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1. BUDGET RELATED RESOLUTIONS

In terms of the Municipal Finance Management Act, No 56 of 2003, the following solutions are submitted for consideration.

1.1 Operating Budget

It is recommended

That the total operating expenditure of R1,630,003,189 and total operating revenue of R1,890,753,254 and indicative amounts for the two projected outer years 2008/09 and 2009/10, as set out in the following tables, be approved:

- (a) Operating revenue by source reflected in **Table 1 – Page 22**
- (b) Operating expenditure by vote reflected in **Table 2 – Page 25**
- (c) Operating expenditure by GFS classification reflected in **Table 2(a) – Page 28**

1.2 Capital Budget

It is recommended

- (a) That the capital budget of R673,559,930 and the multi year appropriations by vote, GFS classification and funding for the two projected outer years 2008/09 and 2009/10, as set out in **Table 3, 3(a) and 4 – Pages 31 – 38**, be approved.

1.3 Assessment Rates

It is recommended

- a) That, the following general assessment rates in respect of the Mangaung Local Municipality be increased with 6.0% above the previous year and be determined as follows:
 - (i) Eight comma two nine cent (8,29c) per rand on the land value of rateable property without any improvements (exempt from VAT);
 - (ii) Comma seven five three cent (0,753) per rand on the value of improvements (exempt from VAT);

(b) Sanitary Fees

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

(i) Comma seven three six cent (0,736c) per rand on the value of improvements (VAT excluded) with a minimum of thirty nine rand and eight cent (R39,08) (VAT excluded) per erf per month;

(ii) Forty four rand and thirty cent (R44,30) per erf per month for vacant erven (VAT excluded);

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

R50,55 per sanitary point per month (VAT excluded);

R16,81 per refuse container per month (VAT excluded);

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

R25,28 per sanitary point per month (VAT excluded);

R 8,40 per refuse container per month (VAT excluded);

(c) Rebate

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

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

- (ii) 100% rebate in the case of Bloemduin on rateable properties within the area of Bloemduin until 30 June 2008;
- (iii) 20% rebate on rateable properties, which are used mainly for dwelling purposes, but on which informal business is also being operated.
- (iv) 40% rebate on rateable smallholdings larger than 25 hectare.
- (v) that a penalty assessment tariff of comma seven seven cent (0,77) per rand on the value of improvements be imposed if the conditions of section 106(2) of Ordinance number 8 of 1962 are not complied with (exempt from VAT);
- (vi) that the continuation of free services for rates and sanitation be approved and applied only to valued residential property as defined in the approved municipal valuation roll of Mangaung Local Municipality with a land value of R12 500,00 or less and a building value of R30 000,00 or less, which receive a 40% rebate and don't have any penalty clause applicable to it.
- (vii) that the rates and levies in accordance with (c), (d), and (e), as stated above, become due monthly on the following dates, 17 July 2007, 17 August 2007, 16 September 2007, 17 October 2007, 16 November 2007, 17 December 2007, 17 January 2008, 15 February 2008, 17 March 2008, 16 April 2008, 17 May 2008 and 16 June 2008;

1.4 General Tariffs

It is recommended

That the general tariffs and charges, at an average increase of 5%, as reflected in the **Tariffs Booklet**, be approved for the 2007/08 budget year.

1.5 Water Tariffs

It is recommended

- 1.5.1 That, the water tariffs for the 2006/07 financial year be increased by 6.9% above the previous year;
- 1.5.2 That, the new water tariffs for 2007/08 be applicable from the consumer month of July 2007;
- 1.5.3 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
- 1.5.4 That, in terms of section 145 of the Local Government Ordinance of 1962, (Ordinance No 8 of 1962) the following charges and prices, excluding VAT, in connection with the supply and consumption of water are submitted for approval

Part A: Erf within Municipal Area

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

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

Water Consumed:

- (i) R0,00 per kilolitre per month for 0 to 6 kilolitres;
- (ii) R6,92 per kilolitre per month for 7 up to 30 kilolitres;
- (iii) R7,47 per kilolitre per month for 31 up to 100 kilolitres;
- (iv) R7,92 per kilolitre per month for each kilolitre more than 100 kilolitres.

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

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

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

(3) Multiply amount by number of Flats/Townhouses/Duet houses

Tariff 2: Unmetered Erf Used for Residential Purposes Only.

Fixed amount: R13,82 per month

Tariff 3: Unimproved Erf

- 3.1 Unimproved erf, which may be used for residential purposes only:
Minimum charge: R15,24 per month
- 3.2 Any other unimproved erf:
Minimum charge: R204,72 per month

Tariff 4: Directorates of Council

Water consumed: R5,94 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: R204,72 per month
plus
5.2 Water consumed: R7,52 per kilolitre per month.

Part B: Erf Outside Municipal Area

Tariff 6: Erf Used for Residential Purposes Only

Water consumed:

- (a) R0,00 per kilolitre per month for 0 to 6 kilolitres;
(b) R6,92 per kilolitre per month for 7 up to 30 kilolitres plus a surcharge of 35%;
(c) R7,47 per kilolitre per month for 31 up to 100 kilolitres plus a surcharge of 35%;
(d) R7,92 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: R204,72 per month, plus a surcharge of 35%
plus
7.2 Water consumed: R7,52 per kilolitre per month plus a surcharge of 35%

1.6 Electricity Tariffs

It is recommended

- 1.6.1 That, the electricity tariffs for the 2007/08 financial year be increased with an average of 5,4% above the previous year;
- 1.6.2 That, the new electricity tariffs for 2007/08 be applicable from the consumer month of July 2007;

1.6.3 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

1.6.4 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 - R35.65

Peri Urban Tariff - R53.40

b) Units (c/kWh)

Urban Tariff - R0.3250

Peri Urban Tariff - R0.3250

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

a) Service Levy

Urban Tariff - R35.65

Peri Urban Tariff - R53.40

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

Urban Tariff - R0.3670

Peri Urban Tariff - R0.3670

c) Units (c/kWh) Off-Peak

Urban Tariff - R0.2280

Peri Urban Tariff - R0.2280

Tariff II (a): Business Rate

a) Service Levy

Urban Tariff - R186.85

Peri Urban Tariff - R218.90

b) Units (c/kWh)

Urban Tariff - R0.3965

Peri Urban Tariff - R0.3965

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

a) Service Levy

Urban Tariff - R186.85

Peri Urban Tariff - R218.90

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

Urban Tariff - R0.4570

Peri Urban Tariff - R0.4570

c) Units (c/kWh) Off-Peak

Urban Tariff - R0.2490

Peri Urban Tariff - R0.2490

Tariff II(c): Departmental

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

Urban Tariff - R0.2310

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

Urban Tariff - R0.3250

Tariff III(a): Bulk Supply

a) Service Levy LV

Urban Tariff - R474.30

Peri Urban Tariff - R474.30

b) Service Levy MV

Urban Tariff – R723.05

Peri Urban Tariff – R723.05

c) Units (c/kWh)

Urban Tariff - R0.1940

Peri Urban Tariff - R0.1940

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

Urban Tariff – R59.35
Peri Urban Tariff – R59.35

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

Urban Tariff - R57.80
Peri Urban Tariff - R57.80

Tariff IV: Home Power Bulk

a) Service Levy

Urban Tariff - R474.30
Peri Urban Tariff - R474.30

b) Units (c/kWh)

Urban Tariff - R0.3250
Peri Urban Tariff - R0.3250

Tariff V: Prepaid Meters

a) Units (c/kWh) (H3 – Homelight – Full install. Costs)

Urban Tariff - is R0.4140
Peri Urban Tariff - R0.4140

b) Units (c/kWh) (H2 – Homelight – Partly Subsidised)

Urban Tariff - R0.4750
Peri Urban Tariff - R0.4750

c) Units (c/kWh) (H1 – Homelight – Largely Subsidised. Costs)

Urban Tariff - R0.5030
Peri Urban Tariff - R0.5030

d) Units (c/kWh) (B1 – Businesslight – Full install. Costs)

Urban Tariff - R0.5030
Peri Urban Tariff - R0.5030

1.7 Housing Rental Tariffs

The rental tariffs on all housing schemes be increased with 10% from 1 July 2007.

THE BUDGET

2. EXECUTIVE SUMMARY

2.1 Introduction

The tabling of this final budget for approval is a culmination of a journey that started last year with the approval of the IDP/Budget Cycle timetable before this Council in August 2006. Since then, many processes were undertaken both politically and administratively, amongst others, reviewing Mangaung Integrated Development Plan, consultations with communities throughout the municipal area in the form of intensive ward planning process and with Executive Directors and General Managers internally. Also the budget was publicised and the local community was invited to submit representations in connection with the budget. Other engagements were through the IDP/Budget Steering Committee and broader stakeholder representatives, through the Budget Conference which was held on the 22nd May 2007.

The ordinary sitting of Council on this Thursday 31, May 2007, is the final stage of the budget's approval process in the terms of the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). Concomitantly, the reviewed IDP serves as the vision for the future, clearly spelling out as to which services the Mangaung Council are committing to deliver over the next twelve (12) months and beyond.

2.2 Overview

In terms of the Municipal Finance Management Act (**MFMA**), No 56 of 2003, the council of a municipality must for each financial year approve an annual budget before the start of that financial year. In order to comply with the aforementioned, the Executive Mayor must table the annual budget at a council meeting at least 30 days before the start of the budget year.

A municipality is expected to table balanced and credible budgets that are based on realistic estimates of revenue to be collected, taking into account both actual revenue collected in the past 2005/06 budget year and revenue projections for the current 2006/07 budget year and must ensure that their IDP is revised to be consistent with the three year budget cycle.

In total the operating expenditure budget for the 2007/08 financial year amounts to R1,630 million, which represents an increase of R25,62 million (1.60%) above the approved budget for 2006/07. For the 2008/09 and 2009/10 financial years the budgeted amounts are R1,652 million and R1,788 respectively, which represent increases of 1,34% and 8,27% for the two outer years. The projected revenue amounts to R1,891 million for the 2007/08 financial year, which represents an increase of R307 million (19,41%) above the approved budget for 2006/07. For the 2008/09 and 2009/10 financial years the budgeted revenue amounts to R2,185 million (growth - 15,57%) and R2,025 million (growth – 7,31%) respectively. Note should however be taken of the fact that included in the projected revenue for the 2007/08 fiscal period are capital grants and subsidies of R285,2 million (2008/09 - R485,1m and 2009/10 – R151,6m), as a results of the change in accounting policies. This capital grants and subsidies are reflected as funding sources for capital projects. The deficit between the projected operating revenue and expenditure is financed by surpluses brought forward from the previous years and contributions across services, as indicated below.

2.3 Cross Subsidization Across Services

Cross subsidization across services takes place by means of trading services surpluses being utilized (water and fresh produce market) and interest on capital account from Centlec to alleviate the pressure on the rates and general account.

Cross subsidization within services is inter alia contributions to the rates and general account by:

	2005/06	2006/07	2007/08	2008/09	2009/10
	R'000	R'000	R'000	R'000	R'000
▪ Centlec	100 000	96 000	94 000	70 982	70 982
▪ Water	28 560	34 130	46 000	56 500	80 000
▪ Market	1 852	1 395	2 035	1 142	292

Centlec's contribution is reflecting a declining trend from the peak of R100 million in 2005/06 to R94 million in 2007/08 and stabilises to R70,9 million in the two outer years. This is in contrast to the contribution of water, which is showing a rising trend. The impact of a decline of the electricity contribution on the rates and general account is that Council

will have to budget for higher than normal tariff increases in the next few years to make up for a reduction in electricity contribution.

Free services that are provided are as follows:

- 6 kiloliter free water to all residents:
- 50 kWh free electricity to all domestic consumers and
- free services for assessment rates and sanitation for residential property with a land value of R12 500 or less and a building valuation of R30 000 or less.

These free services are funded from the equitable share and the appropriation is as follows:

	2006/7	2007/8	2008/9	2009/10
	R'000	R'000	R'000	R'000
Water	45 544	56 850	66 592	90 214
Electricity	31 910	33 944	35 641	37 245
Rates	49 050	62 809	75 283	103 307
Sanitation	51 543	65 354	78 255	107 331
	<u>R178 047</u>	<u>218 957</u>	<u>255 771</u>	<u>338 097</u>

2.4 Levels of rates, service charges and other fees and charges

Municipalities must ensure that increases in rates and tariffs are within inflation targets, and do not undermine government's macro-economic objectives or negatively affect investor confidence. In particular municipalities are cautioned against extending property taxes in a manner that may impact negatively on the residential, agricultural, mining and industrial sectors. Municipalities are urged to ensure that national economic, tax and fiscal policy objectives are not undermined through excessive municipal rates. The budget for the 2007/08 has been drafted with these guidelines in mind, without undermining the need to render effective and sustainable municipal services. The budgeted surplus for the 2007/8 financial year is R260 240 (2006/7 – R109 787).

Included in the rates and sanitation revenue are growth of 2% and a proposed tariff increase of 6,00%. The General Tariffs for all other municipal services and amenities are increased by an average of 5% per annum. Details of all the general tariffs are specified in the separate **Tariffs Booklet** accompanying the budget documentation.

2.5 Amendments to the IDP and budget related policies

Integrated Development Plan

The institution went through an extensive review and consultative process on the IDP when preparing for the 2007/08 budget. Refinements to the IDP document are in the form of MAYCO setting the agenda forward as well as development priorities from communities in all 45 wards. Together, these constitute the roll-out action plan for the 2007/08 financial year and beyond in achieving the developmental objectives of the municipality.

The process followed in reaffirming community developmental needs and priorities is addressed in the Budget Overview below:

Budget Related Policies

No changes to any of the budget related policies are being proposed on this budget.

2.6 Selected highlights from the operating budgets

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

	ACTUAL 2005/06 R'000	BUDGET 2006/07 R'000	BUDGET 2007/08 R'000	BUDGET 2008/09 R'000	BUDGET 2009/10 R'000
Expenditure by Vote					
Office of the City Manager	75,510	97,454	102,801	115,255	128,755
Corporate Services	54,666	61,257	49,595	654,271	59,039
Finance	38,935	44,213	52,003	58,098	63,342
Community and Social Development	170,426	199,367	202,806	196,361	215,691
Economic Development and Planning	28,948	37,759	41,241	44,223	51,304
Infrastructural Services	219,450	228,501	291,859	273,402	301,694
Miscellaneous Services	120,324	211,557	86,948	74,249	86,691
Housing Service	20,946	14,324	27,200	27,496	29,661
Fresh Produce Market	9,087	10,218	10,159	11,700	13,123
Water Service	242,283	238,565	253,969	262,517	280,828
Electricity Service	431,026	461,166	511,422	534,277	558,320
Total Expenditure by Vote	1,411,601	1,604,381	1,630,003	1,651,849	1,788,448

Expenditure by Type	Actual 2005/06 R'000	Budget 2006/07 R'000	Budget 2007/08 R'000	Budget 2008/09 R'000	Budget 2009/10 R'000
Employee related costs	444,460	517,889	548,351	582,615	637,385
Remuneration of Councillors	14,064	23,941	19,442	20,596	21,818
Bad debts	108,951	3,850	4,850	5,933	7,020
Capital charges/Depreciation	145,226	139,281	161,836	163,025	173,986
Repairs and maintenance	80,090	92,075	106,049	108,004	117,451
Interest paid	3,635	1,907	1,744	1,685	1,404
Bulk purchases - Electricity	272,351	303,370	331,333	346,243	361,824
Bulk purchases - Water	138,946	153,469	165,336	173,272	182,371
Contracted services	25,931	27,281	37,710	37,757	40,808
Grants and subsidies paid	5,174	5,792	6,082	6,173	6,609
Advertising	1,282	1,737	4,091	2,268	2,424
Audit fees	1,983	2,396	2,516	2,563	2,747
Bank charges	4,006	3,862	4,619	4,724	5,068
Fuel	11,707	15,798	18,276	18,623	19,353
Insurance	7,608	7,605	6,767	6,937	7,444
Legal fees	522	2,242	1,814	1,871	2,440
Printing and Stationary	5,368	6,941	8,006	7,251	8,877
Conferences and delegations	2,692	3,611	4,209	3,695	4,176
Hire equipment	5,129	5,942	6,934	6,498	6,983
Postage	3,736	4,220	4,545	4,614	5,047
Telephone	9,813	7,171	7,930	8,081	8,892
Training costs	1,483	4,619	4,623	4,746	5,262
Stores and materials	3,755	4,145	4,145	4,223	4,770
Other Expenses	113,689	265,237	168,795	130,452	154,289
Total Operating Expenditure By Type	1,411,601	1,604,381	1,630,003	1,651,849	1,788,448

In looking at the indicative budget above, users should be mindful of challenges facing the Council and its management staff in implementing the above budget. These challenges and issues are:

➤ **Housing Schemes**

The current housing schemes operated by the municipality through the Directorate of Economic Development and Planning is showing a deficit of R5,8 million, instead of breaking even or showing a surplus. The scheme should ideally be a net contributor to the alleviation of rates and general account like those activities indicated in 2.3 above. The main reason why the Housing Scheme is operating at a deficit is the fact that Council has not been consistent in effecting rental increase over a number of years and fuelled by low levels of collections of outstanding debtor's accounts.

➤ **Personnel Costs**

Employee related costs shows an increase of R30,46 million (5.88%) from that of the 2006/07 financial year to a new budgeted figure of R548,4 million (2007/08). The

increase in the salary bill is mainly due to the three year negotiated settlement at the bargaining council reached in June 2006. For the next two years, the average wage increase is set at 7.0%. As a result of the above personnel costs makes about 34,15% of total revenue budget (excluding capital grants and subsidies), instead of the norm of 29% as agreed to by MLM with National Treasury on the Restructuring Grant conditions.

➤ **Housing Accreditation**

Mangaung Local Municipality was during the 2006/07 financial year identified as a pilot site by the Department of Housing, to be given accreditation to administer national and/or provincial housing programmes. Included in the budget is an annual grant of R 2, 5 million (2006/07 – R2, 2 million) aimed at ensuring that MLM build sufficient capacity and appoint appropriate staff to administer the scheme

➤ **Bad Debts Provision**

Included in the budget is a provision of R4, 85million for bad debts. In the recent past, the Auditor General has raised concerns about the adequacy of Council's provision for bad debts. Council has in addressing the shortfall in the provision for bad debts, adopted a policy of using surpluses at the end of each financial year to strengthen the provision. During the 2005/06 financial year-end, surpluses amounting to R108, 9 million were used to fund the provision for bad debts.

➤ **2010 Fifa Soccer World Cup**

Nomination of the Bloemfontein as one of the cities to host both the 2010 Fifa Soccer World Cup and the Confederation Cup tournaments in 2009, necessitated creation of the World Cup Office. The creation of the office was necessitated by the need to coordinate preparatory works required to get the city ready for hosting both events, as well as in terms of the signed agreement between the city and Fifa.

Included in the operating budget are related costs to the above amounting to R13,52 million for the 2007/08 fiscal period, R12,13 million and R13,81 million respectively for the two outer years of the MTREF period. The proposed budget for 2007/08 represents a growth increase of 840,39% (R12,084 million) from the budgeted allocation of the 2006/07 fiscal period. The drastic increase in the budget was

necessitated by the need to create twelve (12) fulltime contract positions (including the appointment of the Mangaung 2010 Chief Executive Officer), running costs of the office and marketing costs for the city. Five of the created positions are to be filled during the 2007/08 budget period and the remaining appointments will be done in 2008/09.

It is clear from the above that the hosting of these events is adding to the cost pressures currently being experienced by the municipality. The indicative recovery of the hosting costs became necessary as the city is not going to receive any form of subsidy or assistance from the both the National and Provincial spheres of governments nor the Fifa's Local Organising Committee (LOC), to mitigate its increasing administration budget.

➤ **SA GAMES**

Council took a resolution at its meeting held on the 30 November 2006 to jointly host the SA Games with the Free State Province and SASCO (South African Sports Council Organising Committee) in September 2007. The total provisional budget for the hosting of the event is R21,17 million, with each partner contribution as follows, MLM R7 million, Province R7 million and National Lottery R7,17 million of the event's costs. Included in the budget is MLM's net provisional contribution of R7 million towards hosting of the event.

➤ **Transfer of Health Services to Province**

A decision was made by the National Government in 2002 to consolidate Primary Health Care Services into one service administered by one service authority. The decision meant that Primary Health Care Services as currently rendered by MLM, needs to be moved to Free State Department of Health. The intended migration of Health Services was scheduled to take place on the 1 April 2007. The intended transfer to the province effectively means that Council is to realise a net saving of R10,42 million on its operating budget.

In the light of the above no provision has been made on the budget to health services. However, Council should take note of the current dispute between the Municipality and the Province around the interpretation of Section 197 of the Labour Relations Act,

pertaining to the transfer of staff. As a result of the dispute, the intended transfer has been delayed from the 1 April 2007 to around 30 June 2007. **In the event that there is no consensus on the issue of staff transfer, Council will find itself in a situation where it might be forced to amend its budget to accommodate health services.**

2.7 Highlights from the capital program and elimination of backlogs

The projected capital expenditure budget for the 2007/08 MTREF period is standing at R 673,56 million (2006/07 – R451,95 million), which is a growth of 49,03% on that of the previous year. Included in the budgeted amount is a sum of R238,39 million of capital projects, earmarked for the 2010 Soccer World Cup. If one were to discount the 2010 World Cup event, the net new budget will be R435,17 million indicating a growth of 40.45% (R125,3 million) from that of the 2006/07 budget year. The net capital expenditure budget (excluding the 2010 Soccer World Cup) for the 2008/09 and 2009/10 will be R 504,291 and R 381,769 millions respectively. The indicative draft capital expenditure is higher than the envisaged 8 % growth target given to directorates to budget within.

The bulk of the budget is allocated to infrastructural capital projects to the amount of R388, 791 million (2006/07 – R268, 808 million) excluding the World Cup costs. The bias in allocating almost 88,34 % of the budget to infrastructural projects is in line with the Council's policy of addressing existing infrastructural backlogs in the previously disadvantaged areas whilst at the same putting concerted effort in maintaining and sustaining available infrastructural investment in the municipality.

However, it should be noted that the required funds to fund all the capital expenditure needs are limited. Whilst at the same time the needs of the basic infrastructural services and/or address existing services backlog are ever increasing. In an attempt to address and manage those, Council has granted the City Manager approval to investigate possibilities of obtaining outside donor funding and/or to raise external loans, so that Council could implement programmes/projects that will remain as legacy.

Detailed below is an indicative summary of where resources are going to be put on some of the main infrastructure projects, sources of funding and areas in terms of clusters. However,

details of the entire Council’s capital expenditure programme for the entire MTREF period are disclosed separately in booklet marked “Capital Programme 2007/08 – 2009/10”.

SOME OF THE MAIN INFRASTRUCTURAL PROJECTS SUMMARIZED

Category	Project	Funding 2007/8	Project total	Financing	Clusters
ROADS AND STORM WATER	Upgrading of streets and storm water in urban areas	49,275,260	200,968,560	Own and MIG funds	A,B,C,D,G,H,I,J & K
	Gravelling of streets	2,294,290	7,197,220	Own funds	ALL
SEWERAGE RETICULATION	Basic sanitation to erven	91,989,250	295,406,930	Own and MIG funds	C,D,G,H,I,J,&K
	Upgrading of sewer systems	6,000,000	25,464,000	Own funds	ALL
WATER RETICULATION	Water reticulation to erven	8,270,000	38,029,440	Own funds	C,D,G,H,I,J,&K
ELECTRICITY	Electrifications and DME Connections (Reticulation of 4000 erven) Bergman Sqr Phase 3, Koot Niemann, Botshabelo, Meriteng	8,880,000	8,880,000	Own funds	N
	Township developments: electrification of residential areas for which township establishment have been approved (DME). (Reticulation of 4000 erven) Bergman Sqr Phase 3, Koot Niemann, Botshabelo, Meriteng	9,280,000	9,280,000	Public contributions and donations	N
SAFETY AND SECURITY	CCTV Cameras	11,369,000	24,886,640	Own funds	N
SOCIAL DEVELOPMENT	Upgrading of Bochabela boxing arena	2,000,000	4,000,000	Own funds and National Lottery	A
	Rehabilitation programme Stadium swimming pool	6,300,000	6,500,000	Own funds and National Lottery	F
CEMETERIES	Improvement of storm water and roads: Botshabelo cemetery	1,500,000	1,500,000	Own funds	G
	Electronical burial registers: Botshabelo cemetery	350,000	350,000	Own funds	N
ECONOMIC DEVELOPMENT	CBD Rejuvenation	5,000,000	23,500,000	Own funds	N

2010 SOCCER WORLD CUP

The required capital investment for the World Cup showpiece is estimated at R655,85 million over the next three year. The cost breakdown for each the three MTREF period is R238,39 million (2007/08), R319,03 million (2008/09) and R98,43 million (2009/10) respectively. Included in the costs is the main stadium upgrade, which is expected to cost R245 million. The main stadium upgrade has to be completed in 2009 in preparation for the Confederation Cup tournament.

The project sponsor for all the World Cup capital requirements are the following directorates and sub- directorates:

WORLD CUP BREAKDOWN

	2007/2008	2008/2009	2009/2010	TOTAL
Emergency Services		2,700,000		2,700,000
Social Development	123,249,640	148,403,290	0	271,652,930
Economic Development	97,600,000	135,936,350	85,930,000	319,466,350
Infrastructural Services	17,540,000	31,990,000	12,500,000	62,030,000
TOTAL	238,389,640	319,029,640	98,430,000	655,849,280

The funding source for most of the projects comes from grant funding from the National Government. Priority for implementation for most of the projects has been given to items already funded and indicative allocation made available as per DORA (Division of Revenue Act). Guaranteed funding from National Government for the 2010 projects has been given as follows:

	2007/2008	2008/2009	2009/2010	TOTAL
Public Transport Infrastructure Grant	25,000,000	220,000,000	0	245,000,000
World Cup Stadium Development Grant	105,663,000	109,403,000	0	215,066,000
TOTAL	130,663,000	329,403,000	0	460,066,000

Funding for the remaining projects will come from either Council's own resources or grants pending approval of their business plans already submitted. The table below shows all budgeted 2010 World Cup projects to be executed over the MTREF period.

DETAIL OF WORLD CUP CAPEX	TOTAL ESTIMATE PROJECT	ESTIMATED EXPENDITURE TO 2007/06/30	2007/2008	2008/2009	2009/2010
COMMUNITY AND SOCIAL DEVELOPMENT					
MAJOR FIRE PUMP	2,700,000	-	-	2,700,000	-
SEISA RAMABODU STADIUM: UPGRADING 2010 WORLD CUP	20,000,000	1,000,000	5,000,000	14,000,000	-
BOTSHABELO STADIUM: UPGRADING 2010 WORLD CUP	10,000,000	-	1,000,000	9,000,000	-
MMABANA STADIUM: UPGRADING 2010 WORLD CUP	5,000,000	-	2,000,000	3,000,000	-
CLIVE SOLOMON STADIUM: UPGRADING 2010 WORLD CUP	3,000,000	-	-	3,000,000	-
UPGRADING OF STADIUM FOR 2010 WORLD CUP	245,000,010	10,347,080	115,249,640	119,403,290	-
ECONOMIC DEVELOPMENT AND PLANNING					
PEDESTRIANISATION OF SELBOURNE AVENUE	6,700,000	700,000	5,000,000	1,000,000	-
INTER-MODAL PUBLIC TRANSPORT FACILITY AND RELATED TRANSPORT	247,030,000	3,000,000	58,600,000	104,200,000	81,230,000
ACCOMMODATION SUPPORT	700,000	-	-	500,000	200,000
TOURIST INFORMATION CENTRES	3,000,000	-	-	2,500,000	500,000
INFORMATION KIOSKS	2,000,000	-	-	1,500,000	500,000
FANPARKS	6,000,000	-	-	3,000,000	3,000,000
CITY BEAUTIFICATION	2,500,000	-	-	2,000,000	500,000
MANGAUNG ACTIVITY CORRIDOR	22,800,000	563,650	21,000,000	1,236,350	-
PUBLIC TRANSPORT OPERATIONAL PLAN	3,000,000	-	3,000,000	-	-
AIRPORT LINK FEASIBILITY STUDY	5,000,000	-	5,000,000	-	-
ITS FEASIBILITY STUDY	5,000,000	-	5,000,000	-	-
UNDETERMINED PROJECTS	20,000,000	-	-	20,000,000	-
INFRASTRUCTURE					
HEAVY REHABILITATION OF CHURCH STREET	5,000,000	-	1,500,000	3,500,000	-
HEAVY REHABILITATION OF EEUFEEES ROAD	5,000,000	-	1,500,000	3,500,000	-
NELSON MANDELA AVENUE	16,080,000	-	8,040,000	8,040,000	-
REHABILITATION OF ANDRIES PRETORIUS STREET	6,000,000	-	1,500,000	4,500,000	-
REHABILITATION OF DAN PIENAAR DRIVE	9,000,000	-	-	4,500,000	4,500,000
REHABILITATION OF WILCOCKS ROAD	9,000,000	-	-	4,500,000	4,500,000
UPGRADING OF PARFITT AVENUE	11,950,000	-	5,000,000	3,450,000	3,500,000
TOTAL	671,460,010	15,610,730	238,389,640	319,029,640	98,430,000

3. BUDGET SCHEDULES AND CHARTS (Operating & Capital)

The budget schedules to be approved by resolution of Council:

Table 1 - Revenue by Source – Page 22-24

Table 2 - Operating Expenditure by Vote – Page 25-27

Table 2(a) - Operating Expenditure by GFS Classification – Page 28-30

Table 3 - Capital Expenditure by Vote – Page 31-33

Table 3(a) - Capital Expenditure by GFS Classification – Page 34-36

Table 4 - Capital Funding by Source – Page 37-38

Table 5 – Summary of Revenue and Expenditure by GFS classification – Page 39

Table 5(a) – Summary of Revenue and Expenditure by Vote – Page 40

Table 6 – Operating Expenditure by Type – Page 41-43