

**SIYATHEMBA MUNICIPALITY**  
**BUDGET 2009/2010**

**EXECUTIVE SUMMARY**

**a) GENERAL**

During the compilation of the Budget for the 2009/2010 financial year, attention was given to affordable tariffs for consumers and to stay within the parameters as set out in the National Treasury Guidelines, this also includes the guideline in respect of NERSA for the increase in tariffs with regards to Electricity. Consideration was also given to the Circular on the rating of property categories regulated in terms of the municipal property rates regulation on the rate ratio between the residential and non-residential properties (Gazette No. 32061 and 32062, issued on 27 March 2009). This was to comply with Section 19(1) (b) of the Local Government: Municipal Property Rates Act No. 6 of 2004.

Consultation processes as required by the MFMA, Section 23(1)(b) were held with Provincial Treasury - De Aar Region with regards to tariff increases and other budget related matters, and it was resolved that the basis for the increases were within the allowable guidelines. The assistance and comments that was received on the Draft Budget for the 2009/2010 financial year from Provincial Treasury also assisted us to present a more realistic and credible budget for the 2009/2010 financial year.

Community participation started during the month of May 2009 and all representations that were raised in connection with the budget was considered as required by the MFMA, Section 22(a) (ii).

The Municipality budgeted for a salary increase of at least 13% as negotiations with SALGA are still ongoing.

The Municipality is in the process to approve additional by-laws and policies in order to improve the administration, financial management and internal controls within the Municipality.

An increase of the total budget from **R33, 460,466** in 2008/09 to **R42, 344,274** in 2009/10 is mainly because of the following:

- (i) an increase in property rates due to farms that were not taxed on property, increase in the ratio of businesses and state also contributes to an increase;
- (ii) an increase in other service charges, e.g. water, refuse, sewerage and electricity;
- (iii) an increase in traffic income due to the implementation of speeding cameras;

- (iv) gains on the disposal of municipal assets;
- (v) overdraft facility was redeemed during the month of June 2009, therefore no interest will be paid anymore;
- (vi) the two (2) loans from ABSA will also be redeemed during the 2009/2010 financial year;
- (vii) the loan from DBSA will also be redeemed by the end of June 2009;
- (viii) an increase in the capital budget is also evident.

**b) CAPITAL BUDGET**

The upgrading of the waste water sewerage plant that was funded by the Municipal Infrastructure Grant (MIG) was completed during the 2008/2009 financial year. The Municipality already started with the Planning and Development of Tar Roads.

Refer to schedule.

SOURCES OF FUNDING	PROJECTS	CAPEX	REVENUE
MIG	Planning and Development - Tar roads	6,387,000	6,387,000
<b>TOTAL OF CAPITAL BUDGET</b>			<b>6,387,000</b>

**Other priorities:**

1. 43 Houses of Mary dale – Thubelushe Homes are near the completion phase – July 2009
2. 57 Cader Project – are near the completion phase – July 2009

The municipality relies on grants for Capital projects as we do not have surplus cash funds to finance projects at this stage.

**c) OPERATING BUDGET**

The total Operating Budget for 2009/2010 amounts to **R41, 344, 274**.

**Income:**

SCHEDULE 1	Budget Year
	2009/10
REVENUE BY SOURCE	Budget
	R'000
<u>Operating Revenue by Source</u>	
Property rates	5,318,150
Property rates - penalties imposed and collection charges	11,120
Service Charges	16,984,919
Rental of facilities and equipment	545,400
Interest earned - external investments	55,000
Interest earned - outstanding debtors	595,000

Dividends received	0
Fines	371,500
Licenses and permits	13,000
Income for agency services	952,570
Government grants & subsidies	15,397,705
Other Income	399,910
Gain on disposal of property plant and equipment	700,000
<b>Total Revenue By Source</b>	<b>41,344,274</b>

**Expenditure:**

SCHEDULE 2(a)	Budget Year
	2009/10
OPERATING EXPENDITURE BY GFS	Budget
	R'000
Executive & Council	3,552,348
Finance & Admin	11,812,443
Planning & Development	4,040,636
Health	30,000
Community & Social Services	714,175
Housing	0
Public Safety	1,300,560
Sport and Recreation	665,644
Waste Management	7,606,095
Road Transport	0
Water	4,655,805
Electricity	6,966,568
<b>OPERATING EXPENDITURE BY VOTE</b>	<b>41,344,274</b>

***The Indigent portion is allocated according to the following formulas:***

**Water:** Basic charge plus 6 kilo liters of water sewerage the monthly service charges

**Electricity:** 54 kWh per month

**Sewerage:** The actual VIP levy or 75% in case of full water born sewerage

The demand for services supply by the municipality increases every year due to the influx of people in the towns. Due to unemployment that increases, more people apply for Indigent subsidy.

The tariffs for the Basic Services were increased by an average of 6 %.

**d) CONCLUSION**

The previous (2008/09) and current financial year (2009/10) proposed many challenges due to outstanding creditor accounts; a result of past decisions made.

On the 1<sup>st</sup> of July 2008, the outstanding creditors amounted to R 4, 538, 006, which excluded the overdraft facility of R2 million. Debtors on the 1<sup>st</sup> of July 2008 amounted to R12, 416, 467.

We therefore had to pay that debt as well as continue to deliver services to the community. We have normalized the situation and a definite improvement in the financial position of the municipality is visible.