264	13,370	12,744	11,841	13,092
Total current liabilities	14,966	-	29,443	-	-	-	-	-	-	-
Total non current liabilities	992	-	-	-	-	-	-	-	-	-
Community wealth/Equity	33,606	-	28,134	-	-	-	-	229	500	752
Cash flows										
Net cash from (used) operating	16,442	43,792	52,382	96,998	52,891	55,253	-	57,581	63,127	72,106
Net cash from (used) investing	-	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	16,442	60,234	112,616	96,998	52,891	55,253	-	57,581	120,708	192,814
Cash backing/surplus reconciliation										
Cash and investments available	2,672	104	(317)	122	122	122	122	132	143	155
Application of cash and investments	(9,009)	-	(17,374)	-	-	-	-	-	-	-
Balance - surplus (shortfall)	11,681	104	17,056	122	122	122	122	132	143	155
Asset management										
Asset register summary (WDV)	146,471	166,231	166,514	-	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-	4,000	4,000	5,257	5,950
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	309	646	1,138	1,739	942	585	1,395	1,395	1,500	1,613
Free services										
Cost of Free Basic Services provided	0	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	1,007	1,007	1,007	1,007	1,007	1,000	1,000	1,000	1,000
Sanitation/sewerage:	-	2,371	2,371	2,371	2,371	2,371	1,000	1,000	1,000	1,000
Energy:	-	1,701	1,701	1,701	1,701	1,701	1,000	1,000	1,000	1,000
Refuse:	-	-	-	-	-	-	-	-	-	-

BUDGET FINANCIAL PERFORMANCE(STANDARD CLASSIFICATION)

FS171 Naledi (Fs) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue - Standard										
<i>Governance and administration</i>										
Executive and council		8,194	10,191	10,756	18,655	19,072	14,319	24,109	25,349	27,393
Budget and treasury office		6,140	6,472	8,133	8,131	7,399	7,399	7,209	7,954	8,276
Corporate services		1,943	3,606	2,058	5,697	7,030	1,648	12,886	13,000	14,327
<i>Community and public safety</i>		110	112	565	4,828	4,643	5,272	4,014	4,395	4,790
Community and social services		1,196	1,313	4,300	6,756	3,682	2,206	4,224	4,954	5,519
Sport and recreation		1,056	1,176	1,922	4,272	2,251	736	2,436	2,940	3,284
Public safety		-	-	-	-	-	-	-	-	-
Housing		86	10	36	587	514	587	81	89	96
Health		49	85	112	1,218	180	247	207	225	239
<i>Economic and environmental services</i>		5	42	2,229	679	737	636	1,500	1,700	1,900
Planning and development		954	1,465	1,469	7,666	2,929	840	9,178	10,594	11,372
Road transport		-	-	-	840	568	840	631	729	805
Environmental protection		954	1,465	1,469	6,826	2,361	-	8,547	9,865	10,567
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		10,456	30,824	35,858	27,510	22,360	10,159	20,070	22,230	24,822
Water		222	7,108	491	2,398	2,122	-	345	500	690
Waste water management		6,050	13,407	25,363	14,216	10,055	4,791	9,888	10,980	11,550
Waste management		3,860	6,536	5,913	6,133	5,508	3,100	6,703	7,250	8,015
<i>Other</i>		325	3,774	4,090	4,763	4,676	2,268	3,134	3,500	4,567
	4	-	-	-	-	-	-	-	-	-
Total Revenue – Standard	2	20,800	43,792	52,382	60,587	48,042	27,524	57,581	63,127	69,106
Expenditure - Standard	-									
<i>Governance and administration</i>										
Executive and council		9,555	20,314	28,968	20,850	19,072	19,486	20,490	22,374	23,508
Budget and treasury office		7,495	9,394	18,441	10,222	7,399	7,399	7,101	7,950	8,243
Corporate services		1,956	9,883	6,740	5,813	7,030	7,445	9,964	10,324	11,000
<i>Community and public safety</i>		104	1,037	3,787	4,815	4,643	4,642	3,426	4,100	4,265
Community and social services		1,783	2,208	3,754	6,767	3,682	3,705	4,490	5,180	5,813
Sport and recreation		1,730	2,138	2,791	4,283	2,251	2,249	2,723	3,213	3,636
Public safety		-	-	-	-	-	-	-	-	-
Housing		1	72	34	587	514	540	81	110	125
				116					258	287

	-	5		1,218	180	180	231		
Health	53	(7)	813	679	737	736	1,456	1,599	1,765
Economic and environmental services	1,778	2,175	2,223	7,667	2,928	3,059	7,822	8,504	9,498
Planning and development	-	-	195	840	567	697	330	347	365
Road transport	1,778	2,175	2,028	6,827	2,361	2,362	7,492	8,157	9,133
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	5,207	16,563	9,239	27,004	22,360	6,800	24,550	26,569	29,535
Electricity	61	7,251	228	2,398	2,122	294	340	368	397
Water	2,668	6,724	6,519	14,217	10,055	3,326	13,572	14,810	16,598
Waste water management	1,481	1,531	1,628	5,626	5,508	2,103	7,466	7,950	8,390
Waste management	997	1,057	864	4,763	4,676	1,077	3,171	3,441	4,150
<i>Other</i>	4	-	-	-	-	-	-	-	-
Total Expenditure – Standard	3	18,323	41,259	44,183	62,288	48,042	33,050	57,352	68,354
Surplus/(Deficit) for the year		2,477	2,533	8,199	(1,701)	1	(5,526)	229	752

TABLE A6: FINANCIAL POSITIONFS171 Naledi (Fs) - Table A6 Budgeted
Financial Position

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
ASSETS											
Current assets											
Cash		2,579		-							
Call investment deposits	1	-	104	-	122	122	122	122	132	143	155
Consumer debtors	1	25,692	-	48,517	-	-	-	-	-	-	-
Other debtors		1,358		11,233							
Current portion of long-term receivables		-		-							
Inventory	2	1,667		1,014							
Total current assets		31,296	104	60,764	122	122	122	122	132	143	155
Non current assets											
Long-term receivables		-									
Investments		93		113							
Investment property		-									
Investment in Associate		-									
Property, plant and equipment	3	29,743	-	34,320	19,600	13,370	6,264	13,370	12,744	11,841	13,092
Agricultural Biological		-									
Intangible		-									
Other non-current assets		120		276							
Total non current assets		29,955	-	34,709	19,600	13,370	6,264	13,370	12,744	11,841	13,092
TOTAL ASSETS		61,251	104	95,473	19,722	13,491	6,386	13,491	12,876	11,984	13,246
LIABILITIES											
Current liabilities											
Bank overdraft	1	-		430							
Borrowing	4	114	-	114	-	-	-	-	-	-	-
Consumer deposits		317		350							
Trade and other payables	4	13,400	-	27,264	-	-	-	-	-	-	-
Provisions		1,136		1,285							
Total current liabilities		14,966	-	29,443	-	-	-	-	-	-	-
Non current liabilities											
Borrowing		992	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-

Total non current liabilities		992	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		15,959	-	29,443	-	-	-	-	-	-	-
NET ASSETS	5	45,292	104	66,031	19,722	13,491	6,386	13,491	12,876	11,984	13,246
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		30,940		25,199					229	500	752
Reserves Minorities' interests	4	2,666	-	2,935	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	33,606	-	28,134	-	-	-	-	229	500	752

References

TABLEA7: BUDGET CASH FLOW

FS171 Naledi (Fs) - Table A7
Budgeted Cash Flows

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		16,369	41,522	52,243	60,504	16,397	18,759		12,782	12,787	15,339
Government - operating	1				25,769	25,769	25,769		32,165	36,191	39,564
Government - capital	1				10,605	10,605	10,605		12,634	14,149	17,203
Interest		73	2,270	139	120	120	120				
Dividends		-	-	-	-	-	-				
Payments											
Suppliers and employees											
Finance charges											
Transfers and Grants	1	-	-	-	-	-	-		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		16,442	43,792	52,382	96,998	52,891	55,253	-	57,581	63,127	72,106
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											
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-

Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		16,442	43,792	52,382	96,998	52,891	55,253	-	57,581	63,127	72,106
Cash/cash equivalents at the year begin:	2		16,442	60,234				-		57,581	120,708
Cash/cash equivalents at the year end:	2	16,442	60,234	112,616	96,998	52,891	55,253	-	57,581	120,708	192,814