

DRAFT ANNUAL BUDGET OF
**SETSOTO LOCAL
MUNICIPALITY**

MUNICIPALITY SETSOTO MUNICIPALITEIT
MMASEPALA WA SETSOTO



2013/14 TO 2015/16

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act

Setsoto Local Municipality – Annual Budget & MTREF 2013/14

MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

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The Honourable Speaker – Cllr Mohlomi Molefi Pius

Members of the Executive Committee

Members of the Council

The Municipal Manager

All Directors

All Managers

Members of the Public

Representatives from the Media

Ladies and Gentlemen

In my campaign to become Mayor of Setsoto Local Municipality, I promised I would get back to basics – to cut red tape, slash council waste to make Council more efficient and keep rates increases at or below CPI.

My vision was of a Council that listened to its residents and didn't add to the increasing costs of living, yet still provided the services residents expect. In other words, a responsive Council – after all, government at any level is only effective when it is responsive to its people.

Mr. Speaker, Today, I am proud to present a budget that delivers what the people of Setsoto Local Municipality told me they wanted from their council. This budget provides cost of living relief – for all ratepayers, domestic and commercial – reduces the cost of council doing efficient and effective business and, very importantly, sends a clear message that Setsoto Local Municipality is open for business.

Before I reveal the key budget features, I want to thank my Council colleagues and Council staff who worked extremely hard to help frame this budget. Rather than accepting a legacy plan, council officers rose to the challenge and changed direction in a very short space of time. This budget for the first time is now fully GRAP compliant due to the following reasons:

- The budget votes are now fully aligned to the draft organisational structure.
- ;All position that are critical are budgeted for

- The budget figures are now based on calculations, instead of just increasing by CPI,
- The budget have been informed by the IDP, not only on the capital budget but also on the operational budget
- The provision for the depreciation and asset impairment for the first time, now comply with GRAP 1 and GRAP 24 requirements
- Provision for annual leave, performance bonus and long service awards are this time around budgeted for unlike in the previous year's budgets

Their efforts are very much appreciated by all councillors. And I know they will be appreciated by residents.

The Medium-term Revenue and Expenditure Framework

The total revenue budget over the medium term is **R 1 194 320 000.00 (one billion, one hundred and ninety four million ,three hundred and twenty thousands rands)**, constituted by R 377 362 000.00(**three hundred and seventy seven million, three hundred and sixty two thousands rands**) for 2013/14, R 397 740 000.00 (**three hundred and ninety seven million, seven hundred and forty thousands rands**) for 2014/15 and R 419 218 000.00(**four hundred and nineteen million, two hundred and eighteen thousands rands**) for 2015/16. The total revenue increased by **3.27%** against the 2012/13 adjustment budget and by **11%** against the 2012/13 approved budget.

The operating expenditure for the medium-term equates to R 1 662 293 000.00(**one billion, six hundred and sixty two million, and two hundred and ninety three thousands rands**). This will be a tool to consolidate service delivery and accelerate job creation. Total expenditure has increased by **19%** against the 2012/13 adjustment budget and by **30%** against the 2012/13 approved budget.

Honourable Speaker, our operational budget has increased. This is how this portion of the 2013/14 budget has been allocated, per department:

Department	Budget	% of Budget
Council	39 706 000	7.56
Department of the Office of the Municipal Manager	17 992 000	3.43
Corporate Services	48 241 000	9.19
Engineering Services	290 716 000	55.35
Development and Town Planning	84 841 000	16.15
Development Planning and Social Security	8 057 000	1.53
Treasury	35 673 000	6.79
Total	525 225 000	100

Mr Speaker, now back to the basics! Rates. Refuse. Roads. Electricity, Sanitation. And Water.

Revenue

As noted in the attached draft Budget 2013/2014, revenue of the municipality is made out of the following revenue sources:

Description	Original Budget	Adjustment	Proposed Budget
Property Rates	24 336 857	32 463 000	31 326 000
Services Charges	107 020 000	105 543 000	125 982 000
Investment Revenue	1 785 000	1 601 000	1 500 000
Unconditional Grants	165 468 000	165 468 000	160 019 000
Conditional Grants	7 190 000	9 684 000	7 790 000
Other Own Revenue	34 022 000	50 640 000	50 745 000
Total	339 822 000	365 399 000	377 362 000

Under my Back to Basics Strategy, the overall rates and service charges' revenue will increase by only **14%** from a total revenue of **R 138 006 000.00** to **R 157 308 000.00**

Property Rates

The decrease in collection is due to the fact that most of government departments have paid their rates up to date after the subsequent correction of the billing system and the outstanding was receivable in full in the current financial year.

Service Charges

Service charges are made up of electricity, water, sanitary consumption and refuse removal. These services show an upward mobility due to Eskom's increases as well as the provision to depreciation and debt impairment due to our efforts to address the audit queries and align our accounting systems to be GRAP compliant.

Investment Revenue

Our main source of investment interest is on MIG, the more withdrawals we do the less interests are accrued. There are also small long term investment at OVK, SANLAM and ABSA, whose combined interest's amount to almost R 6310.00 per annum.

Unconditional Grant

The unconditional grant has decrease due to Census 2011 results that have shown a decrease in population figures for the municipality, which then impacted negatively on the allocation formula for our municipality.

In this regard the municipality will have to undergo a data purification process to identify the 'poorest of the poor' in the municipality so that this new data can influence a better allocation in the future.

Conditional Grants

The municipality has further received the following conditional grants to address service delivery issues and enhancing the quality of life for our communities.

Grant Description	Amount	Service
Municipal Infrastructure Grant	72 579 000	Infrastructure
Regional Bulk Infrastructure Grant	20 000 000	Water
Accelerated Community Infrastructure Grant	10 840 000	Sewer
Municipal Systems Improvement Grant	890 000	Systems
Financial Management Grant	1 550 000	Skills Transfer
Extended Public Works Programme	1 750 000	Job Creation

Total	96 869 000
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Other Revenue

The main increase is a result of the increase in debt book. The bigger the debt book, the bigger interest on outstanding debts becomes. While the other increases relate to the increase in sundry income, e.g. fines, licenses etc.

Expenditure

An amount of R 289 025 000 for 2013/2014 has been budgeted for operating expenditure of which salaries, allowances and benefits equals to R 133 757 000 or **46,20 %** of the expenditure budget which is more than the recommended **33.33%** by government. This calculation has excludes the debt impairment and depreciation impairment.

The expenditure by vote is made up of the following:

Sub-Vote	Original	Adjustment	Draft Budget
Employee Cost	78 739 000	91 964 000	110 852 000
Councillors social contribution	15 478 000	17 918 000	22 905 000
Remuneration of councillors	9 783 000	9 806 000	8 944 000
Debt Impairment	54 197 000	71 686 000	70 700 000
Depreciation and Assets Impairment	23 726 000	118 215 000	165 501 000
Repairs and Maintenance	12 099 000	18 608 000	28 997 000
Finance Charges	3 848 000	3 908 000	1 880 000
Bulk Purchases	49 771 000	50 174 000	54 000 000
Other Materials	0	0	0
Contracted Services	10 966 000	13 450 000	14 705 000
Transfers and Grants	26 737 000	31 765 000	15 665 000

Other Expenditure	54 476 000	51 321 000	31 077 000
Total	339 820 000	478 815 000	525 226 000

Remuneration of Councillors

The remuneration of councillors has been budgeted in terms of the determination of upper limits for public representatives.

Repairs and Maintenance

Repairs and maintenance has been increased by 56% of the current budget.

Contracted Services

Contracted services have increased by 9.30% due to the fact with the organisational reengineering we have identified positions that are to be filled so that we have internal capacity to render those services in-house.

Non-cash items

The non-cash items are increased by 40% to ensure that the assets depreciation is fairly disclosed in the budget and the Annual Financial Statement. This exercise is in line with GRAP 1 and GRAP 24 which ensures that the municipality achieve fair presentation by:

GRAP 1

Complying with all relevant standards of GRAP

Presenting all information in the financial statements in a manner that is relevant, reliable, comparable and understandable

GRAP 24

Requires entities that make their budgets publicly to present a comparison in their financial statements between budget and actual amounts on a comparable basis.

Defining our Success

Mr Speaker in aligning our development, strategies and priorities to those of the National Development Plan and all relevant plans, we pledge that:

If today was in the year 2030, the following paragraph would be the success story that we would like to tell everyone. As a municipality, we will focus our collective energy to create a compelling future that aligns the Integrated Development Plan and the Budget to the National Development Plan, Free State Growth and Development Strategies and the Thabo Mofutsanyana District Municipality's Integrated Development Plan and all their associated goals with the following definition of success:

We pride ourselves on Environmental Leadership. We deliver services for a fair price as indicated by various benchmarks. In our over a decade long effort, we have successfully completed a number of environmental friendly projects.

We are responsibly meeting most of the legal mandate and most requirements of the developmental local government, and further striving to comply fully by 2014 as we achieve operation clean audit.

In our organisation, developing people is an important responsibility. While we are constantly challenged to provide resources for new services, we are blessed with highly resourceful employees who quickly think through creative ways to meet our needs.

Since the appointment of senior management from April 2012, we have an organisation that focuses on customers and is totally purpose driven, outcome oriented and committed to delivering value to our customers. Teamwork, communication and collaborations between council, management and staff could not be better.

Being a key point of national interest, security and safety has always been a key focal point in itself. We have safe and secure facilities that protect employees, equipment and infrastructure from potential danger, though in some instances the infrastructure and equipment is dilapidated and very old. Municipal council, management and staff are well prepared to respond to emergency, whether natural or man-made.

Conclusion

Mr. Speaker, I stand here today again grateful for the trust bestowed in us to lead this municipality by our communities. We have a duty to ensure that the values that they stood for remain at the centre of our work - and we dare not disappoint them

I reiterate my willingness to work together with all political parties, stakeholders and communities to find workable solutions for the diverse range of developmental challenges facing the municipality

I wish to place on record sincere appreciation to everyone who has made a meaningful contribution to this process. The commitment of this council, represented by both the political and administrative components, has ensured that we are able to table this draft budget on time and in the prescribed format by the MFMA and Municipal Budget and Reporting Regulations. Well done.

The draft budget for 2013/2014 is hereby tabled for your adoption and consideration.

I thank you.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Municipality financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives.
- Tariff and property rate increases should be affordable, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of providing water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

1.3 Recommendation

It is recommended that council at its meeting to be held on the 27 March 2013, consider the tabled draft budget 2013/2014 and adopt the draft budget 2013/2014 and approve the following recommendations. The Council of Setsoto Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out as follows:
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out below:
2. The Council of Setsoto Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in 2.6,
 - 2.2. the tariffs for electricity– as set out in 2.6
 - 2.3. the tariffs for the supply of water – as set out in 2.6
 - 2.4. the tariffs for sanitation services – as set out in 2.6
 - 2.5. the tariffs for solid waste services – as set out in 2.6
3. The Council of Setsoto Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in paragraph 2.6 respectively.

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4. To give proper effect to the municipality's annual budget, the Council of Setsoto Local Municipality approves:
 - 4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year limited to an amount of R5 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 4.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

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1.4 Summary of Operating Revenue and Expenditure

Table 1 – Summary of Operating Revenue and Expenditure:

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	22 491	23 680	28 460	24	32 463	32 463	32 463	31 326	33 017	34 800
Service charges	86 242	95 427	84 357	106 985	105 542	105 542	105 542	125 982	132 785	139 955
Investment revenue	601	2 344	2 365	1 785	1 601	1 601	1 601	1 500	1 581	1 666
Transfers recognised - operational	109 050	135 824	159 065	172 658	175 150	175 150	175 150	167 809	176 871	186 422
Other own revenue	45 398	86 077	118 529	34 025	50 643	50 643	50 643	50 746	53 486	56 375
Total Revenue (excluding capital transfers and contributions)	263 782	343 352	392 775	315 478	365 399	365 399	365 399	377 362	397 740	419 218
Employee costs	80 381	81 791	91 547	94 967	110 632	110 632	110 632	133 523	140 734	148 333
Remuneration of councillors	8 013	8 144	8 020	9 783	9 806	9 806	9 806	8 944	9 427	9 936
Depreciation & asset impairment	30 968	192 384	192 450	23 726	118 215	118 215	118 215	165 501	174 438	183 858
Finance charges	4 060	2 850	1 879	3 848	3 908	–	–	1 880	1 982	2 089
Materials and bulk purchases	35 632	42 297	59 547	49 771	50 174	50 174	50 174	54 000	56 916	59 989
Transfers and grants	14 862	13 385	7 894	–	–	–	–	15 665	16 511	17 402
Other expenditure	116 631	103 792	100 617	140 108	151 525	151 525	151 525	145 712	153 580	161 873
Total Expenditure	290 547	444 643	461 955	322 203	444 260	440 352	440 352	525 225	553 587	583 481
Surplus/(Deficit)	(26 765)	(101 290)	(69 180)	(6 726)	(78 861)	(74 953)	(74 953)	(147 862)	(155 847)	(164 263)
Transfers recognised - capital	–	–	–	78 757	77 157	–	–	99 753	105 140	110 817
Contributions recognised - capital & contributed a	–	–	–	–	–	77 157	77 157	(105 853)	(111 569)	(117 594)
Surplus/(Deficit) after capital transfers & contributions	(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)

Total operating revenue has grown by **3.27 per cent** or **R12 million** for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by **5.4** and **5.4** per cent respectively.

Total operating expenditure for the 2013/14 financial year has been appropriated at **R525 million** and translates into a budgeted deficit of **R154 million**. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 18.5 per cent in the 2013/14 budget. These deficits will be appropriated against the accumulated surplus.

1.5 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

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The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

1.6 Summary of Operating Revenue by source

Table 2 – Summary of Operating Revenue by source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	22 491	23 680	28 460	24	32 463	32 463	32 463	31 326	33 017	34 800
Service charges	86 242	95 427	84 357	106 985	105 542	105 542	105 542	125 982	132 785	139 955
Investment revenue	601	2 344	2 365	1 785	1 601	1 601	1 601	1 500	1 581	1 666
Transfers recognised - operational	109 050	135 824	159 065	172 658	175 150	175 150	175 150	167 809	176 871	186 422
Other own revenue	45 398	86 077	118 529	34 025	50 643	50 643	50 643	50 746	53 486	56 375
Total Revenue (excluding capital transfers and contributions)	263 782	343 352	392 775	315 478	365 399	365 399	365 399	377 362	397 740	419 218

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise **42 per cent** of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled **R138 million** or **38 per cent**. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from **38 per cent** in 2012/13 to **42 per cent** in 2013/14. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for

bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Operating grants and transfers totals **R165 million** in the 2012/13 financial year and decreases to **R160 million** by 2013/14.

1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be **0,25:1**. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).

1.6.2 Sale of Water and Impact of Tariff Increases

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

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

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- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

A tariff increase of 25 per cent from 1 July 2011 for water is proposed. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

1.7 Proposed Water Tariffs

Table 3 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) Basic Charge (Domestic)	61.58	76.98
(ii) 0 kℓ - 6 kℓ (Domestic users only)	2.28	2.85
(iii) 6,1 kℓ – 10 kℓ	2.89	3.61
(iv) 10,1 kℓ – 20 kℓ	3.16	3.95
(v) 20,1 kℓ - 30 kℓ	3.51	4.39
(vi) 30,1 kℓ >	3.77	4.71

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

1.8 Comparison between current water charges and increases (Domestic)

Table 4 Comparison between current water charges and increases (Domestic)

Monthly	Current amount	Proposed	Difference	Percentage
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consumption kℓ	payable R	amount payable R	(Increase) R	change
20	104.71	130.91	26.18	25%
30	139.82	174.78	34.96	25%
40	177.52	221.91	44.38	25%
50	215.22	269.03	53.81	25%
80	328.32	410.41	82.08	25%
100	403.72	504.66	100.93	25%

1.8.1 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 8 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 5 Comparison between current electricity charges and increases (Domestic)

Monthly	Current amount	Proposed amount	Difference	Percentage
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consumption kWh	payable R	payable R	(Increase) R	change
100	275.92	297.99	22.07	8%
250	383.81	414.51	30.70	8%
500	592.58	639.99	47.40	8%
750	846.97	914.72	67.75	8%
1 000	1118.90	1208.41	89.51	8%
2 000	2206.62	2383.15	176.52	8%

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

1.8.2 Sanitation and Impact of Tariff Increases

A tariff increase of 25 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes largely to the waste water treatment input costs, therefore the higher than CPI increase of 25 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R392 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs.

Table 6 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2012/13		PROPOSED TARIFF 2013/14	
	TARIFF		TARIFF	
		R		R
Domestic		49.39		61.74
Business		72.06		90.08

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The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

1.8.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 25 per cent increase in the waste removal tariff is proposed from 1 July 2013.

1.9 Comparison between current refuse changes and increases

CATEGORY	CURRENT TARIFF 2012/13		PROPOSED TARIFF 2013/14	
	TARIFF		TARIFF	
		R		R
Domestic – Town		60.04		75.05
Domestic – Township		49.39		61.74
Business		125.44		156.80

Table 7 Comparison between current refuse charges and increases

1.10 Summary of operating expenditure by standard classification item

Table 8 Summary of operating expenditure by standard classification item

The budgeted allocation for employee related costs for the 2013/14 financial year totals R120 million, which equals 37.9 per cent of the total cash funded operating expenditure. (Debt impairment and Depreciation excluded from total expenditure)

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality budget.

The provision of debt impairment was determined based on an annual collection rate of 80 per cent and the Debt Write-off Policy of the City. For the 2011/12 financial year this amount equates to R71 million and declined to R70 million by 2012/13. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R171 million for the 2013/14 financial and equates to 30 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital).

Bulk purchases are directly informed by the purchase of electricity from Eskom.

1.10.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The target is to register 11 000 or more indigent households during the 2013/14 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.11 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 9 – Summary of Capital Expenditure per Department

DEPARTMENT		Original Budget 2012/13	Adjustment Budget 2012/13	Draft Budget 2013/14
BUDGET & TREASURY	FINANCIAL SYSTEM	-	225 000	2 100 000
WASTE MANAGEMENT	FURNITURE AND EQUIPMENT	-	700 101	1 000 000
ROADS DEPARTMENT	VEHICLES AND EQUIPMENT	-	701 099	1 000 000
ELECTRICITY DEPARTMENT	VEHICLES AND EQUIPMENT	-	505 842	1 000 000
WATER DEPARTMENT	VEHICLES AND EQUIPMENT	-		1 000 000
RBIG	WATER	10 000 000	10 000 000	20 000 000
ACIP	SEWERAGE	3 750 000	4 750 000	10 840 000
MIG	MIG INFRASTRUCTURE	78 757 000	77 157 000	68 913 000
TOTAL		92 507 000	94 090 423	105 853 000

1.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality website.

2. **Internship programme**
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 7 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, and National Treasury.
3. **Budget and Treasury Office**
The Budget and Treasury Office has been established in accordance with the MFMA.
4. **Audit Committee**
An Audit Committee has been established and is fully functional.
5. **Service Delivery and Implementation Plan**
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
6. **Annual Report**
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. **MFMA Training**
The MFMA training module in electronic format is presented at the Municipality internal centre and training is ongoing.
8. **Policies**
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

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1.13 Funding credibility on cash flow

The following table illustrate that based on the collection rate of service charges the budget are cash funded. Although the budgeted deficit is reflected, it is attributed mainly as a result of the revaluation of infrastructure assets and the depreciation on the said assets. The Municipality had an unfunded surplus to the amount of R 2 billion due to the revaluation. The deficit will be appropriated against this unfunded surplus.

Table 10 – Summary of Operating Revenue and Expenditure cash flow

Description	Ref	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand							
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Ratepayers and other		67 105	67 105	67 105	125 846	132 641	139 804
Government – operating	1	243 535	243 535	243 535	167 809	176 871	186 422
Government – capital	1	3 096	3 096	3 096			
Interest		17 512	17 512	17 512	1 500	1 581	1 666
Dividends							
Payments							
Suppliers and employees		(214 146)	(214 146)	(214 146)	(342 179)	(360 657)	(380 132)
Finance charges		(240)	(240)	(240)	(240)	(253)	(267)
Transfers and Grants	1	(32 398)	(32 398)	(32 398)	(15 665)	(16 511)	(17 402)
NET CASH FROM/(USED) OPERATING ACTIVITIES		84 464	84 464	84 464	(62 929)	(66 328)	(69 909)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE							
Decrease (increase) in non-current debtors							
Decrease (increase) other non-current receivables		4	4	4	4	4	4
Decrease (increase) in non-current investments							
Payments							

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Capital assets		(76 379)	(76 379)	(76 379)	(99 753)	(105 140)	(110 817)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(76 375)	(76 375)	(76 375)	(99 749)	(105 135)	(110 813)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans							
Borrowing long term/refinancing							
Increase (decrease) in consumer deposits							
Payments							
Repayment of borrowing		(3 535)	(3 535)	(3 535)	(3 535)	(3 726)	(3 927)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3 535)	(3 535)	(3 535)	(3 535)	(3 726)	(3 927)
NET INCREASE/ (DECREASE) IN CASH HELD		4 554	4 554	4 554	(166 213)	(175 189)	(184 649)
Cash/cash equivalents at the year begin:	2	(4 272)	(4 272)	(4 272)	282	(165 931)	(341 120)
Cash/cash equivalents at the year-end:	2	282	282	282	(165 931)	(341 120)	(525 769)

1.14 Municipal manager's quality certificate

I S T R Ramakarane, municipal manager of Setsoto Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name S T R RAMAKARANE

Municipal manager of Setsoto Municipality (FS191)

Signature 

Date 26/08/2013

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the budget key timelines before Council meeting outlining the key activities to be undertaken with strict timeliness. There was however necessary deviations from the key dates set out in the Budget Time Schedule tabled in Council due to the non availability of key personnel.

The municipality tabled the Draft Budget for 2013/2014 in Council on 30 March 2013. All relevant documents as tabled in Council were placed on the municipality's website and municipal offices for community consultation. All documents in the appropriate format were provided to National Treasury and the Provincial Treasury for inputs and recommendations.

Community Participation was conducted from 06 to 10 May 2013 in all four towns of Setsoto municipality. Inputs received during public participation focused on Service Delivery issues and backlogs.

When finalising the budget the municipality took into account inputs received from Treasury Departments and the community.

2.2 IDP and Service Delivery and Budget Implementation Plan

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An IDP is the principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The IDP Process Plan was compiled and tabled before Council

The IDP has taken into financial planning process based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget.

With the compilation of the 2013/14 MTREF, each department/function had to review their activities, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan.

FS191 Setsoto - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	22 491	23 680	28 460	24	32 463	32 463	32 463	31 326	33 017	34 800
Service charges	86 242	95 427	84 357	106 985	105 542	105 542	105 542	125 982	132 785	139 955
Investment revenue	601	2 344	2 365	1 785	1 601	1 601	1 601	1 500	1 581	1 666
Transfers recognised - operational	109 050	135 824	159 065	172 658	175 150	175 150	175 150	167 809	176 871	186 422
Other own revenue	45 398	86 077	118 529	34 025	50 643	50 643	50 643	50 746	53 486	56 375
Total Revenue (excluding capital transfers and contributions)	263 782	343 352	392 775	315 478	365 399	365 399	365 399	377 362	397 740	419 218
Employee costs	80 381	81 791	91 547	94 967	110 632	110 632	110 632	133 523	140 734	148 333
Remuneration of councillors	8 013	8 144	8 020	9 783	9 806	9 806	9 806	8 944	9 427	9 936
Depreciation & asset impairment	30 968	192 384	192 450	23 726	118 215	118 215	118 215	165 501	174 438	183 858
Finance charges	4 060	2 850	1 879	3 848	3 908	-	-	1 880	1 982	2 089
Materials and bulk purchases	35 632	42 297	59 547	49 771	50 174	50 174	50 174	54 000	56 916	59 989
Transfers and grants	14 862	13 385	7 894	-	-	-	-	15 665	16 511	17 402
Other expenditure	116 631	103 792	100 617	140 108	151 525	151 525	151 525	145 712	153 580	161 873
Total Expenditure	290 547	444 643	461 955	322 203	444 260	440 352	440 352	525 225	553 587	583 481
Surplus/(Deficit)	(26 765)	(101 290)	(69 180)	(6 726)	(78 861)	(74 953)	(74 953)	(147 862)	(155 847)	(164 263)
Transfers recognised - capital	-	-	-	78 757	77 157	-	-	99 753	105 140	110 817

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Contributions recognised - capital & contributed assets	-	-	-	-	-	77 157	77 157	(105 853)	(111 569)	(117 594)
Surplus/(Deficit) after capital transfers & contributions	(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)
Financial position										
Total current assets	9 421	45 952	61 963	69 309	69 309	69 309	69 309	77 792	91 484	98 711
Total non current assets	1 119	2 270 187	2 143 497	2 062 386	2 062 386	2 062 386	2 062 386	1 899 941	1 723 973	1 545 707
Total current liabilities	22 913	34 135	2 662	2 896	2 896	2 896	2 896	2 896	2 896	2 896
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	287 421	2 282 004	2 202 799	2 128 799	2 128 799	2 128 799	2 128 799	1 974 837	1 812 561	1 641 522
Cash flows										
Net cash from (used) operating	11 589	60 053	104 260	84 464	84 464	84 464	84 464	(62 929)	(66 328)	(69 909)
Net cash from (used) investing	(25 667)	(67 896)	(72 118)	(76 375)	(76 375)	(76 375)	(76 375)	(99 749)	(105 135)	(110 813)
Net cash from (used) financing	-	(6 902)	(7 591)	(3 535)	(3 535)	(3 535)	(3 535)	(3 535)	(3 726)	(3 927)
Cash/cash equivalents at the year end	(14 079)	(28 823)	(4 272)	282	282	282	282	(165 931)	(341 120)	(525 769)
Cash backing/surplus reconciliation										
Cash and investments available	(15 427)	(25 810)	8 748	2 782	2 782	2 782	2 782	2 782	2 782	2 782
Application of cash and investments	(4 197)	(23 827)	(18 414)	(31 946)	(23 883)	(23 883)	(23 883)	(45 743)	(54 024)	(58 396)
Balance - surplus (shortfall)	(11 230)	(1 983)	27 162	34 728	26 665	26 665	26 665	48 525	56 806	61 178
Asset management										
Asset register summary (WDV)	-	16 710	15 274	13 837	13 837	13 837	12 400	12 400	10 943	9 488
Depreciation & asset impairment	30 968	192 384	192 450	23 726	118 215	118 215	165 501	165 501	174 438	183 858
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Free services										
Cost of Free Basic Services provided	18 744	18 744	18 744	18 744	18 744	18 744	18 744	18 744	18 744	18 744
Revenue cost of free services provided	22 255	22 255	22 255	22 255	22 255	22 255	22 255	22 255	22 255	22 255
Households below minimum service level										
Water:	5	5	5	5	5	5	5	5	5	5
Sanitation/sewerage:	14	14	14	14	14	14	14	14	14	14
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	20	20	20	20	20	20	20	20	20	20

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FS191 Setsoto - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard	1									
Governance and administration		81 977	-	-	117 047	139 018	139 018	139 770	147 317	155 272
Executive and council		35 616	-	-	58 817	58 814	58 814	58 689	61 858	65 198
Budget and treasury office		45 405	-	-	50 419	72 390	72 390	72 542	76 459	80 588
Corporate services		957	-	-	7 811	7 814	7 814	8 539	9 000	9 486
Community and public safety		1 371	-	-	3 523	3 642	3 642	1 194	1 258	1 326
Community and social services		693	-	-	329	420	420	385	405	427
Sport and recreation		320	-	-	1 113	1 119	1 119	33	35	37
Public safety		296	-	-	225	245	245	270	285	300
Housing		62	-	-	1 857	1 858	1 858	506	533	562
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		116	-	-	28 622	28 622	28 622	27 604	29 095	30 666
Planning and development		116	-	-	-	-	-	-	-	-
Road transport		-	-	-	28 622	28 622	28 622	27 604	29 095	30 666
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	190 630	191 124	191 124	208 775	220 048	231 931
Electricity		-	-	-	98 313	96 404	96 404	104 849	110 511	116 479
Water		-	-	-	40 110	42 501	42 501	45 256	47 700	50 276
Waste water management		-	-	-	24 551	24 551	24 551	27 495	28 979	30 544
Waste management		-	-	-	27 656	27 668	27 668	31 175	32 858	34 632
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	83 464	-	-	339 822	362 405	362 405	377 342	397 719	419 195
Expenditure - Standard	-									
Governance and administration		-	-	-	92 224	125 339	125 339	158 893	167 473	176 517
Executive and council		-	-	-	51 628	63 689	63 689	69 797	73 566	77 539
Budget and treasury office		-	-	-	20 874	26 206	26 206	37 773	39 812	41 962
Corporate services		-	-	-	19 723	35 444	35 444	51 323	54 095	57 016
Community and public safety		-	-	-	30 800	36 745	36 746	37 366	39 384	41 511
Community and social services		-	-	-	9 062	11 307	11 307	9 307	9 810	10 340
Sport and recreation		-	-	-	11 053	12 543	12 543	13 226	13 941	14 693
Public safety		-	-	-	6 862	9 072	9 072	7 591	8 001	8 433

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Housing		-	-	-	3 665	3 665	3 665	7 241	7 632	8 044
Health		-	-	-	159	159	159	-	-	-
Economic and environmental services		-	-	-	26 106	42 908	42 908	46 990	49 528	52 202
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	26 081	42 883	42 883	46 990	49 528	52 202
Environmental protection		-	-	-	25	25	25	-	-	-
Trading services		-	-	-	192 083	248 412	248 412	294 433	310 332	327 090
Electricity		-	-	-	81 603	82 657	82 657	91 303	96 233	101 430
Water		-	-	-	41 198	57 655	57 655	71 285	75 134	79 191
Waste water management		-	-	-	35 509	61 970	61 970	82 142	86 577	91 252
Waste management		-	-	-	33 773	46 130	46 130	49 704	52 388	55 217
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	-	-	-	341 213	453 404	453 405	537 683	566 718	597 321
Surplus/(Deficit) for the year		83 464	-	-	(1 392)	(90 999)	(91 000)	(160 341)	(168 999)	(178 125)

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FS191 Setsoto - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - Council		–	–	–	58 017	58 036	58 036	56 049	58 907	61 794
Vote 2 - Corporate Services		–	–	–	9 016	9 122	9 122	8 368	8 795	9 225
Vote 3 - Municipal Manager		–	–	–	800	800	800	2 640	2 775	2 911
Vote 4 - Financial Services		–	–	–	50 419	75 238	75 238	72 542	76 242	79 977
Vote 5 - Community and Economic Services		–	–	–	29 975	30 121	30 121	32 558	34 219	35 895
Vote 6 - Technical Services		–	–	–	191 596	191 878	191 878	205 204	215 670	226 238
Total Revenue by Vote	2	–	–	–	339 823	365 195	365 195	377 361	396 606	416 040
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		–	–	–	44 841	54 844	54 844	38 506	40 469	42 452
Vote 2 - Corporate Services		–	–	–	21 560	37 111	37 111	54 482	57 261	60 067
Vote 3 - Municipal Manager		–	–	–	6 787	8 845	8 845	17 992	18 909	19 836
Vote 4 - Financial Services		–	–	–	20 874	26 206	26 206	35 673	37 492	39 329
Vote 5 - Community and Economic Services		–	–	–	60 603	77 046	77 046	87 854	92 334	96 859
Vote 6 - Technical Services		–	–	–	184 954	238 995	238 995	290 720	305 546	320 518
Total Expenditure by Vote	2	–	–	–	339 619	443 047	443 047	525 225	552 012	579 061
Surplus/(Deficit) for the year	2	–	–	–	204	(77 852)	(77 852)	(147 865)	(155 406)	(163 021)

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FS191 Setsoto - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	22 491	23 680	28 460	24	32 463	32 463	32 463	31 326	33 017	34 800
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	30 731	42 376	45 332	55 294	53 825	53 825	53 825	61 323	64 634	68 125
Service charges - water revenue	2	26 165	22 318	10 225	22 857	22 848	22 848	22 848	28 572	30 115	31 741
Service charges - sanitation revenue	2	13 156	14 285	13 412	13 256	13 256	13 256	13 256	16 570	17 465	18 408
Service charges - refuse revenue	2	15 922	16 358	15 388	15 613	15 613	15 613	15 613	19 517	20 571	21 681
Service charges - other		268	91	-	(35)						
Rental of facilities and equipment		689	436	131	679	686	686	686	752	793	836
Interest earned - external investments		601	2 344	2 365	1 785	1 601	1 601	1 601	1 500	1 581	1 666
Interest earned - outstanding debtors		17 579	11 836	27 280	14 888	31 705	31 705	31 705	30 000	31 620	33 327
Dividends received										-	-
Fines		296	297	387	225	245	245	245	270	285	300
Licences and permits		5	1	106	3	3	3	3	12	13	13
Agency services										-	-
Transfers recognised - operational		109 050	135 824	159 065	172 658	175 150	175 150	175 150	167 809	176 871	186 422
Other revenue	2	26 830	73 508	90 624	18 230	18 004	18 004	18 004	19 712	20 776	21 898
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		263 782	343 352	392 775	315 478	365 399	365 399	365 399	377 362	397 740	419 218
Expenditure By Type											
Employee related costs	2	80 381	81 791	91 547	94 967	110 632	110 632	110 632	133 523	140 734	148 333
Remuneration of councillors		8 013	8 144	8 020	9 783	9 806	9 806	9 806	8 944	9 427	9 936
Debt impairment	3	79 879	56 657	57 536	54 197	71 686	71 686	71 686	70 700	74 518	78 542
Depreciation & asset impairment	2	30 968	192 384	192 450	23 726	118 215	118 215	118 215	165 501	174 438	183 858
Finance charges		4 060	2 850	1 879	3 848	3 908			1 880	1 982	2 089
Bulk purchases	2	26 120	30 341	44 284	49 771	50 174	50 174	50 174	54 000	56 916	59 989
Other materials	8	9 513	11 956	15 263	-	-					

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Contracted services		–	–	727	–	534	534	534	14 705	15 499	16 336
Transfers and grants	4,	14 862	13 385	7 894	–	–	–	–	15 665	16 511	17 402
Other expenditure	5	36 752	47 135	42 354	85 912	79 305	79 305	79 305	60 307	63 563	66 996
Loss on disposal of PPE											
Total Expenditure		290 547	444 643	461 955	322 203	444 260	440 352	440 352	525 225	553 587	583 481
Surplus/(Deficit)		(26 765)	(101 290)	(69 180)	(6 726)	(78 861)	(74 953)	(74 953)	(147 862)	(155 847)	(164 263)
Transfers recognised - capital					78 757	77 157			99 753	105 140	110 817
Contributions recognised - capital	6	–	–	–	78 757	77 157	77 157	77 157	–	–	–
Contributed assets					(78 757)	(77 157)			(105 853)	(111 569)	(117 594)
Surplus/(Deficit) after capital transfers & contributions		(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)
Taxation											
Surplus/(Deficit) after taxation		(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(26 765)	(101 290)	(69 180)	72 031	(1 704)	2 204	2 204	(153 962)	(162 276)	(171 039)

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FS191 Setsoto - Table A6 Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		3 656	4 300	6 791							
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		4 479	39 904	53 552	67 140	67 140	67 140	67 140	75 623	89 315	96 542
Current portion of long-term receivables		4	4	4	4	4	4	4	4	4	4
Inventory	2	1 282	1 744	1 616	2 165	2 165	2 165	2 165	2 165	2 165	2 165
Total current assets		9 421	45 952	61 963	69 309	69 309	69 309	69 309	77 792	91 484	98 711
Non-current assets											
Long-term receivables		12	8	5	2	2	2	2	2	-	-
Investments		1 107	1 132	1 957	2 782	2 782	2 782	2 782	2 782	2 782	2 782
Investment property			16 059	14 635	13 211	13 211	13 211	13 211	11 787	10 363	8 939
Investment in Associate											
Property, plant and equipment	3	-	2 252 336	2 126 261	2 045 765	2 045 765	2 045 765	2 045 765	1 884 757	1 710 248	1 533 437
Agricultural											
Biological											
Intangible			652	639	626	626	626	626	613	580	549
Other non-current assets											
Total non-current assets		1 119	2 270 187	2 143 497	2 062 386	2 062 386	2 062 386	2 062 386	1 899 941	1 723 973	1 545 707
TOTAL ASSETS		10 540	2 316 139	2 205 460	2 131 695	2 131 695	2 131 695	2 131 695	1 977 733	1 815 457	1 644 418
LIABILITIES											
Current liabilities											
Bank overdraft	1	20 190	31 242	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	2 339	2 339	2 339	2 339	2 339	2 339
Consumer deposits		1 964	1 997	2 168	2 339	2 339	2 339	2 339	2 339	2 339	2 339
Trade and other payables	4	-	-	-	-	-	-	-	-	-	-
Provisions		760	896	494	557	557	557	557	557	557	557
Total current liabilities		22 913	34 135	2 662	2 896	2 896	2 896	2 896	2 896	2 896	2 896

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Non-current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non-current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		22 913	34 135	2 662	2 896	2 896	2 896	2 896	2 896	2 896	2 896
NET ASSETS	5	(12 373)	2 282 004	2 202 799	2 128 799	2 128 799	2 128 799	2 128 799	1 974 837	1 812 561	1 641 522
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		287 421	2 282 004	2 202 799	2 128 799	2 128 799	2 128 799	2 128 799	1 974 837	1 812 561	1 641 522
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	287 421	2 282 004	2 202 799	2 128 799	2 128 799	2 128 799	2 128 799	1 974 837	1 812 561	1 641 522

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FS191 Setsoto - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		144 039	122 492	79 541	67 105	67 105	67 105	67 105	125 846	132 641	139 804
Government - operating	1	130 984	198 302	238 547	243 535	243 535	243 535	243 535	167 809	176 871	186 422
Government - capital	1				3 096	3 096	3 096	3 096		-	-
Interest		601	14 180	29 645	17 512	17 512	17 512	17 512	1 500	1 581	1 666
Dividends										-	-
Payments											
Suppliers and employees		(259 975)	(258 685)	(233 700)	(214 146)	(214 146)	(214 146)	(214 146)	(342 179)	(360 657)	(380 132)
Finance charges		(4 060)	(2 850)	(1 879)	(240)	(240)	(240)	(240)	(240)	(253)	(267)
Transfers and Grants	1		(13 385)	(7 894)	(32 398)	(32 398)	(32 398)	(32 398)	(15 665)	(16 511)	(17 402)
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 589	60 053	104 260	84 464	84 464	84 464	84 464	(62 929)	(66 328)	(69 909)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Decrease (increase) other non-current receivables		4	4	4	4	4	4	4	4	4	4
Decrease (increase) in non-current investments											
Payments											
Capital assets		(25 671)	(67 899)	(72 122)	(76 379)	(76 379)	(76 379)	(76 379)	(99 753)	(105 140)	(110 817)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25 667)	(67 896)	(72 118)	(76 375)	(76 375)	(76 375)	(76 375)	(99 749)	(105 135)	(110 813)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(6 902)	(7 591)	(3 535)	(3 535)	(3 535)	(3 535)	(3 535)	(3 726)	(3 927)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(6 902)	(7 591)	(3 535)	(3 535)	(3 535)	(3 535)	(3 535)	(3 726)	(3 927)
NET INCREASE/ (DECREASE) IN CASH HELD		(14 079)	(14 744)	24 551	4 554	4 554	4 554	4 554	(166 213)	(175 189)	(184 649)

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Cash/cash equivalents at the year begin:	2		(14 079)	(28 823)	(4 272)	(4 272)	(4 272)	(4 272)	282	(165 931)	(341 120)
Cash/cash equivalents at the year end:	2	(14 079)	(28 823)	(4 272)	282	282	282	282	(165 931)	(341 120)	(525 769)

FS191 Setsoto - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	(14 079)	(28 823)	(4 272)	282	282	282	282	(165 931)	(341 120)	(525 769)
Other current investments > 90 days		(2 455)	1 881	11 063	(282)	(282)	(282)	(282)	165 931	341 120	525 769
Non current assets - Investments	1	1 107	1 132	1 957	2 782	2 782	2 782	2 782	2 782	2 782	2 782
Cash and investments available:		(15 427)	(25 810)	8 748	2 782	2 782	2 782	2 782	2 782	2 782	2 782
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(4 197)	(23 827)	(18 414)	(31 946)	(23 883)	(23 883)	(23 883)	(45 743)	(54 024)	(58 396)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(4 197)	(23 827)	(18 414)	(31 946)	(23 883)	(23 883)	(23 883)	(45 743)	(54 024)	(58 396)
Surplus(shortfall)		(11 230)	(1 983)	27 162	34 728	26 665	26 665	26 665	48 525	56 806	61 178

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FS191 Setsoto - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		3 655	3 655	3 655	3 655	3 655	3 655	3 655	3 655	3 655
Piped water inside yard (but not in dwelling)		9 138	9 138	9 138	9 138	9 138	9 138	9 138	9 138	9 138
Using public tap (at least min.service level)	2	7 724	7 724	8 224	8 224	8 224	8 224	8 224	8 224	8 224
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		20 517	20 517	21 017	21 017	21 017	21 017	21 017	21 017	21 017
Using public tap (< min.service level)	3	4 567	4 567	4 567	4 567	4 567	4 567	4 567	4 567	4 567
Other water supply (< min.service level)	4									
No water supply		916	916	916	916	916	916	916	916	916
<i>Below Minimum Service Level sub-total</i>		5 483	5 483	5 483	5 483	5 483	5 483	5 483	5 483	5 483
Total number of households	5	26 000	26 000	26 500	26 500	26 500	26 500	26 500	26 500	26 500
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		9 210	9 210	9 710	9 710	9 710	9 710	9 710	9 710	9 710
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)		1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		10 526	10 526	11 026	11 026	11 026	11 026	11 026	11 026	11 026
Bucket toilet		10 526	10 526	10 526	10 526	10 526	10 526	10 526	10 526	10 526
Other toilet provisions (< min.service level)										
No toilet provisions		3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948
<i>Below Minimum Service Level sub-total</i>		14 474	14 474	14 474	14 474	14 474	14 474	14 474	14 474	14 474
Total number of households	5	25 000	25 000	25 500	25 500	25 500	25 500	25 500	25 500	25 500
Energy:										
Electricity (at least min.service level)		27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000

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Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-
Total number of households	5	27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000
<u>Refuse:</u>									
Removed at least once a week		7 000	7 000	7 000	7 000	7 000	7 000	7 000	7 000
<i>Minimum Service Level and Above sub-total</i>		7 000	7 000	7 000	7 000	7 000	7 000	7 000	7 000
Removed less frequently than once a week		20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>		20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Total number of households	5	27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000
<u>Households receiving Free Basic Service</u>	7								
Water (6 kilolitres per household per month)		27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000
Sanitation (free minimum level service)		8 000	8 000	8 000	8 000	8 000	8 000	8 000	8 000
Electricity/other energy (50kwh per household per month)		27 000	27 000	27 000	27 000	27 000	27 000	27 000	27 000
Refuse (removed at least once a week)		8 000	8 000	8 000	8 000	8 000	8 000	8 000	8 000
<u>Cost of Free Basic Services provided (R'000)</u>	8								
Water (6 kilolitres per household per month)		5 054	5 054	5 054	5 054	5 054	5 054	5 054	5 054
Sanitation (free sanitation service)		5 405	5 405	5 405	5 405	5 405	5 405	5 405	5 405
Electricity/other energy (50kwh per household per month)		2 880	2 880	2 880	2 880	2 880	2 880	2 880	2 880
Refuse (removed once a week)		5 405	5 405	5 405	5 405	5 405	5 405	5 405	5 405
Total cost of FBS provided (minimum social package)		18 744	18 744	18 744	18 744	18 744	18 744	18 744	18 744
<u>Highest level of free service provided</u>									
Property rates (R value threshold)									
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)		56	56	56	56	56	56	56	56
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50
Refuse (average litres per week)		56	56	56	56	56	56	56	56
<u>Revenue cost of free services provided (R'000)</u>	9								

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Property rates (R15 000 threshold rebate)		3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511
Property rates (other exemptions, reductions and rebates)										
Water		5 054	5 054	5 054	5 054	5 054	5 054	5 054	5 054	5 054
Sanitation		5 405	5 405	5 405	5 405	5 405	5 405	5 405	5 405	5 405
Electricity/other energy		2 880	2 880	2 880	2 880	2 880	2 880	2 880	2 880	2 880
Refuse		5 405	5 405	5 405	5 405	5 405	5 405	5 405	5 405	5 405
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	22 255	22 255	22 255	22 255	22 255	22 255	22 255	22 255	22 255

FS191 Setsoto - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		22 491	23 680	28 460	24	32 463	32 463	32 463	31 326	33 017	34 800
<i>less Revenue Foregone</i>											
Net Property Rates		22 491	23 680	28 460	24	32 463	32 463	32 463	31 326	33 017	34 800
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		30 731	42 376	45 332	55 294	53 825	53 825	53 825	61 323	64 634	68 125
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		30 731	42 376	45 332	55 294	53 825	53 825	53 825	61 323	64 634	68 125
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		26 165	22 318	10 225	22 857	22 848	22 848	22 848	28 572	30 115	31 741
<i>less Revenue Foregone</i>											

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Net Service charges - water revenue		26 165	22 318	10 225	22 857	22 848	22 848	22 848	28 572	30 115	31 741
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		13 156	14 285	13 412	13 256	13 256	13 256	13 256	16 570	17 465	18 408
less Revenue Foregone											
Net Service charges - sanitation revenue		13 156	14 285	13 412	13 256	13 256	13 256	13 256	16 570	17 465	18 408
Service charges - refuse revenue	6										
Total refuse removal revenue		15 922	16 358	15 388	15 613	15 613	15 613	15 613	19 517	20 571	21 681
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		15 922	16 358	15 388	15 613	15 613	15 613	15 613	19 517	20 571	21 681
Other Revenue by source											
Other service charges				287	-	-					
Sale of land			1 184	20							
Other grants & subsidies received		21 934	70 783	79 482							
Other income		4 896	1 541	10 835	18 230	18 004	18 004	18 004	19 712	20 776	21 898
Total 'Other' Revenue	1	26 830	73 508	90 624	18 230	18 004	18 004	18 004	19 712	20 776	21 898
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	52 639	53 116	60 972	61 515	69 728	69 728	69 728	84 596	89 164	93 979
Pension and UIF Contributions		13 225	9 430	11 272	9 760	11 577	11 577	11 577	13 745	14 487	15 269
Medical Aid Contributions			4 770	5 600	5 718	6 341	6 341	6 341	8 177	8 619	9 084
Overtime		3 348	3 074	3 980	3 516	3 481	3 481	3 481	1 995	2 103	2 216
Performance Bonus		6 407	2 532	4 151	5 874	7 519	7 519	7 519	8 282	8 729	9 201
Motor Vehicle Allowance		4 363	6 555	5 365	5 758	6 103	6 103	6 103	8 388	8 841	9 318
Cellphone Allowance			1 702	207	302	324	324	324	382	402	424
Housing Allowances		255	201		211	556	556	556	308	324	342
Other benefits and allowances					1 563	4 253	4 253	4 253	1 062	1 120	1 180
Payments in lieu of leave									4 384	4 620	4 870
Long service awards		143	411		-	-			1 456	1 534	1 617
Post-retirement benefit obligations	4				750	750	750	750	750	791	833
<i>sub-total</i>	5	80 381	81 791	91 547	94 967	110 632	110 632	110 632	133 523	140 734	148 333
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	80 381	81 791	91 547	94 967	110 632	110 632	110 632	133 523	140 734	148 333
Contributions recognised – capital											

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<i>List contributions by contract</i>					78 757	77 157	77 157	77 157	-	-	-
Total Contributions recognised – capital		-	-	-	78 757	77 157	77 157	77 157	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		30 968	192 384	192 450	23 726	118 215	118 215	118 215	165 501	174 438	183 858
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment		30 968	192 384	192 450	23 726	118 215	118 215	118 215	165 501	174 438	183 858
Bulk purchases											
Electricity Bulk Purchases		26 120	30 341	44 284	49 771	50 174	50 174	50 174	54 000	56 916	59 989
Water Bulk Purchases											
Total bulk purchases		26 120	30 341	44 284	49 771	50 174	50 174	50 174	54 000	56 916	59 989
Transfers and grants											
Cash transfers and grants		14 862	13 385	7 894	-	-	-	-	15 665	16 511	17 402
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants		14 862	13 385	7 894	-	-	-	-	15 665	16 511	17 402
Contracted services											
Specialist Services				727	-	534	534	534	14 705	15 499	16 336
sub-total		-	-	727	-	534	534	534	14 705	15 499	16 336
Total contracted services		-	-	727	-	534	534	534	14 705	15 499	16 336
Other Expenditure By Type											
Collection costs		20			45	1 323	1 323	1 323	300	316	333
Contributions to 'other' provisions											
Consultant fees			7 458	7 523	-	-	-	-			
Audit fees		3 395	3 112	3 612	4 000	3 300	3 300	3 300	3 500	3 689	3 888
General expenses		27 195	28 866	17 346	73 496	66 242	66 242	66 242	23 238	24 493	25 816
Fuel & Oil		2 453	2 729	3 365	3 287	3 356	3 356	3 356	3 266	3 442	3 628
Insurance		2 479	3 809	6 276	4 113	4 113	4 113	4 113			
Telephone Costs		1 210	1 162	4 233	970	970	970	970	1 200	1 265	1 333
Repair and Maintenance									28 802	30 357	31 997
Total 'Other' Expenditure		36 752	47 135	42 354	85 912	79 305	79 305	79 305	60 307	63 563	66 996
Repairs and Maintenance by Expenditure Item											
		8									

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Employee related costs				29 478	34 341	34 341	34 341	36 664	38 644	40 730	
Other materials											
Contracted Services				8 268	14 561	14 561	14 561	28 997	30 563	32 213	
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	-	-	-	37 746	48 902	48 902	48 902	65 661	69 207	72 944

2.3 Overview of budget related-policies

The municipal budget related policies was reviewed as part of community inputs and the final reviewed policies are attached

2.4 TARIFFS 2013/14

<u>CORPORATE SERVICES</u>			
DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
Photocopies			
- Photostats A4	2.19	2.19	2.50
- Photostats A3	4.56	4.56	5.20
Copies of Maps	65.00	65.00	74.10
Clearance Certificate	70.00	70.00	79.80

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Valuation Certificate	70.00	70.00	79.80
Look-up-fees per hour or part per hour	6.00	6.00	6.84
Building Plan Copies	70.00	70.00	79.80
Faxes : Per page			
- Sending	6.05	6.05	6.90
- Receiving	6.05	6.05	6.90
Voters roll per page	2.55	2.55	2.91
Valuation Roll per unit	700.00	700.00	798.00
Address Roll per unit	700.00	700.00	798.00
Posters :			
- Deposit	300.00	300.00	342.00
- Rental per poster	0.50	0.50	0.57
Enquiry Fees -per hour of part thereof (Special Requests)	40.00	40.00	45.60
Deeds Office Enquiries per property (Aktex)	30.00	30.00	34.20
Pointing of Site Pens - Surveyor Costs plus	10.00%	10.00%	
Pound Fees per day (per head)			-
Only for Cattle, Horses and Donkeys			
First day	70.00	70.00	79.80
Second Day and longer per day	70.00	70.00	79.80

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Only for Buck, Sheep and Pigs			
First day	20.00	20.00	22.80
Second Day and longer per day	20.00	20.00	22.80
 Wood (if available)			
 - Droppers (if available)			
Per 100 for 1.2m lengths	120.00	120.00	136.80
Per 100 for 1.8m lengths	180.00	180.00	205.20
 - Selling of Wood (if available)			
Per bundle carried by single human	20.00	20.00	22.80
Dry wood per cubic meter	70.00	70.00	79.80
Saw Timber per cubic meter (chopped)	180.00	180.00	205.20
Saw Timber - 1 meter length	90.00	90.00	102.60
Per Bag	20.00	20.00	22.80
 Valuation Objection Fees			
- Per property with a minimum of R 3500-00 if less than four objections, there after	300.00	300.00	342.00
 Encroachments on sidewalks			
- Application for advertising boards and other encroachments			
* Permanent structure per year plus 10% escalation per year	270.00	270.00	307.80
* Temporary structure per year plus 10% escalation per year	220.00	220.00	250.80
 Building Approvals/Inspections Fees			
 - Residential Sites			
0-100m2	65.00	65.00	74.10

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101-200m2	185.00	185.00	210.90
201-300m2	250.00	250.00	285.00
301m2+	400.00	400.00	456.00
- Sewerage Inspect - Per sewerage point (new buildings)	30.00	30.00	34.20
- Trading and Industrial Sites			
0-200m2	400.00	400.00	456.00
201-500m2	650.00	650.00	741.00
501m2+	1 500.00	1 500.00	1 710.00
- Sewerage Inspect - Per sewerage point (new buildings)	35.00	35.00	39.90
Debtors Collection Fee			
Default charge	50.00	50.00	57.00
Cheque returned by bank	100.00	100.00	114.00

DRAFT

<u>CEMETRIES</u>			
DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014

TOWN :

- Selling of graves:			
- Adults	450.00	450.00	513.00
- Children under the age of 10	250.00	250.00	285.00
- Stillborn	No charge	No charge	No charge
- Non Residence	750.00	750.00	855.00

TOWN SHIP :

- Residence	120.00	120.00	136.80
- Children under the age of 10	90.00	90.00	102.60
- Stillborn	No charge	No charge	No charge
- Non Residence	500.00	500.00	570.00

OPEN AND CLOSURE

Weekdays	200.00	200.00	228.00
Weekends & Public Holidays	350.00	350.00	399.00

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Burial on top of each other	350.00	350.00	399.00
Erection of Tombstone plans	20.00	20.00	22.80
Wall of Remembrance :			
- Residence	400.00	400.00	456.00
- Non Residence	500.00	500.00	570.00
Muslim Graves	650.00	650.00	741.00
Erection / Replacement of tombstones :			
- Residence	85.00	85.00	96.90
- None Residence	150.00	150.00	171.00
Traffic Assistance / Escort	500.00	500.00	570.00

LIBRARY

DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
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Penalty Fees

Per Book per Week	1.50	1.50	1.71
Donation for Lecture Hall	120.00	120.00	136.80
Cultural Organisations	170.00	170.00	193.80

Membership \ Subscription

Rate Payers	7.50	7.50	8.55
Non Rate Payers	50.00	50.00	57.00

Rental of Library Halls

Deposit	200.00	200.00	228.00
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Rent - 08:00-17:00	100.00	100.00	114.00
Rent - 17:00-24:00	150.00	150.00	171.00

<u>PROPERTIES</u>			
DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
Parking Area			
- Busses per day	25.00	25.00	28.50
- Taxi / Busses Loading	4.00	4.00	4.56
Vendors			
- per day	5.00	5.00	5.70
- weekly	20.00	20.00	22.80
- monthly	75.00	75.00	85.50
Caravan Park			
Out of Season tariff (03 January to 31 October each year)			
- overnight tariff - first four persons	78.95	78.95	90.00
- per extra person	14.04	14.04	16.00
- additional vehicle	18.42	18.42	21.00

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Day visitor to park	15.79	15.79	18.00
Pensioners visiting park			
- Overnight tariff - first four persons	43.86	43.86	50.00
- per extra person	8.77	8.77	10.00
- day visitor	11.40	11.40	13.00
- day visitor (Groups of 10 or more persons)	8.77	8.77	10.00
Maximum of six (6) persons per stand			
Contractors - an additional	18.42	18.42	21.00
- no storage of any material / vehicles / equipment			
In Season tariff (01 November to 02 January each year)			
- overnight tariff - first four persons	125.44	125.44	143.00
- per extra person	14.04	14.04	16.00
- additional vehicle	18.42	18.42	21.00
Day visitor to park	21.05	21.05	24.00
Pensioners visiting park			
- Overnight tariff - first four persons	78.95	78.95	90.00
- per extra person	15.79	15.79	18.00
- day visitor	11.40	11.40	13.00
Maximum of six (6) persons per stand			
Contractors - an additional	18.42	18.42	21.00
- no storage of any material / vehicles / equipment			
Abattoir - No service rendered.			
- Inspections Fees			
Cattle	-	-	-
Calf	-	-	-
Sheep	-	-	-

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Pigs	-	-	-
Suckling	-	-	-
Tripe per kg	-	-	-
Renting of Council land/properties) and the selling of land			
Arable/plough able land rental per annum per hectare	150.00	150.00	171.00
Grazing Land rental per annum per hectare	120.00	120.00	136.80
Undetermined/ unspecified land for projects per annum per square meter			
0 - 1000m2	5.00	5.00	5.70
1001 - 5000m2	10.00	10.00	11.40
5001m2 and above	20.00	20.00	22.80
Office Space per square meter per month including services	46.49	46.49	53.00
Office Space per square meter per month excluding services	31.49	31.49	35.90
Town Houses per square meter per month - no yard excluding municipal services	50.00	50.00	57.00
Town Houses per square meter per month - with yard - including municipal services	80.00	80.00	91.20
Lease of properties Community Based organisations and Non Government and			
Non Profit making Organisations per square meter per month	20.00	20.00	22.80
Purchase price for residential site for Low Cost RDP houses	1 200.00	1 200.00	1 368.00
Purchase price for residential site in former "Black areas"	As per municipal valuations plus VAT	As per municipal valuations plus VAT	
Purchase price for residential site in former "White areas"	As per municipal valuations plus VAT	As per municipal valuations plus VAT	
Purchase price for business sites, commercial sites, industrial sites plus VAT	Tender Process	Tender Process	Tender Process
Alienation of school sites, Clinic Sites			Donation

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Alienation of crèche sites, Church Sites	Tender Process	Tender Process	Tender Process
Sundry			
Sale of Sand Per 6 m3	250.00	250.00	285.00
Sale of Gravel Per 6 m3	250.00	250.00	285.00
Hire of Back-actor Per Hour - Driver included	350.00	350.00	399.00
Hire of Grader Per Hour - Driver included	600.00	600.00	684.00

TOWN HALL & BUILDINGS

DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
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A DEPOSIT TO BE PAID AT ALL TIMES.

DEPOSIT FOR RATE PAYERS

Halls	400.00	400.00	456.00
Crockery	400.00	400.00	456.00

DEPOSIT FOR NON RATE PAYERS

Halls	800.00	800.00	912.00
Crockery	800.00	800.00	912.00

RENTAL

Rate Payers

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Town Hall			
per day or part thereof	263.16	263.16	300.00
Extra day for preparations after 17h00	105.26	105.26	120.00
Organisation with WO nr			
S A Police (not recruiting purposes)			
Clinic			
Schools without halls			
Church			
Non Rate Payers			
Town Hall			
per day or part thereof	350.00	350.00	399.00
Horticultural Hall			
per day or part thereof	180.00	180.00	205.20
repetitions (each)	25.00	25.00	28.50
Sports Sessions (between 08:00-17:00)	25.00	25.00	28.50
(between 17:00-24:00)	40.00	40.00	45.60
Township Community Halls & LDF Sports Hall			
if no entrance fee is charged & for community organisations			
LDF Hall	40.00	40.00	45.60
Community Halls	75.00	75.00	85.50
if entrance fee is charged & for Political Meetings			
LDF Hall	75.00	75.00	85.50
Community Halls	120.00	120.00	136.80
Sports clubs per year or part thereof (only if hall is not needed for other purposes) - Only Community Halls and LDF Hall			

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Maximum of 4 hours per week per club	132.02	132.02	150.50
Stadiums and Open Grounds			
Townships			
Deposit	100.00	100.00	114.00
Practise session per activity per day or part thereof	65.00	65.00	74.10
Matches per activity per day or part thereof	100.00	100.00	114.00
Any other non-sport functions	120.00	120.00	136.80
Rent : 06:00-18:00	120.00	120.00	136.80
Towns			
Deposit	400.00	400.00	456.00
Practise session per activity per day or part thereof	100.00	100.00	114.00
Matches per activity per day or part thereof	150.00	150.00	171.00
Rent : 06:00-18:00	120.00	120.00	136.80
Rent after 18:00 without lights	140.00	140.00	159.60
Rent after 18:00 with lights	180.00	180.00	205.20
Any other non-sport functions	200.00	200.00	228.00
	300.00	300.00	342.00
Cricket Field			
Practise session per activity per day or part thereof	100.00	100.00	114.00
Rent : 09:00-19:00	180.00	180.00	205.20
Rent with lights	240.00	240.00	273.60
Athletic Track (Unmarked) per day or part thereof	240.00	240.00	273.60

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SWIMMING POOL

DESCRIPTION	TARIFF	TARIFF	TARIFF
	No VAT 2012/2013	No VAT 2013/2014	Inc Vat 2013/2014
Season Tickets			
Adults	40.00	40.00	45.60
School Going Children	30.00	30.00	34.20
Day Visitors			
Adults	3.51	3.51	4.00
School Going Children	1.75	1.75	2.00

PROTECTION SERVICES

DESCRIPTION	TARIFF	TARIFF	TARIFF
	No VAT 2012/2013	No VAT 2013/2014	Inc Vat 2013/2014
VELD FIRES			
Area of Rate Payers			
Call out fee - payable by owner	100.00	100.00	114.00
Area outside of Rate Payers			

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Call out fee - payable by owner	700.00	700.00	798.00
Running cost per vehicle per kilometre	2.75	2.75	3.14
Tariff per hour	550.00	550.00	627.00

ASSESSMENT RATES

DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
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Public / Residential

Site			
Improvements			
Market Value	0.1000	0.1000	

Government / State Owned

Site			
Improvements			
Market Value	0.1000	0.1000	

Business / Industrial

Site			
Improvements			
Market Value	0.2000	0.2000	

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Farms / Agricultural

Site		
Improvements		
Market Value	0.025	0.025

Public Service Infrastructure

Market Value	0.025	0.025
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Exemptions, Rebates, Discounts & Reductions.

As stipulated in the Council's Rates Policy and Rates By-Law

(The proposed rebate will have an effect of approximately 10% on the income)

Settlement Discount

Residential Properties: If the full current Residential service account is paid before or on the last day of each month the consumer qualify for a 5% (five percent) discount on property tax only.

POLICY AMENDMENTS

- All owners of Residential property to receive a rebate of 92.35% (previous financial year 93.9%).
- All owners of Business and Industrial property to receive a rebate of 92.35% (previous financial year 93.9%)
- All agricultural properties to receive a rebate of 92.35% (previous financial year 93.9%)
- All state owned properties to receive a rebate of 0% (previous financial year 0%)

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ELECTRICITY

DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
Availability:	81.96	88.52	100.92
Basic Charges			
Domestic	211.01	227.89	259.79
Business	260.53	281.37	320.76
Industrial High > 15000 kwh	2 969.47	3 207.03	3 656.02
Industrial Low < 15000 kwh	199.04	214.96	245.05
Small Holdings / Farms	316.14	341.43	389.23
Government & Provincial	477.59	515.80	588.01
School Hostels	211.01	227.89	259.79
Sport	191.05	206.33	235.22
Municipal use	191.05	206.33	235.22
Unit Price per Kwh			

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	Domestic (First 50 Kwh free)	0.79	0.86	0.98
	Business (No free Kwh applicable)	0.81	0.88	1.00
	Small Holdings / Farms (No free Kwh applicable)	0.88	0.95	1.08
	Government & Provincial (No free Kwh applicable)	1.23	1.33	1.51
	Sport (No free Kwh applicable)	0.88	0.95	1.08
	Municipal use (No free Kwh applicable)	0.92	1.00	1.14
	Single rate tariff / Prepaid	1.10	1.19	1.35
Inclining Block Tariffs (IBT) – New				
Domestic Tariffs:				
Block 1	0 - 50 c/kwh	0.58	0.63	0.71
Block 2	51 - 350 c/kwh	0.72	0.78	0.89
Block 3	351 - 600 c/kwh	0.91	0.99	1.12
Block 4	600 > c/kwh	1.09	1.17	1.34
Commercial Tariffs:				
	Prepaid 2000 c/kwh	1.14	1.23	1.40
	Conventional 2000 c/kwh	1.14	1.23	1.40
Industrial:				
	R43.80 c/kva plus c/kwh	1.16	1.25	1.43
Bulk Users				
	K V A High voltage	125.70	135.76	154.77
	K V A Low voltage	115.93	125.21	142.73
	0 – 15000	0.53	0.58	0.66
	15001 >	0.46	0.50	0.57
Deposit				

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Domestic	500.00	500.00
Business	700.00	700.00
Non Citizen - Domestic	1 000.00	1 000.00
Non Citizen - Business	1 400.00	1 400.00

New Connections

Domestic Single Phase	1 500.00	1 500.00	1 710.00
Business Single Phase	3 000.00	3 000.00	3 420.00
Domestic Other - Cost plus	10.00%	10.00%	
Business Other - Cost plus or actual cost whichever is the highest.	10.00%	10.00%	

Re Connection cost

Domestic	1 000.00	1 000.00	1 140.00
Business	1 000.00	1 000.00	1 140.00

Testing of Meters

	150.00	162.00	184.68
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The Financial Manager will charge a Deposit to his own discretion on any Applicants who are not a South African citizen.

<u>REFUSE SERVICES</u>			
DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014

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HOUSEHOLD

Township		49.39	61.74	70.38
Town		60.04	75.05	85.56
Business				
Town & Township Factor Value		62.72	78.40	89.38
Business to start with a value of 2				
All Business' must be valued by Environmental Health Officers:				
Tuck-shops		49.39	61.74	70.38
Provincial & Government Buildings		168.11	210.14	239.56
Garden Refuse (Container or Trailer rental)		110.00	137.50	156.75
Building Rubble per 8 ton Load		1 050.00	1 312.50	1 496.25
Cleaning of Sites (Vacant Sites Only)(per 100 m2 or part thereof)		525.00	656.25	748.13
Removal of Trade Refuse (per 85 lt container)		90.00	112.50	128.25
Removal of perishable foodstuffs		200.00	250.00	285.00
Removal of Carcass				
Cattle		210.00	262.50	299.25
Other Than Cattle		105.00	131.25	149.63

Services to be rendered once a week.

SEWERAGE SERVICES			
DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014

Bucket System / VIP System	38.69	48.36	55.13
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Domestic	49.39	61.74	70.38
Septic Tank	49.39	61.74	70.38
Septic Tank Indigent only	-	-	-
Business	72.06	90.08	102.69
Provincial Administration	169.43	211.79	241.44
- Hospitals	493.60	617.00	703.38
- Jails	560.31	700.39	798.44
Availability	27.37	34.21	39.00
Services:			-
Blockages office hours	84.21	105.26	120.00
after hours	168.07	210.09	239.50
Inspection fees	42.02	52.53	59.88
Connection Fees or actual cost, whichever is the highest	1 575.00	1 575.00	1 795.50
Service based on once per week			

WATER SERVICES

DESCRIPTION	TARIFF No VAT 2012/2013	TARIFF No VAT 2013/2014	TARIFF Inc Vat 2013/2014
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Availability:	52.02	65.03	74.13
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Basic Charge

Domestic Use			
Fully Connected Site with Meter	61.58	76.98	87.75
Site with Communal Tap/Basic charge	52.02	65.03	74.13
Site with tap without meter	61.58	76.98	87.75
Business	77.81	97.26	110.88
Small Holdings	74.65	93.31	106.38
Government & Provincial	190.70	238.38	271.75
Sports Clubs	149.25	186.56	212.68

Unit Price

0 - 6 (Domestic users only) (FBW to all)	2.28	2.85	3.25
0 - 6 (All other users and consumers)	2.45	3.07	3.50
6,1 – 10	2.89	3.61	4.12
10,1 - 20	3.16	3.95	4.50
20,1 – 30	3.51	4.39	5.00
30,1 >	3.77	4.71	5.37
Municipal Use & Sports Clubs	2.28	2.85	3.25

Deposit

Household	200.00	200.00	200.00
Business	400.00	400.00	400.00
Non-Citizen – Domestic	400.00	400.00	400.00
Non-Citizen – Business	800.00	800.00	800.00

New Connection

Household	1 209.34	1 209.34	1 378.65
Business	3 023.33	3 023.33	3 446.60
or actual cost, whichever is the highest.			

Re-Connection

Household	315.88	315.88	360.10
Business	473.77	473.77	540.10

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No Charge to be levied for Call Out

Testing of Water meters 150.00 187.50 213.75

Prepaid Water meters

Tariff to be determined once meters are installed.

ADMINISTRATION COST

DESCRIPTION	% of Departmental Income 2013/2014
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Cleansing services	5.00%	5%
Sewer services	5.00%	5%
Electricity services	8.00%	8%
Water services	5.00%	5%

PROPOSED INDIGENT SUBSIDY

DESCRIPTION	% SUBSIDY 2013/2014
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	INCOME CATEGORY	SUBSIDY EX VAT	PAYABLE
A	R 0 - 500 per household per month	100% 97.50	-
B	R501 - 700 per household per month	80% 78.00	19.50
C	R701 - 900 per household per month	60% 58.50	39.00
D	R901 - 1200 per household per month	25% 24.38	73.12

Maximum subsidy of R97-50 per site.(excluding VAT)

INCOME CATEGORY

R 0 - R 1800 per household per month

Account

Water

6 kl

100%

R

161.20

R

Setsoto Local Municipality – Annual Budget & MTREF 2013/14

Electricity

50Kwh

15.60

R

33.00

R

Refuse

per month

56.30

R

Sewer

per month

56.30

DRAFT