



SETSOTO LOCAL MUNICIPALITY: DRAFT BUDGET 2010/2011





CONTENTS:

1. INTRODUCTION & BACKGROUND
2. TOTAL BUDGET - OVERVIEW
3. TOTAL BUDGET ANALYSIS
4. SUMMARY – REPAIRS & MAINTENANCE
5. ANALYSIS – REPAIRS & MAINTENANCE
6. LEVIES – MAJOR SERVICE
7. PROPOSED INDIGENT SUBSIDY
8. AVERAGE CONSUMER ACCOUNT
9. GRANTS & SUBSIDIES
10. OVERALL CAPITAL BUDGET
11. FUNDING OF THE OVERALL CAPITAL BUDGET
12. FUNDING OF THE OVERALL CAPITAL BUDGET: ANALYSIS
13. OTHER COMMUNITY PROJECTS
14. CONCLUSION / QUESTIONS



1. INTRODUCTION & BACKGROUND

■ Summary of Legislative Framework

Municipal Finance Management Act (MFMA) – Chapter 4

Municipal Systems Act – Chapter 4

Division of Revenue Act

MFMA Circulars issued by National Treasury

Municipal policies

■ Purpose and Objective

To invite the community to give their inputs in terms of the Draft Budget 2010/2011



2. TOTAL BUDGET - OVERVIEW

DETAILS	CURRENT YEAR 2009/2010	BUDGET YEAR 2010/2011	% INCREASE / (DECREASE)
INCOME			
Total Operating Income	139,673,630	148,135,705	6%
Grants & Subsidies	153,538,299	231,550,925	51%
TOTAL INCOME	293,211,929	379,686,630	29%
EXPENDITURE			
Total Operating Expenditure	243,165,279	288,142,340	18%
Total Capital Expenditure	50,041,000	91,538,925	83%
TOTAL EXPENDITURE	293,206,279	379,681,265	29%
Surplus / (Deficit)	5,650	5,365	



2. CONT. TOTAL BUDGET - OVERVIEW

DETAILS	AUDITED ACTUAL 2008/2009	CURRENT YEAR 2009/2010	BUDGET YEAR 2010/2011	% INCREASE / (DECREASE)
INCOME				
Property Rates	22,648,183	20,142,278	21,350,815	6%
Property Rates - Grants	-	-	4,053,000	
User charges for Service	77,949,453	83,239,094	93,012,023	12%
Grants & Subsidies	102,439,424	153,538,299	227,497,925	48%
Other Income	34,863,380	36,292,258	33,772,867	-7%
TOTAL INCOME	237,900,440	293,211,929	379,686,630	29%



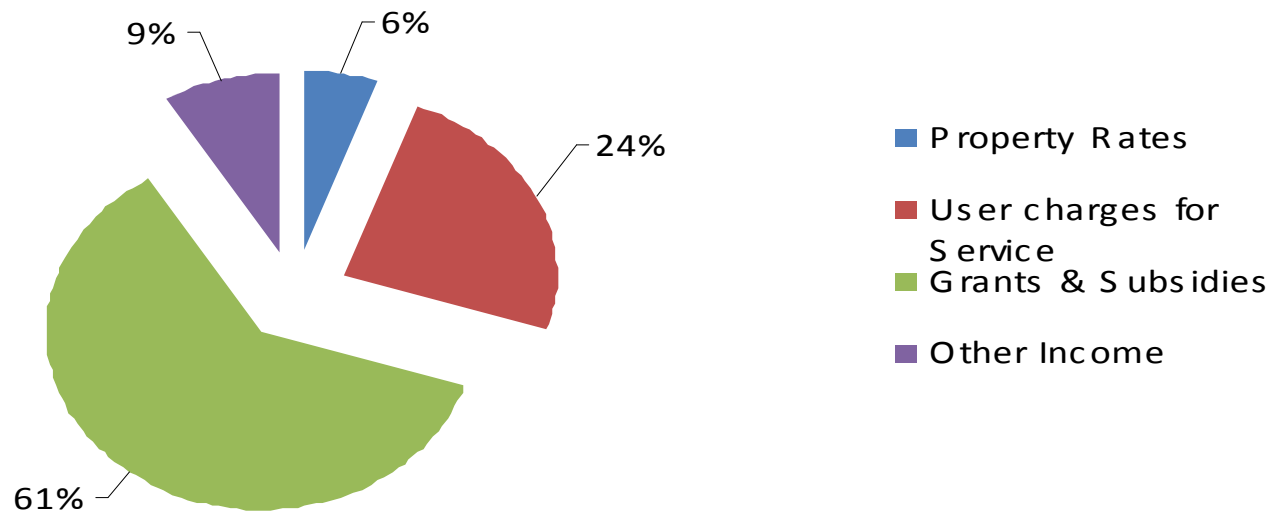
2. CONT. TOTAL BUDGET - OVERVIEW

DETAILS	AUDITED ACTUAL 2008/2009	CURRENT YEAR 2009/2010	BUDGET YEAR 2010/2011	% INCREASE / (DECREASE)
OPERATING EXPENDITURE				
Employee Related Costs	70 046 614	76 923 476	83 418 605	8%
Councillors Remuneration	6 921 702	7 365 557	8 317 018	13%
Working Capital Reserve(Bad debts)	20 800 000	13 125 000	38 532 928	194%
Depreciation	25 819 999	16 728 493	26 544 835	59%
Repairs & Maintenance	9 989 284	22 144 769	15 000 982	-32%
Interest - External Borrowings	4 178 471	12 220 736	10 546 265	-14%
Bulk Purchases	19 327 475	24 186 094	34 076 956	41%
Grants & Subsidies Given (Indigent)	8 026 101	12 000 000	14 770 416	23%
General Expenses - Other	36 745 298	46 064 587	43 907 440	-5%
Internal Charges	10 672 732	12 406 567	13 026 895	5%
TOTAL OPERATING EXPENDITURE	212 527 676	243 165 279	288 142 340	18%



3. TOTAL BUDGET – ANALYSIS

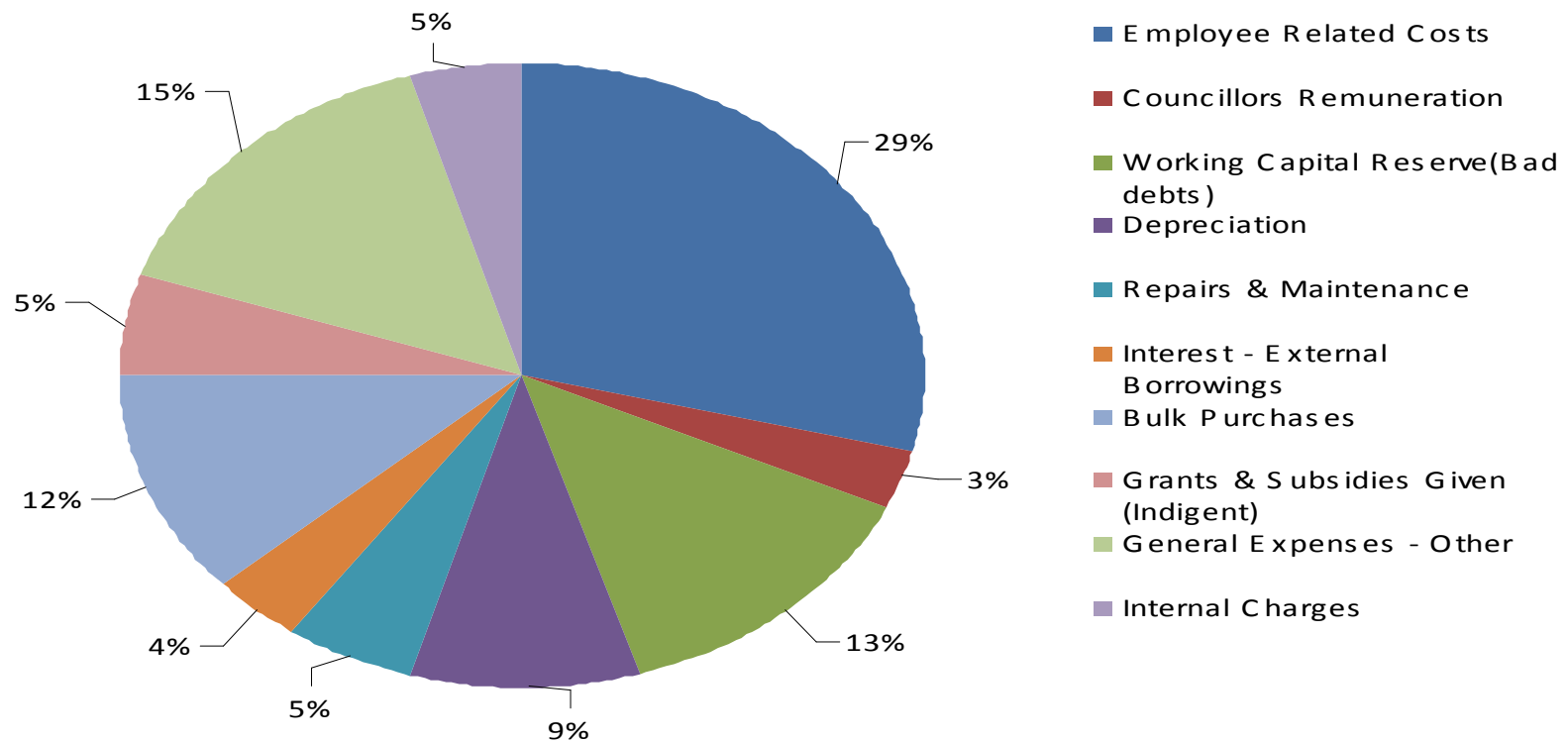
Analysis of Income Source





3. Cont. TOTAL BUDGET – ANALYSIS

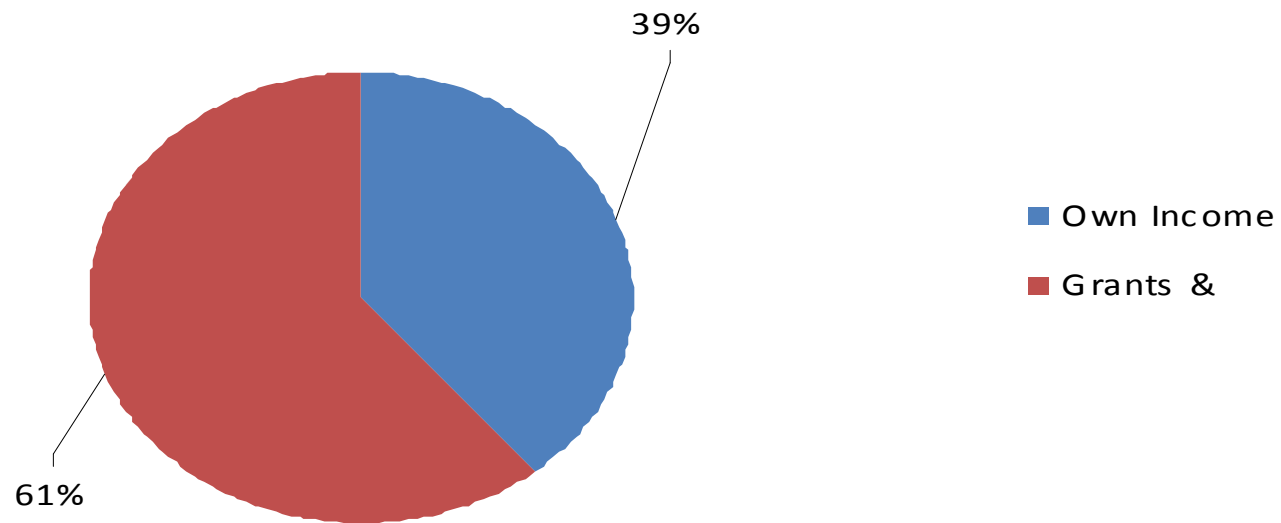
Analysis of Operating Expenditure





3. CONT. TOTAL BUDGET – ANALYSIS

Own Income VS Grants & Subsidies





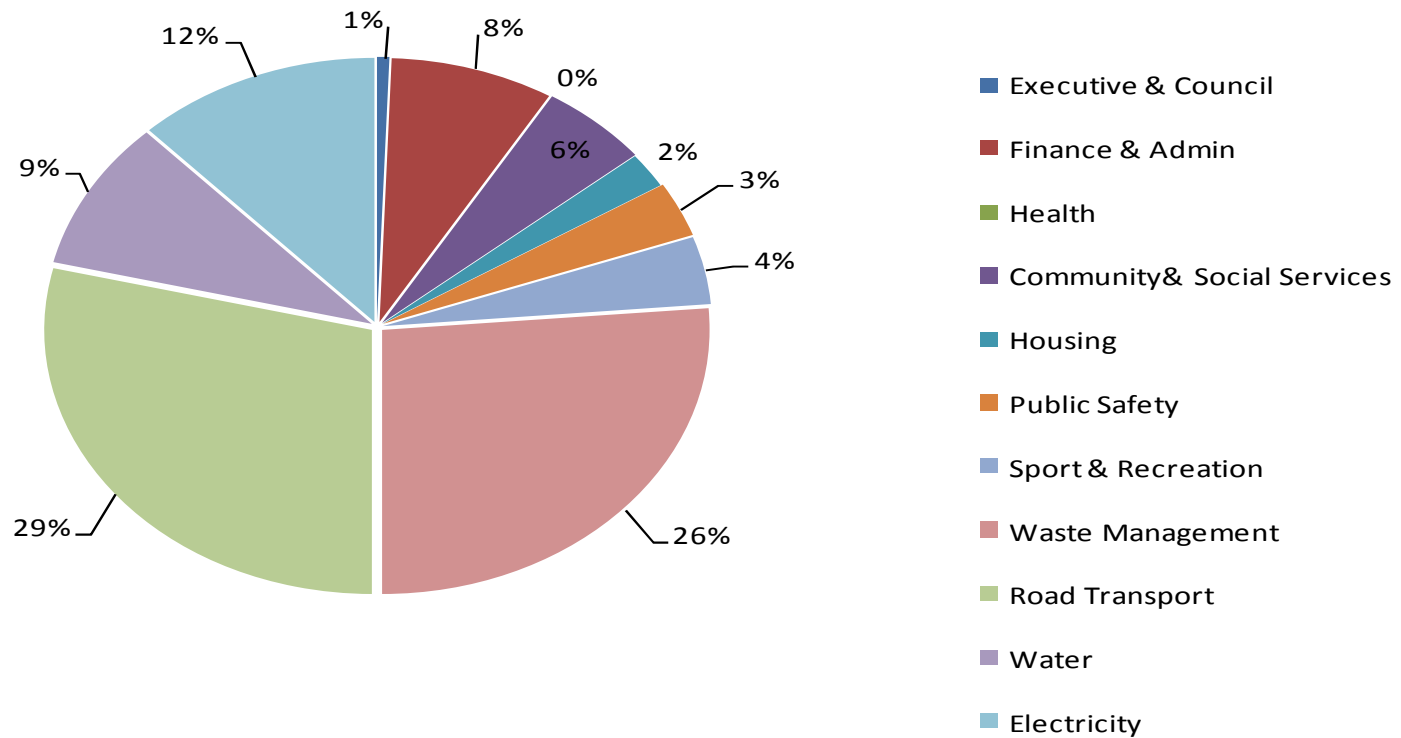
4. SUMMARY – REPAIRS & MAINTENANCE

REPAIRS AND MAINTENANCE	AUDITED ACTUAL 2008/2009	CURRENT YEAR 2009/2010	BUDGET YEAR 2010/2011	% INCREASE / (DECREASE)
Executive & Council	133 289	138 149	90 148	-35%
Finance & Admin	1 172 186	1 160 834	1 209 985	4%
Health	84	-	-	0%
Community & Social Services	261 485	623 798	804 988	29%
Housing	121 573	120 000	324 000	170%
Public Safety	551 374	564 575	503 506	-11%
Sport & Recreation	499 091	748 785	620 495	-17%
Waste Management	1 554 177	2 761 625	3 946 975	43%
Road Transport	2 767 867	10 014 190	4 314 899	-57%
Water	1 602 648	3 620 062	1 373 597	-62%
Electricity	1 325 510	2 392 751	1 812 389	-24%
Total	9 989 283	22 144 769	15 000 982	-32%



5. ANALYSIS – REPAIRS & MAINTENANCE

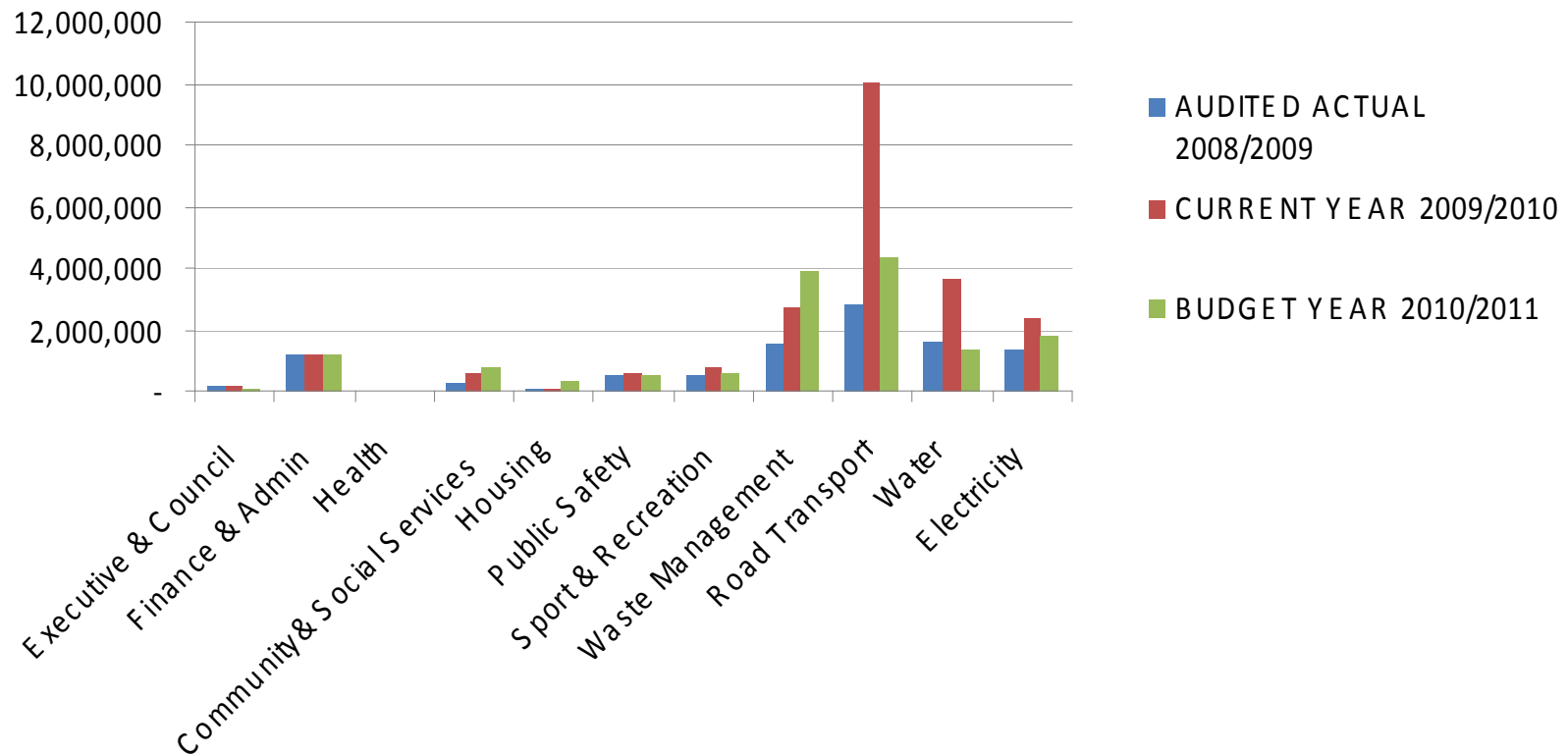
Analysis of Repairs & Maintenance per Function





5. CONT. ANALYSIS – REPAIRS & MAINTENANCE

Analysis of Repairs & Maintenance per Function





6. LEVIES – MAJOR SERVICES

<u>ASSESSMENT RATES</u>				
DESCRIPTION	TARIFF	TARIFF	TARIFF	&
	No VAT	No VAT	Inc Vat	Increase /
	2009/2010	2010/2011	2010/2011	(Decrease)
Public / Residential	0.10	0.10		
Government	0.10	0.10		
Business / Industrial	0.20	0.20		
Farms / Agricultural	0.03	0.03		
Public Service Infrastructure	0.03	0.03		



6. Cont. LEVIES – MAJOR SERVICES

ASSESSMENT RATES

PROPOSED REBATES (CHANGE IN THE POLICY):

- All owners of Residential property to receive a rebate of 94.7% (previous financial year 95%).
- All owners of Business and Industrial property to receive a rebate of 94.7 (previous financial year 95%)
- All agricultural properties to receive a rebate of 94.7% (previous financial year 95%)
- All state owned properties to receive a rebate of 0% (previous financial year 20%)



6. CONT. LEVIES – MAJOR SERVICES

<u>ELECTRICITY</u>				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
Availability:	51.12	61.34	69.93	20.00%
Basic Charges				
Domestic	131.59	157.91	180.02	20.00%
Business	162.46	194.95	222.25	20.00%
Industrial High > 15000 kwh	1 851.91	2 222.30	2 533.42	20.00%
Industrial Low < 15000 kwh	124.14	148.97	169.83	20.00%
Small Holdings / Farms	197.17	236.60	269.73	20.00%
Government & Provincial	297.85	357.42	407.46	20.00%
School Hostels	131.59	157.91	180.02	20.00%
Sport	119.14	142.97	162.98	20.00%
Municipal use	119.14	142.97	162.98	20.00%



6. CONT. LEVIES – MAJOR SERVICES

CONT. ELECTRICITY

DESCRIPTION	TARIFF	TARIFF	TARIFF	& Increase / (Decrease)
	No VAT 2009/2010	No VAT 2010/2011	Inc Vat 2010/2011	

Unit Price per Kwh

Domestic (First 50 Kwh free)	0.49	0.59	0.68	20.00%
Business (No free Kwh applicable)	0.51	0.61	0.69	20.00%
Small Holdings / Farms (No free Kwh applicable)	0.55	0.66	0.76	20.00%
Government & Provincial (No free Kwh applicable)	0.76	0.91	1.04	20.00%
Sport (No free Kwh applicable)	0.53	0.63	0.72	20.00%
Municipal use (No free Kwh applicable)	0.58	0.69	0.79	20.00%
Single rate tariff / Prepaid	0.67	0.80	0.91	20.00%



6. CONT. LEVIES – MAJOR SERVICES

<u>CONT. ELECTRICITY</u>				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
Bulk Users				
K V A High voltage	78.40	94.07	107.25	20.00%
K V A Low voltage	72.30	86.76	98.91	20.00%
0 - 15000	0.33	0.40	0.46	20.00%
15001 >	0.29	0.35	0.39	20.00%
Domestic	500.00	500.00		0.00%
Business	700.00	700.00		0.00%
Non Citizen - Domestic	1 000.00	1 000.00		0.00%
Non Citizen - Business	1 400.00	1 400.00		0.00%



6. CONT. LEVIES – MAJOR SERVICES

<u>CONT. ELECTRICITY</u>				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
New Connections				
Domestic Single Phase	1 500.00	1 500.00	1 710.00	0.00%
Business Single Phase	3 000.00	3 000.00	3 420.00	0.00%
Domestic Other - Cost plus	10.00%	10.00%		
Business Other - Cost plus	10.00%	10.00%		
or actual cost which ever is the highest.				
Re Connection cost				
Domestic	1 000.00	1 000.00	1 140.00	0.00%
Business	1 000.00	1 000.00	1 140.00	0.00%
Testing of Meters	150.00	150.00	171	0.00%



6. CONT. LEVIES – MAJOR SERVICES

<u>REFUSE SERVICES</u>				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
HOUSEHOLD				
Township	47.01	47.01	53.59	0.00%
Town	57.17	57.17	65.18	0.00%
Business				
Town & Township Factor Value	59.71	59.71	68.07	0.00%
Tuckshop	47.01	47.01	53.59	0.00%
Provincial & Government Buildings	160.08	160.08	182.49	0.00%
Garden Refuse	101.64	101.64	115.87	0.00%
Building Rubble per 8 ton Load	1 000.00	1 000.00	1 140.00	0.00%
Cleaning of Sites (Vacant Sites Only)	500.00	500.00	570.00	0.00%
Removal of Carcass				
Cattle	200.00	200.00	228.00	0.00%
Other Than Cattle	100.00	100.00	114.00	0.00%

Services to be rendered once a week.



6. CONT. LEVIES – MAJOR SERVICES

SEWERAGE SERVICES				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
Bucket System / VIP System	36.84	36.84	42.00	0.00%
Domestic	47.01	47.01	53.59	0.00%
Septic Tank	47.01	47.01	53.59	0.00%
Septic Tank Indigent only	-	-	-	
Business	68.61	68.61	78.21	0.00%
Provincial Administration	161.35	161.35	183.94	0.00%
- Hospitals	470.09	470.09	535.90	0.00%
- Jails	533.61	533.61	608.32	0.00%
Availability	26.05	26.05	29.69	0.00%
Services:				
Blockages office hours	80.00	80.00	91.20	0.00%
after hours	160.00	160.00	182.40	0.00%
Inspection fees	40.00	40.00	45.60	0.00%
Connection Fees or actual cost, which ever is the highest.	1 500.00	1 500.00	1 710.00	0.00%

Service based on once per week



6. CONT. LEVIES – MAJOR SERVICES

<u>WATER SERVICES</u>				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
Availability:	45.12	49.63	56.58	10.00%
Basic Charge				
Domestic Use	53.26	58.59	66.79	10.00%
Fully Connected Site with Meter	45.12	49.63	56.58	10.00%
Site with Communal Tap/Basic charge	52.76	58.04	66.16	10.00%
Site with tap without meter	67.37	74.11	84.49	10.00%
Business	64.60	71.07	81.01	10.00%
Small Holdings	165.10	181.61	207.04	10.00%
Government & Provincial	129.21	142.13	162.03	10.00%
Sports Clubs				
0 - 6 (Domestic users only)	-	-	-	
0 - 6 (All other users and consumers)	2.13	2.34	2.67	10.00%
6,1 - 10	2.50	2.75	3.14	10.00%
10,1 - 20	2.73	3.01	3.43	10.00%
20,1 - 30	3.01	3.31	3.77	10.00%
30,1 >	3.24	3.56	4.06	10.00%
Municipal Use & Sports Clubs	2.30	2.53	2.88	10.00%



6. CONT. LEVIES – MAJOR SERVICES

<u>CONT. WATER SERVICES</u>				
DESCRIPTION	TARIFF No VAT 2009/2010	TARIFF No VAT 2010/2011	TARIFF Inc Vat 2010/2011	& Increase / (Decrease)
Deposit				
Household	200.00	200.00	200.00	0.00%
Business	400.00	400.00	400.00	0.00%
Non Citizen - Domestic	400.00	400.00	400.00	0.00%
Non Citizen - Business	800.00	800.00	800.00	0.00%
New Connection				
Household	997.18	1 151.74	1 312.98	15.50%
Business	2 492.94	2 879.35	3 282.46	15.50%
or actual cost, which ever is the highest.				
Re-Connection				
Household	273.46	300.81	342.92	10.00%
Business	410.19	451.21	514.38	10.00%
No Charge to be levied for Call Out				
Testing of Watermeters	150.00	150.00	171.00	0.00%



7. PROPOSED INDIGENT SUBSIDY

PROPOSED INDIGENT SUBSIDY

DESCRIPTION	% SUBSIDY 2010/2011
-------------	---------------------------

CATEGORY

INCOME CATEGORY

A	R 0 - R 800 per household per month	100%
B	R 801 - R 1000 per household per month	80%
C	R 1001 - R 1200 per household per month	60%
D	R 1201 - R1400 per household per month	25%



8. AVERAGE CONSUMER ACCOUNT

SMALL HOUSEHOLD: ESTIMATED AVERAGE ACCOUNT WITHOUT INDIGENT SUBSIDY

RATES & SERVICE CHARGES	APPROVED BUDGET	DRAFT BUDGET	% INCREASE / (DECREASE)
	2009/2010	2010/2011	
- Property Rates	-	-	
- Electricity: Basic levy	-	-	
Consumption	-	-	
- Water: Basic levy	53.26	58.59	10%
Consumption	-	-	
Sanitation	47.01	49.36	5%
Refuse	47.01	49.36	5%
VAT	20.62	22.02	
TOTAL	167.90	179.33	7%

SMALL HOUSEHOLD: ESTIMATED AVERAGE ACCOUNT WITH INDIGENT SUBSIDY

CATEGORY	% SUBSIDY	PAYMENT AMOUNT		SUBSIDY AMOUNT
		2009/2010	2010/2011	
A	100.00%	-	-	179.33
B	80.00%	33.58	35.87	143.46
C	60.00%	67.16	71.73	107.60
D	25.00%	125.93	134.50	44.83



8. CONT. AVERAGE CONSUMER ACCOUNT

LARGE HOUSEHOLD: ESTIMATED AVERAGE ACCOUNT WITHOUT INDIGENT SUBSIDY

RATES & SERVICE CHARGES	APPROVED	DRAFT	%
	BUDGET	BUDGET	INCREASE /
	2009/2010	2010/2011	(DECREASE)
- Property Rates Market value R 650 000	264.58	280.46	6%
- Electricity: Basic levy	131.59	157.91	20%
Consumption (1000 kwh)	469.77	560.50	19%
- Water: Basic levy	53.26	58.59	10%
Consumption (30 kl)	81.66	89.85	10%
Sanitation	47.01	49.36	5%
Refuse	57.17	60.03	5%
VAT	117.67	136.67	
TOTAL	1 222.71	1 393.37	14%



9. GRANTS & SUBSIDIES

GRANT	CURRENT YEAR 2009/2010	BUDGET YEAR 2010/2011	TYPE
<u>NATIONAL ALLOCATIONS</u>			
Equitable share	105,206,000.00	133,874,000.00	Operating
FMG	750,000.00	1,200,000.00	Operating
MSIG	735,000.00	750,000.00	Operating
MIG	46,742,000.00	52,351,000.00	Infrastructure
EPWP Incentive Grant	-	9,626,000.00	Infrastructure
DWA	-	21,561,925.00	Infrastructure
TOTAL	153,433,000.00	219,362,925.00	



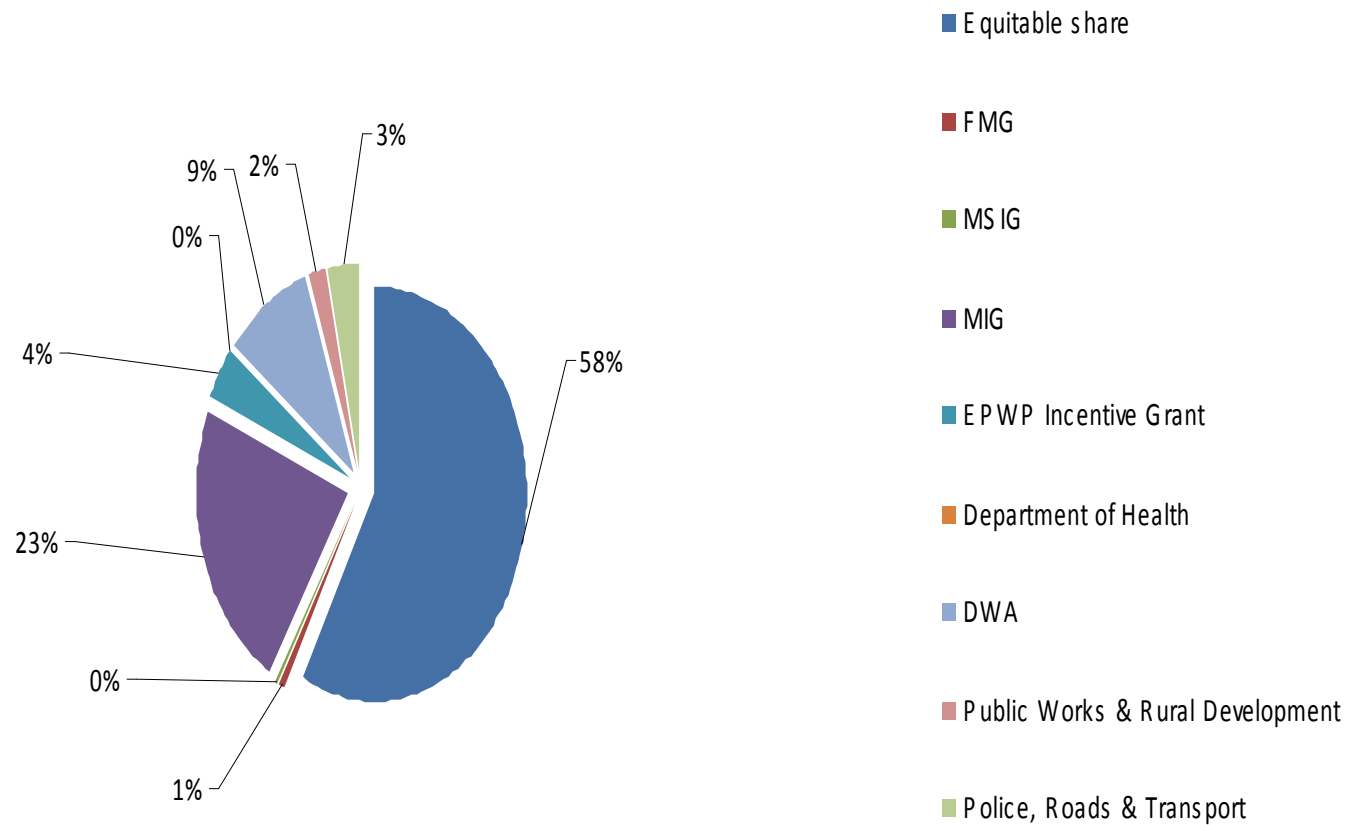
Cont. 9. GRANTS & SUBSIDIES

GRANT	CURRENT YEAR 2009/2010	BUDGET YEAR 2010/2011	TYPE
<u>PROVINCIAL ALLOCATIONS</u>			
Public Works & Rural Development		4,053,000.00	Operating
Police, Roads & Transport		8,000,000.00	Infrastructure
TOTAL		12,053,000.00	
<u>OTHER ALLOCATIONS</u>			
Department of Health	105,299.00	135,000.00	Operating
TOTAL	105,299.00	135,000.00	
Grand Total	153,538,299.00	231,550,925.00	



9. CONT. GRANTS & SUBSIDIES

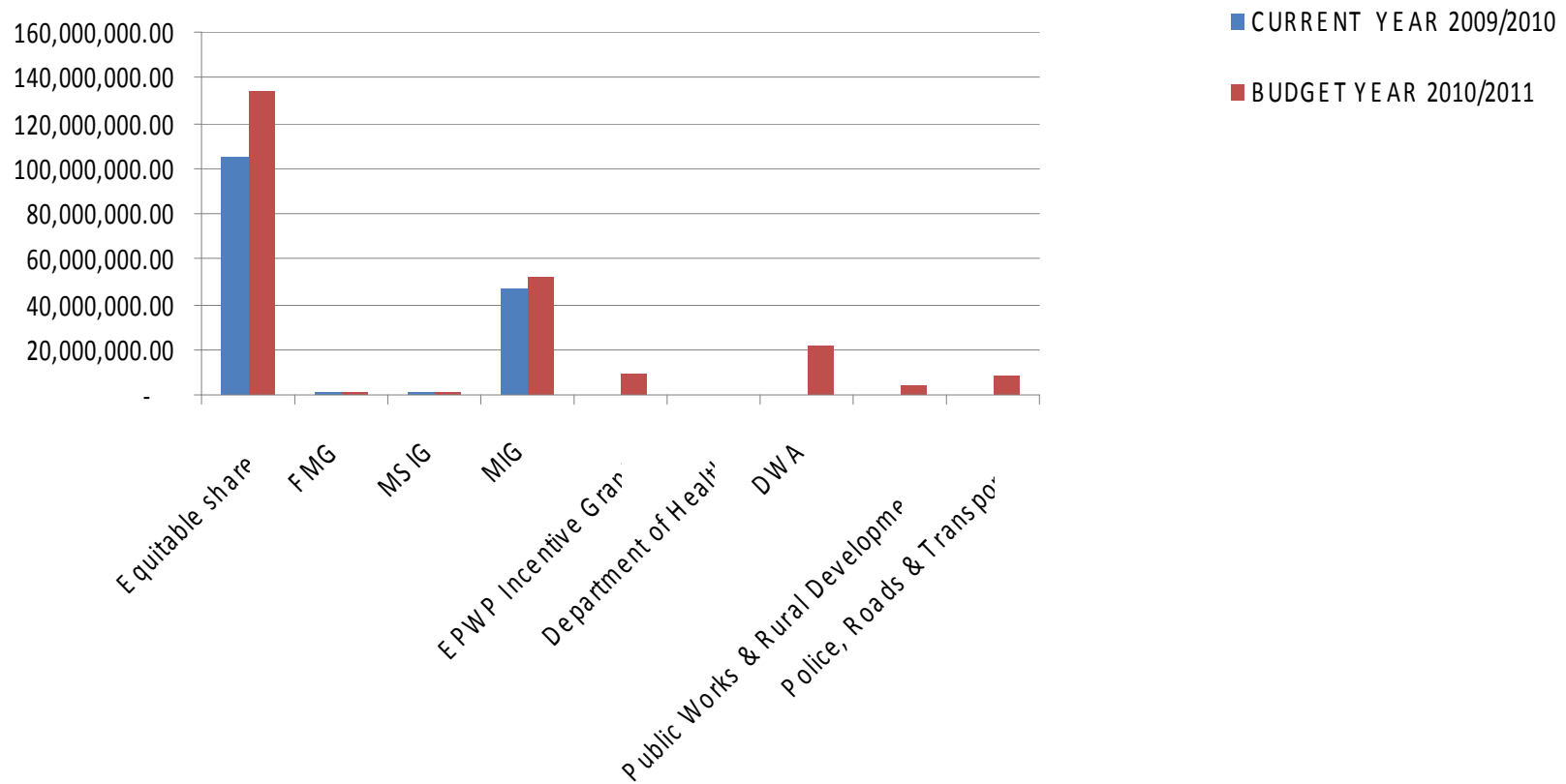
Analysis of Grants & Subsidies





9. CONT.GRANTS & SUBSIDIES

Analysis of Grants & Subsidies





10. OVERALL CAPITAL BUDGET

UNIT	List of Capital Projects	AMOUNT	Funding Source
Marquard / Moemaneng	Augmentation of Raw Water Supply: Construction of Pipeline & Reservoirs	2,779,613	MIG
Marquard / Moemaneng	Upgrading of Water Treatment Works	4,570,000	MIG
Marquard / Moemaneng	Upgrading of Oxidation Ponds	7,240,580	MIG
Marquard / Moemaneng	Installation of 4815 Water Meters	4,943,429	MIG
Senekal / Matwabeng	Upgrading of Waste Water Treatment Works	8,254,396	MIG
Ficksburg / Meqheleng	Upgrading of Treatment Works (Bulk Water Supply)	14,802,925	MIG
Ficksburg / Meqheleng	Installation of 11521 Water Meters	7,139,161	MIG
Clocolan / Hlohlolwane	Installation of 5684 Water Meters	2,620,896	MIG



10. Cont. OVERALL CAPITAL BUDGET

UNIT	List of Capital Projects	AMOUNT	Funding Source
Ficksburg / Meqheleng	2,4 Km Paved road in Meqheleng	8,000,000	Police, Roads & Transport
Senekal & Marquard	Construction of Roads	9,626,000	EPWP
Senekal / Matwabeng	Development of Boreholes	21,561,925	DWA
	TOTAL	91,538,925	
	FLEET		
	Vehicles & Equipment	30,000,000	Loans



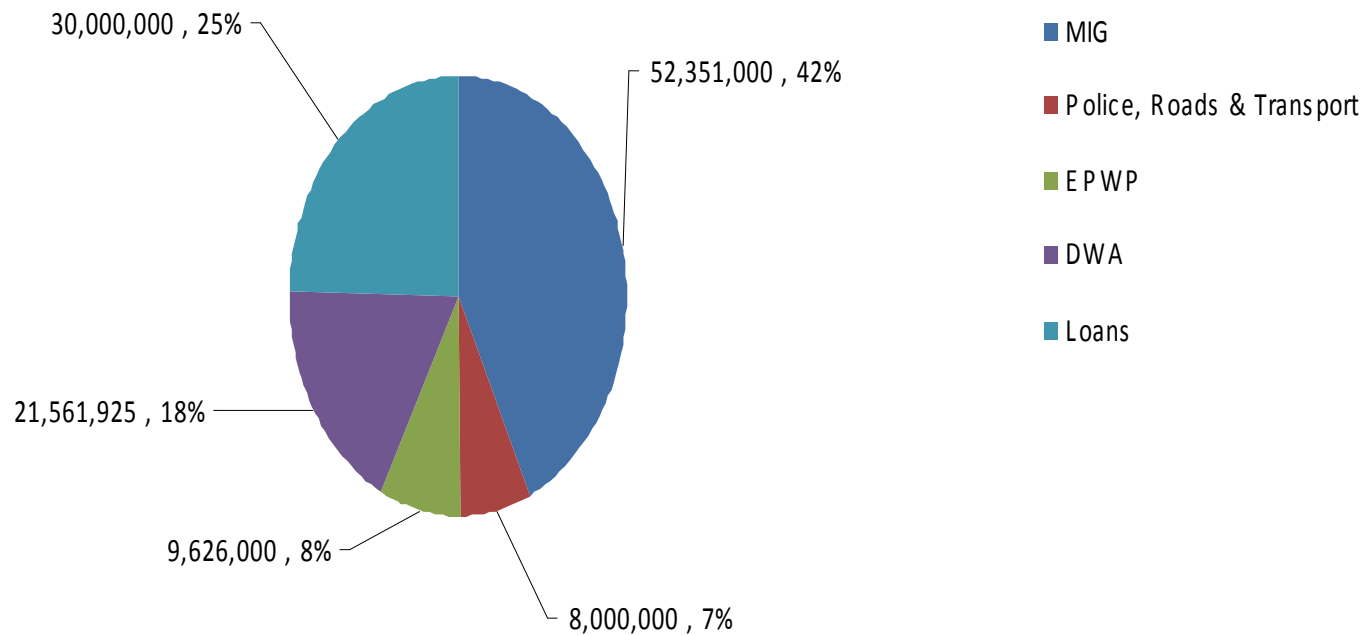
11. FUNDING OF THE OVERALL CAPITAL BUDGET

FUNDING SOURCE	BUDGET
	2010/2011
MIG	52,351,000
Police, Roads & Transport	8,000,000
EPWP	9,626,000
DWA	21,561,925
Loans	30,000,000



12. FUNDING OF THE OVERALL CAPITAL BUDGET: ANALYSIS

Analysis of Sources of Capital Funding





13. OTHER COMMUNITY PROJECTS

PROJECT NAME	AMOUNT	UNIT
Fencing of Parks	156 900.35	All units
Fencing of Cemeteries	100 220.00	All units
Renovations of Halls	429 135.00	All units
TOTAL	686 255.35	



Thank you!
Questions ?