



## **MAYORAL DRAFT BUDGET SPEECH 2014**

### **DRAFT MAYORAL BUDET SPEECH FOR THE COUNCIL BUDGET YEAR 2014/2015 DELIVERED AT THE TOWN HALL ON THE 31<sup>st</sup> MARCH 2014**

The Honourable Madam Speaker of this Council, Councillor Bosman-Magangana;

The Chief Whip for the ruling party, Councillor Mohale;

The Executive Committee Members;

All Fellow Councillors present here today;

The Chiefs present here today;

Management team ;

Council Support Staff;

The media present;

The Community Members that are sitting on the Public Gallery;

Ladies and Gentleman;

Good Morning, Molweni, Dumelang, Goeiemore!

Today is the 31<sup>st</sup> of March 2014 and this is just two years after we were inaugurated as Council for this term ending in 2016 and this term marks the third era of democratic local government and this means next year, which is in May 2014, we will be completing 15 years of this democratic elected municipalities.

Chapter 7 of the Constitution of the Republic of South Africa 1996 Section 152 (1) explains the objectives of Local Government read together with Chapter 4 of the Municipal Finance Management Act which outlines the processes to be followed

when developing the Municipal Budget. It is for this reason that today I am standing here Honourable Speaker to make the budget speech of this Council as I was mandated by this Council to lead two years back and this budget will be handed over to the Council for implementation and I have no doubts that this is one of the good budgets which we have prepared and if implemented properly it will continue service delivery improvements of this municipality and it will ensure that the mandate, given to my movement the African National Congress by the people, which is ***“working together, we can build better communities”*** is easily carried out.

## **BUDGET PREPERATION ASSUMPTIONS**

The following assumptions have been used to prepare the proposed final budget,

### ***Headline inflation forecasts***

On setting up increases on tariffs and increasing of budget expenditures, the National Treasury issued inflation forecast through MFMA circular No 70 for 2014/15 of 5.6% has been well considered and this resulted to all tariffs except electricity to be increased below 5% and electricity by 7.39%.

### ***Revision of rates, tariffs, and other charges***

As detailed on paragraph 1 above, when revising tariffs, rates and other charges, inflation forecast has been considered to ensure that all tariffs are proposed to increase not above 5%.

Further to the above, the labour and other input costs of services have been taken into account to ensure financial sustainability, local economic conditions and the affordability of services and also taken into consideration the municipality's indigent policy.

The proposed rates, tariffs and other charges have been tried to be kept as low as practically possible.

### ***Eskom bulk tariff increases***

On announcement of Eskom bulk increases by NERSA, the municipality proposed increases on electricity tariffs is 7.39% as guided by NERSA and MFMA circular No 70 and final approved tariffs will be subject to NERSA. These will be only tariffs to increase above 5.4% and this is beyond municipality's control as electricity is purchased in bulk from Eskom.

### ***Funding choices and management matters***

Tough decisions on the expenditure side have been made by giving priority to ensure that service delivery is improved in all aspects as follows,

Supports of meaningful local economic development initiatives that foster micro and small business opportunities and job creation.

Day to day operations for provision of service delivery.

That there is expediting spending on capital projects that are funded by conditional grant and council revenue.

Supports of meaningful special programs for community groups.

### ***The Municipal Budget and reporting Regulations***

Since 1 July 2009, the budgets have been prepared as per requirements of the regulations. The municipality have complied with the formats set out in schedule A, B and C and the relevant attachments to each of the schedules.

### **MFMA Circular No. 70**

Circular No. 70 has provided guidance on budget preparations on many aspects on this current budget preparations, the inflation forecast for increases have been considered.

Circular No. 70 provides further guidance to municipalities for the preparation of 2014/15 – 2016/17 Budgets and Medium Term Revenue and Expenditure Framework.

### **DRAFT INCOME AND EXPENDITURE BUDGET**

Draft operating revenue, grants and subsidies, external loan and capital replacement reserve is budgeted to be R393, 5 million (R 366, 0 million: 2013/2014) an increase of R27, 4 million (7.51%: 2013/2014) as tabulated below:

Table 1: Draft Revenue Budget

Revenue Summary						
Details	Approved	Adjustment	Draft	% Allocation	Net Change	% Change
	13/14	13/14	14/15			
Property Rates	-27 040 000	(42 297 947)	(42 297 947)	10.75	-	-
Service Charges	-49 813 718	(49 813 718)	(48 690 405)	12.37	1 123 313	-2.26
Rental of Facilities	-586 633	(586 633)	(599 165)	0.15	(12 532)	-
Interest O/D	-1 850 800	(1 850 800)	(1 943 340)	0.49	(92 540)	5.00
Interest E/I	-5 500 000	(5 500 000)	(4 000 000)	1.02	1 500 000	-27.27
Fines	-450 000	(451 000)	(450 000)	0.11	1 000	-
Licences & Permits	-2 704 000	(2 704 000)	(2 704 000)	0.69	-	-
Grants & Subsidies	-213 605 801	(197 753 032)	(237 884 798)	60.45	(40 131 766)	20.29
Other Income	-59 955 144	(65 081 526)	(54 950 520)	13.96	10 131 006	-15.57
<b>Total Revenue</b>	<b>-361 506 096</b>	<b>(366 038 656)</b>	<b>(393 520 175)</b>		<b>(27 481 519)</b>	<b>7.51</b>

Draft operating expenditure exclusive of capital grants, rollovers, capital replacement reserve and external loans is budgeted to be R275, 7 million (R245, 4 million: 2013/2014) an increase of R30, 3 million (17%: 2013/2014) and is as tabled below.

Table 2: Draft Operating Expenditure Budget Summary

Expenditure Summary						
Details	Approved	Adjustment	Draft	% Allocation	Net Change	% Change
	13/14	13/14	14/15			
Employee Cost	76 333 356	76 333 355	88 906 593	32.24	12 573 238	16.47
Cllr Remunerations	16 778 550	16 778 549	17 350 834	6.29	572 285	3.41
Collection Cost	-	-	-	-	-	-
Depreciation	9 831 085	13 053 023	14 065 850	5.10	1 012 827	7.76
Repairs & Maint	11 250 000	12 559 000	10 065 000	3.65	(2 494 000)	-19.86
Finance Charges	2 000 000	-	-	-	-	-
Bulk Purchases	28 000 000	28 000 000	28 000 000	10.15	-	-
Contracted Services	14 932 983	14 962 983	11 938 607	4.33	(3 024 376)	-20.21
Other Expenditure	35 561 921	51 846 018	67 298 099	24.41	15 452 081	29.80
Grants & Subsidies	19 850 851	28 888 551	33 834 748	12.27	4 946 197	17.12
Provisions	3 000 000	3 000 000	4 277 597	1.55	1 277 597	42.59
<b>Total Expenditure</b>	<b>217 538 746</b>	<b>245 421 479</b>	<b>275 737 329</b>	<b>100</b>	<b>30 315 849</b>	<b>77</b>

## DRAFT CAPITAL BUDGET

Draft capital budget is amounting to R147, 2 million (R123, 6 million: 2013/2014), an increase of R60, 2 million (49%: 2013/2014) and this is inclusive of council revenue allocated for capital projects from operating budget as tabulated below:

Table 3: Summary of Draft Capital Budget

CAPITAL BUDGET 2014/2015										
	Approved	Adjustments	BUDGET		CRR	CRR				
	Budget	Budget		MIG	(Institutional)	(Infrastructural)	DOE	LOAN	OTHER	DECREPTIO
DESCRIPTION	2013/2014	2013/2014	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015
MUNICIPAL GOVERNANCE AND ADMINISTRATION	14 255 000	14 255 000	3 955 200	-	3 955 200	-	-	-	-	-
COMMUNITY AND PUBLIC SAFETY	6 620 000	6 063 812	7 343 000	-	3 843 000	3 500 000	-	-	-	-
ECONOMIC AND ENVIROMENTAL SERVICES	82 967 500	87 814 586	82 667 192	45 210 902	6 067 952	31 388 338	-	30 000 000	-	-
TRADING SERVICES	39 950 000	15 558 865	53 332 000	-	132 000	3 900 000	19 300 000	-	-	-
TOTAL CAPITAL PROJECTS	143 792 500	123 692 263	147 297 392	45 210 902	13 998 152	38 788 338	19 300 000	30 000 000	-	-

The above capital budget is detailed as follows,

OFFICE OF THE MUNICIPAL MANAGER AND COUNCIL ADMINISTRATION

	Approved Budget	Actuals as at	Adjustments Budget	% Spent	BUDGET	BUDGET	BUDGET
DESCRIPTION	2013/2014	Dec-13	2013/2014		2014/2015	2015/2016	2016/2017
<b>MUNICIPAL GOVERNANCE AND ADMINISTRATION</b>							
<b>COUNCILLORS ADMINISTRATION PROJECTS</b>							
Mayors Vehicle	600 000	587 593	600 000	98%	-	-	-
Speakers Vehicle	600 000	604 760	600 000	101%	-	-	-
Office Equipment & Furniture	50 000	-	50 000	0%	30 000	-	-
Mayoral Chain	-	-	-	0%	50 000	-	-
	<b>1 250 000</b>	<b>1 192 353</b>	<b>1 250 000</b>	<b>95%</b>	<b>80 000</b>	-	-
<b>MUNICIPAL MANAGER PROJECTS</b>							
<b>Municipal Manager</b>	<b>42 000</b>	<b>2 084</b>	<b>42 000</b>	<b>5%</b>	<b>42 000</b>	-	-
Desktop	20 000	2 084	20 000	10%	10 000	-	-
Printer	10 000	-	10 000	0%	-	-	-
Office Chair	2 000	-	2 000	0%	-	-	-
Projector	10 000	-	10 000	0%	-	-	-
Laptops (x2)	-	-	-	0%	32 000	-	-
<b>Communication unit</b>	<b>225 000</b>	<b>70 311</b>	<b>225 000</b>	<b>31%</b>	<b>55 000</b>	-	-
Office Furniture & Branding	200 000	70 311	200 000	35%	50 000	-	-
x7Office chair	10 000	-	10 000	0%	-	-	-
Camera	15 000	-	15 000	0%	-	-	-
Gazzebo	-	-	-	0%	5 000	-	-
<b>SPU</b>	<b>8 000</b>	<b>-</b>	<b>8 000</b>	<b>0%</b>	<b>18 000</b>	-	-
office chairs	5 000	-	5 000	0%	-	-	-
heaters	3 000	-	3 000	0%	2 000	-	-
Furniture and Equipment	-	-	-	0%	-	-	-
Printer and photocopying machine	-	-	-		-	-	-
Laptop	-	-	-		16 000	-	-
<b>IDP</b>	<b>10 000</b>	<b>-</b>	<b>10 000</b>	<b>0%</b>	<b>10 000</b>	-	-
Office Furniture	10 000	-	10 000	0%	-	-	-
Projector	-	-	-	0%	10 000	-	-
<b>MRAS</b>	<b>20 000</b>	<b>-</b>	<b>20 000</b>	<b>0%</b>	<b>16 000</b>	-	-
office furniture	20 000	-	20 000	0%	-	-	-
Laptop	-	-	-	0%	16 000	-	-
<b>TOTAL MUNICIPAL MANAGER</b>	<b>1 555 000</b>	<b>1 264 748</b>	<b>1 555 000</b>	<b>81%</b>	<b>221 000</b>	-	-

## COPERATE SERVICES

<b>Corporate Governance</b>	<b>350 000</b>	-	<b>350 000</b>	<b>0%</b>	<b>250 000</b>	-	-
Electronic Documentation System	350 000	-	255 000	0%	250 000	-	-
Computers	-	-	95 000		-	-	-
Organogram Software					-		
Renovation -Municipal Stores	-	-	-	0%	-		
Fencing main municipal Building	-	-	-	0%	-		
<b>Admin Support</b>	<b>950 000</b>	-	<b>950 000</b>	<b>0%</b>	<b>80 000</b>	-	-
Purchase Security Services Equipment	200 000	-	200 000	0%	-	-	-
Upgrade the Telephone System	150 000	-	150 000	0%	-	-	-
IT Infrastructure Equipment	600 000	-	600 000	0%	-	-	-
Furniture & Equipment	-	-	-		80 000		
<b>Council Support</b>	<b>100 000</b>	<b>88 720</b>	<b>100 000</b>	<b>89%</b>	<b>108 000</b>	-	-
Furniture - ward offices	100 000	88 720	100 000	89%	-	-	-
Desktop x2	-	-	-	0%	20 000		
Laptops x 3	-	-	-	0%	48 000	-	
Furniture & Equipment ( Officials)	-	-	-		40 000		
Digital Cameras x 26	-	-	-	0%	-		
<b>Human Resources</b>	-	-	-	-	<b>90 000</b>	-	-
Desktop	-	-	-	-	40 000	-	-
Office Furniture	-	-	-	-	50 000	-	-
Procurement of PMS System	-	-	-	-	-	-	-
<b>Legal Services</b>	-	-	-	-	-	-	-
<b>ICT Services</b>	-	-	-		<b>1 315 000</b>	-	-
Back up generator for the server room and computer equipment	-	-	-	-	350 000	-	-
Office equipment	-	-	-	-	15 000	-	-
Relocation and centralization of server room	-	-	-	-	150 000	-	-
upgrade of network cabling	-	-	-	-	150 000	-	-
Microsoft Licensing	-	-	-	-	650 000	-	-
Server virtualisation	-	-	-	-	-	-	-
<b>TOTAL CORPORATE SERVICES</b>	<b>1 400 000</b>	<b>88 720</b>	<b>1 400 000</b>	<b>6%</b>	<b>1 843 000</b>	-	-

## BUDGET AND TREASURY

<b>Budget Planning</b>							
Plant & Equipment	6 000 000	5 633 000	6 000 000	94%	-	-	-
Finance Offices	5 000 000	2 359 712	5 000 000	47%	-	-	-
Renovation in Maluti and Cedarville	250 000	-	250 000	0%	-	-	-
Office Funniture	50 000	23 576	50 000	47%	500 000	-	-
	-	-	-	0%	-	-	-
	<b>11 300 000</b>	<b>8 016 289</b>	<b>11 300 000</b>	<b>71%</b>	<b>500 000</b>	-	-
<b>Supply Chain &amp; Fleet Management</b>							
Toyota Double Cab (Vehicle written-off in 2012 settled by insurer)	-	-	-		379 000	-	-
Chev Aveo	-	-	-		136 000	-	-
Isuzu Double cab	-	-	-		315 000	-	-
Opel Corsa (x2)	-	-	-		261 200	-	-
	-	-	-		<b>1 091 200</b>	-	-
<b>Revenue and Expenditure Management</b>							
Strong Room New offices	-	-	-		-	-	-
Upgrade of Revenue System	-	-	-		300 000	-	-
	-	-	-		-	-	-
	-	-	-		<b>300 000</b>	-	-
<b>TOTAL BUDGET AND TREASURY</b>	-	-	-		<b>1 891 200</b>	-	-



## COMMUNITY AND PUBLIC SAFETY

<b>PUBLIC AMENITIES</b>							
Swimming Pool Upgrade	-	-	177 472	0%	-	-	-
Upgrade Aerodrome	-	-	600 000	0%	-	-	-
Public Toilets	600 000	-	600 000	0%	-	-	-
Tennis court( Swimming pool Upgrade)	150 000	-	-	0%	-	-	-
Indoor Sport Centre	1 000 000	-	-	0%	-	-	-
Construction of Sports Fields		91 000	1 000 000	0%	-	-	-
Swimming pool - Maluti	1 000 000	-	-	0%	-	-	-
Swimming pool - Cedarville	1 000 000	-	-	0%	-	-	-
Construction of Public Toilets	-	-	-		800 000	-	-
Grass Cutters	-	-	-		80 000	-	-
Furniture & Equipment community hall chair	-	-	-		300 000	-	-
Cemetry Establishment	-	-	-		800 000	-	-
Cemetry Management System	-	-	-		200 000	-	-
Mobile Toilets	-	-	-		100 000	-	-
Backup Generator	-	-	-		50 000	-	-
	<b>3 750 000</b>	<b>91 000</b>	<b>2 377 472</b>	<b>2%</b>	<b>2 330 000</b>	-	-
<b>MUSEUM</b>							
Museum Art & Culture	-	-	60 000	0%	-	-	-
	-	-	<b>60 000</b>	-			
<b>ENVIRONMENT PROJECTS</b>							
Mountain Lake Chalets	200 000	-	200 000	0%	-	-	-
Water connection at Wilfried Baur Ablution	20 000	-	20 000	0%	-	-	-
Trees for Schools & Halls in Ward 15 to 26	50 000	-	50 000	0%	-	-	-
Roll Deck	-	-	-	0%	-	-	-
Greenest Town (trees)	-	28 582	156 340	0%	-	-	-
Construction of Landfill Cells					3 500 000	-	-
Compactor Truck(Rear Loader)					-	-	-
Toyota Land Cruiser 4x4					-	-	-
	<b>270 000</b>	<b>28 582</b>	<b>426 340</b>	<b>11%</b>	<b>3 500 000</b>		
<b>PUBLIC SAFETY</b>							
Test ground Surface	1 500 000	16 566	1 500 000	1%	-	-	-
Fire Engine	1 000 000	-	1 000 000	-	-	-	-
Rescue Equipment	100 000	86 795	100 000	87%	-	-	-
Traffic Lights	-	563 440	600 000	94%	-	-	-
Fire Arms (x20)	-	-	-		200 000	-	-
Traffic Vehicles ( Toyota Land Cruiser x2	-	-	-		-	-	-
Heavy Duty Rural Fire tender	-	-	-		-	-	-
CCTV Camera System	-	-	-		800 000	-	-
Rescue Equipment	-	-	-		100 000	-	-
Tractor /Slasher/Bailor	-	-	-		-	-	-
Alcometre printer	-	-	-		50 000	-	-
Renovation of Traffic Offices	-	-	-		100 000	-	-
Car Ports-Testing Groundf	-	-	-		-	-	-
Two Way Radio	-	-	-		80 000	-	-
Parking Meters	-	-	-		-	-	-
Automated Generator	-	-	-		150 000	-	-
Laptop	-	-	-	0%	-	-	-
	<b>2 600 000</b>	<b>666 801</b>	<b>3 200 000</b>	<b>25.65%</b>	<b>1 480 000</b>	-	-
<b>COMMUNITY GOVERNACE</b>							
Deskbp	-	-	-	-	10 000	-	-
4 way Printer	-	-	-	-	7 000	-	-
Laptop	-	-	-	-	16 000	-	-
	-	-	-	-	<b>33 000</b>	-	-
<b>TOTAL COMMUNITY AND PUBLIC SAFETY</b>	<b>6 620 000</b>	<b>786 383</b>	<b>6 063 812</b>	<b>12%</b>	<b>7 343 000</b>	-	-

## ECONOMIC DEVELOPMENT AND PLANNING

<b>PLANNING AND DEVELOPMENT PROJECTS</b>							
laptops -officials	25 000	-	25 000	0%	-		
Erection Of Street names	-	-	350 000	0%	-		
Area M	11 500 000	-	11 500 000	0%	-		
	<b>11 525 000</b>	-	<b>11 875 000</b>	-	-		-
<b>LOCAL ECONOMIC DEVELOPMENT</b>							
Hawker Stalls	400 000	36 805	400 000	9%			
Fresh Produce Market	2 000 000	-	500 000	0%			
Co operative Training Centre	3 000 000	-	-	31%			
LED Support Centre & EDP offices	3 000 000	930 988	3 000 000	0%		-	-
MS Project x 4 LICENCES	50 000	-	50 000	0%			
Computer Aided Drafting	80 000	-	80 000	0%			
Development Application System	200 000	-	200 000	0%			
Furniture & Equipment	-	-	500 000				
Fencing of Arable Land	-	-	-		-		
Grain Storage	-	-	-		400 000		
Hawker Stalls	-	-	-		500 000		
Tourism Branding Material	-	-	-		-		
	<b>330 000</b>	-	<b>830 000</b>	<b>#DIV/0!</b>	<b>900 000</b>	-	-
<b>EDP GOVERNANCE</b>							
Data Projector	-	-	-		15 000		
	-	-	-	-	15 000	-	-
<b>TOTAL ECONOMIC DEVELOPMENT &amp; PLAN</b>							
	<b>20 255 000</b>	<b>967 793</b>	<b>16 605 000</b>	<b>5%</b>	<b>915 000</b>	-	-

## OPERATION AND MANATAINANCE

3.5 km kerbing & channeling	1 600 000	311 045	1 600 000	19%	-		-
200 Storm Water Pipe Installation	600 000		600 000	0%	-		-
Petrol breaker for concrete works	65 000		65 000	-	-		-
100m Portal culverts installation CBD	400 000		400 000	-	-		-
Concrete Pipecutter	55 000		55 000	0%	-		-
Tar Cutter	60 000		60 000	-	-		-
3.0km(3000m)kerbing and chanelling Material	-	-	-	-	1 500 000		-
300 m Storm Water pipe Installation	-	-	-		750 000		-
Laptop x2	-	-	-		32 000		-
Furniture & Equipment	-	-	-		30 000		-
Bomag Roller	-	-	-		300 000		-
Tar Drums and Material	-	-	-		500 000		-
60 Steel 2 compartment lockers	-	-	-		100 000		-
Pro-Phit Infrared Road Repair System	-	-	-		-		-
Grader	-	-	-		2 200 000		-
Smooth Roller	-	-	-		900 000		-
	<b>2 780 000</b>	<b>311 045</b>	<b>2 780 000</b>	<b>11%</b>	<b>6 312 000</b>	-	-

## PROJECT MANAGEMENT UNIT

Matatiele CBD Internal Streets-Phase 1	3 000 000	-	900 000	0%	3 000 000	-	
Maluti Internal Streets -Phase 3	9 000 000	-	-	0%	500 000		
Matatiele Internal Streets Phase 2 Area C - Harry Gwala	3 400 000	1 310 123	1 400 000	39%	8 000 000		
Cedarville Internal Streets -Phase 3	5 000 000	588 735	5 500 000	12%	4 220 440		
Khau Community Facility	1 500 000	161 106	1 000 000	11%	1 250 000	250 000	
Bethel Community Facility	1 500 000	253 216	1 330 385	17%	919 635	250 000	
Moring Community Hall	320 000	381 577	381 600	119%	-		
Luvuyo Novuka Community Hall	320 000	202 300	202 300	63%	-		
Moaneng Community Hall	320 000	165 928	166 000	52%	-		
Dalibhunga Community Hall	320 000	27 056	419 007	8%	-		
Pamlaville Community Hall	320 000	91 379	542 070	29%	-		
Manzi Access Road	1 500 000	716 519	1 500 000	48%	2 048 212		
Sabasaba Access Road	-	-	1 000 000		243 367		
Khuthalani Sinosizo Access Road	-	-	500 000		-		
Tholaneng Access Road	-	-	750 000		-		
Nkululekweni Access Road	-	-	750 000		-		
Mqayi Access Road	1 500 000	-	1 300 000	0%	2 203 028	-	-
Paballong Access Road	4 500 000	390 480	1 500 000	9%	2 685 000	-	
Masopha Access Road	2 932 500	358 654	1 432 500	12%	1 500 000	-	
Mahangwe Sport Field	1 000 000	-	400 000	0%	1 700 000	200 000	
Afsondering Sport Field	1 000 000	-	400 000	0%	1 700 000	200 000	
Nkau Sport Field	1 000 000	-	400 000	0%	1 700 000	-	
Nice Sport Field	1 000 000	-	400 000	0%	350 000	-	
Majoro Sport Field	1 000 000	-	400 000	0%	1 700 000	-	
Epiphany Field	1 000 000	-	400 000	0%	1 700 000	-	
CIP	2 000 000	1 465 618	800 000	73%	-	-	
Mahasheng Bridge	1 500 000	117 455	1 500 000	8%	105 000	-	
Council Chambers	15 000 000	2 316 753	10 000 000	15%	20 000 000	15 000 000	6 711 402
Mafube- Nkosana	-	95 414	10 000	954%	-	-	
Diaho Great Place	-	1 118 738	1 509 000	74%	68 703	-	
Maluti Internal Streets -Phase 2	-	8 086 321	8 200 000	99%	1 418 679	-	
Ntloa Access Road	-	1 027 703	3 100 337	33%	-	-	
Moiketsi	-	21 842	1 525 244	1%	-	-	
Lukholweni Access Road	-	308 923	559 335	55%	-	-	
Lunda Community Facility	-	-	1 000 000	0%	-	-	
Cross to St Johns	-	520 400	730 844	71%	490 000	-	
Sekhotlong Access Road	-	1 262 211	2 100 000	60%	306 889	-	
Fiva Access Road	-	881 823	1 443 950	61%	264 239	-	
Zingcuka-Madlangeni	-	-	1 000 000	0%	311 964	-	
Nyanzela Access Road	-	2 985 033	6 283 442	48%	4 782 365	-	
Kuyasa Poultry Access Road	-	547 475	1 249 875	44%	-	-	
Lunda Access Road	-	1 769 727	2 661 831	66%	523 718	-	
Mzongwana-Vimba	-	937 797	1 081 866	87%	-	-	
T69 Khoapa Access Road	-	428 774	700 000	61%	-	-	
Fresh Produce Market	-	-	-	0%	2 558 000	2 000 000	
Lagrange Pedestrian Bridge	-	-	-	0%	-	60 000	
Rholweni Bridge	-	-	-	-	1 200 000	-	-
Mvenyane Community Hall	-	-	-	-	-	200 000	-
Lunda Community Facility	-	-	-	-	1 500 000	200 000	-
Sijoka Access Road	-	-	-	-	-	200 000	-
Development of Light Industrial Sites	-	-	-	-	500 000	5 000 000	-
Park Home & Furniture	-	-	-	-	330 000	-	-
Laptops and Printer	-	-	-	-	39 000	-	-
Office and Civic Center	-	-	-	-	45 000	-	-
LED Offices	-	-	-	-	274 480	-	-
Finance Offices	-	-	-	-	5 264 472	-	-
	-	-	-	-	75 402 192	23 560 000	6 711 402
<b>Technical Governance</b>	-	-	-	-	38 000	-	-
Furniture & Equipment	-	-	-	0%	19 000	-	-
Laptop	-	-	-	0%	19 000	-	-
<b>TOTAL INFRASTRUCTURE</b>	<b>59 932 500</b>	<b>28 539 083</b>	<b>68 429 586</b>	<b>48%</b>	<b>81 752 192</b>	<b>23 560 000</b>	<b>6 711 402</b>

## ELICTRICAL SERVICES

Replace town 2 cable	1 000 000		1 000 000	-	-		
Replace LV distribution, taylor and williams streets	500 000		500 000	-	-		
Tools and Equipment	200 000		200 000	-	-		
Cherry picker truck	600 000	-	600 000	-	-		
Replace RMU Green Street	250 000	-	250 000	-	-		
Rural Electrification	35 000 000	1 746 585	10 008 865	0	19 300 000		
Mountain View Ring Feed	750 000	220 211	750 000	0.29	-		
Itsokolele Ringfeed	850 000	-	850 000	-	850 000		
Sub 1 -Buxton Park	-	-	1 000 000	-	-		
Replace MV Cables	-	-	-	-	1 000 000	-	-
Replace Mini Subs (Sirah hardware & north end)	-	-	-	-	750 000		
Substation Golf Club	-	-	-	-	30 000 000		
Park Homes & Office Furniture	-	-	-	-	12 000		
Tools and Equipment	-	-	-	-	50 000		
Radios	-	-	-	-	10 000		
Christmas Decoration Lights	-	-	-	-	60 000		
Five high mast lights	-	-	-	-	1 250 000		
Fencing of Electrical Workshop	-	-	-	-	50 000		
	<b>39 150 000</b>	<b>1 966 796</b>	<b>15 158 865</b>	<b>0.05</b>	<b>53 332 000</b>	<b>-</b>	<b>-</b>

## SALARIES BUDGET

Salaries, wages and allowances are budget at an increase determined as per South African Bargaining Council multi-year agreement for all employees including Senior Management and other contracted employees of which 6, 78% provision is made for such increases. The overall salaries budget is to increase from R76, 3 million (2013/2014) to R88, 9 million (2014/2015) which will be an overall of 16, 4% increase on employee costs.

The 9, 62% Of 16, 4% overall increase is a result of new position budgeted and increases on other benefits like medical aid and pension for new employees.

Councillor's allowances are budgeted at an increase of 7, 5% which will be subject to the approval of upper limits as per requirements of Remuneration Public Office Bearers Act. These have increased from R16, 7 million (2013/2014) to R17, 3 million (2014/2015) which is an increase of R0, 557 million (3, 4%: 2014/2014).

Table 4: Salaries, Wages and Allowances Draft Budget Summary

Details	Approved	Adjustment	Draft	% Allocation	Net Change	% Change
	13/14	13/14	14/15			
Employee Cost	76 333 356	76 333 355	88 906 593	32.24	12 573 238	16.47
Cllr Remunerations	16 778 550	16 778 549	17 350 834	6.29	572 285	3.41

### **DRAFT OPERATING AND CAPITAL BUDGET SUMMARY BY MAIN VOTES**

Draft operating and capital budget is tabled as follows:

Table 5: Total Draft Budget Summary

DESCRIPTION BY MAIN VOTES	Total Expenditure	Total Revenue	(SURPLUS)/DEFICIT
<b>MUNICIPAL GOVERNANCE AND ADMINISTRATION</b>	<b>144 058 779</b>	<b>(247 384 737)</b>	<b>(103 325 958)</b>
<b>EXECUTIVE &amp; COUNCIL</b>	<b>44 614 683</b>	<b>(8 970 501)</b>	<b>35 644 182</b>
- Councillor Administration	19 125 834	-	19 125 834
- Municipal Manager	12 252 117	(8 820 501)	3 431 616
- IDP & PMS	3 472 764	(150 000)	3 322 764
- Communication, Protocol & IGR	2 892 604	-	2 892 604
- SPU	3 412 406	-	3 412 406
- Internal Audit	3 458 959	-	3 458 959
		-	-
<b>CORPORATE SERVICES</b>	<b>30 911 885</b>	<b>(300 000)</b>	<b>30 611 885</b>
- Council Support	2 810 658	-	2 810 658
- Admin Support	16 893 306	-	16 893 306
-HR Management	6 084 350	-	6 084 350
-Legal Services	1 508 859	-	1 508 859
-ICT	2 179 895	-	2 179 895
-Corporate Governance	1 434 817	(300 000)	1 134 817
<b>BUDGET AND TREASURY OFFICE</b>	<b>68 532 211</b>	<b>(238 114 236)</b>	<b>(169 582 025)</b>
- Budget Planning & Investment management	14 685 347	(189 678 489)	(174 993 142)
- Financial Reporting and Asset Management	2 365 440	-	2 365 440
- Revenue & Expenditure Management	31 212 579	(48 435 747)	(17 223 168)
-SCM & Fleet Management	9 255 690	-	9 255 690
-Finance Governance	11 013 156	-	11 013 156
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	<b>36 155 139</b>	<b>(19 930 883)</b>	<b>16 224 256</b>
- Environment	17 199 267	(12 291 883)	4 907 384
- Solid Waste	-	-	-
- Expanded Public Works	5 573 876	(4 485 000)	1 088 876
- Safety & Security	11 822 302	(3 154 000)	8 668 302
- Community Governance	1 559 694	-	1 559 694
<b>ECONOMIC DEVELOPMENT &amp; PLANNING</b>	<b>14 136 010</b>	<b>(176 774)</b>	<b>13 959 236</b>
- Development & Planning	2 991 946	(64 774)	2 927 172
- Local Economic Development	7 189 804	(112 000)	7 077 804
- Human Settlements	1 758 365	-	1 758 365
- EDP Governance	2 195 895	-	2 195 895
<b>ROAD TRANSPORT &amp; TRADING SERVICES</b>	<b>81 387 400</b>	<b>(126 027 781)</b>	<b>(44 640 380)</b>
<b>ROAD TRANSPORT</b>	<b>41 298 699</b>	<b>(58 645 241)</b>	<b>(17 346 541)</b>
- Operations & Maintenance	27 653 963	(21 840)	27 632 123
- PMU	4 400 941	(57 759 000)	(53 358 059)
- Public Amenities	7 353 460	(864 401)	6 489 059
- Infrastructure Governance	1 890 336	-	1 890 336
<b>TRADING SERVICES</b>	<b>40 088 701</b>	<b>(67 382 540)</b>	<b>(27 293 839)</b>
<b>ELECTRICITY SERVICES</b>	<b>40 088 701</b>	<b>(67 382 540)</b>	<b>(27 293 839)</b>
- Electricity	40 088 701	(67 382 540)	(27 293 839)
<b>GRANTS RECEIVED FOR CAPITAL EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE AND EXPENDITURE</b>	<b>275 737 329</b>	<b>(393 520 175)</b>	<b>(117 782 846)</b>
<i>APPROVED 2013/14</i>	<i>21 7 538 746</i>	<i>-361 490 096</i>	<i>(143 951 350)</i>
<i>ADJUSTED 2013/2014</i>	<i>245 421 479</i>	<i>(366 038 656)</i>	<i>(120 617 177)</i>
<i>VARIANCE (ADJUSTED LESS NEW BUDGET)</i>	<i>30 315 849</i>	<i>(27 481 519)</i>	<i>2 834 330</i>
<b>% ALLOCATIONS</b>	<b>100.00</b>	<b>100.00</b>	
<b>% CHANGES</b>	<b>12.35</b>	<b>7.51</b>	<b>-2.35</b>

## GRANTS AND SUBSIDIES

The municipal allocations from grants and subsidies for conditional purposes and operational purposes are tabled as follows for the medium term expenditure revenue forecast,

Table 6: Grants and Subsidies for MTERF

<b>GRANT DESCRIPTION</b>	<b>DORA 2014/2015</b>	<b>DORA 2015/2016</b>	<b>DORA 2016/2017</b>
<b>Equitable Share</b>	R 138 979 000	R 176 035 000	R 176 741 000
<b>MSIG</b>	R 934 000	R 967 000	R 1 018 000
<b>FMG</b>	R 1 600 000	R 1 650 000	R 1 700 000
<b>MIG</b>	R 45 759 000	R 48 086 000	R 50 164 000
<b>EPWP</b>	R 4 485 000	R 0	R 0
<b>DOE</b>	R 19 300 000	R 25 000 000	R 30 000 000
<b>Total</b>	<b>R 211 057 000</b>	<b>R 251 738 000</b>	<b>R 259 623 000</b>

### **DRAFT TOTAL CAPITAL AND OPERATING BUDGET**

Total draft capital and operating budget for 2014/2015 is R459, 7 million (R369, 1 million: 2013/2014) and reflects an increase of R90 million which is 24% from the 2013/2014 adjustment budget. On the R90 million increase there is R30 million allocated in the draft budget from the front loading loan applied and approved by DBSA for electrification projects.

Table 7: Draft Final Budget

<b>DESCRIPTION</b>	<b>2013/2014 APPROVED BUDGET</b>	<b>2013/2014 ADJUSTED BUDGET</b>	<b>2014/2015 DRAFT BUDGET</b>	<b>NET CHANGES</b>	<b>%CHANGES</b>
<b>GENERAL EXPENDITURE</b>	217 538 746	245 421 479	275 737 329	30 315 850	12.35
<b>CAPITAL EXPENDITURE</b>	143 792 500	123 692 263	147 297 392	23 605 129	19.08
<b>TOTAL BUDGET</b>	<b>361 331 246</b>	<b>369 113 742</b>	<b>423 034 720</b>	<b>53 920 978</b>	<b>14.61</b>

## PROPOSED TARIFFS OF CHARGES

Municipal tariffs are proposed to increase as follows:

### *Property Rates*

Table 8: Summary of Proposed Tariffs

<b>Categories</b>	<b>Rate Randages/Rand Value – c/R</b>	<b>Ratio in relation to residential property</b>
Residential property	0.015045	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.003761	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.003761	1:1.2
Smallholdings used predominantly for commercial and / or industrial purposes	0.003761	1: 1.2



Commercial / Business properties	0.018054	1: 1.2
Industrial properties	0.018054	1:1.2
Public Service Infrastructure properties	0.003761	1:0.25
Municipal properties	0.00000	1:0
Mining properties	0.02256	1:1.5

As a way of providing relief of property tax due to changes on the valuation roll, property rates rebates are to remain at 45%, for business and industrial at 15% and property rates exemptions for residential properties will remain at first R55, 000 of the property value as determined in the rolls.

The rate Randages charged in the prior year will not change and the only effect on changes will be the increased property values as per new valuation roll to be implemented.

The tariff increases for 2014/2015 budget year is detailed as follows,

<b>Details</b>	<b>2014/2015</b>
<b>Revenue</b>	<b>R42 297 947</b>

### ***Electricity Tariffs***

Electricity is estimated to increase by 7.39% as per MFMA circular 70 and this will be subject to NERSA approval as will be determined on consideration of the municipal application and Eskom bulk electricity increase.

The electricity tariff increase for 2014/2015 budget year are detailed as follows,

<b>Details</b>	<b>2014/2015</b>
----------------	------------------

Percentage	7.39%
Revenue	R41 500 000

### ***Refuse Removal and Fire Levy***

On consideration of inflation forecast and the provisioning of the cleansing and safety services in ensuring that the municipal citizens are leaving in a clean and healthy environment also are safe from fire damages, the charges on refuse removals, general cleaning and fire of the municipal area are proposed to increase by 5%.

The refuse removal tariff increase for 2014/2015 budget year are detailed as follows,

Details	2014/2015
Percentage	5%
Revenue	R7 190 405

### ***Other Municipal Charges***

All other municipal charges will remain unchanged from previous year.

## **EXTERNAL LOANS**

The loan of R30 million is budget to be raised for the upgrading of sub-station of the town.

Description	Amount
Sub station	R30 000 000
<b>Total</b>	<b>R30 000 000</b>

## **PUBLIC CONSULTATION**

During IDP and Budget review processes done in 11 – 13 September 2013 October 2013, community priorities were recorded and consideration of such has been used to craft this draft budget for discussion by council.

Once considered by council, the draft budget will be provided to community for comments and re-prioritisation.

## **STAFF IMPLICATIONS**

Budget preparations have been done by the municipal management with Budget and Treasury Staff and there was no external support provided by any organ of state.

## **FINANCIAL IMPLICATIONS**

No additional funding has been utilised in preparation of the budget, since all budget processes were done internally by council management with Budget and Treasury Staff.

## **SERVICE DELIVERY IMPLICATIONS**

The approval and implementation of the final budget will ensure that the service delivery in respect of roads infrastructure, housing development, electricity supply, municipal area cleansing and other services facilities are improved.

## **RECOMMENDATIONS**

The Council resolves that:

1. The draft annual Budget of the Municipality for the financial year 2014/2015; and indicative for the two projected outer years 2015/2016 and 2016/2017 as outlined on budget report be approved as set out in the following:
  - *Revenue by Source 1.4 of R393, 520, 175.*
  - *Operating Expenditure by Source 1.5 of R275, 737, 329.*
  - *Capital Funding by Source 1.3 of R147, 297, 392.*
  - *Capital Expenditure by Vote 1.6 of R147, 297, 392.*
2. That the council notes the property rates charges as reflected in table 8 and any other municipal taxes reflected in table 8 as proposed for the budget year 2014/2015;
3. Council notes that the Tariffs of Changes reflected in table 8 as proposed for the budget year 2014/2015;

4. Council notes that the proposed amendments on policies for Credit Control and Debt Collection Policy, Banking and Investment Guide, Fixed Asset Management Policy and Implementation Guide, Budget Policy and Implementation Guide, Property Rates Policy, Transport Policy, Tariff Policy, Supply Chain Management Policy and Code of Conduct, Indigent Policy, GRAP Framework Policy, Risk Management Policy, Data Backup Policy, Cash Management Policy, Special Service Tariff Policy, Grant and Donation Policy, Donor Finance Policy, Procurement Policy, Payment Policy, Virement Policy, Cash-up Policy, Cash Shortage Policy, Electricity Policy, Credit Card Policy, Entertainment / Refreshment Policy, Customer Incentive Scheme Policy, Strategy to Improve Debtor Payment Policy, Customer Care Policy, fraud Prevention and Response Plan Policy, Debt Capacity Policy, Borrowing Policy, Funding and Reserves Policy, and All Promulgated By-Laws as reflected in item 2.4 are approved.
5. Council notes the draft total budget of both operating and capital for the amounts of R423, 034, 720.

I thank you all.