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PART 1 – ANNUAL BUDGET

1. EXECUTIVE MAYOR'S REPORT

To be tabled in Council under a separate cover.

2. BUDGET RELATED RESOLUTION

2.1 That in terms of Section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality's Operating Revenue of R2 964,92 million, Operating Expenditure of R2 619,32 million and Capital Expenditure Budget of R841,74 million for the financial year 2009/10, and indicative allocations for the two projected outer years 2010/11 and 2011/12, be approved as set-out in the following tables:

- (a) Budgeted Financial Performance (revenue and expenditure by standard classification); - Table A2
- (b) Budgeted Financial Performance (revenue and expenditure by municipal vote); -Table A3
- (c) Budgeted Financial Performance (revenue by source and expenditure by type); - Table A4 and,
- (d) Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source – Table A5.

2.2 That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

- (a) Budgeted Financial Position -Table A6;
- (b) Budgeted Cash Flows – Table A7;
- (c) Cash backed reserves and accumulated surplus reconciliation – Table A8;
- (d) Asset management – Table A9; and
- (e) Basic service delivery measurement – Table A10.

2.3 That the consolidated budget that includes the financial impact of Centlec (Pty) Ltd is noted.

2.4 That in terms of Section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in Annexure P1. A, respectively that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2009.

2.5 That in terms of Section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as set out in Annexure B is approved.

2.6 That in terms of Section 24(2)(c)(v) of Municipal Finance Management Act, 56 of 2003, the budget related policies, including any amendments as set out in the Annexure B are approved for the budget year 2009/10.

2.7 That the General Tariffs as set out in Tariffs Booklet is approved for the budget year 2009/10.

3. EXECUTIVE SUMMARY

The draft operating revenue budget for the 2009/10 financial year, is projecting an increase in revenues of R426 million (16,78%) to R2 964,9 million above the approved budget for 2008/09 financial year. For the 2010/11 and 2011/12 outer years the budgeted revenue amounts to R3 537,6 million (19.3%) and R3 968,7 million (12,19%) respectively. The draft operating expenditure budget for the 2009/10 financial year, is projecting an increase in expenditure of R604,6 million (30%) to R26 193 million above the approved budget for 2008/09 financial year. For the 2010/11 and 2011/12 outer years the budgeted expenditure amounts to R2 813,1 million (7,4%) and R3 057,5 million (8,69%) respectively. Furthermore, the projected capital expenditure budget amounts to R841,7 million for the 2009/10 and R1 039,3 million and R934,7 million respectively for the two outer years.

3.1 Service Delivery

The municipality has adopted a two pronged approach in meeting its service delivery mandate. It uses mainly its own resources, including amongst others Economic Development and Planning unit, Community and Social Development, Financial Services and Infrastructural Services to render direct municipal services to its constituent community. The second approach is that of the provision of electrical services through its business entity Centlec (Pty) Ltd. Of the municipality's total budgeted Operating Revenue and Expenditure of R2 964,9 million and R 2 619,3 million respectively, the entity's contributes R1 142,09 million and R1 045,2 million respectively, in terms of the operating revenue and expenditure.

3.2 Overview of Past Financial Performance against the Budget

Detailed below is an overview of the municipality's past performance against the budget, as extracted from the 2007/08 Annual Report:

The actual revenue as at 30 June 2008 amounts to R1 495,1 million against the budgeted amount of R1 400,1 million. The year to date, actual revenue of R1 495,1 million exceeded the budgeted year revenue of R1 400,1 million by R95,1 million. The actual revenue for the year is 6.79% above the budgeted amount.

The expenditure for the 2007/08 financial year amounts to R1 209,7 million against the budgeted amount of R1 143,6 million. This expenditure represents 105,78% of the budgeted amount over-expenditure of 5.78% or R66,1 million.

The capital expenditure for the year amounts to R480,9 million against the budgeted amount of R627,2 million. This expenditure represents 76,67% of the annual budgeted amount, and under-performance of 23,33% or R146,3 million.

The net results of the 2007/08 budget indicate substantial improvements in terms of the budgeted amount for the financial year to R480,9 million in this reporting year, as part of the municipality's strategy to continue meeting the ever increasing demands of addressing the existing infrastructural backlog, the Municipality put more emphasis on;

- Paying attention to debt collection as means of improving the cash flow situation;
- Prioritization of competing capital investments projects;
- Leveraging of available cash resources in order to meet increased service delivery demands;

- Investigating the possibilities of obtaining external funding.

The municipality has or will embark on the following strategies to maintain financial viability and capability to sustain services;

- Commissioning a data-cleaning project to authenticate our consumer accounts database and timeous consumer billing;
- A water leakage project, aimed at fixing leakages in areas where there is high consumption of water due to wastage, resulting in high household accounts;
- Strengthen oversight of the business entity on behalf of Council for the enhancement of shareholder's value and efficiencies;
- Development and updating of Financial Policies so as to ensure compliance to internal controls;
- Implementation of cost cutting measures in an effort to relieve pressures on the operating budget.

The actual audited results against the budget for the 2007/08 financial year can be summarised as follows:

	Budget	Actual	Variance
	R'000	R'000	R'000
Operating Revenue (see Annexure P1 B)	1 400,08	1 495,18	95,1
Operating Expenditure (see Annexure P1 B)	1 143,62	1 209,72	66,1
Capital Expenditure (see Annexure P1 C)	683,17	480,93	202,24

The resultant outcome from the Auditor General's review of performance was a disclaimer audit opinion, for both the parent municipality and Centlec (Pty) Limited (Electricity entity). The disclaimer opinion was based mainly on non-compliance to the International Financial Reporting Standards Framework (IFRIS) and unresolved inter-entity matters.

3.3 Integrated Development Plan

A series of engagements between the elected leaders and municipal administration took place prior to the final formulation of the budget. This resulted in the formulation of a new strategic framework. Four overarching strategic goals set for the municipality for the MTREF period are as follows:

-
- To ensure service excellence within and around Mangaung Local Municipality,
 - To stimulate integrated and sustainable economic development,
 - To improve and sustain financial, human resource excellence and management excellence,
 - To evolve institutional excellence through an ongoing institutional re-engineering, effective leadership and effective long range development planning.
-

As a result of the above goals, a set of core values have been determined by the Municipality to act as a beacon to guide the collective efforts of both the elected and administrative leadership in their quest to realize the newly set vision and development objectives to improve the lives of all the citizen residing in the municipal area.

These are:

Ambition. Competency, Integrity, Responsibility, Accuracy, Respect, Dedication, Loyalty, Credibility, Honesty, Innovativeness, Teamwork, Excellence and Accountability

However, no new developmental priorities were sourced from the communities, as is the Council's practice. This was done mainly to create space for Council to complete its 2010 Fifa Soccer World Cup commitments at the stadiums and around road infrastructure projects.

3.4 Budget Policies

None of the existing budget related policies are to be amended. However, the following new draft policies are to be tabled to council, together with the budget, i.e. the Draft Budget Guidelines and the Property Rates Policy.

3.5 Equitable Share Allocation

The undermentioned services are funded from the equitable share and the appropriation is as follows:

	2007/08 R'000	2008/09 R'000	2009/10 R'000	2010/11 R'000	2011/12 R'000
Property Rates	62,809	81,799	110,423	141,881	157,579
Water	56,850	81,206	109,623	140,853	156,436
Sanitation	65,354	72,354	97,674	125,500	139,385
Electricity	35,047	42,547	51,057	55,907	60,659
Total FBS	220,060	277,906	368,777	464,141	514,060

1. Assessment Rates

It is recommended:

- (a) That, the following general assessment rates in respect of the Mangaung Local Municipality be determined as follows:
- (i) Comma zero three four cent (0,034 cent) per rand on the rateable value of farm property (exempt from VAT);
 - (ii) Comma five six five one cent (0,5651 cent) per rand on the rateable value of residential property (exempt from VAT);
 - (iii) One comma four one two eight cent (1,4128 cent) per rand on the rateable value of government property (exempt from VAT);
 - (iv) Two comma eight two five five cent (2,8255 cent) per rand on the rateable value of business property (exempt from VAT).
 - (v) Interest shall be paid to Council on rates, which have not been paid within thirty days from the date on which such rates became due, at a rate of 1% higher than the prime rate for the period during which such rates remain unpaid after expiry of the said period of thirty days.

Assessment Rates – The first R 40 000 of the rateable value of residential properties are exempted

- (b) Sanitary Fees:
- That the following levies in respect of the Mangaung Local Municipality (excluding residential in Bloemindustria, Ribblesdale, Bloemspruit, Bainsvlei, Farms and Peri Urban areas in Thaba Nchu, but including parsonages and the Langenhovenpark area) be determined:
- (i) Comma three three eight eight cent (0,3388 cent) per rand on the rateable value of the property (VAT excluded) with a minimum of seventy rand only (R 70,00) (VAT excluded) per erf per month

Sanitation – residential properties with a value of R 40 000,00 or less are exempted

- (ii) Levy on churches, church halls and other places of similar nature, qualifying charitable institutions and welfare organizations:
R 62,84 per sanitary point per month (VAT excluded);
R20.89 per refuse container per month (VAT excluded);
- (iii) Martie du Plessis School, Dr Böhmer School, Lettie Fouche School, and schools of similar nature:
R31.42 per sanitary point per month (VAT excluded);
R 10.45 per refuse container per month (VAT excluded);
- (iv) that the rates and levies in accordance with (a) and (b), as stated above, become due monthly on the following dates, 17 July 2009, 17 August 2009, 16 September 2009, 17 October 2009, 16 November 2009, 17 December 2009, 17 January 2010, 14 February 2010, 17 March 2010, 16 April 2010, 17 May 2010 and 16 June 2010;

2. General Tariffs

It is recommended:

- (i) That the general tariffs and charges, at an average increase of 10%, to be reflected in the **Tariffs Booklet**, be approved for the 2009/10 budget year.

3. Water Tariffs

It is recommended:

- (i) That, the water tariffs for the 2009/10 financial year be increased by 11.0% above the previous year;
- (ii) That, the new water tariffs for 2009/10 be applicable from the consumer month of July 2009;
- (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) R 2,89 per kilolitre per month for 0 to 6 kilolitres;
- (ii) R 8,70 per kilolitre per month for 7 up to 30 kilolitres;
- (iii) R 9,04 per kilolitre per month for 31 up to 100 kilolitres;
- (iv) R 9,58 per kilolitre per month for each kilolitre more that 100 kilolitres.

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

- (i) Total kilolitres used, number of Flats/Townhouses/Duet Houses
- (ii) 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. Tariffs applicable to normal residential dwellings are applicable to the above.

Tariff 2: Unmetered Erf Used for Residential Purposes Only.

Fixed amount: R 6,72 per month

Tariff 3: Unimproved Erf

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

Minimum charge: R 18,43 per month

3.2 Any other unimproved erf:

Minimum charge: R 247.69 per month

Tariff 4: Directorates of Council

Water consumed: R 7.18 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: R 247.69 per month

plus

5.2 Water consumed: R 9.10 per kilolitre per month.

Part B: Erf Out-side Municipal Area

Tariff 6: Erf used for Residential Purposes Only

Water consumed:

(a) R 2.89 per kilolitre per month for 0 to 6 kilolitres;

(b) R 8.70 per kilolitre per month for 7 up to 30 kilolitres plus a surcharge of 35%;

(c) R 9.04 per kilolitre per month for 31 up to 100 kilolitres plus a surcharge of 35%;

(d) R 9.58 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: R 247.69 per month, plus a surcharge of 35%

plus

7.2 Water consumed: R 9.10 per kilolitre per month plus a surcharge of 35%

1.6 Electricity Tariffs

It is recommended:

- (i) That, the electricity tariffs for the 2009/10 financial year be increased with 34% above the previous year;
- (ii) That, the new electricity tariffs for 2009/10 be applicable from the consumer month of July 2009;
- (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	- R 68,599
Peri Urban Tariff	- R 102,754
b) Units (c/kWh)	
Urban Tariff	- R 0,576
Peri Urban Tariff	- R 0.576

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

- a) **Service Levy**
 - Urban Tariff - R 68.599
 - Peri Urban Tariff - R 102,754
- 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 - R 0.863
 - Peri Urban Tariff - R 0.863
- c) **Units (c/kWh) Off-Peak**
 - Urban Tariff - R 0.448
 - Peri Urban Tariff - R 0.448

Tariff II (a): Business Rate

- a) **Service Levy**
 - Urban Tariff - R 334,506
 - Peri Urban Tariff - R 334,506
- b) **Units (c/kWh)**
 - Urban Tariff - R 0,710
 - Peri Urban Tariff - R 0,710

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

- a) **Service Levy**
 - Urban Tariff - R 334,506
 - Peri Urban Tariff - R 334,506
- 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 - R 0,969
 - Peri Urban Tariff - R 0,969
- c) **Units (c/kWh) Off-Peak**
 - Urban Tariff -R 0,640
 - Peri Urban Tariff - R 0,640

Tariff II (c): Departmental

- a) **Units (c/kWh) Public Light (streetlights)**
 - Urban Tariff - R 0,479
- b) **Units (c/kWh) (Department Buildings)**
 - Urban Tariff - R 0,582

Tariff III (a): Bulk Supply

- a) **Service Levy LV**
 - Urban Tariff - R 849,111
 - Peri Urban Tariff - R 849,111
- b) **Service Levy MV**
 - Urban Tariff – R 1 294,433
 - Peri Urban Tariff – R 1 294,433
- c) **Units (c/kWh)**

- | | | |
|-----------|--|------------|
| | Urban Tariff | - R 0,401 |
| | Peri Urban Tariff | - R 0,401 |
| d) | kVA Demand Tariff (Low Tension) (R/kVA) – Only Peak Periods | |
| | Urban Tariff | - R 95,849 |
| | Peri Urban Tariff | - R 95,849 |
| e) | kVA Demand Tariff (11 kVA and <) (R/kVA) – only Peak Periods | |
| | Urban Tariff | - R 89,535 |
| | Peri Urban Tariff | - R 89,535 |

Tariff IV: Home Power Bulk

- | | | |
|-----------|----------------------|-------------|
| a) | Service Levy | |
| | Urban Tariff | - R 849,111 |
| | Peri Urban Tariff | - R 849,111 |
| b) | Units (c/kWh) | |
| | Urban Tariff | - R 0,582 |
| | Peri Urban Tariff | - R 0,582 |

Tariff V: Prepaid Meters

- | | | |
|-----------|--|-----------|
| a) | Units (c/kWh) (H3 – Home-light – Full install. Costs) | |
| | Urban Tariff | - R 0,643 |
| | Peri Urban Tariff | - R 0,643 |
| b) | Units (c/kWh) (H2 – Home-light – Partly Subsidised) | |
| | Urban Tariff | - R 0,738 |
| | Peri Urban Tariff | - R 0,738 |
| c) | Units (c/kWh) (H1 – Home-light – Largely Subsidised. Costs) | |
| | Urban Tariff | - R 0,782 |
| | Peri Urban Tariff | - R 0,782 |
| d) | Units (c/kWh) (B1 – Business-light – Full install. Costs) | |
| | Urban Tariff | - R 0,782 |
| | Peri Urban Tariff | - R 0,782 |

1.7 Housing Rental Tariffs

The rental tariffs on all housing schemes are increased with 10% from 1 July 2009.

ANNEXURE P1. B

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Revenue	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 10% versus budget
Property rates	250,173,480	247,342,960	2,830,520	1	
Service charges	340,210,887	326,200,900	14,009,987	4	
Rental of facilities and equipment	20,637,267	14,700,667	5,936,600	40	In order to account for the new accounting standards for lease income, an amount of R5.5 million was transferred to revenue as a direct result of the new accounting standards for lease income. The amount was not included in the 2008 budget.
Interest earned - external investments	22,459,987	25,300,000	(2,840,013)	(11)	
Interest earned - outstanding debtors	32,268,025	24,657,920	7,610,105	31	The income source was under budgeted. The increase in outstanding consumer debt was more than anticipated.
Interest on shareholders loan	94,000,000	94,000,000	-	-	
Fines	7,588,890	9,406,830	(1,817,940)	(19)	The income from traffic fines was R1.8 million less than the amount budgeted for, due to shortages of personnel and withdrawal of summonses, warrants, etc issued, by the court.
Licenses and permits	265,012	697,570	(432,558)	(62)	The income from dog licenses and levies on placards were less than the amount budgeted for, due to shortages of personnel and withdrawal of summonses, warrants, etc issued, by the court.
Income for agency services	81,966,316	9,261,640	72,704,676	785	The income from Centlec in the amount of R74.5 million for salaries of employees seconded to the entity was not included in the 2008 budget. The amount is also included in the expenditure of Miscellaneous Services.
Government grants and subsidies	576,626,581	583,457,064	(6,830,483)	(1)	
Other income	68,989,138	65,057,567	3,931,571	6	
Public contributions and donations	-	-	-	-	
Gains on disposal of property, plant and equipment	-	-	-	-	
Total Revenue	1,495,185,583	1,400,083,118	95,102,465	7	
Expenditure					
Office of the City Manager	104,861,150	110,637,903	(5,776,753)	(5)	
Corporate Services	54,553,043	53,627,834	925,209	2	
Finance	48,487,603	53,062,646	(4,575,043)	(9)	
Community and Social Development	192,224,115	208,155,599	(15,931,484)	(8)	
Economic Development and Planning	36,421,054	41,944,118	(5,523,064)	(13)	Savings on salaries and allowances due to vacancies and savings in general resulted in an under spending on the total budgeted amount.
Infrastructural Services	271,665,836	275,025,264	(3,359,428)	(1)	
Miscellaneous Services	196,194,034	97,772,363	98,421,671	101	As indicated under revenue for agency services above, an amount of R74.5 million for salaries of employees seconded to Centlec is included as an expenditure under miscellaneous services and recoverable in full from the entity. The amount was not included in the 2008 budget. An additional amount of R22.2 million was provided for bad debt, which was not provided for in the budget
Housing	26,598,933	32,568,301	(5,969,368)	(18)	Savings on salaries and allowances due to vacancies and an under spending of R3 million on the housing accreditation subsidy resulted in a saving on the total budgeted amount. The unspent subsidy is transferred to next financial year.
Fresh Produce Market	10,857,057	10,677,173	179,884	2	
Water	267,854,066	260,145,479	7,708,587	3	
Total Expenditure	1,209,716,891	1,143,616,680	66,100,211	6	
Net surplus/(deficit) for the year	285,468,692	256,466,438	29,002,254	(11)	

Annexure P1 C

Capital Expenditure - Actual vs Budget for the year ended 30 June 2008

		<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>
		R	R	R	R	R	%
Office of the City Manager	1	6,233,574		6,233,574	7,894,020	1,660,446	-21
Corporate Services	2	2,332,176		2,332,176	2,830,000	497,824	-18
Finance	3	7,407,709		7,407,709	12,170,040	4,762,331	-39
Community and Social Development	4	32,824,714		32,824,714	61,476,560	28,651,846	-47
Economic Development and Planning	5	11,977,642		11,977,642	27,172,641	15,194,999	-56
Infrastructural Services	6	388,890,356		388,890,356	531,896,338	143,005,982	-27
Housing	7	8,142,855		8,142,855	10,560,000	2,417,145	-23
Fresh Produce Market	8	2,325,861		2,325,861	2,750,000	424,139	-15
Water	9	20,797,920		20,797,920	26,423,800	5,625,880	-21
Centlec (Pty) Ltd	10	73 253 823		73 253 823	88 435 980	15 182 157	-17
SUB TOTAL		554 186 630	-	554 186 630	771 609 379	202,240,593	-30
Revaluation of Land				-	-	-	
TOTAL		480,932,807	-	480,932,807	683,173,399	202,240,593	-30

ANNUAL BUDGET TABLES – PARENT MUNICIPALITY

Table A1	Budget Summary
Table A2	Budget Financial Performance (revenue and expenditure by standard classification)
Graphs	Revenue and Expenditure by Standard Classification
Table A3	Budgeted Financial Performance (revenue and expenditure by municipal vote)
Graphs	Revenue and Expenditure by Municipal Vote
Table A4	Budgeted Financial Performance (revenue and expenditure)
Graphs	Revenue and Expenditure by Major and Minor Sources
Table A5	Budgeted Capital Expenditure by vote, standard classification and funding
Graphs	Capital expenditure Vote, Standard Classification and Funding
Table A6	Budgeted Financial Position
Table A7	Budgeted Cash Flows
Table A8	Cash backed reserves/accumulated surplus reconciliation
Table A9	Asset Management
Table A10	Basic service delivery measurement

PART 2 – SUPPORTING DOCUMENTATION

1. OVERVIEW OF ANNUAL BUDGET PROCESS

The Municipal Finance Management Act (MFMA) provides a framework for the preparation of municipalities' budgets and sets out timelines for budget preparation and approval. It provides the basis for the sound financial framework, the appropriation and management of municipal resources. Mangaung Local Municipality is therefore required to comply with the provisions of the Act in terms of timelines for tabling of draft budgets and approval thereof.

Section 16 (2) of Municipal Finance Management Act, 56 of 2003, requires the Mayor to table a draft annual budget at a Council meeting 90 days before the start of the budget year and in terms of Section 24 (1) Act (MFMA), the Council must consider approval of the annual budget at least 30 days before the start of the new financial year.

Additionally, Section 87 (1) of the Municipal Finance Management Act requires the board of directors of a municipal entity to submit their draft budgets to the parent municipality not later than 150 days before the start of the entity's financial year or earlier if requested by the parent municipality.

The Municipal Finance Management Act (MFMA) aims to put in place a secure, sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities and spells out appropriate lines of responsibility and timelines for budget preparations and approval.

The IDP, tariffs and MTREF draft budget were tabled on May 14, 2009 and were subsequently publicized to facilitate, stimulate and ensure active and municipal-wide community participation and encourage discussion with all stakeholders and provide an opportunity for feedback.

The budget process for 2009/2012 commenced with the development of the IDP and Budget process plan in July 2008. The process plan however was approved much later in November 7, 2008 which resulted in the delay in implementing many of the steps and activities outlined in the plan. The IDP Steering Committee undertook a strategic assessment of both financial and non-financial past performance in order to address the existing and current service delivery backlog with much more concerted effort, vigour and with speed so as to strengthen and improve service delivery.

The focus also shifted to the completion of 2010 FIFA Soccer World Cup and municipal investment grant programmes. The implementation of the remaining and additional service delivery backlog will be undertaken once the 2010 FIFA Soccer World Cup and municipal infrastructure grants projects have been concluded.

The Integrated Development Plan and the Medium Term Budget framework that includes the projected income and spending parameters and spending levels for the 2009/2012 budgeting cycle were presented to the administration on the 17 November 2008 and subsequently the political leadership.

This process was followed by a series of IDP and budget meetings which took place between 14 January and March 2009. The objective of the IDP and budget meetings was to review and evaluate the budget proposals presented by the directorates to ensure that the proposed income and spending give effect to the decision undertaken by the IDP Steering Committee and also address some of the developmental objectives espoused in the municipality's Integrated Development Plan considering the available resources.

The progress and evaluation of the status of service delivery, summary of community and stakeholder views on the IDP, MTREF budget and the linkage of the budget to the IDP and support from other stakeholders were then presented to the IDP and Budget Conference held on June 4, 2009.

Below is schedule of timelines for the IDP, Budget and public participation as approved by the Executive Mayor and Council in terms of Section 21 (1) (b) of the Municipal Finance Management Act.

DELIVERABLE EVENT	DATES
PROCESS MANAGEMENT	
Development of IDP/Budget Process Plan	July 2008
COO brief CM, EM and Chair: PP and IDP Portfolio	August 2008
Workshop the Process Plan	August 2008
EMT to consider Process Plan	August 2008
Draft Process Plan to MAYCO	August 2008
Draft Process Plan to Council	October 2008
Advertising of Process Plan	October 2008
First IDP Steering Committee to review emerging issues/changes	October 2009
Initiate Public Participation process in line with the MTREF	13 November 2008
Second IDP Steering Committee to prioritize IDP and budget items	18 November 2008
MAYCO Lekgotla to confirm IDP; SDBIP and Budget priorities	21 November 2008
IDP Budget Lekgotla	30 January 2009
MAYCO approval of draft IDP	24 February 2009
IDP Budget Lekgotla	5 March 2009
Tabling of the Draft IDP and Budget	26 March 2009
Submission of Draft IDP to DPLG and DLG&TA	9 April 2009
Public Participation Process including Hearings on Draft IDP and Budget	April – May 2009
Special Council considers submissions, representations and recommendations from Hearings	7 May 2009
MAYCO to recommend approval by Council	14 May 2009
Council Meeting to approve the IDP and Budget	28 May 2009
Compilation of service delivery and budget implementation plans (SDBIP) for Council for consideration	1 June 2009
Submission of draft 2008-09 SDBIP and annual performance agreements by City Manager to the Executive Mayor	5 June 2009
Publication of approved IDP and budget	11 June 2009
Submit approved IDP and budget to Provincial Treasury, DLG& H, DPLG and National Treasury	30 June 2009

A review of actual performance against the plan is as outlined below:

DELIVERABLE EVENT	PLANNED	ACTUAL
Development of IDP/Budget Process Plan	July 2008	August 2008
COO brief to CM, EM and Portfolio Chairs	August 2008	August 2008
Workshop the Process Plan	August 2008	September 2008
EMT to consider Process Plan	August 2008	September 2008
Draft Process Plan to MAYCO	August 2008	October 2008
Draft Process Plan to Council	October 2008	October 2008
Advertising of PP	October 2008	October 2008
First IDP Steering Committee - review of emerging issues	October 2008	None
Initiate Public Participation process	13 November 2008	None
Second IDP Steering Committee-set IDP/Budget priorities	18 November 2008	None
MAYCO Lekgotla	21 November 2008	None
IDP Budget Lekgotla	30 January 2009	None
IDP Budget Lekgotla	5 March 2009	None
MAYCO approval of draft IDP	24 February 2009	None
IDP Budget Lekgotla	5 March 2009	None

Tabling of draft IDP & Budget	26 March 2009	14 May 2009
Submission of draft budget -stakeholders	9 April 2009	May 2009
Public Participation Process	April - May 2009	April - May 2009
Special Council -consideration of public inputs	7 May 2009	7 May 2009
MAYCO - Recommend approval by Council	14 May 2009	14 May 2009
Council meeting -approval of IDP and Budget	28 May 2009	25 June 2009
Compilation of SBDIP	26 March 2009	1 June 2009
Submission SDBIP & CM Performance Agreement	5 June 2009	5 June 2009
Publication of approved IDP & Budget	11 June 2009	1 July 2009
Submission of IDP & Budget to Province & National Government	30 June 2009	30 June 2009

2. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

2.1 VISION AND DEVELOPMENT OBJECTIVES

Our Vision and Development Objectives

The review of the IDP remains consistent with the Mangaung strategic approach and commonly owned vision of where we are going as an important locality in the heart of South Africa. Our vision for Mangaung remains:

By 2030 Mangaung is recognised as “a globally safe and attractive municipality to live, work and invest.

To make this vision a reality the Municipality has set the following mission statement:

To improve social and economic livelihoods through public participation, effective and efficient integrated governance systems and programs.

2.2 DEVELOPMENT OBJECTIVES

2.2.1 Our development objectives

Development priorities which have arisen from the engagement between the elected leaders and municipal administration. After formulation of the strategic framework, four overarching strategic goals have been agreed upon and will be achieved in the next three years. These are as follows:

-
- To ensure service excellence within and around Mangaung Local Municipality,
 - To stimulate integrated and sustainable economic development,
 - To improve and sustain financial, human resource excellence and management excellence,
 - To evolve institutional excellence through a thoroughgoing institutional re-engineering, effective leadership and effective long range development planning.
-

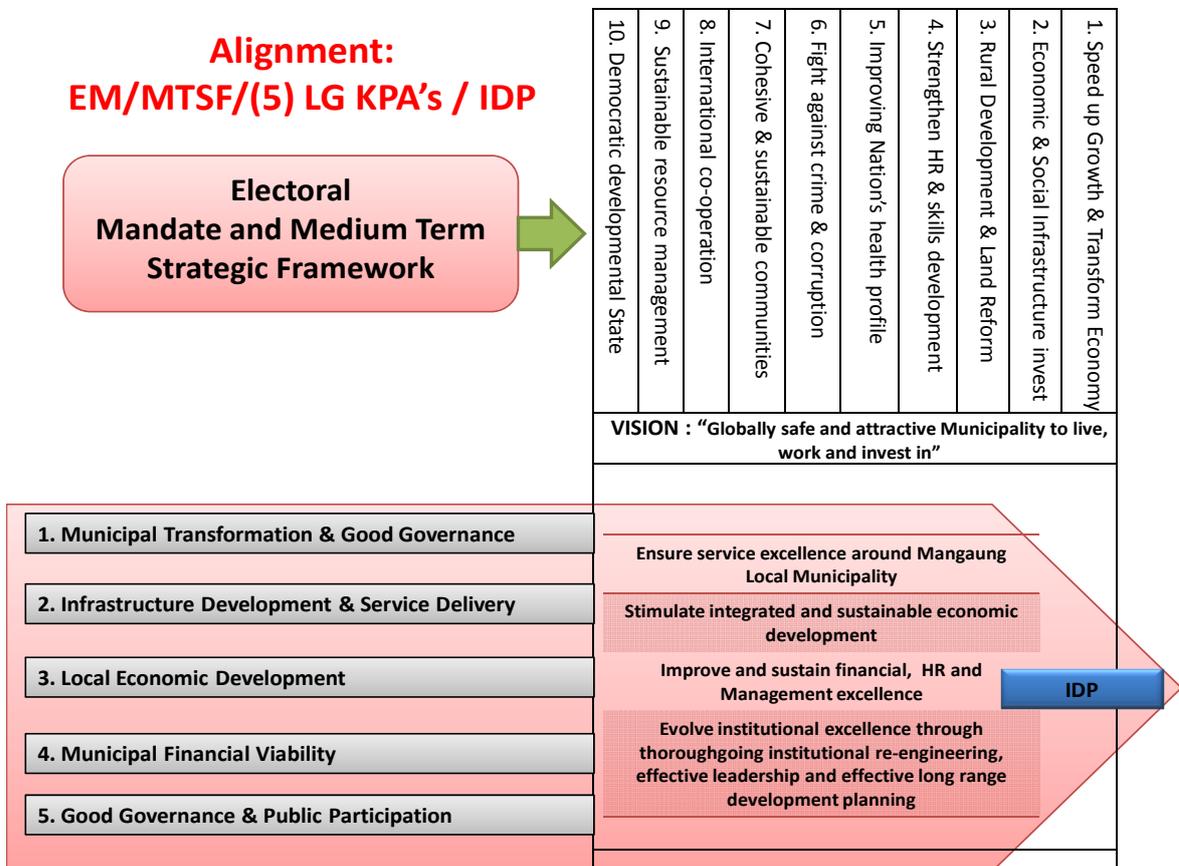
A set of core values have been determined by the Municipality to act as a beacon to guide the collective efforts of both the elected and administrative leadership in their quest to realize the set vision and development objectives set to improve the lives of all the citizen residing in the municipal area.

These are:

Ambition, Competency, Integrity, Responsibility, Accuracy, Respect, Dedication, Loyalty, Credibility, Honesty, Innovativeness, Teamwork, Excellence and Accountability

2.2.2 Alignment to Provincial and District Development Plans

Municipal, provincial and national strategies and budgets need to be aligned and rationalised to support integration, co-ordination, planning and implementation across spheres of government with regard to intergovernmental priorities. Municipalities are also expected, as a local sphere of government to demonstrate their budgetary and programmes support to the fulfilment of the National Government's electoral mandate, as well as the Medium Term Strategic Framework. Mangaung Local Municipality's commitment to the national agenda can be demonstrated by the matrix as detailed below:



The table below highlights key areas of alignment between Mangaung Local Municipality, district and Provincial counterparts. Annex 1 summarises the goals and indicators for the Province and for Motheo District and are funded through their existing sources of income.

Mangaung	District	PGDS
To ensure service excellence within and around Mangaung Local Municipality	Water and sanitation	Economic growth, development and employment
To ensure service excellence within and around Mangaung Local Municipality	Public transport, roads and storm-water	Social and human development
To stimulate integrated and sustainable economic development,	Economic development	Economic growth, development and employment
To ensure service excellence within and around Mangaung Local Municipality	Clean and healthy environment	Efficient governance and administration
To ensure service excellence within and around Mangaung Local Municipality	Special programmes: HIV/AIDS, youths, gender, disability and heritage	Social and human development
To ensure service excellence within and around Mangaung Local Municipality	Protection and disaster management	Justice, Crime Prevention and Security
To ensure service excellence within and around Mangaung Local Municipality	Sports, arts, culture and recreation	Social and human development
To ensure service excellence within and around Mangaung Local Municipality	Housing and electricity	Social and human development

The outcome of most programmes that the directorates would implement would contribute towards the economic growth and job creation, social upliftment of the poor within the Municipality, safety and security as well as well managed administration in the spirit of cooperative governance and ensuring sustainability of services.

2.3 OUR STRATEGY

Our strategy has 4 critical components that together constitute our wheel of success. The first three - Stimulating our **integrated and sustainable economic development**, sustaining **financial, human resource excellence and management excellence** and **service excellence** constitute the spokes of a virtuous wheel. At the hub of the wheel is institutional excellence (including **common purpose and civic leadership** - the necessary starting point.

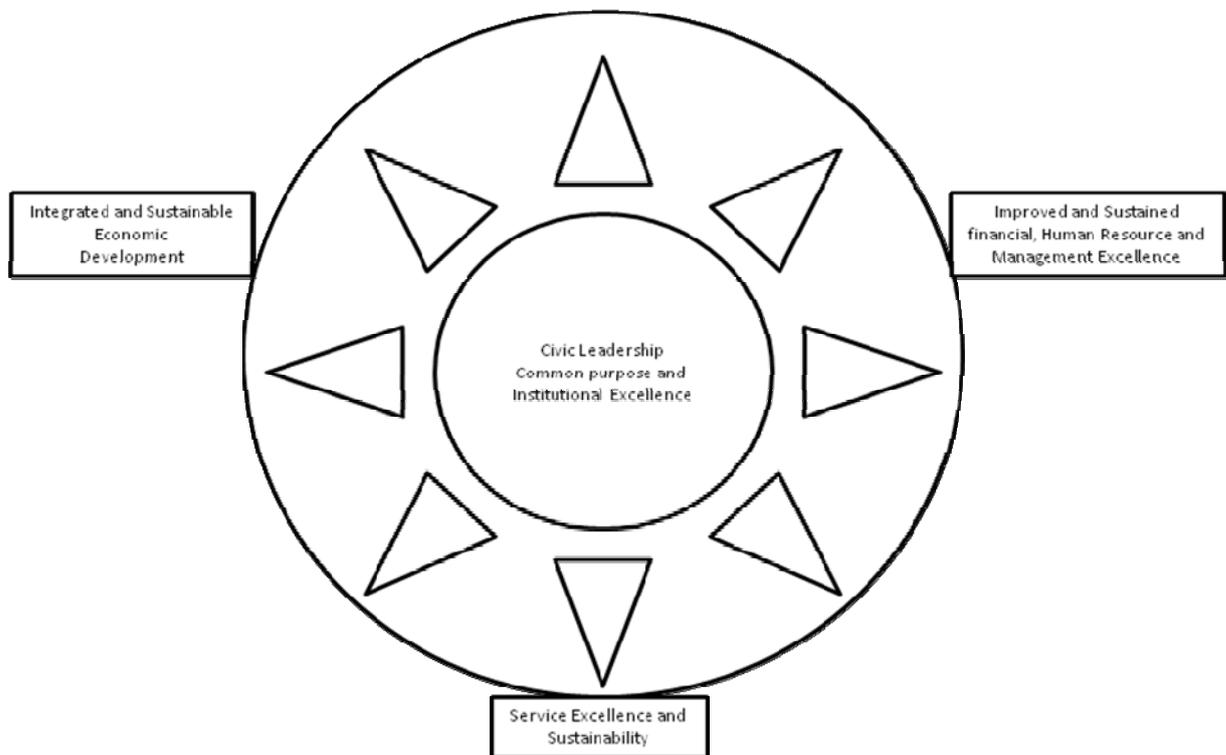
The two principles that underlie this are:

Poverty eradication and the promotion of sustainable livelihoods. Thus we take a multidimensional view of poverty, reflecting the need to increase the five types of people's assets (financial, human, physical, natural and social) and reduce their vulnerabilities. We address poverty under economic growth (increasing growth but also having a widespread livelihoods programme), HIV, promoting community resilience, improving education etc. Therefore we do not have poverty as a programme per se, but we recognise it at the highest level of our performance, in our macro scorecard (see 3.5).

The promotion of **sustainable development**. During this IDP Review sustainable development has been one of the lenses we have used to look at the programmes, and concern for economic,

environmental, social and institutional sustainability has been factored into our refining of the programmes.

Figure 2.3.1 Our strategic wheel with our 4 thrusts



2.3.1 Spoke 1: Mangaung on the Move – Stimulating our integrated and sustainable economic development prospects

The first spoke of the wheel is stimulating integrated and sustainable economic development. The benefits of higher growth are obvious, particularly if this growth is broadly spread across the population. People have more money including more capacity to pay for their own service and housing needs. The municipality has more money from increased rates to expand and improve services and so on.

The Municipality can and will play a critical role in creating the right conditions for sustained growth. At the same time we recognise that growth and come largely from the decisions and actions of business people and other economic role-players.

2.3.2 Spoke 2: Improving and sustaining financial, human resource excellence and management excellence

The second spoke of our wheel is improving and sustaining financial, human resource excellence and management excellence. We know from research and our own practical knowledge that there are massive service delivery backlogs that afflict a larger percentage of the community of Mangaung. Addressing the mentioned service delivery backlog require significant monetary investment to be derived from a sound and sustainable financial base. Management and human resource excellence are critical in ensuring the effective use of the

finite resources in the possession of the municipality. Groundbreaking innovations in service delivery and management capabilities to unlock resources through forging of strategic partnerships cannot be overemphasised.

2.3.3 Spoke 3: Benchmark Municipality - service delivery excellence and sustainability

The third spoke of our wheel of success is service delivery excellence and sustainability. The more we are able to ensure the delivery of the right services to Mangaung, the more our economic potential is enhanced, the more attractive we are to potential investors and the more effective we are in tackling poverty and other social ills. The more efficiently we deliver these services, the more resources we have available to expand and improve our level of service and so on. These also need to be financially, socially and environmentally sustainable.

2.3.4 The Hub: Institutional excellence, civic leadership and common purpose

At the hub of our wheel of success is institutional excellence, civic leadership and common purpose. Research indicates that successful municipalities are characterised by high levels of institutional excellence and forged common purpose amongst the major stakeholders. This inevitably flows from the level of civic leadership provided by the Council as the elected representatives of the area. The adage “united we stand, divided we fall”, is very relevant to local government.

2.4 Focus for 2009/10

The IDP Steering Committee reviewed and confirmed the challenges and opportunities facing the municipal area in 2009/10 and beyond and decided on emphases that should be given for this year, and which must impact on the budget and all the work of the Municipality.

The key emphases were agreed to be:

- (i) Service delivery excellence and sustainability - continuing to provide quality services with effective strategic management of the municipality to drive the strategic intent.
- (ii) Stimulating our integrated and sustainable economic development - increased emphasis on development and promotion of growth to grow the revenue base and fighting poverty.
- (iii) Improving and sustaining financial, human resource excellence and management excellence - continuing to be financially sustainable as a municipality and promoting human resource and management excellence.
- (iv) Institutional excellence, civic leadership and common purpose - effectiveness in providing services and continuous enhancement of institutional operations; promoting effective intergovernmental relations and mobilising other resources of government;

2.5 Measuring strategic performance

Mangaung Municipality has developed a performance management system to ensure the IDP is achieved. The four perspectives we are using are:

- **Development** (where the emphasis is on the outcomes of municipal action and that by external stakeholders in the municipal area)

- **Services** (where the emphasis is on outputs – the productive activities of the municipality)
- **Resource management** (where we look particularly at the management of our financial and human resources)
- **Governance** (where we look at the effectiveness of our process including decision-making and participation).

The primary objectives, indicators, baseline, target and measurement source for each perspective have been developed as part of the IDP process and are included in the sections on development programmes, and service plans.

A strategic scorecard for the Municipality has been developed to enable us to measure and evaluate our strategic progress. The scorecard is shown in Table 3.5.1.

As required by the Municipal Finance Management Act, we have also developed a Service Delivery and Budget Implementation Plan. The service plans shown in section 6 are in this format.

Note that a requirement for the successful implementation of measuring our strategic performance will be a considerable improvement in our ability to collect strategic information. This will include the development of a much more sophisticated understanding of social and economic trends in the area, and the attitudes of the people of Mangaung to council services. For example, the municipality has little understanding of demographic trends.

There is clearly a movement of population into the Bloemfontein area, but the details of this and the extent, for example, that the migration is from Botshabelo is not known, other than anecdotally.

A project needs to be established that will investigate how best the municipality can get access to the social and economic trend information relevant to it. In this regard partnerships with the University of the Free State, the Central University of Technology (CUT), the provincial government, Statistics South Africa and medical institutions will be explored. Furthermore, a strategic partnership will be forged with the Presidency that has invested significant resources in obtaining g updated statistical information when the developed the Development Indicators 2008 and Towards A 15 Year Review Report. The second thrust is to develop a deeper understanding of the attitudes of citizens to Mangaung’s services. Specific surveys that will be carried out include:

- customer satisfaction surveys
- household surveys, to monitor impacts, and above all to get a better understanding of the situation in the informal sector

2.6 Budget Linkage with the IDP

In terms of linkages, alignment of the budget to the goals and actions plans of the IDP is as follows:

(a) Revenue:

See Table SA4 (Annexure A)

(b) Operating Expenditure

See Table SA5 (Annexure A)

(c) Capital Expenditure

See Table SA6 (Annexure A)

3. OVERVIEW OF BUDGET-RELATED POLICIES

3.1 Budget Policies

The following are policies that govern the municipality's budget, compilation and/or implementation thereof:

- Supply Chain Management Policy
- Banking and Investment Policy
- Credit Control Policy
- Debt Collection Policy
- Land Disposal Policy
- Indigent Policy
- Tariffs Policy

The abovementioned policies are available on the Mangaung Local Municipality's website (www.mangaung.co.za)

3.2 New and Amendments to Policies

The following new draft policies are to be tabled to Council with the budget (Annexure B):

- Draft Budget Guidelines; and
- Property Rates Policy

(a) Draft Budget Guidelines:

The Draft Budget Guidelines will have no financial implication for the current year and into the future. The guidelines are set to formalize the Council's budgetary processes and clearly define roles and responsibilities.

(b) Property Rates Policy:

The Municipal Property Rates Act (MPRA), Act no 6 of 2004, came into effect on 2 July 2005. In terms of this Act all former Local Government Amendment Ordinances guiding the preparation of valuation rolls and the implementation of property tax by local authorities were repealed and a uniform set of rules created for local authorities countrywide.

Key characteristics from the MPRA include, inter alia:-

- All properties are now valued according to market value which implicated a significant change in values for all property owners when compared to the current valuation roll.
- To broaden the revenue base of municipalities, all properties within the municipal area are now included into the valuation roll and as such it means that agricultural and other rural properties which were not previously subjected to property rates are now included for the first time. These properties are classified

as newly rateable property and as such are subject to a phase in period of three years in terms of the tax payable on such properties.

- Properties and owners of properties are now categorised to ensure that any relief granted by the municipality is done in accordance with a category of property or category of owners and individual applications for relief are no longer entertained.
- It is compulsory for every municipality to now have a Property Rates Policy in accordance with the MPRA. This policy is subject to annual review as part of the annual budget process and as such forms part of the budget related policies identified in terms of the Municipal Finance Management Act.

Growth in the property rates revenue base is basically restricted to the inclusion of the agricultural properties. However, the revenue from the source are very limited due to various restrictions applicable. In terms of Regulation 363 published in the Government Gazette of 27 March 2009 the ratio for agricultural properties may not exceed 1:0.25 from the rate levied for residential properties. This means that agricultural properties receive an automatic 75% rebate on the tariff determined for residential properties. In addition, the phase in requirement determined by the MPRA implicates only 25% revenue from the determined tariff for 2009/10. In 2010/11 this will increase to 50%, and in 2011/12 to 75%. The full tariff will only be payable from 2012/13.

Implementation of the MPRA does not mean an automatic significant increase in property rates revenue for the municipality. Within the MPRA the influence of rates increase shocks are specifically addressed and this is further reiterated by MFMA Circular no 48 - Municipal Budget Circular for the 2009/10 MTREF - dated 2 March 2009. Revenue from property rates are strictly controlled through the approved rates related services to be financed in the 2009/10 annual budget and outer years. This means that the significant increase in property values are accommodated through a lower cent in the rand tariff to yield the required revenue as per the approved budget.

Implementation of the new valuation roll compiled in accordance with the MPRA will commence on 1 July 2009 where after the valuation roll will be valid for a period of four years. The total revenue from property rates budgeted for 2009/10 amounts to R323,21 million. This is an increase of 29.2% from the actual revenue for 2007/08 and 13.39% from the current budget for 2008/09. For the outer years the budgeted revenue increases to R 361,1 million in 2010/11 and R 421,4 million in 2011/12 respectively.

For further information on Property Rates see Table SA12 to SA14.

3.3 Legislative Framework

- Municipal Finance Management Act, No 56 of 2003
- Local Government: Municipal Public Private Partnerships Regulations;
- Local Government: MFMA – Municipal Investment Regulations;
- Local Government: MFMA – Municipal Supply Chain Management Regulations;
- Preferential Procurement Policy Framework Act, Act No 5 of 2000.
- Broad Based Black Economic Empowerment Act, Act No 53 of 2003;

- Construction Industry Development Board Act, Act No 30 of 2000
- Municipal Systems Act.

4. OVERVIEW OF BUDGET ASSUMPTIONS

4.1 Key Parameters

The following indicative key drivers were given to Directorates for use in compiling the budget for the Operating expenditure from the 2008/09 base year.

	2008/09	2009/10	2010/11	2011/12
Expenditure Growth Rate CPI *	8.8%	10%	8.5%	8%
Salary/Wages Growth	2%	2%	2%	2%
Salary Wages Increase	7.2%	12%	7,0%	8,5%
Insurance Increase	-	7%	7%	7%
General Tariffs	10%	10%	10%	10%

4.2 Other Factors Influencing the Budget

4.2.1 Internal Considerations:

(a) Operating Budget:

In the drafting of the Operating Budget consideration was given to Infrastructure Services repairs and maintenance budget votes, and indirectly the 2010 Soccer World Cup cost driven activities, to grow at a rate higher than the expected 10% limit. This was made in an effort to improve service delivery especially around maintenance of our sewer and roads networks. Another consideration was the state of readiness of the City for the up-coming 2010 Soccer World Cup event.

The need to curb the raising trend of the municipality's operating budget was identified, especially conference and delegations consulting services, refreshments and travelling expenses. No growth/increase in the allocations of these line items was provided and in some instances reduced. Refreshments expenses were abolished in all the Directorates save for the Office of the Executive Mayor, Speaker and City Manager.

(b) Capital Budget

The 2010 Soccer World Cup continues to put pressure on the municipality's ability to fund Capital Budgets projects. Council took a conscious decision to channel its resources on projects that are 2010 related over the past two years.

Only 2010 related and grant funded projects, are being undertaken. The implications of this move are that our list of mainly infrastructural backlog projects is not currently being reduced, but increasing. This has led to a situation where Council needs to raise long-term loans in order to begin to address some of its pressing Infrastructure projects' backlogs. However, a conservative phased in approach over a period of three years is being considered in the structuring of the loan package.

4.2.2 External Factors

A municipality operates in an environment that is not only influenced by political policy pronouncements, but also greatly global and local economic conditions. That is, in instances of economic boom, demand for municipal services increase and the effort to collect debts are minimal. When the world or local economy is going through a recession or crises, the demand for new services decreases and payments for municipal services almost ground to a halt

(a) Response to the Plight of the Poor

The municipality's response to the current economic crunch has been to effect the implementation of the Indigent Policy as of 1 July 2009. The aim of the policy is to grant exemption to the qualifying indigent members of the community from paying for their municipal services (i.e. property rates, water, electricity and sanitation services). A further R4 million has been set aside in the Capital Budget for the installation of pre-paid electricity meters for the 2009/10 budget year. The ultimate intention of Council is to spend R29 million over the MTREF period for converting electricity conventional meters of indigent households to pre-paid meters.

(b) Response to the Economic Meltdown

This budget was prepared, having taken into account the prevalent and projected economic slowdown over the next eighteen months to two years predictions. The biggest challenges facing the municipality are in managing its ever increasing debtor's book and managing its operating costs down. Plans already put in place to manage the debtors books, includes amongst others:

- (i) Appointment of a specialist team to assist with the collection of Government Debt;
- (ii) Appointed a panel of lawyers; and,
- (iii) Appointment of a debt collection agency (March 2009), within the 60 to 90 days range.

The full impact of these appointments should be seen within four months of the new budget year.

5. OVERVIEW OF BUDGET FUNDING

The budget is funded mainly from own generated revenues (e.g. assessment rates, sanitary fees, rentals, etc), grants and subsidies and donations. Funding of the main categories of the expenditure is as follows:

Budget Summary Table

	Budget	Adjustment Budget	MTREF Budget Projections		
	2008/09 R'000	2008/09 R'000	2009/10 R'000	2010/11 R'000	2011/12 R'000
Total Revenue	2,539	2,714	2,719	3,092	3,501
Total Expenditure	2,015	2,139	2,619	2,819	3,057
Surplus / (Deficit)	524	575	99	279	443
Capital Transfers & Contributions	-	-	246	446	468
Surplus (Deficit) after Capital Transfers	524	575	346	724	911
Capital Expenditure	727	840	842	1,039	935

(a) Overview of Budget Funding

i. Funding of the Operating and Capital Expenditure

Operating Expenditure:

The operating expenditure budget has been set at R2 619,3 million for the 2009/10 financial year R2 813,1 and R3 057,5 million respectively for the two outer years. Funding thereof can be summarized as follows:

		2009/10 R'000	2010/11 R'000	2011/12 R'000
Grants and Subsidies		449,4	511,7	545,2
Own Revenue		2 522,2	3 025,9	3 242,5
TOTAL		2 964,9	3 537,6	3 967,7

Capital Expenditure:

The capital expenditure budget has been set at R841,7 million for 2009/10 and R1,039,3 and R934,75 million for the two outer years. Funding of the capital expenditure is to be sourced as follows:

	Budget	Adjustment Budget	MTREF Budget Projections		
	2008/09	2008/09 R'000	2009/10 R'000	2010/11 R'000	2011/12 R'000
Grants and Subsidies	497.1	535.4	534,56	214.08	178.9
Public Contributions	12.2	23.2	27.02	19,97	27.5
Own Revenue Funds	115.1	178.4	246,16	711.2	656.4
External Loan	103.1	103.1	34.0	94.05	71,95
	727.5	840.1	841.74	1 039.3	934.75

It is evident from the above that the city has been leveraging grants and subsidies to fund its capital projects (63%). This is mainly due to the depleted Capital Replacement Reserves (CRR) over the years. With the recent appointments of debt collection agencies, it is envisaged that surplus cash will be generated to replenish the CRR and sets the Council on a path of being able to increase its own funding for future capital expenditure budgetary requirements.

ii. Financial Performance Measures

Description of Financial Indicator	Basis of Calculation	2005/06	2006/07	Current Year 2008/09	Medium Term Revenue & Expenditure Framework		
		Audited Outcome		Original Budget	2009/10	2010/11	2011/12
Borrowing Management							
Borrowing to Asset Ratio	Total Long-Term Borrowing / Total Assets	0.5%	0.4%	2.5%	0.7%	2.3%	3.1%
Capital Charges to Operating Expenditure	Interest & principal Paid/Operating	0.2%	0.3%	0.9%	1.2%	2.4%	2.8%
Borrowed funding of 'own' capital	Borrowing/Capital expenditure excl. grants & contributions	0.0%	0.0%	47.3%	12.1%	11.7%	9.9%
Safety of Capital							
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/Funds and Reserves	19.4%	19.2%	22.7%	21.8%	22.5%	22.5%
Gearing	Long Term Borrowing/Funds & Reserves	1.0%	0.8%	5.6%	1.5%	4.8%	6.8%
Liquidity							
Current Ration	Current assets/current liabilities	1.3	1.2	0.9	0.7	0.7	0.6
Current Ration adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.2	0.9	0.7	0.7	0.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.4	0.2	0.1	0.1	0.1
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 mths receipts/ Last 12 mths billing	85.2%	88.2%	156.5%	124.7%	150.5%	128.5%
Outstanding Debtors to Revenue	Total outstanding Debtors of Annual Revenue	28.0%	24.3%	20.1%	18.2%	15.8%	13.8%
Other Indicators							
Employee Costs	Employee costs (Total Revenue – Capital Revenue)	28.6%	24.0%	23.2%	24.6%	23.0%	22.0%
Remuneration	Total remuneration (Total revenue-Capital revenue)	29.5%	28.4%	24.0%	25.4%	23.8%	22.8%
Repairs & Maintenance	R&M (Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	4.7%	4.7%	4.6%
Finance charges & Depreciation	FC*D (Total Revenue-Capital revenue)	9.1%	7.6%	8.4%	8.6%	9.1%	9.1%
IDP Regulation financial viability indicators							
i. Debt coverage	(Total Operating – Operating Grants) Debt service payments due within financial year)	26.7	28.5	33.2	29.2	32.0	36.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	41.8%	40.2%	35.6%	25.8%	22.0%	18.6%
iii. Cost Coverage	(Available cash + Investments)/ monthly fixed operational expenditure	1.3	2.2	1.1	0.8	0.6	0.5

iii. Fiscal Sustainability of the municipality

Municipalities throughout the country and in particular in the Free State Province, continues to be managing themselves to a point of deepening financial un-sustainability. Mangaung Local Municipality is no exception to the afore-mentioned situation. This is evident from the deteriorating liquidity and the cost coverage ratios as indicated above. This is mainly due to the combination of many factors including amongst other, rising operating or input costs, increasing debtors book, inefficiencies and wastefulness, competing community priorities for social services, etc.

(b) Compliance to Section 18 of the MFMA Act:

Cognisance was given for the need to comply to the budget funding requirement in the compilation of both the operating and capital budget, as prescribed by the Act.

Operating Expenditure

The municipality has budgeted for a surplus including transfers and contributions of R 346 million for the 2009/10 period, as well as R 724 million and R 911 million for the two outer years (see Table A1). The resultant Net Cash Flow from Operating Activities of R794,9 million for 2009/10 and the favourable outcome for the following two years, gives comfort that the basic principle of funding the operating expenditure out of revenues to be generated has been maintained (see Tables A3 & A7).

Capital Expenditure

The municipality has budgeted for a capital expenditure of R 842 million for 2009/10 (MTREF period R2 816 million). The main source of funding for the expenditure being R535 million from grants and transfers, own funding of R 246 million and R34 million from borrowings. After discounting net payments for capital projects and borrowing of R 808,4 million from net cash from operating activities (R794,9 million), the resultant cash deficit is R13,5 million (see Table A7). The projected cash equivalent at the year-end will be R111 million.

It can be inferred from the above that the budget funding approach meets with the minimum requirements of Section 18 of the Act.

(c) Particulars of Property Valuation, rates, tariffs and other charges:

See, comments on the municipality understanding and overview of the new Property Rates Policy on paragraph 3.2 (b) of the submission, the information on Valuations and Property Rates on Table SA12 to SA14 respectively.

(d) Particular of Monetary Investments:

For the municipality's monetary investment particulars by type and maturity, see Table SA15 and SA16 respectively.

(e) Proposed Future Revenue Sources:

The municipality has recently held a Revenue Enhancement Lekgotla, with the aim of exploring alternative sources of revenue or measures of improving existing income sources. Some of the key considerations and/or decision taken at the Lekgotla for further investigation entail:

1. Outsourcing the management of rental stock properties;

2. All properties not constituting the core business of Council are to be re-assessed for disposal:
3. A development fund is to be established to initiate future developments that are of an income generating nature;
4. Lease agreements with sports clubs and other social facilities are to be revised in order to adjust rental charged. Where applicable, existing contracts will be negotiated.

(f) Planned use of Bank Overdraft:

The municipality is currently not making use of bank overdraft facilities. Should the need arise in the near future for the facility, Council will not hesitate to applying for the bank overdraft facilities.

(g) Existing and Proposed new Borrowings:

Council is currently having minor loans with the Development Bank of South Africa, with an estimated balance of R24,193 million as at 30 June 2009 (See table SA17 Borrowings). A new loan facility estimated at R200 million is to be secured over the MTREF period (see Table SA17 Borrowings and paragraph 13(c) of the submission).

(h) Budgeted Grants and Transfers:

A substantial portion of the budget is funded from transfers and grants from both the National and Provincial spheres of government. The nature and sources of the transfers and grants, covers both the Operating and Capital budgets' expenditure. The details thereof are as follows:

OPERATING – TRANSFERS AND GRANTS					
	Current Year		MTREF		
	Budget 2008/09	Adj Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
National Government					
- Finance Management	500	500	750	1,000	1,250
- Restructuring	10,000	7,887	-	-	-
- Equitable Share	291,774	305,797	384,373	481,570	533,031
- System Improvement	400	1,355	500	750	790
- NIG	2,721	2,721	3,136	2,992	3,175
- PTIF	10,000	10,000	-	-	-
- World Cup	-	-	48,100	19,000	-
- DWAF	-	7,070	-	-	-
Sub-Total	315,337	337,436	436 859	505,312	538,246
Provincial Government	4,4,944	9,088	5,855	6,399	6,937
District Municipality	-	3,108	-	-	-
Other Grants	-	1,596	-	-	-
Total	320,340	351,229	442,714	511,711	545,183

CAPITAL – TRANSFERS AND GRANTS					
	Current Year		MTREF		
	Budget 2008/09	Adj Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011-12
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
National Government					
- Electricity Demand Grant	-	-	4,000	2,000	3,000
- NER	13,268	17,674	10,012	40,000	30,000
- EPWP	-	-	5,701	-	-
- MIG	68,961	100,020	120,188	178,330	153,101
- PTIF	232,617	232,617	82,168	183,551	249,000
- Sports & Recreation	117,800	103,861	10,107	-	-
- DWAF	-	730	-	-	-
Sub-Total	432,646	454,902	232,176	403,881	435,101
Provincial Government	69,479	84,810	-	-	-
District Municipality	-	-	-	-	-
Other Grants	-	-	-	-	-
TOTAL	502,125	539,712	232,176	403,881	435,101

6. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

The municipality is to receive transfers and grants from Government totaling R748,9 million for the 2009/10 fiscal year (R915,6 and R980,3 million respectively for 2010/11 and 2011/12). The split in the allocations between operating and capital grants is R442,7 and R232,2 million respectively. (See Table SA18). The bulk of the allocation is mainly towards the Equitable Share grant of R1,398,9 million, MIG for R451,6 million and Public Transport for R514,7 million for the MTREF period. Expenditure on the transfers and grants programme is as per Table SA19 and SA20 respectively.

7. ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

A transfer to Centlec (Pty) Ltd (an electricity utility company of Council) to cover the Free Basic Services portion of electricity of R51 057 million (2009/10) and R55,907 and R60,659 million respectively for the two outer MTREF periods (see Table SA21).

8. COUNCILLORS AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Refer to Tables SA22, SA23 and SA24 respectively as per Annexure A.

9. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

The following tables outline the monthly targets for revenue and expenditure as follows in Annexure A:

- Table SA25 – Consolidated budgeted monthly revenue and expenditure.
- Table SA26 – Consolidated budgeted monthly revenue and expenditure (municipal vote).
- Table SA27 – Consolidated budgeted monthly revenue and expenditure (standard classification).

- d. Table SA28 and SA29 – Consolidated budgeted monthly capital expenditure.
- e. Table SA30 – Consolidated budgeted monthly cash flow.

10. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

10.1 Office of The City Manager (See formal SDBIP on Annexure C)

SDBIP ITEM	RESPONSE
A reference as to where the public can locate the detailed departmental SDBIP	Room 201, Bram Fischer Building, cnr Markgraaf and Nelson Mandela Street and MLM regional offices at Thaba Nchu, Botshabelo and Bloemfontein. Alternatively on www.mangaung.co.za
A brief description of the services provided which may include the level and standard of service provided to each customer group	Co-ordination of service delivery processes, provision of administrative leadership and monitoring the implementation of service delivery in the whole of the municipality. Strategic advice on enhancing the operations of the municipality Provision of critical support services to political leadership and internal stakeholders Development and fostering of intergovernmental and international relations critical for service delivery and community participation
A description of senior management capability and structure	There is management capability to implement and discharge responsibilities assigned to the directorate; Flat and adaptive structure that encourage specialisation and embraces change
An explanation of how the department's mandate links to the Integrated Development Plan (IDP)	The directorate is responsible for the development, reviewing, implementation, monitoring and evaluation of the IDP.
A description of the changes to service levels and standards over the period covered in the medium term revenue and expenditure framework	Sound financial managements Improved governance structures and arrangements Provision of e-government An expansion of service delivery functions (primary health care, municipal policing)
Commentary on the past year's performance and the impact on future performance objectives	An overview of performance in relation to 2007/2008 financial year was as follows: <ul style="list-style-type: none"> ▪ Removed 7 175 bucket system as part of the national government Bucket Eradication Programme; ▪ Effective provision of public safety, security and community development services that resulted in better preparedness for emergencies, improved health and social services and containment of crime; ▪ Ensured that 98% of households have access to basic water services; ▪ Ensured that 92% of households have received regular refuse removal services with of total of 432 000 tonnage of all refuse disposed; ▪ 1496 households were electrified; ▪ Infrastructure projects were implemented using the Expanded Public Works Programme (EPWP) and the net resulted were 444 jobs and

SDBIP ITEM	RESPONSE
	15, 498 person days employment opportunities created; <ul style="list-style-type: none"> ▪ Completed the pedestrianisation of Elizabeth and Selbourne streets; ▪ Allocated commercial land to 39 Previously Disadvantaged Individuals (PDIs), purchased 14 small holdings in Grassland measuring 51, 3934 hectares in extent; ▪ 1500 houses were built to provide shelter to a number of households; ▪ The upgrading of the Free State Stadium was 50% completed at the end of the reporting period
A summary of any risks to achieving revenue projections, any expected major shifts in revenue patterns and any planned alternative sources of revenue	Ineffective implementation of policies and systems (indigent, debt collection credit control measures, billing system, customer care);
A description of the major features of expenditure including highlighting discretionary and non-discretionary expenditure;	Legal Social responsibility – providing relief to the indigent, pauper burials Council and committee meetings Communication – branding and marketing the municipality (including FIFA 2009 Confederation and FIFA 2010 World Cups, Macufe 2009)

10.2 Corporate Services (See formal SDBIP on Annexure C)

Address: C/O De Villiers and Nelson Mandela street
 Bram Fischer Building
 6th Floor / Room 640

Telephone: 051-4058623

Fax: 051-4058582

Services provided which may include the level and standard of service provided to each customer group

Executive Director: Ensure overall management and co-ordination of the Directorate

Corporate Management Support – Corporate Management Support and Customer Relationship Management:

Rendering administrative support to the entire Municipality; which includes reprographic services, record management (including the entire Municipality's archives); and the effective optimization of telephone and office automation equipment. In addition the sub-directorate is also responsible for the management and maintenance of the Municipality's facilities, both used by the Municipality, and communities.

Human Resource Management :

Providing Human Resource Support Services to all directorates of the Municipality, including the Municipal Entity owned by the Mangaung Local Municipality, Centlec (Pty) Ltd. This include among others:

- Human Resource Development (Training)
- Employment
- Manage the recruitment, selection and placement policies and processes of the

Municipality

- Administer the staff establishment of the MLM
- Management of Human Resource Systems and Employee Benefits
- Development and implementation of Individual Performance Management Systems customized for the Municipality
- Performance improvement; which include organizational development and business process development.

Occupational Health & Wellness:

Conduct regular screen of employees for occupational illnesses in compliance with applicable legislation and job requirements as well as the coordination of wellness activities and events.

Fresh Produce Market

Provide and manage of trading and storage facilities for use by farmers, market agents, hawkers and retailers. It also provides trading facilities, as well as financial management support.

Description of senior management capability and structure

All Senior Managers possess the necessary skills competencies, qualifications and capabilities to perform the duties and responsibilities expected of them.

Directorate:	: Corporate Services	Amos Goliath (Executive Director)
Sub-Directorate:	: Fresh Produce Market	Ronnie Moleme (General Manager)
Sub-Directorate:	: Human Resource Management	Shadrack Nongoma (General Manager)
Sub-Directorate	: Corporate Management Support & CRM	Kevin Dolphin (General Manager)
Division	: Occupational Health and Wellness	Dr Marlene Bruwer (Manager)

How the department's mandate links to the Integrated Development Plan

- User Care and Customer Satisfaction links to Customer Care and the management of MLM facilities and accessibility thereof
- Local Economic Development links to activities of the Fresh Produce market
- Ensuring that the municipality has a diverse, representative and skilled staff; links to human resource development, workplace skills plan, employment and employment equity; as well as occupational health and employee wellness.

Summary of Revenue by source operating and capital expenditure

Type	Directorate	Total Amount budgeted for	Total Budget spend 31/ 12/ 2008	% of Budget spend
Capital Budget	Corporate Services	0.00	0.00	0.00%
Operational Budget	Corporate Services	78 087 603.00	32 039 814.07	41.03%
Revenue Budget	Corporate Services	-15 157 170.00	-6 832 980.36	45.08%

Risks to achieving revenue projections, any expected major shifts in revenue patterns and any planned alternative sources of revenue.

- **FPM:** Some of its biggest buyers, e.g. Pick 'n Pay, Woolworths etc. are getting produce from the farmers directly. Alternative sources of revenue will have to be investigated, e.g. equity selling.

- **Facilities:** Authorized free use of facilities deprive the Municipality some much needed revenue. Some facilities will need major refurbishment to compete in the market.

10.3 Budget and Treasury Office (See formal SDBIP on Annexure C)
C/O 5 De Villiers Street
Bram Fischer Building
2nd Floor – Room 214

Services provided which may include the level and standard of service provided to each customer group

The main service objective of the Finance Directorate is:

1. To ensure that the Mangaung Local Municipality's finances are managed in a sustainable manner and meet the needs of the community;
2. To provide ad hoc financial advice to and support to directorates and council;
3. Establish additional revenue sources;
4. To ensure that financial statements prepared to meet prescribed accounting standards as well as MFMA requirements;
5. Ensure that assets managed in line with new accounting standards;
6. Ensure that balanced budgets are prepared in prescribed stages on required dates;
7. Ensure improved budget planning and control by directorates so as to achieve compliance;
8. To decrease outstanding debts and reverse non-payments; and,
9. Implementation and ongoing guidance with respect to the new Property Rates Act.

The services provided by the directorate is Revenue Management, Financial Management, Supply Chain Management and Asset Management.

The directorate is working according to the applicable legislations, policies as well as other guidelines and requirements relevant to the directorate.

Description of senior management's capability and structure

The Senior Management has the capabilities to manage these positions

Finance Directorate	
Boitumelo Raymond Taye	- Executive Director
Nomathamsanqa Sitishi	- General Manager - Revenue Management
Mosala Jacob Khunong	- General Manager - Financial Management
Mike Tsietsi Sekoto	- General Manager – Supply Chain Management

How the department's mandate links to the Integrated Development Plan

The IDP must inform the Council's budget, therefore the budget is the most immediate important mechanism in giving effect to a municipality's service delivery strategies. Although the Integrated Development Plan (IDP) is the municipality's strategic blue print, it is the annual budget that provides the tool for the implementation to the IDP.

The directorate's mandate is to ensure financial sustainability which requires to prepare balanced budget by ensuring that revenue is not less than the expenditure, given normal revenue constraints. This also involves that services are provided at levels which are affordable and that municipality is able to recover the cost of the service delivery.

The summary of any risks to achieve revenue projections, any expected major shifts in revenue and any planned alternative sources of revenue

Property Rates:

Property Rates are one of the main sources of revenue of the municipality. Property rates are taxes on the ownership of a property and then the monies collected are used to pay for various municipal services such as:

- Office of the City Manager;
- Administration;
- Roads and Storm-water; and,
- Maintaining public areas e.g. parks and other recreational areas.

A change in legislation and implementation thereof also have an impact on our increase on our operating expenses as we have to change our operating structure and train staff to be aware of the changes requirements for the compliance. Furthermore there is also the burden of irregular payments of rates and taxes. The new rules could result in properties in the same area even adjacent to each other being charged high varied rates as a result of the change to market related full evaluation of properties in determining such fees.

Arrear Debt:

Dealing comprehensively with rising debt of the municipality.

Departmental Capital Program:

Compilation of the Asset Register

10.4 Economic Development and Planning (See formal SDBIP on Annexure C)

The Directorate provides local economic development, environmental management, housing, planning and property and land management services to the community of Mangaung. Details of these services are contained in the integrated development plan of the municipality, with clear linkages to this strategic plan of the municipality. Each of these services is the responsibility of sub-directorates headed by the competent manager. Over the past year, the directorate strived for service excellence with a view to moving aggressively towards sustainable development.

In the main, the Directorate pursue Local Economic Development actively as it is one of the pillars of Local Government. The available land is used as a catalyst for this; as well as a long term source of income to the municipality whilst on the other hand satisfying the need to enable individuals and companies to participate in the main stream economy. The Directorate uses latest planning tools and housing provision mechanisms to address the disjointed apartheid settlements that are still prevalent in the built environment; plans are in place to curb the proliferation of informal and to provide decent housing in an integrated way. In pursuit of sustainable development the Directorate is ensuring the incorporation of socio-economic and bio-physical factors into its decision-making

10.5 Community and Social Development (See formal SDBIP on Annexure C)

The Directorate CSD renders the following services:-

- Traffic Services.
- Security Services.
- Emergency Services.
- Municipal Health Services.
- Parks

- Cemeteries.
- Social Development.

Basic levels of service of the above mentioned are rendered to all members of the community within **MLM**. Financial constraints impacting negatively on the populating of the approved staff establishment however results in service delivery not always being fully adequate to meet the requirements of the community.

The services rendered by the Directorate aims to achieve the objectives of a safe, secure, green and healthy environment as contained in the IDP so as to ensure a better life for all.

Limited resources especially relating to staff make it extremely difficult to fully achieve the performance targets/objectives. It is foreseen that this situation will not drastically change in the near future due to prevailing and continuing financial constraints.

One of the major sources of income is Traffic Fines. The collection of the fines is however done in terms of the Criminal Procedure Act. This is a lengthy process and not within the control of **MLM**.

Capital Projects for the 2008/2009 financial year are as follows:-

- Replacement of Fire Engine – project completed.
- Municipal Health Services utensils and resources (grant received from Motheo District Municipality) – Projects are ongoing.
- Installation of CCTV – Multiyear project schedule for completion during 2009/2010.

The above projects are again aimed to ensure and promote a safe, secure and healthy environment for all in **MLM**.

Due to the nature of services rendered (Traffic, Security and Emergency) considerable expenditure relating to staff costs (shift workers) over which extremely limited control can be exercised is a feature of the Directorate.

10.6 Infrastructural Services (See formal SDBIP on Annexure C)

The Infrastructural Services SDBIP can be located at the office of the Executive Director at the Regional Office in Bloemfontein at the following address:

Cnr George Lubbe & Moshoeshoe Road
 Tel: +27 51 410 6605
 Fax: + 27 51 410 6686
 Email: Luvuyo.ntoyi@mangaung.co.za

The service objectives of the Infrastructural Services Directorate are as follows:

- To ensure that all residents on existing formal erven will have access to a water connection on their stands, 85% to basic RDP standard sanitation and 89, 5% of all streets will be gravelled or tarred, through sustainable delivery of services that maximises job creation.
- To ensure that free basic water is provided on a broad based approach within MANGAUNG in a sustainable manner.

- To facilitate job creation through the development of infrastructure.
- To ensure that services are delivered in the most effective and efficient manner.
- To ensure that citizens are satisfied with the quality of service provision committed to by the municipality.

Senior Management capability and structure

Infrastructural Services management is capable of carrying the mandate of Council and has full capacity of executing the SDBIP- the following are the sub-directorates within Infrastructural Services and their core functions:

- ***Roads and Storm Water***
- ***Solid Waste Management***
- ***Water and Sanitation***
- ***Mechanical Services***

Roads and Storm Water functions

- The maintenance of the clean road and storm water network.
- The upgrading of arterials and other streets to appropriate standard with appropriate stormwater drainage.
- The upgrading of major and secondary storm water canals and conduits network to an appropriate standard.

Solid Waste Management functions

- The Sub-Directorate Solid Waste Management is responsible for the collection, transportation and disposal of domestic and trade refuse, street cleaning, awareness raising and management of landfill sites.
- The aim is to have an attractive environment in MANGAUNG with clean, well-kept natural open spaces, parks and a well –maintained built environment.

Water and Sanitation functions

- Since water is an national treasure, the Division Water and Sanitation fulfils a pivotal role. The strategies which are developed by the Division are in accordance with the prescribed legal frameworks, including the National Water Services Regulation Strategy by the Department of Water and Affairs and Forestry and which stipulates the following key objectives:
- Ensuring that consumers have access to a basic service. Many households in South Africa do not yet have access to a basic water supply and sanitation service. This objective should be a primary policy objective.
- Compliance with minimum standards. Consumers who have services must be protected from unsafe and poor services, e.g. drinking water which is not safe to drink of frequent and long interruptions to services.
- Environmental protection. Ensuring that appropriate investments are made in wastewater treatment and that all discharges from water and wastewater systems are managed appropriately to protect the environment.
- Financial sustainability. Ensuring that water services providers are financially sustainable and they have sufficient resources to operate and maintain the water services infrastructure, to expand the network as necessary, and to invest in the rehabilitation and replacement of the network over time.
- Cost effectiveness. Ensuring consumers get good value, resources are not wasted and that consumers do not pay more than is necessary.

Mechanical Services functions

Maintain, procedure and dispose of equipments for all directorates of the municipality, this includes vehicles, air conditioners, grass cutting machines etc. The directorate also sees to it that all equipments are compliant with health and safety act of 1993. It also issues out vehicle registrations for all the municipality's vehicles

Summary of Risks to Achieving Projected Revenue

The annual volume of water not paid for

This includes the 6 kℓ per site per month free water, illegal use of water, system losses and bad debt:

- Successes have already been made on the reduction of illegal water consumption as well as restriction of careless consumers but there is still a huge task in this regard to reduce it to acceptable levels.
- System losses are approached in accordance with the 80/20 principal by neutralising the biggest part of the problem by means of network pressure management.

The annual total volume of water purchased: Three issues are of concern:

- It is important to support development in the higher domestic income areas to support the cross subsidisation of water. Development in these areas means higher water consumption resulting higher revenue.
- Extensive increases in the cost of bulk water can result in similar increases in the selling prices with the result that bigger consumers can become price sensitive. This will cause reduced consumption resulting in reduced sales.
- Unexpected wet seasons proofed to reduce the consumptions of water drastically. All calculations are made on typical rain seasons and deviations can be expected.

Infrastructural Services Capital Budget

The main challenges we are faced with amid all these is that we operate under tight budgetary constraints. We are, however confident that we will all work towards fulfilling the aspiration of our municipality and its residents.

Roads and Stormwater

An amount of R 90 290 640.00 will be spent in 2009/10 financial year on the projects are currently implemented in 2008/09 and new projects identified for 2009/10 using MIG and MLM counter funding.

Water and Sanitation

An amount of R 185 057 870.00 will be spent in 2009/10 financial year on basic sanitation and provision of bulk infrastructure using MIG, MLM counter funding and DBSA loan.

Solid Waste

An amount of R 5.4 million will be spent in 2009/10 financial year on upgrading of landfill sites in Mangaung.

11. ANNUAL BUDGETS AND SERVICE DELIVERY AGREEMENTS – ENTITIES AND OTHER EXTERNAL MECHANISMS

Not provided

12. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Included in the budget are costs for the two main contracts for services, which will impose financial obligations on the municipality beyond the MTREF period.

(a) Contracting Parties and Period:

1. ABSA Bank Ltd
P O Box 323
Bloemfontein
9300

Nature of Services – Banking and related services

Contract Period – 1 July 1008 to 30 June 2013

(b) Past and Current Costs of Contract

	2005/06 R'000	2006/07 R'000	2007/08 R'000	YTD 2008/09 R'000
ABSA Bank	1,513	1,668	1,885	1,414

(c) Projected Future Cost

	2009/10 R'000	2010/11 R'000	2011/12 R'000	2012/13 R'000	2013/14 R'000	Total
ABSA Bank	2,327	2,606	2,919	3,065	-	10,917

13. CAPITAL EXPENDITURE DETAILS

(a) Details of Capital Expenditure by class and sub-class areas provided below:

NATIONAL TREASURY CLASSIFICATION	Code	CAPITAL ESTIMATES							
		2005/06	2006/07	2007/08	Original Budget 2008/09	Adj Budget 2008/09	Budget 2009/10	2010 /2011	2011/ 2012
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
INFRASTRUCTURE									
Roads, Pavements, Bridges & Storm Water	300	95,840	80,535	86,818	180,812	165,233	181,494	180,687	124,414
Water Reservoirs & Reticulation	400	31,428	21,133	20,497	22,792	23,633	37,248	142,288	107,369
Car Parks, Bus Terminals and Taxi Ranks	500	267	167	6,384	152,770	155,486	281,884	0	0
Electricity Reticulation	600	25,844	56,479	64,790	122,652	108,057	79,000	263,688	429,421
Sewerage Purification & Reticulation	700	53,515	85,090	175,056	47,535	105,680	137,806	276,907	197,361
Housing	800	2,610	4,177	9,044		11,119	2,600	13,875	2,600
Street Lighting	900	6,693	1,203	509		6,590	4,600	106	110
Refuse sites	1000	1,301	303	491			5,400	1,500	5,000
Other	1200			2,796	2,617	10,500	0	16,000	1,000
COMMUNITY									
Establishment of Parks & Gardens	1500	2,033	2,156	2,390			0	1,600	590
Sports fields	1600	2,969	25,917	123,794	191,866	177,927	40,907	0	0
Community Halls	1700	1,179	309	0			0	12,200	4,000
Libraries	1800	138	324	385,656			0	0	0
Recreational Facilities	1900	771	647	5,969			8,000	59,129	21,118
Clinics	2000	1,299	1,070	0			0	0	0
Museums and Art Galleries	2100						0	1,800	0
Other	2200	14		2,282		2,426	0	4,100	3,600
HERITAGE ASSETS									
Heritage Assets	2311	1,647	908	806		6,163	0	0	0
INVESTMENT PROPERTIES									
Investment Properties	2321	433	0				0	0	0
OTHER ASSETS									
Other motor vehicles	2500	3,078	6,129	4,803		70	0	6,462	5,288
Plant & equipment	2600	6,382	4,690	13,118	2,057	5,301	3,000	12,979	3,187
Office equipment	2700	1,920	1,905	2,289	433	34,720	19,240	1,468	40
Abattoirs	2800								
Markets	2900	161	2,200	2,326				2,750	
Security Measures	3100	321	2,702	11,584	1,000	12,873	8,000	3,600	2,500
Civic Land and Buildings	3110				2,900	4,900	22,000	20,500	5,600
Other Land and Buildings	3120	11,622	49,827	10,244		196	0	2,270	800
Other	3200			6,918		483	0	2,954	4,159
SPECIALIZED VEHICLES									
Refuse	3500		4,602	20		5,889	0	5,200	3,500
Fire	3600	267	479	870		2,770	10,560	7,250	13,100
Buses	3900		183						
TOTAL		251,731	353,135	939,457	727,434	840,015	841,739	1,039,313	934,757

Most projects under the Infrastructure class and sub-class are for the development and construction until projects are finalized, save for projects that are implemented in phases.

- (b) Alignment of projects with IDP. All capital projects are aligned to the key IDP Strategic Objectives and actions and are summarized as follows:

MANGAUNG AND CENTLEC			CAPITAL ESTIMATES				
IDP STRATEGIC OBJECTIVES AND ACTION PLANS	STRATEGIC OBJECTIVE	IDP CODE	Original Budget 2008/09	Adj Budget	Revised 2009/10	2010/2011	2011/2012
Governance and IDP	Common Purpose	101	284,755	429,967	155,447	33,278	1,099
Information Technology	Common Purpose	102	0	196	14,200	16,130	4,000
Human Resource Management	Common Purpose	202	0	670	0	0	0
Support Services/Fleet	Common Purpose	103	0	374	0	20	0
Emergency Services	Community Resilience	201	0	2,770	10,560	8,506	13,489
Parks and Cemeteries	Community Resilience	203	0	483	500	15,615	6,758
Traffic and Security	Community Resilience	204	0	11,000	8,000	131	137
Social Development	Community Resilience	205	0	0	7,500	54,245	19,850
Local Economic Development	Economic Development	301	155,387	15,896	306,484	136,350	41,900
Market Services	Economic Development	302	0		0	2,750	0
Financial Management	Financial Sustainability	401	0	873	5,000	9,325	8,150
Roads and Stormwater	Service Excellence	501	82,892	89,569	74,594	124,398	111,374
Solid Waste Management	Service Excellence	502	0	6,444	5,400	7,510	10,910
Water and Sanitation	Service Excellence	503	47,535	90,061	137,806	249,087	179,801
Housing	Service Excellence	504	5,032	19,651	0	15,675	0
Water	Service Excellence	505	22,792	23,633	37,248	104,405	107,869
Electricity	Service Excellence	506	129,042	148,430	79,000	261,888	429,421
TOTAL			727,434	840,017	841,739	1,039,313	934,758

- (c) Capital Expenditure Highlights

Included in the Capex Budget are seven critical infrastructural services projects, with cost estimated at R318 million over the MTREF period. The projects are aimed at addressing the creeping sewer network capacity problem in the city and creating new capacity through the Northern Eastern Area Network Treatment Works. The projects will be done in phases at a cost of R34 million in 2009/10, R106,9 million and R123,5 million respectively for the two outer years of the MTREF period.

Council has granted approval for the soliciting of external loan facilities to the extent of R200 million for the envisaged projects. Thus, Council's fixed commitment for own contribution on this project over the next three years is R118 million, to be spread as follows, for 2010/11 R66,9 million and R51,5 million for 2011/12.

- (d) Capital Projects Delayed for 2008/09 Financial Year.

Capital projects on Parfitt Avenue, Nelson Mandela Avenue and the Intermodal Public Transport, were delayed or incomplete (Work in Progress) as at the date of tabling the budget. They are not included in the 2009/10 projects list, as at the time of tabling the draft budget, the stage of completion could not be predicted. (See Table SA37).

14. LEGISLATION COMPLIANCE STATUS

Mangaung Local Municipality is one of the few high capacity municipalities in the province and it is expected to take the lead in ensuring total compliance to legislations amongst the 28 municipalities in the province.

14.1 Municipal Finance Management Act

The Act is fully implemented and well understood by most users within the municipality. However, there has been a gradual lapse of concentration in meeting the reporting timelines of some of the requirements of the Act, e.g., Tabling of the Annual Report, Adjustment Budget, as well as the Mid-term Report. The current political leadership, led by the Executive Mayor, has demonstrated their commitments to ensure compliance and to hold the administration accountable.

14.2 Supply Chain Management

The Supply Chain Management Policy is in place and is function as expected. Many of the teething problems that we experienced, like great numbers of deviations, queries and threats of litigations by bidders due to missing documentation are on a decline. One key aspect of the Supply Chain Management Regulations that is not in place in terms of implementation is that of Performance Management of projects. The delay is mainly that of capacity and limited financial resources. The unit has been relying on user directorates to monitor, especially underperforming and now compliant contractors/suppliers.

14.3 Property Rates Act

The new Municipal Property Rates Act, No 6 of 2004, was not implemented on 1 July 2008, as was expected for high capacity rated municipalities. This was mainly due:

1. Not enough public consultation meetings were held with communities as prescribed by the Act and in terms of Councils own Public Participation Policy.
2. During the objection period it became evident that the information/data of the Registrar of Deeds, the Surveyor General and the Mangaung Local Municipality's differs to a large extent. Especially the newly rateable properties such as farms, small holdings, subdivisions and consolidations, were highlighted.

Furthermore, Council also adopted an Indigent Policy on 16 May 2008, which will be implemented after the compilation of the Indigent Register and once the financial implications of the said policy has been determined and reported to Council.

In the light of the above a decision has now been made to delay the implementation of the Property Rates Policy until 1 July 2009. An application was lodged in this regard to the Member of the Executive Council responsible for the Local Government to grant an extension in accordance to the stipulation of Section 88(1) of the Municipal Property Rates Act, No 6 of 2004 read with Sections 101(1) (a) and 101(3) of the Local Government Ordinance Number 8 of 1962 for the present valuation roll to remain valid until 30 June 2009. The exemption was duly granted in the Provincial Gazette of 29 August 2008 – No 42 of 2008.

The full impact of the Act and Property Rates Policy will only be felt and understood, once it is fully implemented.

15. OTHER SUPPORTING DOCUMENTS

See Annexure A

16. ANNUAL BUDGETS OF MUNICIPAL ENTITIES ATTACHED TO THE ANNUAL BUDGET

See attached as Annexure D

MANGAUNG LOCAL MUNICIPALITY

Municipal Manager's quality certification

Quality Certificate

I, Municipal Manager of Mangaung 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: _____

Municipal Manager of Mangaung Local Municipality

Signature: _____

Date: _____

ANNEXURE A

SUPPORTING DOCUMENTS

1.	Supporting Table SA1	-	Supporting detail to 'Budgeted
Financial Performance			
2.	Supporting Table SA2	-	Consolidated Matrix Financial
Performance Budget			
3.	Supporting Table SA3	-	Supporting detail to 'Budgeted
Financial Position			
4.	Supporting Table SA4	-	Reconciliation of IDP strategic
objectives and budget (revenue)			
5.	Supporting Table SA5	-	Reconciliation of IDP strategic
objectives and budget (operating			
expenditure)			
6.	Supporting Table SA6	-	Reconciliation of IDP strategic
objectives and budget (capital			
expenditure)			
7.	Supporting Table SA8	-	Performance indicators and
benchmarks			
8.	Supporting Table SA9	-	Social, economic and demographic
statistics and assumptions			
9.	Supporting Table SA10	-	Funding measurement
10.	Supporting Table SA11	-	Property rates summary
11.	Supporting Table SA12	-	Property rates by category
(current year)			
12.	Supporting Table SA13	-	Property rates by category (budget
year)			
13.	Supporting Table SA14	-	Household bills
14.	Supporting Table SA16	-	Investment particulars by maturity
15.	Supporting Table SA18	-	Transfers and Grants receipts
16.	Supporting Table SA19	-	Expenditure on Transfer and Grant
Programme			
17.	Supporting Table SA20	-	Reconciliation of Transfers, Grants
Receipts and unspent funds			
18.	Supporting Table SA21	-	Transfers and Grants made by the
municipality			
19.	Supporting Table SA22	-	Summary Councillor and Staff
Benefits			
20.	Supporting Table SA23	-	Salaries, allowances & benefits
(political office bearers/			

	councillors/senior management		
21.	Supporting Table SA24	-	Summary of personnel numbers
22.	Supporting Table SA25	-	Consolidated budgeted monthly revenue and expenditure
23.	Supporting Table SA26	-	Consolidated budgeted monthly revenue and expenditure (municipal vote)
24.	Supporting Table SA27	-	Consolidated budgeted monthly revenue and expenditure (standard classification)
25.	Supporting Table SA28	-	Consolidated budgeted monthly capital expenditure (municipal vote)
26.	Supporting Table SA29	-	Consolidated budgeted monthly capital expenditure (standard classification)
27.	Supporting Table SA30	-	Consolidated budgeted monthly cash flow
28.	Supporting Table SA31	-	Aggregated Entity budget

ANNEXURE B

NEW POLICIES

1. PROPERTY RATES POLICY
2. DRAFT BUDGET GUIDELINES

**MANGAUNG
LOCAL MUNICIPALITY**

**PROPERTY RATES POLICY
(FINAL)**

18 MAY 2009

(FOR IMPLEMENTATION ON 1 JULY 2009)

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MANGAUNG LOCAL MUNICIPALITY
PROPERTY RATES POLICY

1. OBJECTIVES

The objectives of this policy are to ensure that-

- a. All ratepayers within a specific category are treated equally and reasonably;
- b. Rates are levied in accordance with the market value of the property;
- c. The rate will be based on the value of all rateable property and the amount required by Council to expenditure of rates related services reflected in the operational budget, taking into account any surpluses generated from Council services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
- d. To optimally safeguard the income base of the municipality by only approving exemptions, reductions and rebates that is reasonable and affordable.

2. LEGISLATIVE CONTEXT

- 2.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 2.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 2.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
 - a. Section 2(1), may levy a rate on property in its area; and
 - b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i Section 229 and any other applicable provisions of the Constitution;
 - ii the provisions of the Property Rates Act and any regulations promulgated in terms thereof; and
 - iii the rates policy.
- 2.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 2.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the Municipal Manager must ensure that the municipality has and implements a rates policy.

2.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof from time to time.

3. DEFINITIONS

3.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

3.2 “**Agent**”, in relation to the owner of a property, means a person appointed by the owner of the property-

- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
- (b) to make payments in respect of the property on behalf of the owner;

3.3 “**Agricultural purpose**” in relation to the use of a property, includes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game);

3.4 “**Annually**” means once every financial year;

3.5 “**Category**”

- (a) in relation to property, means a category of properties determined in terms of Section 7; &
- (b) in relation to owners of properties, means a category of owners determined in terms of Section 8.

3.6 “**Child-headed household**” means a household where the main caregiver of the said household is younger than 21 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.

3.7 “**Definitions, words and expressions**” as used in the Act are applicable to this policy document where ever it is used;

3.8 “**Exclusion**” in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act.

3.9 “**Exemption**” - in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act.

3.10 “**Municipality**” means the **Mangaung Local Municipality**;

3.11 “**Privately owned towns serviced by the owner**” means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

- 3.12 “**Public service infrastructure**” means publicly controlled infrastructure of the following kinds:
- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
 - (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
 - (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
 - (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
 - (e) railway lines forming part of a national railway system;
 - (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
 - (g) runways or aprons at national or provincial airports;
 - (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
 - (i) any other publicly controlled infrastructure as may be prescribed; or
 - (j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i).
- 3.13 “**Market value**” in relation to a property, means the value of the property determined in accordance with section 46 of the Act.
- 3.14 “**Multiple purposes**”, in relation to a property, means the use of a property for more than one purpose.
- 3.15 “**Newly rateable property**” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
 - (b) a property identified by the Minister by notice in the *Gazette* where the phasing in of a rate is not justified.
- 3.16 “**Occupier**”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property.
- 3.17 “**Owner**” –
- (a) in relation to a property referred to in paragraph (a) of the definition of ‘**property**’, means a person in whose name ownership of the property is registered;

- (b) in relation to a right referred to in paragraph (b) of the definition of ‘**property**’, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of ‘**property**’, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of ‘**property**’ means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of ‘**publicly controlled**’,

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) An executor or administrator, in the case of a property in a deceased estate;
- (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) A curator, in the case of a property in the estate of a person under curatorship;
- (vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) A buyer in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

3.18 “**Person**” includes an organ of state

3.19 “**Property**” – means

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

3.20 “**Rebate**” in relation to a rate payable on property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

3.21 “**Reduction**”, in relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating at that lower amount.

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

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

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

3.23 “**Vacant land**” means any land on which no immovable improvements have been erected.

4 POLICY PRINCIPLES

4.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality’s valuation roll and supplementary valuation roll.

4.2. As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates as contemplated in clause 11 to 13 of this policy. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

4.3 There will be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 15 of this policy.

4.4 In accordance with section 3(3) of the Act the rates policy for the municipality is based on the following principles:

(a) Equity

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

(b) Affordability

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

(c) Sustainability

Rating of property will be implemented in a way that:-

- i It supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
 - ii Supports local social economic development; and
 - iii. Secures the economic sustainability of every category of ratepayer.
- (d) Cost efficiency
Rates will be based on the value of rateable property and will be used to fund community and subsidise services after taking into account surpluses generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

5. SCOPE OF THE POLICY

- 5.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

6. APPLICATION OF THE POLICY

- 6.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

7. CATEGORIES OF PROPERTY

- 7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

- 7.1.1 Residential properties, including small holdings;
- 7.1.2 Business properties;
- 7.1.3 Agricultural properties;
- 7.1.4 State owned properties;
- 7.1.5 Municipal properties;
- 7.1.6 Public service infrastructure referred to in the Act;
- 7.1.7 Properties on which national monuments are proclaimed;

- 7.1.8 Properties owned by Public Benefit Societies;
 - 7.1.9 Properties used for multiple purposes;
 - 7.1.10 Privately developed estates.
 - 7.1.11 Vacant Stands.
- 7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property. All relevant information, including circumstantial evidence, may be taken into consideration in an attempt to determine for what purpose the property is being used. A physical inspection may be done to acquire the necessary information.
- 7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

8. CATEGORIES OF OWNERS

- 8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-
- (a) Those owners who qualify and who are registered as indigent in terms of the adopted indigent policy of the municipality;
 - (b) Those owners who do not qualify as indigent in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
 - (c) Owners of property situated within an area affected by-
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii. serious adverse social or economic conditions.
 - (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
 - (e) Owners of properties situated in “privately owned towns” as referred to in clause 13.1 (b);
 - (f) Owners of agricultural properties as referred to in clause 13.1 (c); and
 - (g) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

9. PROPERTIES USED FOR MULTIPLE PURPOSES

- 9.1 Rates on properties used for multiple purposes will be levied in accordance with the “dominant use of the property”.

10. DIFFERENTIAL RATING

- 10.1 Criteria for differential rating on different categories of properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of local, social and economic development of the municipality.

- 10.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and

- 10.3 by way of reductions and rebates as provided for in this policy document.

11. EXEMPTIONS AND IMPERMISSIBLE RATES

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2009/2010 financial year the maximum reduction is determined as R40 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R25 000 is an important part of the council’s indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 3.19(b) of this policy is exempted from paying rates.

- 11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.
- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

i Health care institutions

Properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

ii Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

iii Charitable institutions

Property belonging to not-for-gain institutions or organisations that perform charitable work.

iv Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

- v Museums, libraries, art galleries and botanical gardens
Registered in the name of private persons, open to the public and not operated for gain.
 - vi Youth development organisations
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
 - vii Animal welfare
Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

12. REDUCTIONS

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
- 12.1.1 Partial or total destruction of a property.
 - 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-
- 12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
 - 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both causes 12.1.1 and 12.1.2. For the 2009/2010 financial year the maximum reduction is determined as 80%.

12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

13. REBATES

13.1. Categories of property

(a) Business, commercial and industrial properties

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
 - a. job creation in the municipal area;
 - b. social upliftment of the local community; and
 - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
 - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
 - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
 - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

(b) Privately owned towns serviced by the owner

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 3.11 of this policy. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2009/2010 financial year the rebate is determined as 20%.

(c) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
 - a. the extent of rates related services rendered by the municipality in respect of such properties.
 - b. the contribution of agriculture to the local economy.
 - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
 - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2009/2010 financial year the minister has promulgated a ratio of 1:0.25.
- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following:-
 - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants.
 - b. 2,5% if these residential properties are provided with potable water.
 - c. 2,5% if the farmer for the farm workers electrifies these residential properties.
 - d. 2,5% for the provision of land for burial to own farm workers or for educational or recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following:-
 - a. All applications must be addressed in writing to the municipality by 31 August 2009 indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the 2010/2011 financial year and onwards must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
 - b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.

- c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
 - v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.
- (d) Bloemdundria
- i. Council may grant a rebate to rateable properties situated in Bloemdundria
 - ii. In determining the annual rebate the municipality shall take into consideration all relevant and applicable circumstances.

13.2 Categories of owners

(a) Indigent owners

The residential properties that qualify for relief / exemption under this policy will benefit in the following ways:

- Free Sanitation for properties with a municipal value up to R100 000;
- Exemption from Property Rates and Taxes, for properties with a municipal value up to R100 000.

Exemption will only apply on one property owned and resides by the indigent person.

(b) Child headed families

i. Families headed by children will qualify for relief / exemption under this policy will benefit in the following ways:

- Free Sanitation for properties with a municipal value up to R100 000;
- Exemption from Property Rates and Taxes, for properties with a municipal value up to R100 000.

To following criteria will also be applicable:

- a. occupy the property as his/her normal residence;
 - b. not be older than 18 years of age;
 - c. still be a scholar or jobless; and
 - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2009/2010 financial year this amount is determined as R3 000 per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the

application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) Retired and Disabled Persons Rate Rebate

Note: The municipality currently does not have any database regarding the possible number of beneficiaries. The municipality will therefore embark on a process during the 2009/2010 financial year to register possible beneficiaries for implementation from 1 July 2010. This rebate will therefore only be implemented in the 2010/2011 financial year.

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-
 - a. occupy the property as his/her normal residence;
 - b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
 - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
 - d. not be the owner of more than one property; and
 - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
 - ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
 - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - b. sufficient proof of income of the owner and his/her spouse;
 - c. an affidavit from the owner;
 - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
 - iii. All applications must be addressed in writing to the municipality by 31 October for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. *This rebate will however only be implemented in the 2010/2011 financial year.*
 - iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 13.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.
- 13.4 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

14 PAYMENT OF RATES

- 14.1 Payments will be dealt with in accordance with the provisions of the municipality's Credit Control, Debt Collection and Indigent policies.
- 14.2 Interest shall be paid to Council on rates which have not been paid within 30 days from the date on which such rates become due at a rate of 1% higher than the prime rate for the period during which such rates remain unpaid after the expiry of the said period of 30 days. Compounded interest will be levied.
- 14.3 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 14.4 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 14.5 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

15 PHASING IN OF RATES

- 15.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 15.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:
- First year: 75% of the relevant rate;
 - Second year: 50% of the relevant rate; and
 - Third year: 25% of the relevant rate.

16 FREQUENCY OF VALUATION

- 16.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 16.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 16.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

17. COMMUNITY PARTICIPATION

17.1 Before the Municipality adopts the Rates Policy, the Municipal Manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act.

18. REGISTER OF PROPERTIES

18.1 The Municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the Municipality. The register will be divided into Part A and Part B.

18.2 Part A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuations done from time to time.

18.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to :-

- i Exemption from rates in terms of section 15 of the Property Rates Act,
- ii Rebate or reduction in terms of section 15,
- iii Phasing-in of rates in terms of section 21, and

18.4 The register will be open for inspection by the public at the following pay points during office hours and on the website of the Municipality.

- Bram Fischer Pay Point, 5 De Villiers Street;
- Heidedal Pay Point, Da Vinci Crecsent, Heidedal;
- Regional Office Pay Point, Rocklands;
- Central Park Pay Point, Central Park Shopping Centre,Fontein Street, Bloemfontein;
- Civic Centre Pay Point, Civic Centre, Stasie Street, Thaba Nchu, and
- Reahola Pay Point, Reahola Centre, Botshabelo.

18.5 The Municipality will update Part A of the register on a continuous basis by way of a supplementary valuation process.

18.6 The Municipality will update Part B on an annual basis as part of the implementation of the municipality's annual budget.

19. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

19.1 The Municipality will adopt by-laws to give effect to the implementation of the Rates Policy and such by-laws may differentiate between different categories of properties and different categories of owners liable for the payment of rates.

20. REGULAR REVIEW PROCESS

20.1 The rates policy will be reviewed on an annual basis.

21 ENFORCEMENT / IMPLEMENTATION

21.1 This policy has been approved by the Municipality in terms of Council resolutiondated and takes effect on the effective date of the first valuation roll on 1 July 2009.

**MANGAUNG
LOCAL MUNICIPALITY/PLAASLIKE MUNISIPALITEIT/LEKGOTLA LA MOTSE**

BY-LAWS REGARDING PROPERTY RATES

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

Preamble

WHEREAS the Constitution established local government as a distinctive sphere of government, interdependent, and interrelated with the national and provincial spheres of government; and

WHEREAS there is agreement on the fundamental importance of local government to democracy, development and nation-building in our country; and

WHEREAS there is fundamental agreement in our country on a vision of democratic, accountable and developmental local government, in which municipalities must strive within its financial and administrative capacity, to achieve their constitutional objectives by ensuring the provision of sustainable, effective and efficient municipal services to communities, by promoting social and economic development, by promoting a safe and healthy environment, and by encouraging the involvement of communities in the matters of local government; and

WHEREAS the Municipal Property Rates Act, No. 6 of 2004, authorizes and empowers municipalities to give effect to its Rates policy by adopting by-laws ;

BE IT THEREFORE ENACTED by the Municipal Council of the **MANGAUNG** Local Municipality as follows:-

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19. **COMMENCEMENT**

1. Definitions

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

“Act” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

“Agricultural purpose” in relation to the use of a property, includes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game);

“Annually” means once every financial year;

“Category”, in relation to property, means a category of properties determined in terms of Section 5 and in relation to owners of properties, means a category of owners determined in terms of Section 6.

“Child-headed household” means a household where the main caregiver of the said household is younger than 21 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.

“Exemption” - in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act.

“improved “, means , with regards to land or property, any building or structure of a permanent nature which has been erected in, on or over or under such land or property;

“Municipality” means the Mangaung Local Municipality, and when referred to as –

- (a) an entity, means Mangaung Local Municipality as described in section 2 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); and
- (b) a geographic area, means the municipal area of the Mangaung Local Municipality as determined in terms of the Local Government : Municipal Demarcation Act, 1998 (Act No 27 of 1998);
- (c) a person, means any political structure, political office bearer, councillor, duly authorised agent thereof or any employee thereof acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

“Privately owned towns serviced by the owner” means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate

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

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

“Market value” in relation to a property, means the value of the property determined in accordance with section 46 of the Act.

“Multiple purposes”, in relation to a property, means the use of a property for more than one purpose.

“Owner” -

- (a) in relation to a property referred to in paragraph (a) of the definition of **“property”**, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of **“property”**, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of **“property”**, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of **“property”** means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of **“publicly controlled”** determined by the Act,

Provided that a person mentioned below may for the purposes of this by-law be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) An executor or administrator, in the case of a property in a deceased estate;
- (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) A curator, in the case of a property in the estate of a person under curatorship;
- (vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) A buyer in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

“Person” includes an organ of state

“Property” – means

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

“Rebate” in relation to a rate payable on property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

“Reduction”, in relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating at that lower amount.

“Residential property” means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

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

“Vacant land” means any land on which no immovable improvements have been erected.

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

2. Principles

- (1) Rates will be levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality’s valuation roll and supplementary valuation roll.
- (2) The municipality will differentiate between various categories of property and categories of owners of property as contemplated in sections 5 and 6 of this by-law.
- (3) Some categories of property and categories of owners will be granted relief from rates.
- (4) The municipality will not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- (5) There will be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with section 13 of this by-law.
- (6) The municipality’s rates policy will be based on the following principles:
 - (a) Equity
The municipality will treat all ratepayers with similar properties the same.
 - (b) Affordability
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.
 - (c) Sustainability
Rating of property will be implemented in a way that:
 - (i) it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
 - (ii) Supports local social economic development; and
 - (iii) Secures the economic sustainability of every category of ratepayer.
 - (d) Cost efficiency
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

3. Application of By-law

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

4. Principles applicable to financing services

- (1) The municipal manager or his nominee must, subject to the guidelines provided by the National Treasury and Executive Committee of the municipality, make provision for the following classification of services:-
 - (a) Trading services
 - (i) Water
 - (ii) Electricity
 - (b) Economic services
 - (i) Refuse removal.
 - (ii) Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in subsections (1)(a) and (b).

- (2) Trading and economic services as referred to in subsections (1)(a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in subsection(1)(c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

5. Categories of property

- (1) Different rates may be levied in respect of the categories of rateable properties as determined by the municipality's rates policy.
- (2) Such rates will be determined on an annual basis during the compilation of the municipality's budget.
- (3) In determining the category of a property referred to in subsection(1) the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.
- (4) All relevant information, including circumstantial evidence, may be taken into consideration in an attempt to determine for what purpose the property is being used. A physical inspection may be done to acquire the necessary information.
- (5) Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in section 7 of this by-law.

6. Categories of owners

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

7. Properties used for multiple purposes

- (1) Rates on properties used for multiple purposes will be levied in accordance with the "dominant use of the property".

8. Differential rating

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

9. Exemptions and Impermissible Rates

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

10. Reductions

- (1) Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:
 - (a) Partial or total destruction of a property.
 - (b) Disasters as defined in the Disaster Management Act, 2002 (Act No.57 of 2002).
- (2) The following conditions shall be applicable in respect of subsection (1):-
 - (a) The owner referred to in subsection (1)(a) shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He or she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
 - (b) Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
 - (c) A maximum reduction determined by the municipality will be allowed in respect of both subsections (1) a) and (b)
 - (d) An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.
 - (e) If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

11. Rebates

- (1) Categories of property
 - (a) The municipality may grant rebates to categories of property as determined in the municipality's rates policy.
- (2) Categories of owners
 - (a) The municipality may grant rebates to categories of owners as determined annually in the municipality's rates policy.
- (3) Applications by property owners for rebates must reach the municipality before the date determined by the property rates policy, preceding the start of the new municipal financial year for which relief is sought.
- (4) Conditions determined by the rates policy will be applied accordingly.
- (5) The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

- (6) Properties with a market value below a prescribed valuation level of an amount determined annually by the municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.
- (7) The extent of the rebate in terms of subsections (1), (2) and (6) shall annually be determined by the municipality and it shall be included in the annual budget.

12. Payment of rates

- (1) Payments will be dealt with in accordance with the provisions of the municipality's Credit Control, Debt Collection and Indigent policies.
- (2) Interest shall be paid to Council on rates which have not been paid within 30 days from the date on which such rates become due at a rate determined by the rates policy. Compounded interest will be levied.
- (3) The municipality will furnish each person liable for the payment of rates with a written account, which will specify:
 - (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- (4) A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he or she must make the necessary enquiries with the municipality.
- (5) In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

13. Phasing in of rates

- (1) The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- (2) The phasing-in discount on the properties referred to in section 21 shall be as follows:
 - First year : 75% of the relevant rate;
 - Second year : 50% of the relevant rate; and
 - Third year : 25% of the relevant rate.

14. Frequency of valuation

- (1) The municipality shall prepare a new valuation roll every 4 (four) years.
- (2) The municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- (3) Supplementary valuations will be done at least on an annual basis to ensure that the valuation roll is properly maintained.

15. Community participation

- (1) Before the municipality adopts the rates policy and by-law, the Municipal Manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

16. Register of properties

- (1) The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

- (2) Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- (3) Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
 - (a) Exemption from rates in terms of section 15 of the Act,
 - (b) Rebate or reduction in terms of section 15 of the Act ,
 - (c) Phasing-in of rates in terms of section 21 of the Act.
- (4) The register will be open for inspection by the public at the municipal pay points as determined in the municipality's rates policy, during office hours and/or on the website of the municipality.
- (5) The municipality will update Part A of the register on a continuous basis by way of a supplementary valuation process.
- (6) The municipality will update Part B on an annual basis as part of the implementation of the municipality's annual budget.

17. Regular review processes

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

18. Short title

This by-law is called the rates by-law of the Mangaung Local Municipality.

19. Commencement

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

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PART 1. DECLARATION OF INTENT

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At its broadest level, the Municipal Finance Management Act endeavours “to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements.”

In particular, Chapter 4 of the MFMA places the onus on the Council, Executive Mayor and senior officials to ensure that the annual budget process is effective, efficient, economical and transparent.

PART 2. TERMINOLOGY AND DEFINITIONS

In this Policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned has the same meaning, and -

“approved budget” means an annual budget—

- (a) approved by a municipal council; or
- (b) approved by a provincial or the national executive following an intervention in terms of [section 139](#) of [the Constitution](#), and includes such an annual budget as revised by an adjustments budget in terms of [section 28](#);

“budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality, including—

- (a) the tariffs policy which the municipality must adopt in terms of [section 74](#) of the Municipal Systems Act;
- (b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
- (c) the credit control and debt collection policy which the municipality must adopt in terms of [section 96](#) of the Municipal Systems Act;

“budget year” means the financial year for which an annual budget is to be approved in terms of [section 16 \(1\)](#);

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“**chief financial officer**” means a person designated in terms of [section 80 \(2\) \(a\)](#);

“**mayor**”, in relation to—

- (a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of [section 55](#) of the Municipal Structures Act; or
- (b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of [section 48](#) of that Act;

“**municipal council**” or “**council**” means the council of a municipality referred to in [section 18](#) of the Municipal Structures Act;

“**overspending**”—

- (a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under [section 26](#), means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;

“**vote**” means—

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

PART 3. OBJECTIVE

To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the responsibilities of the chief financial officer in compiling such budget.

PART 4. APPROVAL OF THE BUDGET

The approval of the budget is one of the more important tasks undertaken by a municipality. This is because the budget will:

- Demonstrate the Council's vision – The budget should reflect the policies and objectives of the Council by the allocation of budgeted expenditure to the various departments and service units within the municipality. Municipalities also have to prepare an Integrated Development Plan (IDP), which should reflect the needs of the community. The budget should therefore cater for the priorities listed in the IDP.
- Show how much it costs to run the affairs of the municipality and the associated income required. The budget will specify the total rates and service charges which the community will be required to pay their municipality; and
- Mobilise the organization – By approving the budget, the Council will be authorizing the heads of department to incur the expenditure included therein.

PART 5. THE TWO PARTS OF THE BUDGET

5.1 The Operating Budget

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The operating budget specifies the planned operating expenditure and income and is a comprehensive and detailed statement showing the amounts the Council intends to spend on current activities and the sources from which this expenditure is to be financed. The operating budget can be regarded as the keystone of the planned financial arrangements and operations of a municipality and it shows the amounts to be contributed by the ratepayers and members of the community.

Operating expenditure can be defined, as the purchase of goods and services for which there will be a short-term benefit and incurred in the normal course of business. Short-term is defined as less than one year. For example, the payment of salaries results in a short-term benefit as salaried employees are paid monthly for one month's work. Examples of operating expenses are salaries, wages, repairs and maintenance, telephones and materials.

Operating income is the amount received for services rendered for a short-term period usually less than one year, and similarly received for services provided in the normal course of business. For example rates are levied on ratepayers by their municipality for services that will be rendered for one year. Examples of operating income are rates, investment interest, service charges and fines.

5.2 The Capital Budget

The capital budget is a plan disclosing proposed capital projects to be commenced, continued and completed and the means by which they will be financed. The capital budget specifies the expenditure on long-term purchases and investments such as land and buildings, motor vehicles, equipment and office furniture that are planned to be purchased.

The most appropriate way to determine whether expenditure is of a capital nature is to assess the period that the item purchased or constructed by the municipality

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can be used. If this period is greater than one year, the expenditure can be considered capital.

PART 6. BUDGETING PRINCIPLES TO BE FOLLOWED

Except in so far as capital projects represent a contractual commitment to the municipality extending over more than one financial year, the annual capital budget shall be prepared from a zero base.

The capital budget component of the annual or adjustments budget shall only be approved by the council if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed capital expenses.

Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and any other ordinary operational expenses associated with any item on such capital budget. In addition, the council shall consider the likely impact of such operation expenses – net of any revenues expected to be generated by such item – on future property rates and service tariffs.

The council shall establish an asset financing reserve for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following sources of revenue:

- unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;

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- interest on the investments of the asset financing reserve, appropriated in terms of the banking and investments policy;
- further amounts appropriated as contributions in each annual or adjustments budget; and
- net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

Each annual and adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

Any unappropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any annual or adjustments budget, but shall be appropriated, as far as it is not required to finance the payment of operating creditors or for other operational purposes, to the municipality's asset financing reserve.

An impending operating deficit shall be made good in an adjustments budget, but if an operating deficit arises at the end of a financial year, notwithstanding the precautionary measures adopted by the council, such deficit shall immediately be made good in the annual or adjustments budget for the ensuing financial year, and shall not be offset against any unappropriated surplus carried forward from preceding financial years.

The municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

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The municipality shall establish and maintain a provision for bad debts in accordance with its rates and tariffs policies, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

The municipality shall establish and maintain a provision for the obsolescence and deterioration of stock in accordance with its stores management policy, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

All expenses, including depreciation expenses, shall be cash-funded. The cash received in respect of depreciation expenses on fixed assets financed from external borrowings shall be transferred to the investments created to redeem such borrowings.

Finance charges payable by the municipality shall be apportioned between directorates or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the municipality. However, where it is the council's policy to raise external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the directorates or votes relating to such services.

Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.

The allocation of interest earned on the municipality's investments shall be budgeted for in terms of the banking and investment policy.

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The municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

In the preparation of the draft operating budget component of the annual budget, the allowable budgetary increment shall relate to the total amount provided for each budget vote, and the head of the department, service or function concerned shall have the right to allocate the total budgeted amount to the line-items within such vote, except in so far as the line-item provisions relate to matters determined by the chief financial officer in terms of the municipality's approved policies and contractual and statutory commitments (for example, depreciation charges, finance charges, insurance costs, contribution to the COID, skills development levies payable).

Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 30% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councillors shall be excluded from this limit.

The head of the department, service or function to which each budget vote relates shall justify the allocation of the aggregate budget for such vote to the various line-items within the vote to the portfolio committee responsible for the department, service or function concerned. In motivating the allocations made to and within the vote, the head of department, service or function concerned shall provide the relevant portfolio committee with appropriate quarterly performance indicators and service delivery targets pertaining to the budget. Such indicators

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and targets shall be prepared with the approval of the municipal manager and the mayor.

In preparing its revenue budget, the municipality shall strive to maintain the aggregate revenues from property rates at not less than 25% of the aggregate revenues budgeted for.

When considering the draft annual budget, the council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because households have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the council shall ensure that the average additional impact of such increases is not more than the relevant increase in the consumer price index.

PART 7. RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

The chief financial officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking and investments policy), and shall be accountable to the municipal manager in regard to the performance of these functions.

The municipal manager shall ensure that all heads of directorates provide the inputs required by the chief financial officer into these budget processes.

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The chief financial officer shall draft the budget timetable for the ensuing financial year for the mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the mayor, finance committee, executive committee and council.

Except where the chief financial officer, with the consent of the mayor and municipal manager, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:

- depreciation charges
- repairs and maintenance expenses
- interest payable on external borrowings
- other operating expenses.

In preparing the operating budget, the chief financial officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the chief financial officer shall properly and adequately reflect the organisational structure of the municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury.

The chief financial officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (premiums)

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the self-insurance reserve, and the contributions to the provisions for bad debts, accrued leave entitlements and obsolescence of stocks.

The chief financial officer shall further, with the approval of the mayor and the municipal manager, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.

The chief financial officer shall also, again with the approval of the mayor and the municipal manager, and having regard to the municipality's current financial performance, determine the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.

The chief financial officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of directorates shall timeously and adequately furnish the chief financial officer with all explanations required for deviations from the budget. The chief financial officer shall submit these monthly reports to the mayor, finance committee and executive committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

The chief financial officer shall provide technical and administrative support to the mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budgets.

The chief financial officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the mayor on the revision of the IDP and the budget-related policies where these are indicated.

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The chief financial officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.

The chief financial officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.

The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.

The chief financial officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

PART 8. ANNEXURE: LEGAL REQUIREMENTS

The following sections detailed below provide a brief explanation of the legal requirements as contained in the Municipal Finance Management Act No 56 of 2003.

8.1 Section 15 Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

8.2 Section 16 Annual budgets

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

8.3 Section 17 Contents of annual budgets and supporting documents

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

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The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by all the following documents:

- draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- draft resolutions (where applicable) amending the IDP and the budget-related policies;
- measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- the projected cash flows for the financial year by revenue sources and expenditure votes;
- any proposed amendments to the IDP;
- any proposed amendments to the budget-related policies;
- the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;
- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in

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- service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;
- particulars of the municipality's investments; and
- various information in regard to municipal entities under the shared or sole control of the municipality.

8.4 Section 18 Funding of expenditures

The budget may be financed only from:

- realistically expected revenues, based on current and previous collection levels;
- cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- borrowed funds in respect of the capital budget only.

8.5 Section 19 Capital projects

A municipality may spend money on a capital project only if the money for the project (including the cost of any required feasibility studies) has been appropriated in the capital budget.

The Council must also approve the total cost of the project.

The envisaged sources of funding for the capital budget must be properly considered, and the Council must be satisfied that this funding is available and has not been committed for other purposes.

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Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues that may arise in respect of such project, including the likely future impact on property rates and service tariffs.

8.6 Section 20 Matters to be prescribed

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections, which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

8.7 Section 21 Budget preparation process

The Mayor of the municipality must:

- Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.
- At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation,

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- tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.
- When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
 - Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
 - Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.
 - Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.
 - Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

8.8 Section 22 Publication of annual budgets

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

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The Municipal Manager must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

8.9 Section 23 Consultations on tabled budgets

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities, which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

8.10 Section 24 Approval of annual budgets

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

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The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

8.11 Section 25 Failure to approve budget before start of budget year

This Section sets out the process, which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

8.12 Section 26 Consequences of failure to approve budget before start of budget year

The provincial executive must intervene in any municipality, which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

8.13 Section 27 Non-compliance with provisions of this chapter

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

8.14 Section 28 Municipal adjustments budgets

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.

Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- an explanation of how the adjustments affect the approved annual budget;

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- appropriate motivations for material adjustments; and
- an explanation of the impact of any increased spending on the current and future annual budgets.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

8.15 Section 29 Unforeseen and unavoidable expenditure

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- the adjustments budget must be passed within sixty days after the expenses were incurred.

8.16 Section 30 Unspent funds

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

8.17 Section 31 Shifting of funds between multi-year appropriations

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- all the above documentation is provided to the Auditor-General.

8.18 Section 32 Unauthorised, irregular or fruitless and wasteful expenditure

Unauthorised expenses may be authorised in an adjustments budget.

8.19 Section 33 Contracts having future budgetary implications

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

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- The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
- The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.
- The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.
- The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

8.20 Section 42 Price increases of bulk resources for provision of municipal services

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National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

- The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
- At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.
- The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

8.21 Section 43 Applicability of tax and tariff capping on municipalities

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

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- A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
- A determination promulgated after 15 March shall not take effect before 1 July of the following year.
- A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

8.22 Section 53 Budget processes and related matters

The Mayor of the municipality must:

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.
- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives, which are approved with the budget, and the service delivery and budget implementation plan.

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The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

8.23 Section 68 Budget preparation

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

8.24 Section 69 Budget implementation

The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

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The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

8.25 Section 70 Impending shortfalls, overspending and overdrafts

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

8.26 Section 71 Monthly budget statements

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;

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- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document.

8.27 Section 54 Budgetary control and early identification of financial problems

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
- submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

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If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

8.28 Section 55 Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

8.29 Section 72 Mid-year budget and performance assessment

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.

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Section 73 Reports on failure to adopt or implement budget-related and other policies

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

8.30 Section 75 Information to be placed on websites of municipalities

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;
- all long-term borrowing contracts;
- all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

8.31 Section 80 Establishment (of municipal budget and treasury office)

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

8.32 Section 81 Role of chief financial officer

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- account to the Municipal Manager for the performance of all the foregoing responsibilities.

8.33 Section 83 Competency levels of professional financial officials

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

9. Policy Implementation and Review

- This policy is effective from 1 July 2009.
- This policy shall be reviewed on 1 July 2010.

Approved by:

Date:

10. SUMMARISED TIMETABLE

FINAL DATE	ACTION BY MUNICIPALITY
31 August	Table in council timetable for preparation of coming year's annual budget
20 January	-
25 January	Assess current year's budget performance
31 January	Table assessment report in council
(Between 31 January and 31 March)	Table municipality's adjustments budget for current year and changes to service delivery targets and KPIs
(Between 31 January and 31 March)	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year
31 March	Table municipality's draft budget for coming year
Immediately after 31 March	Make public draft budget for coming year and invite submissions from community, provincial treasury and others
Before 31 May	Respond to submissions and revise draft budget for coming year
31 May	Consider approval of budget for coming year and attendant resolutions
30 June	Budget for coming year and attendant resolutions must be approved by 30 June. Approved budget of entity must be tabled.
Early June to early July: immediately after budget approved	Submit budget to national treasury and provincial treasury
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements

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FINAL DATE	ACTION BY MUNICIPALITY
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan
Late June to late July: 28 days after budget approved	Conclude performance agreements
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements

11. DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for <ul style="list-style-type: none"> - preparation, tabling and approval of annual budget - annual review of IDP - annual review of budget-related policies - tabling and adoption of any amendments to IDP and budget-related policies - any consultative processes forming part of foregoing 	Mayor
72(1), (2) and (3)	25 January	Accounting officer of municipality must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury.	Accounting officer
54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to	Mayor

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Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
		service delivery and budget implementation plan.	
54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are “promptly” made public.	Mayor
16(2)	31 March	Mayor must table (draft) annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after (draft) annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connexion with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.	Accounting officer
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on (draft) annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and council
24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing rates and levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each vote, approving any changes to IDP, and approving any changes to budget-related policies.	Council
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting officer

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Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council
69(3)(a) and (b)	14 days after approval of annual budget (mid June to mid July)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting officer
53(1)(c)(ii)	Within 28 days after date annual budget approved (late June to late July)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter.	Mayor
53(1)(c)(iii)(aa) & (bb)	Within 28 days after date annual budget approved (late June to late July)	Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor
16(1)	30 June	Annual budget must be approved by council	Council
53(3)(a) and (b)	14 days after	Projections of revenues and expenses for each month and service	Mayor

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Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
	approval of service delivery and budget implementation plan (mid July to mid August, depending on date plan approved)	delivery targets for each quarter and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	

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10 Annual Budgets and Service Delivery and Budget Implementation Plans

10.1 Office of the City Manager

Proposed service strategies for division/section	Indicator	Target for 2009/10
OCM: Admin		
To provide strategic leadership and management for the City	EMT achieving SDBIP targets	All SDBIP targets achieved
	Achieving Restructuring Grant targets	Implementation of the RG agreement
COO		
Ensure on-going operational management of the Municipality	% of decisions of Council and its delegates that are implemented and followed-up, as measured through decision-tracking	All implemented
To create an enabling environment for efficient/quality decision making and accounting thereon	Significant decisions informed by technical reports prior to decision making, seen from minutes	100%
Stabilize personnel cost	Salaries as % of operating expenditure	28%
IDP and Organisational Performance		
Mangaung's planning and management system reviewed and operates in a strategic and efficient manner, aligning the IDP, financial planning, service planning and performance management and new strategic thinking	IDP reviewed annually and aligned to all municipal planning processes	IDP and Budget approved by May 10
	Streamlined and reviewed service delivery and budget implementation plans (SDBIPs) including performance measures	SDBIP approved by July 10
	Performance management system based on SDBIP	KPIs based on SDBIPs approved by City Manager
To ensure that there is an agreed approach and programme with key stakeholders that are needed to deliver elements of the IDP	% of targeted departments and agencies with whom MLM has a memorandum of understanding which is being implemented	5 MOUs
Strengthen the relations and interaction between MLM, other cities and international organizations	Number of substantive engagements with other cities and international organisations	
To ensure that required non-MLM resources are mobilized to support the IDP	Capital resources that are sourced externally to support MLM projects	Increase non-MLM resources to support programmes identified
	Establishment of municipal bond	A Mangaung municipal bond established and functional
Service Management Unit		
Improved integration, efficiency, responsiveness and effectiveness of services	Number of business units established	4 units established
Shareholding Unit		
Monitor the MLM investment ensuring enhancement of shareholder value.	Monthly performance reporting in line with budget as well as governance checks	Increased efficiencies (—3E's). Net increase in the Shareholder Contribution
Special proj		
MLM approach to community-based service delivery defined and supported	Appropriate services across the municipality for CBSD	Services identified
	Community based service delivery projects identified and supported according to EM discretion	Supported projects
Identify how MLM should consider decentralisation of services	Appropriate services across the municipality for decentralization identified	5 services identified
Communications admin		
To manage the communications unit effectively	% of capital budget spent	100%
	% of operational budget spent	100%
To ensure effective corporate communications	Development of a fully fledged internal and external communications system	Approval of Corporate Communications Strategy
Communications Projects		
Create public awareness for the new brand Mangaung through workshops, seminars,	% of MLM employees understand new brand	100%.

Proposed service strategies for division/section	Indicator	Target for 2009/10
adverts, media, newsletters, Local Communicators' Forum, Ward Committees, etc.	% of local people can identify new brand	80%
Develop an effective internal communication system around Council image, vision and mission, policies and programmes.	Presence of communications channels for effective internal communications	Approval of Internal Communications Strategy
Encourage leaders/managers to communicate more frequently and effectively with their staff.	% of staff reporting that managers communicate more frequently and effectively as measured in internal staff survey around policies/activities	80%
Information regarding services of the MLM distributed through different means of communication to users and customers	% of local people aware of Council policies and programmes, as measured in citizen survey	80%
	% of local people aware of the policies and programmes as measured in the citizen survey	90%
Committee Services		
Provide effective secretariat support to Council, MAYCO, Section 80 committees, EMT and Bid Adjudication Committee	Efficient routing system for submissions and items	To have system operational and directorates able to use it
	Minutes of meetings produced and circulated soon after meeting	Within 3 days of meeting for MAYCO, Sec 80, EMT
		Bid Adjudication Committee within 7 days Council within 14 days
Councillors, public and staff aware of Council meetings and decisions taken	Notification provided prior to Council meetings	Published in newspapers at least 14 days prior to meeting
	Notice of all Council meetings, resolutions distributed after each Council sitting	Published in newspapers within 7 days and available on the intranet
Undertake EMT and Council decision-tracking system to track implementation of decisions taken	% decision taken have been implemented	90% of decision implemented
Internal Audit		
Provide quality and professional internal audit services to Mangaung Local Municipality and its business entities.	Conduct audit investigations according to IIA Standards., evaluate systems of internal control, report to management and the Audit Committee about the adequacy, efficiency and effectiveness of such controls and make recommendations for improvement on internal controls.	4 internal audit reports issued to management and the audit committee from audit investigations completed
	Conduct audits on performance information according to Municipal Systems Act.	2 audit reports issued
	Provide administrative support to the Audit Committee to ensure that it is functional and performs according to MFMA and MSA.	A functional audit committee responsible for MLM and its business entities. At least four (4) reports of the Audit Committee sent to council per year
Advise the Accounting Officer (City Manager) on matters related to risk management and fraud prevention.	Facilitation of risk management process that will result into the development of an effective and functional risk management strategy	1 Approved risk management strategy
	Facilitate and assist with the development of an effective and functional fraud prevention strategy or plan.	1 Approved fraud prevention strategy.
Knowledge Management		
Effective and efficient implementation of Knowledge Management strategy and activity plan	Number of learning activities implemented	4 learning seminars implemented
Information Management and Technology		

Proposed service strategies for division/section	Indicator	Target for 2009/10
Implementation of the IT Strategy, Roles and Governance	Improved and standardised IT processes for delivering and ensuring good governance and service delivery.	<ul style="list-style-type: none"> Approval of IT Architecture Plan Implementation of IT policies Development and implementation of Corporate GIS policy
Deployment of effective and efficient Information Management (IM) solutions	Effectively and appropriately utilised IT systems, applications and practices to meet MLM IDP objectives.	Monitoring and evaluation of applications and general IT portfolio
	A number of Solutions provided and maintained for the management of information and knowledge for strategic and management decision-making.	<ul style="list-style-type: none"> 1 Major solutions deployed Replacement of Corporate GIS Server and establishment of back resources Serving spatial information of the city on the internet
	A number of Solutions to address internal efficiencies are provided and maintained	1 Solution deployed
	A number of Web based technology solutions are provided for interoperability with other organs of state	<ul style="list-style-type: none"> Implementation of SharePoint web solution Migration of existing web applications on the intranet site. Publishing content on the intranet and internet. Development of online municipal accounts enquiries on the internet
Establishment and Management of a stable IT environment	A robust and integrated IT architecture/ environment that supports effective MLM processes and programmes.	<ul style="list-style-type: none"> Network Audit and maintenance Security Audit and maintenance Network infrastructure upgrades Mangaung 2010 IT&T programmes implemented Desktop support an maintenance
	Established Infrastructure to enable e-Government and Electronic Transactions objectives is developed and implemented	1 community e-transaction developed
Development of IT Leadership capability within Mangaung Local Municipality	% IT advice rendered to the business (all directorates) by identifying technology based solutions and IT practices to solve business problems.	IT advisory and consultancy services rendered to the business. Change and communication plan developed and implemented
	Number of Internal IT leadership and skills training.	staff trained on relevant strategic and technical courses.
Legal Services		
MLM code with updated by-laws address the development and administrative needs of the municipality	By-laws revised or new sets drafted to improve impact on sustainable development in MLM	4 sets of by-laws submitted for public participation process as provided for in the Policy concerned
An effective on-demand legal advice and assistance service that will ensure proper protection of MLM's interest and compliance with legal obligations	Civil and criminal cases attended to and ensuring the proper protection of MLM's interest	All civil and criminal cases attended to by means of legal process
Regional Management – Botshabelo		
Ensure responsive, coordinated and accessible administration in Botshabelo	% of clients in Botshabelo feeling that service is more responsive because of regional office	90%
Regional Management – Thaba Nchu		
Ensure responsive, coordinated and accessible administration in Thaba Nchu	% of clients in Thaba Nchu feeling that service is more responsive because of regional office	90%
Regional Management - Bloemfontein		
Ensure responsive, coordinated and accessible administration in Thaba Nchu	% of clients in Bloemfontein feeling that service is more responsive because of regional office	90%
Safety and Loss Control		
Ensure a safe working environment for the MLM employees in accordance with the Occupational Health and Safety Act, 85 of 1993	% compliance achieved in audit (Audit on OHSAS 18001 compliance will only be conducted in March 2008 after the implementation of the Electronic Business Management System)	80% compliance

Proposed service strategies for division/section	Indicator	Target for 2009/10
Off of Mayor: Admin		
Effective political direction and decision-making	% of items proposed by Executive Mayor approved by Council	All proposals
Good liaison with political structures in Region, Province and National	Number of encounters with political structures in Region, Province and National	
Effective management of MAYCO	Regular meetings held which are well attended	14 meetings with at least 8 members
	% of items on MAYCO agenda where decisions taken	All
	% of actions agreed in MAYCO meeting followed up by next meeting	All
To provide support service for sport and culture promotion	Number of sport events supported	10
	Number of sport cultural events supported	10
To provide particular support to disadvantaged groups (women, youth, and HIV/AIDS)	Number of youth organizations that have produced business plans	50 organisations
	Number of youth organizations that have been formally registered	50 organisations
	Number of youth organizations that have accessed funding	50 organisations
	Number of women organizations that are supported and capacitated for youth development	15 organisations
	Establish AIDS Council	Established and operating
	Number of organizations working on HIV/AIDS that are supported and capacitated	15 organisations
To ensure effective communication with the media around political direction	Political statements and briefings from Office of the Mayor in print and radio/television regularly	Monthly
Office of Speaker: Admin		
To create an enabling environment for efficient/quality participation of all councillors in the decision making.	Establishment of Section 79 Committees to enhance the oversight role of councillors and to take active role in decision making.	Establishment of four Section 79 Committees and to ensure that they sit regularly.
Effective management of Council meetings.	Proper preparation and management of processes for effective hosting of Council meetings and follow up on decisions.	Eight Council meetings (six ordinary and 2 special for budget.
	Number of Council meetings per annum.	Establishment of a unit responsible for Council matters.
To ensure that ward committees operate effectively as links between community and municipality	Involvement of ward committees in CBP, IDP, Budget preparations and other policy formulation.	All ward committees operational and have ward plans
Active involvement of citizens in the decision-making processes of the municipality.	% of citizens participating in annual CBP, IDP and Budget formulation.	70% of citizens participating
	% of ward committees effective and operational.	100%
	Establishment of good working relations with community organisations and other structures in the community.	Establishment of ward forums for each cluster.
Effective management and use of CDWs to improve linkages with citizens and service delivery.	CDWs in place and proper systems and programmes between the municipality and the province for the management of the CDWs are in place.	CDW's appointed and working in all wards.
Mangaung Local Municipality has a sound working relationship and programmes with the District and neighbouring municipalities and well as other strategic partners.	Programmes and systems are in place for working relations between MLM and its strategic partners.	Speakers Forum is running smooth and MLM is playing a leading and critical role for synchronising of systems applicable to all partners.
		Formal working relations with at least 4 strategic external partners.
Council's General Expenses		
Councillors able to operate effectively	Meetings happen on schedule	95%
	Councillors have access to relevant information	Subscriptions
	Capacity of Councillors enhanced	Visits, training

ANNEXURE C

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

- 10.1 Office of the City Manager
- 10.2 Corporate Services
- 10.3 Budget and Treasury Office
- 10.4 Economic Development and Planning
- 10.5 Community and Social Development
- 10.6 Infrastructure Services

SDBIP Annexure C

10. Annual Budgets and Service Delivery and Budget Implementation Plans

10.2 Corporate Services

2009/10 SDBIP FOR THE DIRECTORATE: CORPORATE SERVICES:

Vote/IDP reference	Proposed service strategies for division/section	KPI Output	Annual Output Target 2009/10
09/04/00	Executive Director		
	Ensure effective management of the Directorate by:		
	a) Holding regular CMT Meetings	Concluded CMT meetings.	6 X CMT meetings
	b) Concluding performance contracts with managers reporting to ED	Signed performance contracts.	100% of managers reporting to ED have performance contracts
	c) Providing feedback on performance/improved performance or expectations	Concluded performance feedback meetings.	4 x performance feedback meetings with managers reporting to ED
09/04/32	Corporate Management Support: Administrative Support		
	To manage the records of the MLM by:		
	a) Ensuring that the current records management system and practises comply with the relevant archive legislation	Completed audit of records management system and practices within the MLM.	Standard
	To manage the council official cellular phones by:		
	a) Keeping record of cellular phones issued, damaged and replaced	Maintenance of cellular phone record system	Monthly report on new allocations as well as lost and damaged cellular phones.
	To manage the council's landline telephone system by:		
	a) Ensuring that telephone accounts are submitted to Directorates	Submission of 100% of telephone accounts to Directorates before the 15 th of every month.	100% telephone accounts submitted to Directorates.
09/04/33	Corporate Management Support: Facilities Management		
	To maintain high levels of hygiene and cleanliness of all buildings and facilities of the MLM	% internal and external customers satisfied with cleanliness and hygienic state of MLM facilities & buildings.	80% Satisfactory levels by June 2009.
	To ensure the upkeep/upgrading of MLM buildings and facilities by undertaking scheduled maintenance	Maintenance/upgrading undertaken as scheduled.	100% of scheduled maintenance/upgrading of MLM facilities undertaken by June 2009.
	Corporate Management Support: Customer Relations Management (CRM)		
	Implement CRM Strategy and ensure alignment with Organizational strategy (IDP)	Implementation of certain sections of the CRM Strategy	Gradual rollout of the approved CRM Strategy on the basis of the availability of funds. At least 40% of the strategy is implemented before end of 09/10 financial year.
09/04/42	Human Resource Development		

	To comply with the relevant skills development legislation by:		
	a) Conducting a skills needs analysis	Conducting an annual skills audit.	1 X Skills Audit Report
	b) Compilation of a work place skills plan	Compiling a work place skills plan by July each year.	1 X Approved WSP.
	c) Implementation of the work place skills plan	Compiling an annual implementation report by January each year.	1 X WSP Annual Implementation Report.
		Adoption of Skills Development Strategy by SDC	1 X Strategy document.
		Providing Accredited training courses in line with skills needs identified within WSP.	Number of employees trained. (Reported by means of a monthly report).
		Providing learnerships approved by the LGSETA.	1 X learnership approved and funded by LGSETA.
		Co-coordinating training interventions by external training providers.	Monthly service provider reports.
		Presenting induction programmes to newly appointed employees of the MLM.	Learner statistics (Reported by means of a monthly report).
		Administration of employee and learner database.	Database 100% up to date by July 2008.
		Facilitation and support to line management with regard to training and development.	4 x workshops per year and monthly report on consultations.
09/04/43	Employment		
	To manage the recruitment, selection and placement policies and processes in the MLM by:		
	a) Implementation of the Employment Equity Plan	Increasing the number of people from designated groups appointed	70% of staff employed in the three highest levels of management who are Black people (African, Indian, Coloured).
			50 % of staff employed in the three highest levels of management who are women.
			2 % of staff employed in different categories and levels which are people with disabilities.
			50% of staff employed in different categories and levels which are black people
		Conducting employment equity awareness programmes	4 (1 per quarter)
	b) Recruitment, selection and placement of employees	Compiling and distribution of 11 vacancy bulletins by the 15 th of each month.	11 x vacancy bulletins
		Completing the sorting and categorizing of application documents within 10 working days after the closing of the advertisement.	11 Reports
		Completing the selection and appointment process for 70% of the advertised vacancies within 2 months after closing the advertisement.	70% of advertised positions filled
		Processing of all relevant Employment documentation.	90% of monthly submissions of completed personal files and signing off of authorization are submitted to payroll before the 15 th of every month.
	To administer the staff establishment of the MLM by:		

	a) Ensuring that all appointments are made in accordance with the approved staff establishment	Issuing of all appointment, promotion and transfer letters within 1 week of approval thereof.	95% of all relevant letters issued within one week after approval.
		Capturing all appointments, promotions, transfers and termination of service data on staff establishment.	Reconciliation report submitted every month (12 X reports)
		Executing reports from Performance Improvement relating to structural changes on the Staff establishment.	Staff establishment updated within 1 week from receiving report from Performance Improvement
		Keeping of statistics relating to positions and incumbents on the staff establishment.	Monthly report submitted (12 X reports)
Human Resource Benefits Administration			
	To manage the employee data and information of all MLM employees by:		
	a) Developing an effective record system for all the MLM employees	Filing of 100% of documentation received per month within 2 weeks after receipt.	100% of documentation filed within 2 weeks.
	b) Capturing statistical data with regard to absenteeism	Submitting quarterly reports on employee absenteeism, appointments, terminations, retirements.	4
		Capturing 100% of approved leave of all employees within 2 weeks of receipt of leave applications.	100% (Reported by means of monthly report)
	To manage study benefits of all MLM employees by:		
	a) Processing study assistance scheme of the MLM	Processing 100% of study assistance scheme applications within 1 month of receipt.	100% (Reported by means of monthly report)
	To finalise the termination of services of employees by:		
	a) Processing pension and provident fund claims	Submit employee pension and provident fund claims to the administrators of the funds within 6 weeks after notification by employee/relatives	100% (Reported by means of monthly report)
	b) Addressing the backlog in the closure of files of former employees	Addressing the backlog in closing the files of employees who terminated services by June 2009	244 files closed. (Progress reported by means of monthly report)
	c) Closing the files of employees who terminated their services	Closing employee personal and leave files within 3 months after receipt of notification of termination of service	100% (Reported by means of monthly report)
	d) Processing applications for acting in higher positions	Process 100% of applications before the 15 th of each month	100% (Reported by means of monthly report)
Employee Relations			
	To manage labour relations by:		
	a) Rendering advice and services in respect of disciplinary processes and hearings, grievances, ill health and damage / losses	Reducing the number of procedural disputes at the CCMA and SALGBC.	10% to number of 2008/09
	b) Managing the Local Labour Forum	Conducting 3 meetings per quarter of the LLF	12
	c) Conducting workshops on the COS & climatic studies	Conducting 1 workshop per Directorate per quarter.	30

Employee Wellness			
	To co-ordinate and promote employee wellness by:		
	a) Developing and implementing an Employee Wellness Policy		
	b) Planning and co-ordinating wellness events	Planning and co-coordinating of 4 wellness events per annum.	4
	c) Developing and implementing wellness programmes for MLM employees and their immediate families	Developing and implementing 4 proactive wellness programmes per quarter.	4
		Implementing reactive/contingency wellness programmes when necessary	Number of programmes
	d) Conducting HIV/Aids awareness programmes	Conducting 1 HIV /AIDS road show and presentation per quarter	4
		Distributing HIV/AIDS related material at all MLM offices.	Number of occasions when material was distributed
Individual Performance Management			
	To develop an Individual Performance Management System (IPMS) for all staff in the MLM by:		
	a) Developing and having policy in IPMS approved	Document signed by the LLF	December 2009
		Approval of IPMS by Council	February 2010
	b) Managing the approved IPMS	Training on IPMS presented for staff of MLM by June 2008.	Number of staff trained on the IPMS.
		Pilot undertaken for Levels 4 and 5.	June 2010
Performance Improvement			
	To develop and implement institutional performance improved by:		
	a) Development and maintenance of the organisational structure and staff establishment of the MLM	Conduct investigations and make recommendations to ED: CS and City Manager on:	
		<ul style="list-style-type: none"> Develop/ maintain the organisational structure of the municipality. 	According to directorate needs
		<ul style="list-style-type: none"> Determine an optimal staff establishment for the different units within the MLM. 	According to directorate needs
		<ul style="list-style-type: none"> Regarding cost effectiveness, outsourcing and service standards. 	According to directorate needs
	b) Assisting Line Directorates to enhance overall efficiency and performance	Conduct work studies with reference to a broad range of relevant issues:	According to directorate needs
		<ul style="list-style-type: none"> Cost effectiveness, outsourcing and determining of service standards. 	According to directorate needs
		<ul style="list-style-type: none"> Conduct ad-hoc investigations. 	According to directorate needs
		<ul style="list-style-type: none"> Perform feasibility studies and needs analysis to enhance service delivery. 	According to directorate needs

	c) Advising management regarding institutional improvement measures	Identify 2 projects to enhance institutional performance in general.	2 x Reports submitted for consideration.
FPM-1	Fresh Produce Market		
	To promote accessibility of FPM for PDI's and HDI's to local producers of fresh produce	Access of facilities at the FPM to PDI's and HDI's increased by 10%	Previous year +10%
		Access to facilities at FPM to local producers of fresh produce increased by 10%	Previous year +10%
	To increase the annual turnover of the FPM with CPIX plus 1%	Annual turnover statistics	Submission of Annual FPM Financial Report

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10. Annual Budgets and Service Delivery and Budget Implementation Plans

10.3 Budget and Treasury Office

1 Directorate's overall service objective and targets

Objective	Indicators	Baseline (2001/02)	Targets for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
To ensure that the organisation's finances are managed in a sustainable manner and meet the needs of the community.	Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (Total revenue less operating grants divided by interest and redemption of external loans due for the financial year)	8:1	5:1	Service excellence and sustainability
	Outstanding Service Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001)	69,4%	<45%	Service excellence and sustainability
	Cost Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (cash available plus investments/ monthly fixed operating expenditure) ¹	4 months	>3 months	Service excellence and sustainability
	Cash Collection defined as Cash Collected (last 12 months) / Billings (last 12 months)	86,9%	97,5%	Service excellence and sustainability
	% of total capital budget spent to date in year	95,6%	95-100% of budgeted capital items	Service excellence and sustainability
	Salaries budget as % of total expenditure ²	31%	29% including CENTLEC	Service excellence and sustainability
	All registered indigent households to have access to free basic services in line with the Indigent Policy		Compilation of the Indigent Register	Service excellence and sustainability
	Budget is not overspent ³	90.5%	95%	Service excellence and sustainability
	Net debtors to annual income	45.6	25.5%	Service excellence and sustainability
	External debt to revenue	2.75%	<5%	Service excellence and sustainability
	Creditor days	45	<30 days	Service excellence and sustainability

Objective	Indicators	Baseline (2001/02)	Targets for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
	Capital charges to total exp.	10.3%	<15%	Service excellence and sustainability
	Credit rating report grading		Long term debt: at least investment grade. Short term debt: at least high grade	Service excellence and sustainability

2 Proposed strategies to achieve the service objective

Vote/IDP Ref	Division/section	Proposed service strategies for division/section	Indicator	Baseline	Target for 2008/2009	Target for 2009/2010
1041 01	Management					
		To provide management and administrative services for the directorate.	Administrative workflow runs smoothly	None	Correspondence, Government gazettes etc. reach their targets promptly.	Correspondence, Government gazettes etc. reach their targets promptly.
		Provide adhoc financial advice and support to directorates and council	Level of advice and support sought by stakeholders	None	Ongoing	Ongoing
Fin 7		Establish additional revenue sources	Possible additional revenue sources evaluated	None	Possibilities reviewed in conjunction with other municipalities	Possibilities reviewed in conjunction with other municipalities
1042 03	Expenditure and Accounting					
		Financial statements prepared to meet prescribed accounting standards as well as MFMA requirements (including timeframes)	Annual financial statements signed by accounting officer by specified date	2003/4 statements signed on 30 September	Signed on or before 31 August 2008	Signed on or before 31 August 2009 MLM by 31 Aug Consolidated by 30 September 2009
		Delivering quality, timely and disaggregated financial information for use by the Municipality	Directorates receiving accurate trial balances on due dates	Sent out before 10 th (2004/5)	Delivered by 10 th of the month.	Delivered by 10 th of the month.
		Final report by AG improves each year and approved by Council	% of queries attended to satisfactorily by directorates on due date.	80%	100%	100%
1042 06	Asset management					

Vote/IDP Ref	Division/section	Proposed service strategies for division/section	Indicator	Baseline	Target for 2008/2009	Target for 2009/2010
		Assessment and Evaluation of Data and Systems for compliance and development a project plan.			December 2008	
		Compilation of the asset register			Commence with compilation in May 2009	75% of municipal asset register to be completed
		Ensure assets managed in line with new accounting standards	Assets physically identified and recorded on asset register	Assets not all recorded since amalgamation	Asset register is maintained and existence of assets verified yearly	Asset register is maintained and existence of assets verified yearly
1042 02	Budget					
		Balanced budget prepared in prescribed stages on required dates	2008/09 Budget process plan approved by Mayor	2005/6 process plan approved in October 2004	Approved before 31 August 2006	Approved before 31 August 2007
			2006/07 budget approved	27 May for 2005/6 budget	Considered before 31 May and approved by 30 June 2006	Considered before 31 May and approved by 30 June 2007
Fin 1	Budget office (all directorates responsible)	Improved budget planning and control by directorates so as to achieve compliance	Actual operating expenditure per Directorate < approved operating budget.	95%	>95%	>95%
			Directorates actual capital spending > 95% of approved capital budget	>95%	100%	100%
Fin 4		Meet obligations required by funders and legislations (MFMA and RG)	Compile and submit the required reports on due dates: monthly, quarterly, bi-annual and annual	monthly, quarterly, bi-annual and annual	monthly, quarterly, bi-annual and annual	monthly, quarterly, bi-annual and annual
Fin 6		Managing the financial impact/risk of Centlec	Net effect of CENTLEC's budget on MLM budget should at least be the same as previous year plus the growth %	Same as previous year plus the growth %	Same as previous year plus the growth %	Same as previous year plus the growth %
1042 04	Payroll					
Fin 3		Stabilize personnel cost ⁴ (inc Centlec)	Salary expenditure as a % of total expenditure	31%	29%	29%
1042 05	Supply Chain Management					

Vote/IDP Ref	Division/section	Proposed service strategies for division/section	Indicator	Baseline	Target for 2008/2009	Target for 2009/2010
1.		Regular review of SCM Policy and statutory reporting to Council	1. Annual policy amended proposals 2. Existence of report to Council			Quarterly
		Improve the efficiency of the SCM procedures				Improve the speed of handling bids
1043 02	Financial Support Services					
		Ensure financial system operates effectively and reliably	Operates all year without interruption in service	No interruption in service	No interruption in service	No interruption in service
		Adequate backup and disaster recovery procedures in place	Formal disaster recovery plan in place	No formal disaster recovery plan in place.	Draft policy in place.	Plan to be updated regularly.
1044 02	Billing					
		Consumer accounts billed correctly and timeously	Consumer accounts posted by end of month billed	Consumer accounts posted same month as billed.	Consumer accounts posted same month as billed.	Consumer accounts posted same month as billed.
			Monitor number of deviations	Not being logged at present	Develop benchmark over the year	Reduce by 15% for the year.
		Data cleaning on billing module	Reduction in number of undelivered accounts	Establish the benchmark	Reduction by 30%	Reduction by 30%
1044 03	Counter Services					
		Providing customers with efficient and responsive enquiry services	% of customers satisfied with quality and performance of counter services.	Not being logged at present	85%	85%
		Efficient and accurate receiving and banking of money	Money banked daily and cashiers balance at end of day	95% of cashiers balance their receipts	97% of cashiers balance their receipts	99% of cashiers balance their receipts
		Develop and Implement Indigent Register				
		Develop and Implement Property Rates Policy				

Vote/IDP Ref	Division/section	Proposed service strategies for division/section	Indicator	Baseline	Target for 2008/2009	Target for 2009/2010
1044 04	Meter Reading					
		Meters read correctly on a monthly basis	Meters read on monthly basis Meters being read correctly with minimum errors	85% meters read Not being logged at present	90% meters read Not being logged at present	90% meters read
1044 05	Revenue Collection					
Fin 2		Decrease outstanding debt and reverse non-payment trends	97.5% of fees and service charges collected within 12 months. Net debtors: annual income 25.5%	86,9%	95.5%	97,5%
				45,6%	25%	25%

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10. Annual Budgets and Service Delivery and Budget Implementation Plans

10.4 Economic Development and Planning

Vote/IDP reference	Proposed service strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
09/14/11	Economic development			
	SMME support			
LED 2	To promote additional purchasing of local products and services to the value of R50m	Major employers indicated the following procurement figures: Provincial Gov. procurement locally is ± R320 million (2003/4). ESKOM ± R93 million for local procurement (2003/4) UFS/CUT/banks unable to provide data – need to establish this baseline	R70 million	(R70 million) Develop new tools that will provide accurate economic information.
LED 4	To support development of a well established and sound SMME sector, increasing the number of SMMEs by 5% and creating 200 new jobs;	450 jobs (2005/6)	At least 5% of new SMMEs established survive beyond 3 years 400 jobs created by local SMMEs	At least 2% of new SMMEs established survive beyond 3 years 350 jobs created by local SMMEs
LED 5	Provide support to the informal economy	No baseline (new strategy) No baseline – (new strategy)	Implement 2 projects from Informal Economy policy 150 people in informal sector assisted through MLM support	Implement 1 projects from Informal Economy policy 100 people in informal sector assisted through MLM support
LED 6	To ensure a skilled and well-trained workforce in the Mangaung area, with literacy rates of 90%;	Number of active SETAs in MLM 100 learners in 5 skills programmes 22% functionally illiterate (2003)	200 learners trained through MLM supported interventions 5 skills programmes for SMMEs matched to market demands 20 learners per learnership or skills programme 1% per annum increase in literacy rate	200 learners trained through MLM supported interventions 2 skills programmes for SMMEs matched to market demands 30 learners per learnership or skills programme 1% per annum increase in literacy rate
LED 7	To facilitate improved access to finance for local SMMEs	42 PDI SMMEs assisted with financing by local financial institutions (2005/6)	100 PDI SMMEs assisted with financing by local financial institutions	100 PDI SMMEs assisted with financing by local financial institutions
LED 8	To improve people's economic livelihoods through encouraging a range of community-based LED ¹	± 1500 people 1 co-operative (2005/6)	200 people having livelihoods supplemented through labour-based construction, community based services etc 3 co-operatives created	150 people having livelihoods supplemented through labour-based construction, community based services etc 1 co-operatives created
LED 10	Promote a culture of entrepreneurship as a prelude to SMME development	500 people (2004)	1000 people exposed to training and awareness raising around entrepreneurship through MLM activities	1000 people exposed to training and awareness raising around entrepreneurship through MLM activities
	Investment Promotion & Sectoral Development division			
LED 1	To attract major national and international investors that are environmentally friendly and use energy efficient measures, clean technology, waste reduction methods and that employ large number of	Establish baseline through Regional Services levy data		

Vote/IDP reference	Proposed service strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
	people			
LED 3	To assist key economic sectors in Mangaung to develop & grow so diversifying the economy and making it more resilient	Establish baseline (2005) Contribution to GGP (2003): Transport:13% Agriculture:4 % Manufacturing:8% Trade:16 % Tourism: no baseline		
LED 9	Establish and sustain the Mangaung Economic Development Partnership	3 partnership agreements concluded (2005)	3 partnership agreements concluded for implementation of EDS projects	1 partnership agreements concluded for implementation of EDS projects
	Tourism division			
LED 11	Market & promote the city's competitive advantages	2955 (2005)	6000 visitors	6000 visitors (Tool to be established).
		No baseline	50% of business people surveyed in Johannesburg are aware of Mangaung and have a positive attitude.	50% of business people surveyed in Johannesburg are aware of Mangaung and have a positive attitude
		No baseline (new strategy)	Implementation of 2 tourism projects	Implementation of 1 tourism projects
	Strategic Development division			
LED 12	Facilitate implementation of N8 Corridor	No baseline- new strategy		
			Implementation of additional 2 nodes	Implementation of additional 1 node.
CBD 1	The 3 CBDs are perceived by visitors and residents as clean, safe, attractive and pedestrian friendly		50% of the visitors to the CBD and residents find it a clean, safe, attractive and pedestrian friendly city	50% of the visitors to the CBD and residents find it a clean, safe, attractive and pedestrian friendly city
CBD 5	Stakeholders working together effectively to address issues in the CBDs	Ad hoc interventions	1. Co-operation agreement between members of CBD Stakeholder Forum	1. Co-operation agreement between members of CBD Stakeholder Forum
			Two projects from the CBD Master Plan, implemented by a variety of stakeholders to implement	Two projects from the CBD Master Plan, implemented by a variety of stakeholders to implement
CBD 8	To ensure that informal traders are thriving and providing an attractive and useful service for residents and visitors in the CBDs	120 Registered hawkers in Bloemfontein CBD	At least 50% of registered hawkers in CBDs are selling at market venues	At least 50% of registered hawkers in CBDs are selling at market value
		0	150 Registered hawkers in Botshabelo CBD	150 Registered hawkers in Botshabelo CBD
		0	150 registered hawkers in Thaba Nchu CBD 300 sites demarcated	150 registered hawkers in Thaba Nchu CBD 300 sites demarcated
09/14/11	Rural Development			
Rural 2	Facilitate an increase in economic opportunities or activity in rural areas	100 (2005)	20 new SMMEs established and operating in rural areas	20 new SMMEs established and operating in rural areas
			Establish the current value of outputs by the SMMEs in rural area	Establish the current value of outputs by the SMMEs in rural area
Rural 4	Improve access to MLM services by rural communities	Quarterly meetings (2004)	Quarterly meetings	Quarterly meetings
Rural 5	Coordination and integration of external services & providers to rural areas	Ad hoc service provision (2004)	Quarterly meetings	Quarterly meetings
Rural 6	Provide support to peri-urban and rural agricultural farmers within Mangaung	No baseline (new strategy)	50 farmers supported through MLM interventions	60 farmers supported through MLM interventions
Rural 7	Support emerging farmers to become commercial in their	No baseline (new strategy)	80 emerging farmers trained	100 emerging farmers trained

Vote/IDP reference	Proposed service strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
	operations			

6.3.2 Environmental management

Vote/IDP reference	Proposed service strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
09/14/12	Environmental Management			
Env 1	To integrate sustainable development practices within MLM	1 (SoER)	1 Water Quality Plan 1 Biodiversity Policy	Review of Urban Open Space Framework
		0	Finalise MOU with DTEEA	Finalise MOU with SANBI
		1	4 meetings per annum	4 meetings per annum
Env 3	Establish an Environmental education system	<10%	60% of senior MLM officials exposed to environmental literacy	30% of middle management MLM officials exposed to environmental literacy
		< 5%	20% of schools in MLM exposed to environmental literacy	20% of schools in MLM exposed to environmental literacy
Env 10	Manage the conservation and sustainable usage of natural resources	<0.5%	Less than 0.5% of critical open space is lost for development	Less than 0.5% of critical open space is lost for development
		0	2 new conservation areas	Finalise MOU with "Friends of Seven Dams"
Env 16	Promote & Implement environmental management systems (EMS)	0	1 facility	Conduct audit to determine environmental policies of business
		unknown	>5%	
Env 4	Monitor air quality in MLM and develop approaches to reduce contribution to climate change	Unknown	Establish baseline and monitor	Monitor & reporting
Env 7	To manage MLM 's open spaces effectively	>90%	100%	100% compliance to UOSP
Env 9	Promote compliance to Environmental Legislation, policies and bye-laws	Zero	20	Develop Air Quality by-laws
Env 15	To manage negative impacts of development activities	>80%	90%	90% compliance to EIA
Env16	Promote & Implement environmental management systems (EMS)	0	1 MLM facility with an EMS.	none
Env 17	To manage outdoor advertising	unknown	80% compliance	80% compliance

6.3.3 Housing

Vote/IDP reference	Proposed service strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
1067/011	Housing Subsidy Administration			
HS 2:	To ensure at least 11 500 new individual houses are built by MLM as developer, or in partnership with the private	28577 (2004)	2500	3700 households (beneficiaries)

Vote/IDP reference	Proposed service strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
	sector to NHBRC standards and in attractive living environments			
HS 3:	To ensure the upgrading/ rebuilding of 1000 dilapidated houses in Mangaung and to retain their historical character;	0 (2005)	100	Develop the implementation plan in consultation with the Province
HS 4:	To promote various designs and energy efficiency in housing	0 (2005)	100%	100%
HS 5:	To ensure the upgrading of land tenure in Mangaung	0 (2005)	1500 stands	1000 stands
HS 6:	To ensure that all houses built in Mangaung comply with NHBRC standards;	28577 (2004)	100%	100%
HS7:	To ensure MLM is accredited to administer National Housing Programmes	0 (2005)	MLM assessed fully for level one accredited	Delegation of level one functions to MLM
HS 10:	To make clients aware of the implications of various tenure options	28577 (2004)	2500 households	3700 households (beneficiaries)
HS 11:	To prioritise South Africans for housing (subsidies)	28577 (2004)	100%	100%
HS 12	Dealing with disasters in relation to housing	0 (2005)	In any emergency people receive temporary housing within 48 hours	Temporary housing provided within 48 hours depending on availability of resources and the extent of disaster
1067/021	Rental housing			
HS 1:	To ensure that 2500 households are accommodated in new high-density housing with varying tenure options including rent, rent to buy and full ownership	2882 (2005)	270 households	3700 beneficiaries for full ownership
HS 8:	To improve the conditions of MLM rental housing stock	2882 (2005)	150 flats fenced (Lourierpark and Alfa)	
HS 10:	To make clients aware of the implications of various tenure options	2882 (2005)	270 households have identified that rental or rent to buy are better options,	Conduct consumer education workshops in three regions to make clients aware of the implications of various tenure options

6.3.4 Planning

Vote/IDP Reference	Proposed service strategies for division/ section	Target for 2008/9	Target for 2009/10
09/14/25	Spatial Land Use Planning		
SDF1	Promote sustainable settlements & quality of urban and rural environments	Township establishments at: Khotsonq/ Caleb Motshabi, Vista Park, Botshabelo West, Bloemside 9 and 10, Thaba Nchu formalisation	Vista Park Township Establishment; Kgatelopele Formalization; Amendment of the General Plans
SDF2	To ensure that there is an effective consultation process for the definition of the urban edge	Include the newly defined urban edge in the reviewed SDF	This process to be completed in this financial year
SDF3	Encourage urban integration and redress imbalances of the past	Identify strategic portions of land for development of sustainable human settlement including Cecelia/Brandkop. Complete planning for establishment of low/medium income housing schemes on Cecelia and Brandkop Raceway.	Township establishment of Cecelia/Brandkop area to be done by MLM in consultation with developers
SDF4	Improve land use management system for sustainable use of land	Finalize the procurement of service providers for the compilation of land use management system	50% of the project will have been completed by the end of this financial year
CBD2	Develop and implement a plan by 2008/09 that integrates the	Implementation of the Pedestrianization of Selborne	Hoffman Square development to be completed in this financial year

Vote/IDP Reference	Proposed service strategies for division/ section	Target for 2008/9	Target for 2009/10
	Bloemfontein CBD with the historical precinct in the Westdene/Willows/Park West area and the recreational precinct in the Kings Park/Loch Logan areas	Avenue and other projects as identified in the CBD master plan	
CBD 6	To increase residential density within the CBDs	Implement the proposed plans on residential component in the CBD	Implementation of these plans to continue
CBD 7	Business Improvement Districts (BID) established within the CBD's	2 BIDs established: one around Floreat Mall and the other around Russel Square Taxi Rank	Implementation of the BID's to continue
09/14/23	Metropolitan Transportation Planning		
CBD 3/Env 8	To increase and provide an effective, efficient, convenient, reliable and integrated public transport system, including the CBDs	1. Compile 2010 transport operational plan 2. Compile a study on rapid transport public network 3. Implement inter-modal transport facility	The 2010 Transport Operational Plan and the RTP will be completed by June 2010
		The implementation of key performance areas 1-3 of the Mangaung Activity Corridor is due for completion in July 2007. The implementation of the Mangaung Activity Corridor to include Chief Moroka to commence in Aug 2007.	Complete Mangaung Activity Corridor and Chief Moroka
09/14/20	Building Control		
	Ensure that all building plans and constructions conform to approved designs for quality/design/safety	100%	100%
09/14/21	Building Management (MLM)		
	Ensure that all MLM building plans and constructions conform to approved designs for quality/design/safety	100%	100%
09/14/22	Draughting Services		
	Municipal directorates and public are provided with maps and drawings as required	Requests for existing drawings satisfied within 1 hour	Municipal directorates are supplied with new drawings within 2-3 days. Copies of plans to the public are supplied within 1hr

6.3.5 Property

Vote/IDP reference	Proposed service/ strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
09/14/33/ HS 9	Property administration/Land Management			
09/14/34/	Property Management / Sundry properties.			
	Property division			
	Increase income generated in leasing municipal property	Income generated from leasing municipal property.	R500 000	R700 000
	Facilitate the selling of 14 leased shops in Mangaung	All the 14 shops made available to the tenants	Submission to Council for the alienation of the shops and they are transferred to the tenants	Submit applications for sub-division of 14 leased shops to the Provincial Government
	Ensure the proper management of assets.	Audit of lease contracts for sundry properties.	Proper lease contract register for sundry properties.	
		Contract register for the sundry properties	Contracts signed by the Municipality and tenants	Updated contract register for sundry properties.
	Land management			
SDF 6	Facilitate the participation of PDI's in property development	X no of PDI's participating in property development	11 PDI's	13 PDI's
	Ensure that land is available for sustainable development in Mangaung	X no of hectares is available for commercial, industrial and	6 ha of industrial land in Mangaung	

Vote/IDP reference	Proposed service/ strategies for division/ section	Baseline	Target for 2008/9	Target for 2009/10
		residential purposes.	80 ha of residential land in Mangaung 10,000 sq metres of business erven in Mangaung	80 ha of residential land in Mangaung only.
	Acquire land in Grassland phase 4 for development.	X ha of land acquired in Grassland phase 4.	Acquire 100 ha of land in Grassland phase 4 for development.	
	Acquire properties for the upgrading of parfitt avenue	Properties registered in the name of the municipality	3 properties registered in the name of the municipality	Submit applications for sub-division of all acquired properties to the Provincial Government
	Facilitate the allocation of business, industrial and residential erven	X no of business, industrial and residential erven	5 business l erven 20 industrial erven 30 residential erven	Allocate 8 business erven
	Ensure registration of townships in Mangaung	X no of townships registered in mangaung	Register 3 townships in Mangaung.	Register 3 townships in Mangaung
	Allocate land to promote economic empowerment of PDI s	X Hectares of land allocated to PDIs	80 hectares land made available for development by PDIs	40 hectares made available
	Upgrading of Ramblers Club	Upgraded Ramblers Club building	Handing over of upgraded building	

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10. Annual Budgets and Service Delivery and Budget Implementation Plans

10.5 Community & Social Development

SUB-DIRECTORATE EMERGENCY SERVICES

1 Sub - Directorate overall service objective and targets

Objective	Indicator	Baseline (for which year?)	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
To ensure that disasters are avoided or their impact minimized in the Mangaung area.	No disaster or incident escalated beyond the capacity of Mangaung Local Municipality.	Nil for the 2008/9 period	No disaster to escalate	Service excellence, community resilience and self-reliance.
To ensure that appropriate corrective or supportive Fire, Rescue and Emergency related services are provided as required by the MLM community.	Measurement of performance against SANS 10090.	65% for 2008/9.	70% Compliance.	Service Excellence and Community Resilience and Self Reliance.

Directorate : Environmental Health (showing activities and link to capital budget)

1 Sub-Directorate overall service objective and targets

Objective	Indicator	Baseline (for which year?)	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
1. To ensure optimal public health for all the inhabitants of MLM	Number of public health-related communicable diseases and conditions notified per annum	2216 (2003)	< 2000	Community resilience and self-reliance
	Number of cases of zoonotic diseases reported per annum	<6 cases (2004)	0	

Objective	Indicator	Baseline (for which year?)	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
	% of related samples complying with set standards.	85% complying (2006/07)	95 %	

Sub-Directorate: Parks and Cemeteries (showing activities and link to capital budget)

1 Sub- Directorate overall service objective and targets

Objective	Indicator	Baseline (For which year?)	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
To have an attractive, clean, green and healthy environment in Mangaung that will serve as the basis for sustainable economic development and enhance the quality of life for present and future generations.	Perception by residents of level of animal husbandry and nature reserve and natural open space management	Customer survey in 2004/5 70% of MLM residents perceive the service we are rendering as acceptable – need to conduct a client survey with specific reference to service delivery and standards	75% of residents perceiving the service to be good	Community resilience and self-reliance. Service excellence
Provision of graves and crematoria to the residents of Mangaung according to their cultural requirements	Graves provided within 24 hours upon application	2 % complaints received regarding the availability of graves 2006/2007	1 % of total complaints	Service excellence

Sub-Directorate – Traffic and Security (activities and link to capital budget)

1 Sub-Directorate overall service objective and targets

Objective	Indicator	Baseline (for which year?)	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
Ensure that Mangaung Local Municipality is a safe and secure environment for all its employees and visitors to	Reduction in the number of reported cases	A total number of 1726 cases were reported for the year 2007/2008	Decline by 5% by 2010	Community resilience and self – reliance, service excellence Economic growth

Objective	Indicator	Baseline (for which year?)	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
Council premises with a decline in crime				
Reduce crime levels at the top ten hot spots in the Municipality to the average of a particular area	Decline in crime levels	6 identified hotspots	2 hotspots eliminated by 2010	Service excellence and community resilience and self-reliance
Enhance order to voluntary compliance with road traffic rules in the road network of the MLM	Number of notices issued to transgressors in respect of selected road traffic offences	141 694 traffic fines per annum	Increase the baseline by 5%	Community resilience and self-reliance
Implementation of findings of the feasibility study on the establishment of a municipal police service	Implement findings	No findings of feasibility study implemented	Implementation of findings of feasibility study in accordance with the response from the office of the MEC responsible for Safety and Security	Service excellence
To establish a municipal court	Established municipal court	An investigation be conducted about the possible establishment of a Municipal court to deal with Councils by-laws	Investigation completed and report to be submitted to Council by June 2010	Finalized, Service excellence

Sub-Directorate – Social Development (showing activities and link to capital budget)

1 Sub-Directorate overall service objective and targets

Objective	Indicator	Baseline (for which year?) 2008/09	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
1. Increase participation in Sport & Recreation and thereby facilitate the identification of talent and	<i>20 000 members of the community participating in sport & recreation via the use of municipal facilities</i>	11436 obtain on participation figures from monthly report x 12 months.	20 000 members of the community participating in sport & recreation	Community resilience and self-reliance

Objective	Indicator	Baseline (for which year?) 2008/09	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
the promotion of a healthy lifestyle.	<i>and the participation in programmes run by the Sport and Recreation Division.</i>			
2 By 2010 communities are self reliant, proud and strong, the risks that face them have been reduced and women, youth, aged and the disabled have been mainstreamed in society.	<i>Improved livelihood of the poorest.</i>	From first survey	Increase of 5%	Community resilience and self-reliance
	<i>No of people involved in collective activities, as measured in annual household survey</i>	From first household survey	15% involved	Community resilience and self-reliance
	<i>Nos progressing from informal sectors to formal businesses/ organisations, as measured in annual household survey</i>	From first household survey	5 % formal businesses	Community resilience and self-reliance, Economic Growth
	<i>Mainstreaming women in employment</i>	From first survey	Increase in women's employment rate	Community resilience and self-reliance
	<i>% of women on management structures of CBOs, as registered with MLM</i>	From first survey	50% of management in CBOs & NGOs working with MLM	Community resilience and self-reliance
	<i>Mainstreaming persons with disability in Employment</i>	<1% of disabled are employed	1% in employment	Community resilience and s self-reliance
	3. By 210 the standard of education in Mangaung has improved with matric pass rate, literacy levels have risen by 10% there is easy access to post school education and training opportunities at all levels,	<i>Access to post education and training Mangaung is recognized nationally as a centre for high quality learning</i>	To be the best	Number of matriculants accessing post matric education Number of foreign students and number of outside MLM

Objective	Indicator	Baseline (for which year?) 2008/09	Target for 2009/10	Link to Strategic Thrusts (Economic growth, community resilience and self-reliance, etc)
and nationally as a centre for high quality learning.			enrolled in our centers of learning.	
4. Empower community with knowledge about HIV and Aids	<i>Number of courses to be conducted</i>	10 Courses 2008/09	MLM sector Private Sector	Community resilience and self reliance
5. Pre and Post Counseling	<i>Number of people tested</i>	100 People 2008/09		Community Resilience and self reliance
6. Offer Support to HBC	<i>Number of HBC visited</i>	25 HBC 2008/2009		
7. By 2010 communities are self reliant, proud and strong, the risks that face them have been reduced and women, the youth, the aged and the disabled have been mainstreamed in society	<i>Number of applications of NGOs and CBOS supported in seeking funding</i>	N/A	250 business plans developed by NGOs and CBOs supported	Community Resilience
	<i>Mass awareness seminars held to improve understanding of live hoods of poor people in Mangaung.</i>	3	3 Seminars per Region per annum	Self reliance
	<i>Number of seminars and meeting held for the promotion of moral regeneration</i>	2	2 seminars per Region per annum	Community Resilience
	<i>Skills training Capacity Building</i>	1000 (2008/2009)	1200 members of CBOs and NGOs are trained in Business Skills	Community Resilience

SDBIP Annexure**10. Annual Budgets and Service Delivery and Budget Implementation Plans****10.6 Infrastructure Services**

1 Directorates overall service objective and targets

Priority Area	Objective	Key Performance Indicator	Baseline (2007/08)	5 year target	Performance target 2009/10
Local economic development - Promoting Economic Growth					
Poverty eradication	To improve the effectiveness of our intervention directed at second economy.	% of the budget spent on procuring goods and services from HDI's as specified by the Council.	60 % (of Capital Expenditure)	70% (of Capital Expenditure)	68% (of Capital Expenditure)
		Number of projects having EPWP component.	80%	100%	90%
Economic development & Growth	To implement and accelerate measures aimed at promoting local economic development and growth.	% of budget spent on infrastructure development.	90%	90%	91%
		% of budgeted revenue spent on infrastructure maintenance.	12.0%	13.5%	11%
Basic Service Delivery – Promoting service excellence					
Basic services available	To ensure that, by 2011, all households on formal erven will have access on their stand to a water connection, 90% to basic RDP standard sanitation, and 98% to a properly drained all weather street.	% of formal erven with access to a functioning basic water supply.	72%	98%	97%
		% Households that have access on their stand to at least a functioning basic sanitation	55%	90%	93%
		% of streets (km) which are gravelled or tarred to provide access to erven and properties	87%	98%	92%

Priority Area	Objective	Key Performance Indicator	Baseline (2007/08)	5 year target	Performance target 2009/10
	To ensure that all indigent households receive free basic water and electricity.	% Indigent households, who receive free basic water	84%	100%	100%
Service Satisfaction	To ensure that citizens are satisfied with the quality of service provision committed to by the Mangaung Municipality	% Households and commercial property owners satisfied with the quality of service provision in the Mangaung area, as determined by a citizen satisfaction survey.	60%	80%	70%
Community based service delivery	To ensure the outsourcing of services, that are most effectively delivered by communities or SMMEs	No. of municipal services being provided through community-based service delivery mechanisms including local SMMEs	11	18	14
		Built environment kept clean and well maintained at all times.	70%	80%	77%
Infrastructure maintenance	To ensure sustainable provision of infrastructure.	Number of disruptions or failures per 1 000 erven per month – Sewer Water	220 180	180 140	190 146
		Number of disruptions or failures per per month - Road and stormwater	120	100	105
Municipal Financial Viability – Promoting sustainability					
	To ensure that total MIG allocation of Infrastructural Services is spent.	% of effective utilisation of MIG funds.	100%	100%	100%
Good Governance and Public Participation – Civic Leadership					
Civic leadership	To ensure that Mangaung's programmes are aligned to the IDP	% of a municipality's capital budget spent on projects identified in the IDP	90%	95%	91%

Priority Area	Objective	Key Performance Indicator	Baseline (2007/08)	5 year target	Performance target 2009/10
Municipal Transformation and Organisational Development.					
		Alternative service delivery accelerated.	Section 78 Studies completed	Implementation	Policy on uniform governance structures
Financial Management	To ensure that the organisations finances are managed sustainably	Salaries budget as % of total operating budget	30%	29%	29%
		% of total capital budget spent to date in year	100%	95%	95%

Proposed strategies to achieve the service objective

2.1 Office of the Executive Director

<i>1.1.1.1.1</i> Vote no/IDP ref	<i>1.1.1.1.2</i> Proposed service strategies for division/ section	<i>1.1.1.1.3</i> Indicator	<i>1.1.1.1.4</i> Target for 2009/010
107101	Overall management and leadership of directorate to elicit synergy between key programmes and functional areas to improve efficiency of service delivery of the Directorate.	Budget preparation aligned to levels of service policy and financial model	Finalisation and incorporation of key long term infrastructure and service strategy options >95% Capital Expenditure
	Oversee compliance to financial guidelines and financial performance of the Directorate in relation to objectives and strategies of MLM to meet national objectives criteria	% compliance with financial guidelines	Full compliance

2.2 Mechanical Services

<i>1.1.1.1.5</i> Vote no/IDP ref	<i>1.1.1.1.6</i> Proposed service strategies for division/ section	<i>1.1.1.1.7</i> Indicator	<i>1.1.1.1.8</i> Target for 2009/10
107202	Provide an effective and efficient service that adds value to the business of our clients	% Fleet and reduced mean time to repair or turn around time.	65% availability for customer satisfaction on essential fleet e.g. compaction vehicles, Water and Sanitation, Fire and Rescue, Traffic and Security, Centlec, Roads and Storm water.

<i>1.1.1.15</i> Vote no/IDP ref	<i>1.1.1.16</i> Proposed service strategies for division/ section	<i>1.1.1.17</i> Indicator	<i>1.1.1.18</i> Target for 2009/10
		Implementation of centralization of fleet strategy through MLM.	Roads and Stormwater sub directorate to be used as a pilot in implementing Fleet Centralization. First roll out plan to incorporate Solid Waste Management Unit
107203	Deliver an effective and efficient service that adds value to the business of clients to specified quality and safety requirements as set by the Division in accordance with the manufacturer.	% Plant, Equipment and Fleet availability. Develop quality Management system for the section.	80% availability and increased mean time before failure. Quality management system in place. Implementation of a lock out system.
107204	Strive for customer satisfaction by supporting the operational plans of the divisions and other directorates.	% vehicle abuse and misuse throughout MLM and reporting on non-conformances in Council.	Non conforming fleet and equipments reduced to less than 45% (Learnership plan put in place) and making use of the SETA

1.3 Roads & Stormwater

<i>1.3.1.1.1</i> Vote no/IDP ref	<i>Proposed service strategies for division/ section</i>	<i>1.3.1.1.2</i> Indicator	<i>1.3.1.1.3</i> Target for 2009/10
	To improve the effectiveness of our intervention directed at second economy.	% of the budget spent on procuring goods and services from HDI's as specified by the Council.	70%
		Number of projects having EPWP component.	90%
	To implement and accelerate measures aimed at	% of budget spent on infrastructure development.	90%

1.3.1.1.1 Vote no/IDP ref	Proposed service strategies for division/section	1.3.1.1.2 Indicator	1.3.1.1.3 Target for 2009/10
	promoting local economic development and growth.	% of budgeted revenue spent on infrastructure maintenance.	3%
BS 9	To ensure that by 2011 98% of streets are properly drained all weather street with appropriate stormwater.	% of streets (km) which are gravelled or tarred to provide access to erven and properlies	92%
		% of total collector streets which are of an appropriate standard	96%
BS 10	Upgrading of major stormwater canals and conduits to an appropriate standard	% of total major stormwater network which is of an appropriate standard	75%
	To ensure that citizens are satisfied with the quality of service provision committed to by the Mangaung Municipality	% Households and commercial property owners satisfied with the quality of service provision in the Mangaung area, as determined by a citizen satisfaction survey.	70%
	To ensure sustainable provision of infrastructure.	Number of disruptions or failures – Road and stormwater per month	105
	To ensure that total MIG allocation of Roads and Stormwater is spent.	% of effective utilisation of MIG funds.	100%
	To ensure that the organisations finances are managed sustainably	Alternative service delivery accelerated.	Policy on uniform governance structures (pending Council resolution)
		% of total capital budget spent to date in year	95%

2.4 Water and sanitation

1.3.1.1.4 Vote no/IDP ref	1.3.1.1.5 Proposed service strategies for division/ section	1.3.1.1.6 Indicator	1.3.1.1.7 Target for 2009/10
BS 19	Support MLM revenue management strategy through focus on acceptable level of service delivery based on proper asset management	Implementation of water demand management strategy	Implement Water Leak Project Implementation of water conservation and demand management with enforcement.
BS 21	Provide Basic sanitation as an interim measure to replace bucket systems in the short term – using available grant funding (restricted for basic services) from MIG;	% Households that have access on their stand to at least a ventilated improved pit latrine (VIP)	93%
	To reduce levels of water pollution by sewage contamination	Green indicators from Water Quality Management report	Ensure the existence of Water Quality Management Team Monthly reports from Water Quality Management report
	Water Services By-Laws	All By-Laws in place	By-Laws approved by Council
	Provide waterborne sewage using MLM funds, with Provincial housing funds to deliver the on-site plumbing as part of housing subsidies	% households receiving sanitation	Implementation of Comprehensive Infrastructure Plan (CIP) launched by DPLG
	Provide water-borne sewerage using MLM funds, and Motheo District Municipality's funds for waterborne sewerage in the whole area (BS32)	% household s receiving waterborne sanitation	66% Waterborne Sanitation
	Alternative Service Delivery investigation for Water Services	Completion of Section 78(4) decision by Council	Complete Section 78(3) investigation and Section 78(4) decision by Council
	Address bulk water and sanitation backlogs	Providing private development contribution for sustainable development and source government grants for non-sustainable development	Approval of resources for bulk development
	Water Services Development Plan	Completion of WSDP as a sectoral plan to inform the IDP	Approval of WSDP by Council
	Number of disruptions or failures per 1 000 erven per month – Water and sewer	Failures expressed as a frequency per 1000 erven to measure the condition of the network resulting in refurbishment to reduce the frequency of failures	Frequency for sewerage failures – 190 failures/1000 Frequency for water failures – 146 failures/1000 This frequency would prompt refurbishment of system
	Number of projects with EPWP component	Alignment of projects to EPWP principles	Ensuring that 90% projects are based on EPWP objectives

1.3.1.1.4 Vote no/IDP ref	1.3.1.1.5 Proposed service strategies for division/ section	1.3.1.1.6 Indicator	1.3.1.1.7 Target for 2009/10
	Households and commercial property owners satisfied with the quality of service provision in the Mangaung area	Turn-around times for addressing complaints	Sewerage blockages Major blockages: 12 Hours Minor blockages: 48 Hours Water leaks Major mains: 6 Hours Minor mains: 24 Hours Water meter leaks: 72 Hours

2.5 Solid Waste Management

1.3.1.1.8 Vote no/IDP ref	1.3.1.1.9 Proposed service strategies for division/ section	1.3.1.1.10 Indicator	1.3.1.1.11 Target for 2009/10
Env 1	Improve waste collection service level and cleanliness of the city Ensure proper onsite storage of household refuse	<ul style="list-style-type: none"> • % households in formal erven have access to a weekly door-to-door refuse collection service at no later than 16h00 most of the time • Investigation into an appropriate container for refuse storage • No of litter hotspots serviced Perception by residents of the level of cleanliness in open spaces and built environment	100% households in formal erven have access to a weekly door-door refuse removal. Implementation of business plan actions (e.g. round balancing Increased use of SMME's in waste collection for improved cleanliness of City <ul style="list-style-type: none"> • Do a pilot study on the effect/ impact of availability of onsite storage facility for household refuse. • Fifteen (15) • 70%
Env 2	Implementation of NWMS	Integrated Waste Management plan for MLM	Finalisation of feasibility study by KFW to ensure an advanced integrated solid waste management plan

1.3.1.1.8 Vote no/IDP ref	1.3.1.1.9 Proposed service strategies for division/ section	1.3.1.1.10 Indicator	1.3.1.1.11 Target for 2009/10
ENV 3	To establish an environmental education system to address the community and solid waste management staff	Number of people that are literate as regards waste management issues	One education and awareness sessions on solid waste management issues in each cluster. Have one clean-up campaign in each cluster Establish two solid waste management forums (one in each administration unit)
ENV 9	Promote compliance to Environmental Legislation policies and by-laws:	Training of peace officers	Train four Supervisors as peace officers To have revised By-Laws approved by Council
ENV 9	Ensuring Compliance with legislation at landfill sites	Planted vegetation Access controlled landfill sites Weighbridges that are fully operational at two landfill sites (Northern and Southern Sites) Implementation of tariffs at the two sites	<ul style="list-style-type: none"> • Ongoing rehabilitation of the three landfill sites • To have a 24hrs security at landfill site. • To have proper network (telkom) to both sites • Awareness raising to users of the sites • Formalise waste reclaimers on all land fill sites • Upgrading of existing weigh bridges • Installation of additional weigh bridge
	Ensuring compliance of waste management projects to EPWP	No of projects registered with EPWP	Initiation of the registration process
	To ensure that the sub-directorate's finances are managed sustainably	% of budgeted capital budget spent	95% capital budget spent
	To Ensure the implementation of the ASD for SWM	Incremental implementation of the business plan	Finalisation of financial and personnel ring-fencing of sub-directorate's units.
ENV 9	Official closure of the Thaba'Nchu dumping site	Development of a management plan	Closure report and obtaining the ROD from DTEEA