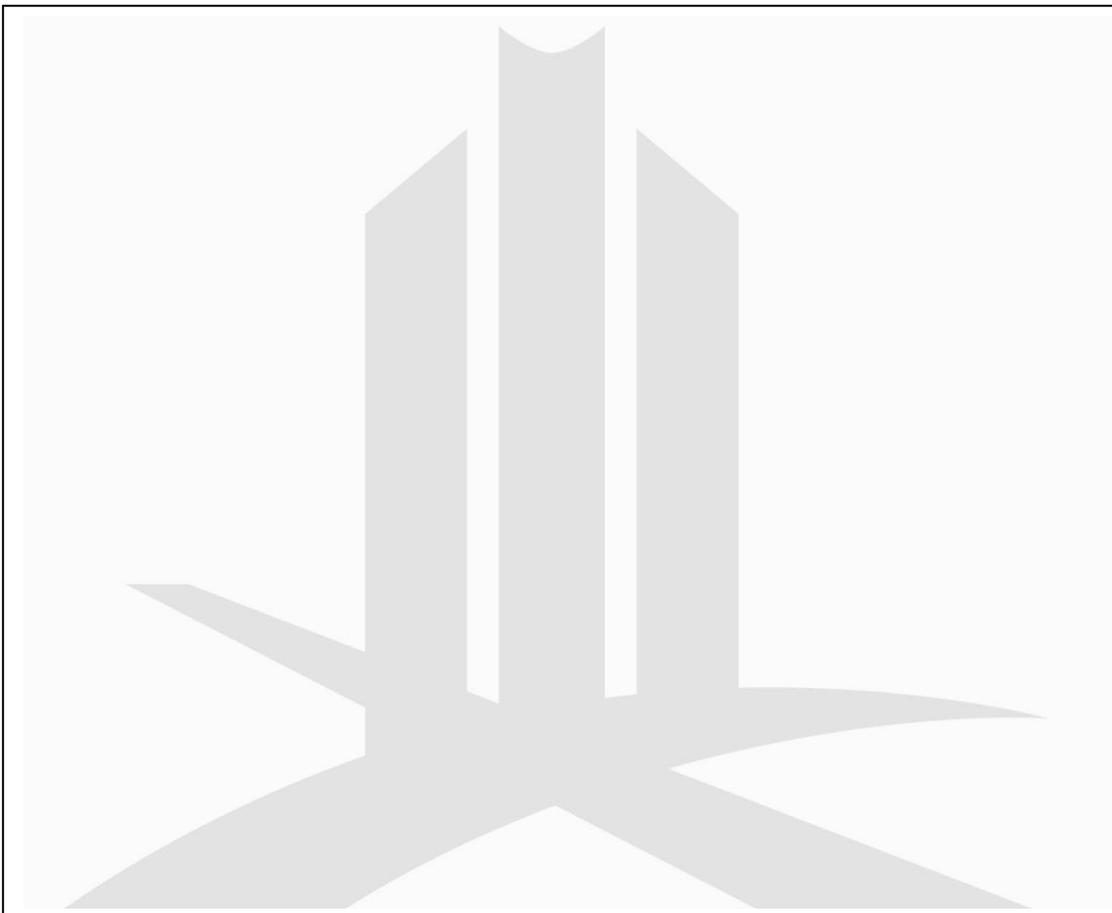


2008 – 2011

**MAYORAL BUDGET SPEECH  
BUILDING ON THE FOUNDATION TOWARDS A PROSPEROUS  
MANGAUNG – CITY ON THE MOVE**



**Delivered by  
Cllr. Gertrude Mothupi  
Executive Mayor  
June 20, 2008**

**MANGAUNG LOCAL MUNICIPALITY**

Honourable Speaker, I feel honoured and privileged indeed to have the opportunity to address this august house during the month of June, a month that you would agree bears so much significance in the history of this country. I think it is befitting to at this stage to hasten and recall the words of wisdom once given to the youth of our country by a very renowned leader and son of the soil, Cde. Moses Kotane when he said:

“At this hour of destiny, your country and your people need you, the future of SA is in your hands and it will be what you make of it”. And

In his address to a June 16, 1996 National Youth Rally, former President Nelson Rolihlahla Mandela had this to say:

“However, in recalling our sorrow, we should not lose sight of the heroism that was the hallmark of our struggle. We should take pride in the epic struggles that were fought by the youth and others in the villages and towns of the Northern Province and other parts of the country. That heroism is required in even greater measure today; the heroism to build, to learn, to improve skills, and to unite the nation. The future is in your hands. Build it through hard work today”

These words are true and relevant even today, given the kind of challenges our country faces today, especially on crime, issues of decay of our society’s moral fiber as well as HIV and AIDS.

Let it not go unnoticed that this past Wednesday, June 18, 2008 blessed the President of the Republic of South Africa, Mr. Thabo Mbeki with his 66<sup>th</sup> birth day and to him we say; Happy Belated Birthday, may you see many more!

Honourable Speaker, we are once more gathered in this august house, to present to the people of Mangaung our resource allocation blueprint, the budget, aimed at addressing their aspirations and needs as encapsulated in the reviewed Integrated Development Plan (IDP).

With this 2008/2009 budget we are once more saying we will continue to steadfastly and incrementally improve the lives of our people and ensure a better tomorrow for all of us and generations to come.

During the State of the Nation Address in February 2008, President Thabo Mbeki made a clarion call to all of us to put hands on deck and recommit to fast track implementation. On that occasion the President of the Republic of South Africa said:

“The entirety of our system of governance is therefore making the commitment that in the period ahead of us; it will do its best to live up to the imperative – Business Unusual! We speak of Business Unusual not referring to any changes in our established policies but with regard to the speedy, efficient and effective implementation of these policies and programmes, so that the lives of our people should change for the better, sooner rather than later”

We fully and unreservedly concur with the President that in our case all the necessary municipal service strategies, plans, programmes and projects are already in place and all we need to do, is to vigorously fast – track implementation of our plans and programmes.

In retracing our steps backwards, we were able to unearth some of the glaring challenges and constraints in our path moving forward. Consequently, the road ahead is clearer and we are of the strong conviction that we will successfully navigate our way through these surmountable challenges.

As reflected upon during the recent delivery of the State of the City Address, we are acutely aware of the challenges facing the municipality and recommit ourselves to making ours a truly developmental and inclusive City on the move.

Let me reiterate what I said in 2007 during the budget speech, because I feel it is befitting to once more ask ourselves, if the work we are doing is to solve the problems of the people or those of individuals at the expense of the collective and the people.

Assuming that we all understand the concept of solving the problems of the people as synonymous with “Serving the People”,

Mao Tsedong once said “Our duty is to hold ourselves responsible to the people. Every word, every act and every policy must conform to the people’s interests, and if mistakes occur, they must be corrected – that is what being responsible to the people means. Our point of departure is to serve the people whole-heartedly and never for a moment divorce ourselves from the masses, to proceed in all cases from the interests of the people and not from one’s self – interest or from the interests of a small group”.

Consistent with these, the president of the RSA Thabo Mbeki when addressing communities in the Free state a year or so ago, said that it is a constitutional imperative for elected representatives of the people to serve the people and stating unequivocally that it is against the law not to do so. And emphasizing this point further, this principled son of the revolution went further to implore people to go to the extent of even laying charges against us if we fail to serve them for it is criminal not to deliver services to the people.

Honourable Speaker, like I said last year that I still believe in the fact that, Mangaung and its community can create a better life for all. I also believe that not only the Municipal Council but the people matter in this process of bettering their lives. And I refer here to the people both as employees and the community at large.

During the budget speech last year, I quoted words from Ali Mazrui and Chinua Achebe, through which they had painted a not so good picture about Africa, a picture which creates an impression that things are not working in Africa.

And informed by these quotations, I called upon all in Mangaung to make sure that as the people of Mangaung we eradicate such a picture especially about our City, as having already been painted by these two writers about the whole of Africa.

I further reminded councilors that they carry in their hands and with them always, the hopes of the people they represent. And that these masses expect them to be their fearless champions, who refuse to be distracted from the course of ensuring a better life for all and indeed, this, is true even today, you still carry the hopes of the people, and they still see you as their fearless champions.

As part of the community consultation process in preparation for the 2008/2009 IDP/Budget review, we decided to take an honest assessment of our IDP programme implementation for 2006/07 and 2007/08 financial years. Our assessment has indeed exposed a slow, at times lackluster implementation of our programmes, especially implementation of community identified projects in the IDP.

Based on the aforementioned self – assessment and in consultation and agreement with our community, we have decided to fast – track the implementation of all outstanding programmes and project backlogs of 2006/07 and 2007/08 financial years. However, like we said to our community during the public consultations, we will not be able to address all of these backlogs as they appear on the list of backlogs due to resource constraints.

We wish to thank the community for sharing this perspective with us and we commit that moving forward, we will be vigilant in monitoring and evaluating the implementation process. We will periodically and consistently ensure that we apply the dictum “What gets measured, gets done!!!”

Our role is indeed to help solve the problems of the people, and we do carry in our hands always, the hopes of the people we represent. These masses expect of us to be their fearless champions, who refuse to be distracted from the course of ensuring a better life for all.

Honourable Speaker, I received an anonymous letter written in Afrikaans from one resident of Mangaung, who was complaining about the cleanliness of our City in particular our parks. It is a pity that this person elected to be anonymous, but I must mention that I have taken this person's advice on the cleanliness of our parks, and soon we will be embarking on quick win projects to address this issue.

I would like to encourage the people of Mangaung to engage the Municipal Council on issues they see, which in their honest opinion, affects their lives and to give us ideas, because I believe that there is a wealth of knowledge and ideas out there, which can help better the lives of the people of Mangaung.

The people must speak out and the people must be heard by us, because our work is to solve their problems and to serve their interests.

We undertake to live up to and master this challenge of serving the people and underpinning all our efforts in this regard, is a need to vindicate the principle, that ours is a people centered and people driven governance. We understand, however, that this task, being the task of vindicating this fundamental principle as supreme, requires patience, absolute dedication and maximum discipline.

Through this budget we have to the best of our ability and given the resource limitations, ensured that we equitably spread the cake across the various geographic areas. In compiling the budget, we have factored in the at times divergent needs for development, growth, redress and sustainability. This we do exactly to solve the problems of our people and to serve their interests.

### **Salary Bill**

As we present this budget today, it is still a concern that our salary bill remains stagnant and in the unfavourable territory as we were this time last year, given the fact we are still at 34% of our Total Operating Expenditure.

As part of our turn around strategy, the issue of ever rising salary bill shall be among the key issues to be looked into and addressed. We are confident that this matter will not escape the collective application of our minds regardless of political affiliation.

### **Revenue Enhancing Strategy**

Honourable Speaker, you would recall that the Constitution of the Republic not only requires of municipalities to be developmental orientated but imposes an obligation to render services in a sustainable manner.

One of the key elements of sustainability is the ability to on a sustained basis, enhance revenue collection. It is indeed encouraging to note Council has recently appointed a committee to address issues of sustainability. We hope to fully assist this committee to resuscitate such strategies as 100% revenue collection campaign and many other creative strategies to be developed.

Again it must be emphasized that this is a matter that can but should not escape the collective application of our minds regardless of political affiliation.

### **Hosting Of FIFA World Cup 2010**

We must state here today that we appreciate the LOC designed 2010 legacy projects and that we will do our best to strive for their realization. It is also critical for us to identify our unique projects as legacy projects, and to this end we await a response from the minister of Arts and Culture on the proposed Maphikela square project, which I mentioned during the State of the City address last year.

This should be something that no other obvious state machinery or agency would have delivered anyway. The City should, therefore, independently find something else to deliver or attain from 2010 project – as its legacy.

The adopted pay off line “**Ke Nako - Celebrate Africa’s humanity**” cannot represent the legacy – but hope to endear the continent for its Ubuntu and human spirit in the minds of our guests with the understanding that Africa’s profile will be enhanced thereby. As a City we need to find the City specific gains which would be the legacy beyond 2010.

### **O. R Tambo Games**

Tomorrow, June 21, 2008, Mangaung Local Municipality will host the 4<sup>th</sup> O. R. Tambo games in the eastern region of our City, Thaba Nchu (Mmabana Stadium). The games are a brainchild of the Free State legislature and are intended to promote sports and indeed our rich heritage. They will start locally, go to the district and culminate at the provincial level in October this year.

As the City we are proud that the games meant to also celebrate the life of the icon of the SA revolutionary struggle finds our facilities awaiting fundamental improvements in order to be in a complete state of readiness. And this is because although the SA games also hosted in our City last year meant an added expense, it also translated into what would normally be our responsibility in the main i.e. upgrading and maintaining our sports facilities.

However we note that we still have a long way to go in upgrading and refurbishing our sports facilities, and the tennis courts next to Free State stadium bears testimony to this.

### **Free Basic Services**

Honourable Speaker, I am certain you would again agree that the Constitution of the Republic guarantees provision of basic services to the deserving citizenry. However, given the limitations of our current policy (Pro-poor), FBS have been extended even to those who can afford much to the detriment of the indigents. For this reason, Council has adopted a new policy (Indigent) to particularly target the deserving members of our community.

We will thus immediately proceed with the compilation of the indigent register to realize the ends of this new policy.

### **Five – Year Integrated Development Plan (IDP)**

Honourable Speaker, it is important to pause for a moment and draw from our enabling legislation in addressing ourselves to this question. The Municipal Structures Act as amended enjoins this leadership with an obligation to annually identify community needs, set priorities and to present same for approval by Council.

The IDP projects as identified by communities have to be in line with our vision in order to reflect where we want to go as the City. And they should address themselves to our key developmental goals. These projects, year after year, must assist in ensuring that Mangaung is recognized nationally and internationally as a safe place to visit, live, work and invest.

This therefore, means that we always have to verify if our projects are indeed in line with this outlook.

This was further developed in our 2007 State of the City Address where this leadership reaffirmed the fact that it will not compromise in ensuring bias to the following fundamental priorities:

- Quality services and Batho Pele principles;
- Economic development;
- land ownership;
- Black economic empowerment and equity;
- Housing;
- skills development;
- Safety amongst others. And
- Governance.

The Mangaung Integrated Development Plan (IDP) this year, spells out explicitly service delivery priorities in each of our ward and how much will be spent. The IDP represents the powerful tool that makes us to realise our vision through guiding and informing our medium term financial plan for investment, management and service delivery across our municipal area.

The IDP has brought hope and something to believe in to many of our communities taking into account inputs from all stakeholders, including community and elected public representatives. The IDP outlines interventions in the form of programmes and projects geared towards strengthening the implementation and roll out of our 5 year strategic objectives.

And the communities must see through the IDP that indeed, their lives are changing for the better.

Honourable Speaker, it therefore, gives me great pleasure to at this stage articulate and reiterate as our immediate to medium term developmental objectives and these also came out clearly during the State of the City Address;

- 70% of land disposed and services procurement shall go to PDI(s) Previously Disadvantaged Groups;
- Housing backlog is currently 47 343 and should therefore be reduced by 100%. This backlog should be reduced by 25% annually in order to deal with it. Everything equal, this implies building and handing over of 11 835 houses per annum in order to completely address the backlog by 2011;
- We must ensure that by 2011 our SMME and economic development programmes should through partnership with private sector encourage and achieve growth rate of 6% for our City and create 35 000 jobs;
- The skills level and literacy have increased adequately to support the City's development path;

- Greenhouse gases are reduced and all developments comply with sustainable development practices and anti global warming measures;
- There is at least one academy per sporting code in our City; and
- To ensure City vibrancy. 10% of provincial and national artistic, cultural and sporting / entertainment activities happen in our City.
- The need for the introduction of the Prohibition of the Informal Settlement By-laws to combat illegal invasion of land;
- The creation of a township establishment to formalise 3000 households within the informal settlement areas in Bloemfontein as well as the provision of RDP houses for these residents;
- The eradication of the 8224 buckets and the gradual phasing out of VIP and pit latrines;
- The paving/tarring of 20 kilometers of streets and the greening thereof;
- Completion of upgrading of the Free State Stadium and commencement of preparation for the Confederation Cup;
- The financial viability strategy and plan to be put in place to ensure sustainability of the municipality;
- The energy saving plan to be put in place to mitigate energy shortage and ensure sustainable energy usage;
- The community is mobilised through ward committees to participate in Community Policing Forum to combat crime;
- The community is mobilised through ward committees and organs of civil society to participate in greening the City; and

- The energy saving plan to be put in place to mitigate energy shortage and ensure sustainable energy usage.

This is where we are aspiring to see Mangaung Municipality to be by 2011 – and these collectively, as elected public representatives, together with our people, will give us a deep sense of pride and satisfaction.

In line with the new developmental goals as well as the new strategy to achieve them, the IDP regulations of 2001 requires of us to present the staff establishment policy framework and attach the organogram to support the objectives adopted. An undertaking is hereby made Honourable Speaker, that these two outstanding imperatives shall be submitted in the next ordinary Council sitting to ensure compliance.

Informed by the new orientation of Business Unusual, we will be forging partnerships with other spheres of government and state agencies in pursuing the developmental objectives and priorities set for the City for the next financial year. This will be done within the ambit of the intergovernmental relations and co – operative governance as provided for in the Constitution.

I am certain you will all agree that the budget we are tabling today, gives a concrete expression to the IDP projects as they come from your respective wards. It is therefore, correct for this Council to pronounce that we deliver to this august house here today and to the people of Mangaung, the reviewed IDP and our 3<sup>rd</sup> successive budget that is truly a people's budget.

As further evidence of our endeavours in this regard, we will be addressing the following:

- Implementation of infrastructure and investment model;
- Reconnecting and converting electricity supply from conventional meters to pre-paid meters to registered indigent households;

- Transferring electricity supply meters from shacks to all completed RDP houses;
- Implementing CBD renewal Master plan to improve the image of our City;
- Facilitating the implementation of the N8 Development Corridor;
- Organisational restructuring and integration;
- Finalising and implementing an appropriate decentralised administrative model for effective area coordination and facilitation of responsiveness to the needs of the community;
- Implementing intermodal transport framework;

Further, Honourable Speaker, the actual IDP books to be circulated later, will for the first time also include specific targets and deliverables expected of Centlec – given the current energy situation - as well as a summary of the Shareholder compact ( Business Plan) to be signed for next financial year, truly in the spirit of Business Unusual.

It should be borne in mind that NERSA has announced the latest electricity tariff increases as requested by Eskom. We have requested Centlec to provide us with the implications thereof on the proposed tariffs as presented which we have circulated to you today given that the announcement was made late. Of importance is the realisation that tremendous effort has been made to ensure that for the poorest of the poor, the potential increase will not be more than 16%.

### **Medium – Term Budget**

Honourable Speaker, turning to medium – term budget, it is worth highlighting that our overall financial position remains a challenge given the fact that the needs are great and the resources are limited.

The Municipality's projected overall expenditure for the 2008/09 medium – term budget is **R2 742 093 000**, which signifies an increase of **11.62%** over the approved budget of 2007/08. The 2008/09 consolidated operating income for Mangaung Local Municipality is estimated at **R2 538 872 000 (2007/08 – R1 894 196 000)** which is a 34.85% more than the 2007/08 financial year's income.

The operating expenditure is estimated at **R2 014 659 000 (2007/08 – R1 641 898 000)** which is a **25.42%** increase from the 2007/08 financial year. Investment in capital expenditure projects will amount to R727.4 million for the 2008/09 financial year.

### Operating Revenue and Expenditure

The Mangaung Local Municipality is putting forward an operating revenue budget of **R2.538 million** and operating expenditure budget of **R2.014 million**.

The table below reflects the operating revenue and expenditure estimates for the medium-term budget.

Details	2008/09 Budget R 000	% Difference	2009/10 Budget R 000	2010/11 Budget R 000
<b>Revenue</b>				
Own Revenue	1,702,080	29.50%	1,803,170	1,930,162
Grants & Subsidies	836,792	47.21%	719,310	872,372
<b>Total Revenue</b>	<b>2,538,872</b>	<b>34,85%</b>	<b>2,522,480</b>	<b>2,805,534</b>
<b>Expenditure</b>				
Capital Grants & Housing Fund	517,634	81.32%	293,119	388,594
Expenditure	2,014,659	25,42%	2,216,430	2,404,970
<b>Total Operating Expenditure</b>	<b>2,532,293</b>	<b>33.85%</b>	<b>2,509,549</b>	<b>2,793,564</b>
<b>Surplus (Deficit)</b>	6,578		12,931	11,970

The Municipality is projecting a surplus of approximately **R6.578 millions** in the 2008/09 financial year, **R12.931** and **R11.970 millions** for 2009/10 and 2010/11 respectively, before accounting for water and electricity surpluses and previous year's surpluses respectively.

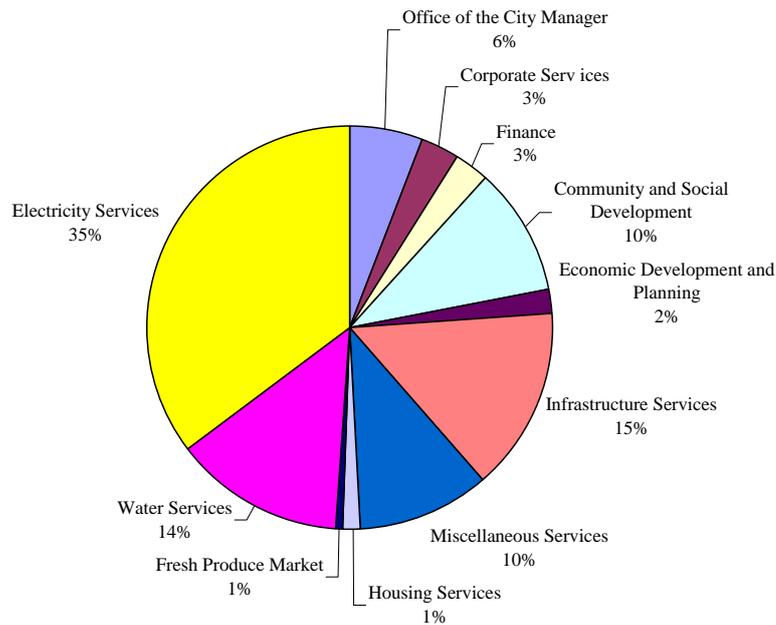
The following table details operating total operating expenditure by vote in line with directorates of the Municipality as well as Centlec.

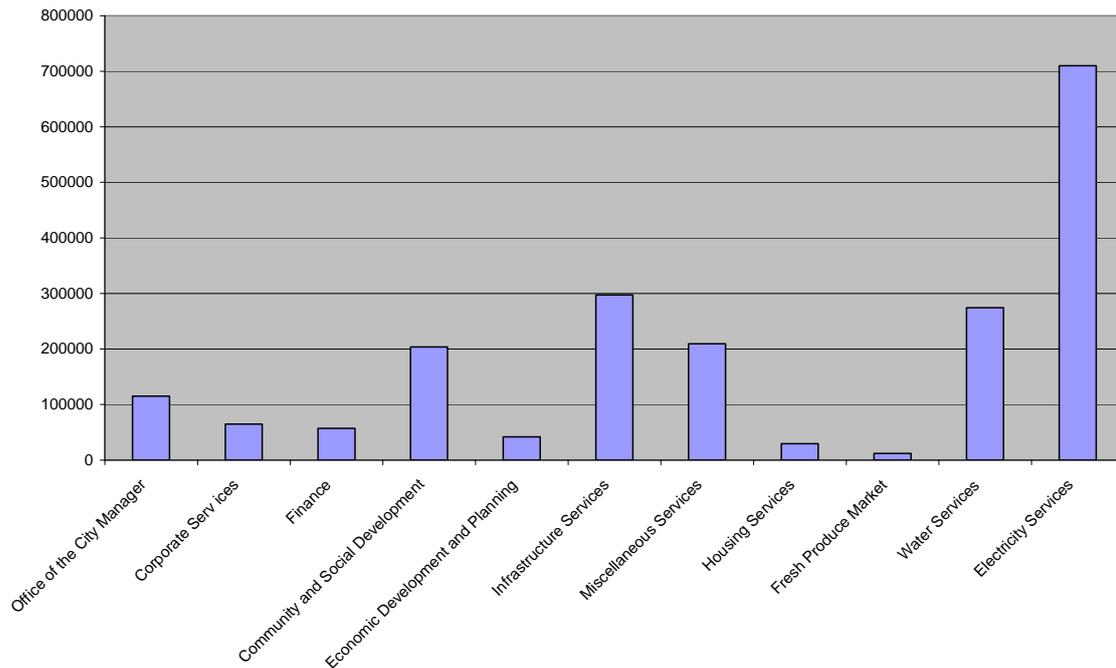
<b>Expenditure by Vote</b>	<b>Budget 2007/08 R'000</b>	<b>Budget 2008/09 R'000</b>	<b>Budget 2009/10 R'000</b>	<b>Budget 2010/11 R'000</b>
Office of the City Manager	<b>102 801</b>	114 942	128 299	136 589
Corporate Services	<b>49 595</b>	64 828	70 175	76 114
Finance	<b>52 003</b>	56 829	61 673	66 547
Community and Social Development	<b>202 807</b>	203 404	208 525	238 614
Economic Development and Planning	<b>41 241</b>	41 874	47 809	51 291
Infrastructural Services	<b>291 859</b>	297 252	319 976	339 154
Miscellaneous Services	<b>86 948</b>	209 444	251 256	279 456
Housing Service	<b>27 200</b>	29 578	32 878	35 066
Fresh Produce Market	<b>10 159</b>	11 964	12 970	13 985
Water Service	<b>253 969</b>	274 432	337 752	379 930
Electricity Service	<b>511 422</b>	710 112	745 118	789 225
<b>Total Operating Expenditure by Vote</b>	<b>1 630 004</b>	<b>2 014 659</b>	<b>2 216 430</b>	<b>2 404 970</b>

### Operating Budget

The total operating budget is allocated on a need basis amongst various users as detailed in the tables on Expenditure by Vote and Expenditure by Type below.

<b>Expenditure by Vote</b>	<b>ACTUAL 2006/07 R'000</b>	<b>BUDGET 2007/08 R'000</b>	<b>BUDGET 2008/09 R'000</b>	<b>BUDGET 2009/10 R'000</b>	<b>BUDGET 2010/11 R'000</b>
Office of the City Manager	80,145	102,801	<b>114,942</b>	128,299	136,589
Corporate Services	57,521	49,595	<b>64,828</b>	70,175	76,114
Finance	44,134	52,003	<b>56,829</b>	61,673	66,547
Community and Social Development	185,833	202,807	<b>203,404</b>	208,524	237,614
Economic Development and Planning	34,363	41,241	<b>41,874</b>	47,809	51,291
Infrastructural Services	251,241	291,859	<b>297,252</b>	319,976	339,154
Miscellaneous Services*	165,028	86,948	<b>209,444</b>	251,256	279,455
Housing Service	23,802	27,200	<b>29,578</b>	32,878	35,066
Fresh Produce Market	11,157	10,159	<b>11,964</b>	12,970	13,985
Water Service	245,189	253,969	<b>274,432</b>	337,752	379,930
Electricity Service	595,002	511,422	<b>710,112</b>	745,118	789,225
<b>Total Expenditure by Vote</b>	<b>1 693 415</b>	<b>1 630 004</b>	<b>2 014 659</b>	<b>2 216 430</b>	<b>2 405 970</b>





### Significant Characteristics of the Operating Budget

The above pie chart depicts the graphical representation of operating expenditure composed of many activities which has a bearing on the total operating expenditure. The operational budget of the Mangaung Local Council is comprised of the following significant activities:

At corporate centre level, a total of **R4.5 million** will be spend on integrated development planning and ward committee activities to enhance the participation of communities in municipal affairs;

A total of **R976, 313** for reviewing how the organisation is configured and thereby enhancing our operations and service delivery;

A total of **R1.3 million** for promoting Language Policy, provision of interpreting services at Council meetings, translation of documents and newspaper articles, conducting annual survey and language signage;

A total of **R401, 253** will be spent to support the work of the Audit Committee so as to strengthen our accounting capacity and good governance.

A total of **R528, 935** will be spent on provision of short courses and training in respect of Safety and Health issues at the municipality.

A total of **R477, 000** will be spend to provide financial assistance for individuals, organizations and institutions in need of economic and social development;

A total of **R3.5 million** will be spend on projects geared towards community development and upliftment in accordance with our IDP strategic thrusts;

A total of **R3.1 million** will be spend to provide a subsidy for indigent household of our community whose beloved ones are deceased;

A total of **R1.2 million** will be spend on inter-governmental, municipal international relations and forging partnership with other spheres of government that is critical for integrated and co-ordinated approach to development;

A total of **R1.06 million** will be spend on youth development in order to promote community resilience and self-reliance;

### **Corporate Services**

A total of **R1.5 million** will be spend on outsourcing of cleansing services to small, medium and micro enterprises (SMMEs) which will be used for the maintenance of Mangaung Local Municipality buildings;

**R2.5 million** will be allocated to the maintenance of buildings and structures in Bloemfontein, Botshabelo and Thaba Nchu regions, to promote sustainable development;

## **Finance**

Free basic services have been allocated **R277.906** million which accounts to almost 98% of our Equitable Share of Revenue to facilitate access to basic services by the indigents;

To roll-out public participation and consultation processes on the Municipal Property Rates Act and to this end, awareness workshops will be undertaken to create awareness and common understanding about the Act and its benefit for all the stakeholders.

## **Community and Social Development**

A total of **R4.95 million** will be spend on enlisted SMMEs for maintenance of cemeteries, parks, SMMEs contractors and tree pruning services to promote social development;

A total of **R1.9 million** will be spend to safeguard the assets of the municipality from illicit activities.

A total of **R8.2 million** will be used to enhance traffic operations and management with a view of improving revenue streams from traffic fines.

## **Economic Development and Planning**

**R1.6 million** will be spent to promote SMMEs and Rural development as part of our overall strategy to combat and eradicate poverty.

**R4.2 million** will be spent on housing schemes and general maintenance of properties in line with our City renewal strategy;

## **Infrastructural Services**

A total of **R69.7 million** will be spend on the rehabilitation, upgrading and tarring of streets and stormwater control;

**Fresh Produce Market**

**R2.2 million** will be spent on the upgrading of market facilities, SMMEs stalls and training of SMMEs and hawkers in business skills, cleanliness, packaging of fruit and vegetables in line with our strategy to promote sustainable development;

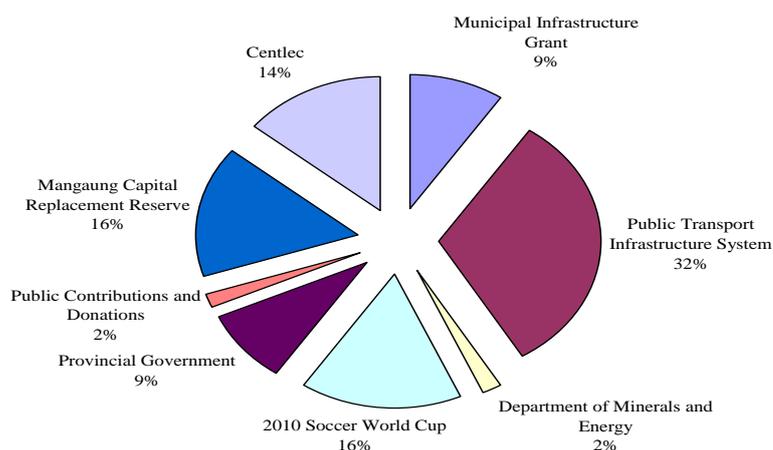
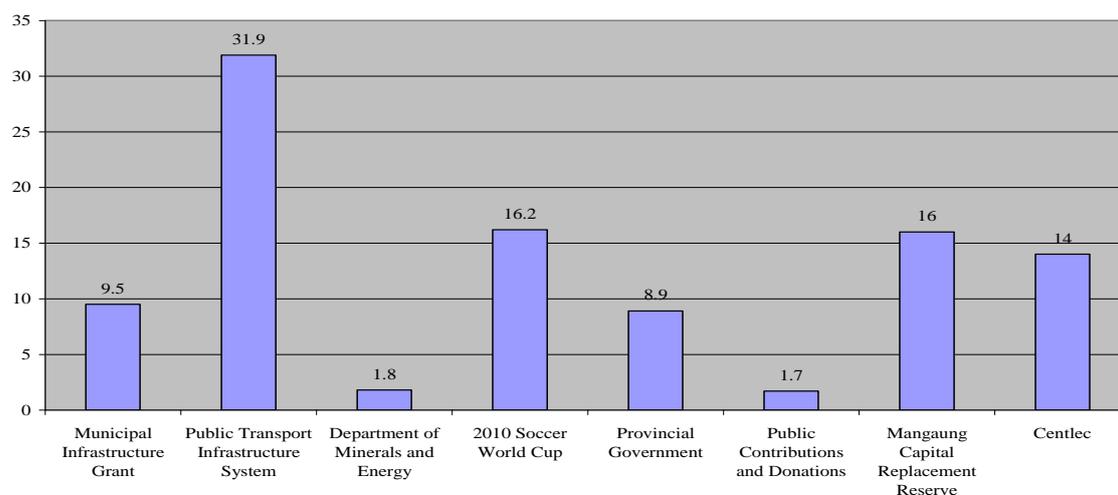
**Medium – Term Capital Expenditure**

Mangaung Local Municipality is tabling an estimated draft capital budget of **R727.4 million** for 2008/09. This represents an increase of **8% (R53.9 million)** on the 2007/08 capital budget that amounted to **R673.6 million**. Over the next three financial years, the Municipality is proposing the medium – term capital spending of **R3 089 991 602** as depicted below.

The medium-term capital expenditure will be funded from the combination of financial sources that includes grants, internal and external loans. The 2008/09 draft capital budget of **R727.4 million** will be funded from National and Provincial Government Grants to the tune of **R509.3 million**. The remaining balance of **R218.1 million** which is comprised of **R114.5 million** for Mangaung Local Municipality and **R103.6 million** for Centlec (Pty) Ltd will be funded from a combination of surplus and external loans.

The Municipality recognises that funding service delivery capital programmes and projects is of high priority and requires external loans for visible impact and thus avoid depleting the existing reserves and investments of the municipality.

Capital budget by source



The table below indicates the capital budget of the core administrative units for the medium-term per vote.

<b>Core Administration</b>	<b>2008/09 Budget</b>	<b>2009/10 Budget Estimates</b>	<b>20010/11 Budget Estimates</b>
<b>City Manager</b>			
Chief Operating Officer	0	0	0
Information Technology	0	7 225 000	7 225 000
Project Management Unit	0	40 000	40 000
		<b>7 265 000</b>	<b>7 265 000</b>

<b>Corporate Services</b>			
Corporate Management Support	0	8 000 000	0
Fresh Produce Market	0	0	0
		<b>8 000 000</b>	
<b>Finance Directorate</b>			
Financial Management	0	0	0
Financial Systems	0	477 000	505 620
Revenue Management	0	0	0
		<b>477 000</b>	<b>505 620</b>
<b>Community and Social Development</b>			
Emergency Services	0	10 499 600	13 488 500
Health	0	0	0
Parks and Cemeteries	0	15 714 170	5 357 420
Traffic and Security	0	12 424 980	421 420
Social Development	0	41 056 000	42 752 960
		<b>79 694 750</b>	<b>620 020 300</b>
<b>Economic Develop and Planning</b>			
Economic Development	0	25 974 600	3 150 000
Environmental Management	0	2 000 000	1 000 000
Planning	0	3 220 000	3 380 000
Property Management	0	2 912 300	2 000 000
Housing	5 031 640	2 540 750	1 568 000
	<b>5 031 640</b>	<b>33 647 650</b>	<b>11 098 000</b>
<b>Infrastructural Services</b>			
Mechanical Services	0	15 000	0
Roads and Stormwater	72 391 540	92 165 300	85 287 600
Solid Waste Management	0	8 040 000	7 000 000
Water and Sanitation	58 035 480	300 806 000	225 029 800
Water	22 791 660	292 737 420	174 570 240
	<b>153 218 680</b>	<b>693 763 720</b>	<b>491 887 640</b>

<b>2010 Soccer World Cup Office</b>			
2010 Soccer World Cup	440 141 875	292 500 000	17 207 000
	<b>440 141 875</b>	<b>292 500 000</b>	<b>17 207 000</b>
<b>Centlec (PTY) Ltd</b>			
Electricity Entity	129 041 723	289 790 057	364 435 947
	<b>129 041 723</b>	<b>289 790 057</b>	<b>364 435 947</b>
<b>Total Capital</b>	<b>727 433 918</b>	<b>1 408 138 177</b>	<b>954 419 507</b>

### Significant Characteristics of the Capital Budget

**R440 million** of the capital budget will be spend on the upgrading of stadium and other infrastructural related project for the 2010 Soccer World Cup;

**R5.032 million** has been allocated for the installation of infrastructure for housing in White City;

Water and sanitation that include the eradication of bucket system has been allocated **R58.035 million**;

A total of **R22.792 million** has been allocated for the provision of water and reservoirs;

Total budget allocation for roads will be **R170.313 million** that include pavements, bridges and upgrading of major stormwater networks;

A total of **R122.652 million** has been allocated to Centlec for electricity reticulation, bulk infrastructure refurbishment and power outages; and

**R191.866 million** has been allocated for sports field, parks development and upgrading.

We have but just highlighted what is detailed in the documents before you fellow councilors and people of Mangaung. Of importance is information provided to yourselves in the documents prepared and submitted to you including additional information circulated today from Centlec regarding NERSA and its impact on Centlec tariffs.

### **Recommendations**

It is therefore, recommended that Council approve:

1. The IDP as submitted;
2. The MLM Budget as submitted;
3. The Centlec Budget as submitted;
4. The MLM tariffs as submitted; and
5. The Centlec tariffs as submitted and further read with the update as circulated today.

**I thank you!!**

## **1. BUDGET RELATED RESOLUTIONS**

In terms of the Municipal Finance Management Act, No 56 of 2003, the following resolutions are submitted for consideration and approval by Council:

### **1.1 Operating Budget**

It is recommended:

That the total operating expenditure of R 2,014,658,646 and total operating revenue of R 2,538,871,556 and indicative amounts for the two projected outer years 2009/10 and 2010/11, as set out in the following tables, be approved:

- (a) Operating Revenue by Source reflected in **Table 1 – Page 17 (Main Budget Book)**
- (b) Operating Expenditure by Vote reflected in **Table 2 – Page 20 (Main Budget Book)**
- (c) Operating Expenditure by GFS Classification reflected in **Table 2(a) – Page 23 (Main Budget Book)**

### **1.2 Capital Budget**

It is recommended:

- (a) That the capital budget of R 727,433,918 and the multi year appropriations by vote, GFS classification and funding for the two projected outer years 2009/10 and 2010/11, as set out in **Table 3, 3(a) and 4 – Pages 26 – 33 of the (Main Budget Book)** be approved.

### **1.3 Assessment Rates**

It is recommended:

- a) That, the following general assessment rates in respect of the Mangaung Local Municipality be increased with 10.0% above the previous year and be determined as follows:
- (i) Nine comma one one nine cent (9,119 cents) per rand on the land value of rateable property without any improvements (exempt from VAT);
  - (ii) Comma eight two eight three cent (0,8283 cents) per rand on the value of improvements (exempt from VAT);
- (b) Sanitary Fees:

That the following levies in respect of the Mangaung Local Municipality (excluding residential in Bloemindustria, Ribblesdale, Bloemspruit, Bainsvlei and Peri Urban areas in Thaba Nchu, but including the Langenhovenpark area) be determined.

- (i) Comma eight zero nine six cent (0, 8096 cents) per rand on the value of improvements (VAT excluded) with a minimum of sixty rand only. (R60.00) (VAT excluded) per erf per month;
- (ii) Sixty rand only (R60.00) per erf per month for vacant erven (VAT excluded);

- (iii) Levy on churches, church halls and other places of similar nature qualifying charitable institutions and welfare organizations:

R55.61 per sanitary point per month (VAT excluded);

R18.49 per refuse container per month (VAT excluded);

- (iv) Martie du Plessis School and Lettie Fouche School:

R27.81 per sanitary point per month (VAT excluded);

R 9.25 per refuse container per month (VAT excluded);

**(v) Rebates**

That in respect of general assessment rates, the following rebates shall apply:

- (vi) 40% rebate on rateable properties which are used solely for dwelling purposes, including rateable properties which are zoned for the purpose of town houses and flats and which are used solely for occupation as town houses and flats and including small holdings and farms used solely for residential and agricultural purposes;

- (vii) 100% rebate in the case of Bloemdundria on rateable properties within the area of Bloemdundria until 30 June 2008;

- (viii) 20% rebate on rateable properties, which are used mainly for dwelling purposes, but on which informal business is also being operated.

- (ix) 40% rebate on rateable smallholdings larger than 25 hectare.

- (x) that a penalty assessment tariff of comma eight five cents (0.85 cents) per rand on the value of improvements be imposed if the conditions of section 106(2) of Ordinance number 8 of 1962 are not complied with (exempt from VAT);
- (xi) that the continuation of free services for rates and sanitation be approved and applied only to valued residential property as defined in the approved municipal valuation roll of Mangaung Local Municipality with a land value of R12 500, 00 or less and a building value of R30 000, 00 or less, which receive a 40% rebate and don't have any penalty clause applicable to it.
- (xii) that the rates and levies in accordance with (c), (d), and (e), as stated above, become due monthly on the following dates, 17 July 2008, 17 August 2008, 16 September 2008, 17 October 2008, 16 November 2008, 17 December 2008, 17 January 2009, 15 February 2009, 17 March 2009, 16 April 2009, 17 May 2009 and 16 June 2009;

#### **1.4 General Tariffs**

It is recommended:

- (i) That the general tariffs and charges, at an average increase of 10%, as reflected in the **Tariffs Booklet**, be approved for the 2008/09 budget year.

#### **1.5 Water Tariffs**

It is recommended:

- (i) That, the water tariffs for the 2008/09 financial year be increased by 9.0% above the previous year;
- (ii) That, the new water tariffs for 2008/09 be applicable from the consumer month of July 2008;
- (iii) That, for the calculation of water accounts the consumer month will be the period between the successive monthly readings irrespective of the period between reading dates; and
- (iv) That, in terms of section 145 of the Local Government Ordinance of 1962, (Ordinance No 8 of 1962) the following charges and prices, excluding VAT, in connection with the supply and consumption of water are submitted for approval.

**Part A: Erf within Municipal Area**

**Tariff 1: (a) Erf Used for Residential Purpose only**

**(b) Sports Club Incorporated in the Council's Sport Club Scheme**

**Water Consumed:**

- (i) R0, 00 per kilolitre per month for 0 to 6 kilolitres;
- (ii) R7, 54 per kilolitre per month for 7 up to 30 kilolitres;
- (iii) R8, 14 per kilolitre per month for 31 up to 100 kilolitres;
- (iv) R8, 63 per kilolitre per month for each kilolitre more than 100 kilolitres.

**(c) Bulk metered Flats / Townhouses / Duet Houses:**

(1) Total kilolitres used, number of Flats/Townhouses/Duet Houses

- (2) Apply sliding scale:
- 0 - 6 kilolitres
  - 7 - 30 kilolitres
  - 31 - 100 kilolitres
  - 101 kilolitres and more

Multiply amount by number of Flats/Townhouses/Duet houses

**Tariff 2: Unmetered Erf Used for Residential Purposes Only.**

Fixed amount: 15.06 per month

**Tariff 3: Unimproved Erf**

3.1 Unimproved erf, which may be used for residential purposes only:

Minimum charge: R16, 61 per month

3.2 Any other unimproved erf:

Minimum charge: R223, 14 per month

**Tariff 4: Directorates of Council**

Water consumed: R6, 47 per month

**Tariff 5: Any Other Point where Water is supplied not mentioned in Tariffs 1, 2, 3 and 4 per Water Meter.**

5.1 Minimum charge: R223, 14 per month

**plus**

5.2 Water consumed: R8, 20 per kilolitre per month.

**Part B: Erf Out-side Municipal Area**

**Tariff 6: Erf used for Residential Purposes Only**

Water consumed:

- (a) R0,00 per kilolitre per month for 0 to 6 kilolitres;
- (b) R7, 54 per kilolitre per month for 7 up to 30 kilolitres plus a surcharge of 35%;
- (c) R8.14 per kilolitre per month for 31 up to 100 kilolitres plus a surcharge of 35%;
- (d) R8, 63 per kilolitre per month for each kilolitre more than 100 kilolitres plus a surcharge of 35%;

**Tariff 7: Any other point where water is supplied not mentioned in Tariff 6, per water meter (Excluding Special Arrangements)**

7.1 Minimum charge: R223, 14 per month, plus a surcharge of 35% **plus**

7.2 Water consumed: R8,20 per kilolitre per month plus a surcharge of 35%

7.3

**1.6 Electricity Tariffs**

It is recommended:

- (i) That, the electricity tariffs for the 2008/09 financial year be increased with an average of 15.02% above the previous year; read with the section dealing with Centlec tariffs as reflected in the document submitted today.
- (ii) That, the new electricity tariffs for 2009/10 be applicable from the consumer month of July 2008;
- (iii) That, for the calculation of electricity accounts the consumer month will be the period between the successive monthly readings irrespective of the period between reading dates and

(iv) That, the following charges and prices, excluding VAT, in connection with the supply and consumption of electricity are submitted for approval:

**Tariff I (a): Home Power**

**a) Service Levy**

Urban Tariff - R43, 849

Peri Urban Tariff - R65, 682

**b) Units (c/kWh)**

Urban Tariff - R0.3630

Peri Urban Tariff - R0.3630

**Tariff I (b): Home Power (Off-Peak)**

**a) Service Levy**

Urban Tariff - R43.8495

Peri Urban Tariff - R65.6820

**b) Units (c/kWh) Peak (07:00 – 12:00) Mondays to Fridays (all year round) and Peak (18:00 – 21:00) Mondays to Fridays (only Winter – 1 April to 30 September)**

Urban Tariff - R0.5683

Peri Urban Tariff - R0.3562

**c) Units (c/kWh) Off-Peak**

Urban Tariff - R0.2873

Peri Urban Tariff - R0.2740

**Tariff II (a): Business Rate**

**a) Service Levy**

Urban Tariff - R211.1405

Peri Urban Tariff - R211.1405

**b) Units (c/kWh)**

Urban Tariff - R0.4480

Peri Urban Tariff - R0.4480

**Tariff II (b): Business Rate (Off-Peak)**

**a) Service Levy**

Urban Tariff - R211.1405

Peri Urban Tariff - R211.1405

**b) Units (c/kWh) Peak (07:00 – 12:00) Mondays to Fridays (all year round) and Peak (18:00 – 21:00) Mondays to Fridays (only winter – 1 April to 30 September)**

Urban Tariff - R0.6290

Peri Urban Tariff - R0.4445

**c) Units (c/kWh) Off-Peak**

Urban Tariff -R0.4261

Peri Urban Tariff - R0.4128

**Tariff II(c): Departmental**

**a) Units (c/kWh) Public Light (streetlights)**

Urban Tariff - R0.3100

**b) Units (c/kWh) (Department Buildings)**

Urban Tariff - R0.3673

**Tariff III (a): Bulk Supply**

**a) Service Levy LV**

Urban Tariff - R535.9590

Peri Urban Tariff - R535.9590

**b) Service Levy MV**

Urban Tariff – R817.0465

Peri Urban Tariff – R817.0465

**c) Units (c/kWh)**

Urban Tariff - R0.2594

Peri Urban Tariff - R0.2594

**d) kVA Demand Tariff (Low Tension) (R/kVA) – Only Peak Periods**

Urban Tariff – R59.3028

Peri Urban Tariff – R59.3028

**e) kVA Demand Tariff (11 kVA and <) (R/kVA) – only Peak Periods**

Urban Tariff - R54.9100

Peri Urban Tariff - R54.9100

**Tariff IV: Home Power Bulk**

**a) Service Levy**

Urban Tariff - R535.9590

Peri Urban Tariff - R535.9590

**b) Units (c/kWh)**

Urban Tariff - R0.3673

Peri Urban Tariff - R0.3673

**Tariff V: Prepaid Meters**

**a) Units (c/kWh) (H3 – Home-light – Full install. Costs)**

Urban Tariff - R0.4802

Peri Urban Tariff - R0.4802

**b) Units (c/kWh) (H2 – Home-light – Partly Subsidised)**

Urban Tariff - R0.5510

Peri Urban Tariff - R0.5510

**c) Units (c/kWh) (H1 – Home-light – Largely Subsidised. Costs)**

Urban Tariff - R0.5835

Peri Urban Tariff - R0.5835

**d) Units (c/kWh) (B1 – Business-light – Full install. Costs)**

Urban Tariff - R0.5835

Peri Urban Tariff - R0.5835

**1.7 Housing Rental Tariffs**

The rental tariffs on all housing schemes are increased with 10% from 1 July 2008.