



Part 1.	DRAFT BUDGET
1.1	Executive summary
1.2	Financial overview
1.3	Revenue by source of funding
1.4	Government Grants and subsidies
1.5	Interest earned on investments
1.6	Other Revenue
1.7	Operating Expenditure By Type
1.8	Employee related Cost and remuneration of Councillors
1.9	Finance charges
1.10	Repairs and Maintenance
1.11	Provision for depreciation and assets impairment
1.12	General Expenses

1.1 EXECUTIVE SUMMARY

The preparation of draft annual budget for the 2013/2014 financial year shall be informed by the following:

- Annual IDP of the Municipality,
- Actual results for 2011/2012 financial year,
- Approved budget 2012/2013
- Expected results for 2012/2013 financial year
- The departmental operational plans to be prepared by the various Heads of the Departments.

1.2 FINANCIAL OVERVIEW DRAFT BUDGET

TOTAL OPERATING DRAFT BUDGET

The projected annual revenue amounts to R88, 581million for the 2013/14 financial year, which represents a decrease of (R38, 011) million (-43%) less than the approved adjustment budget for 2012/13. For the 2014/15 and 2015/16 financial years the draft budgeted revenue amounts to R96,327 million which represents an increase of R7,746 million (9%) and R107,335 million which represents an increase of R11,008 million (11%) respectively. In total the draft operating expenditure budget for the 2013/14 financial year amounts to R88, 581 million, which represents a decrease of (R38, 001) million (-28%) less than the approved adjustment budget for 2012/13. For the 2014/2015 and 2015/16 financial years the proposed draft operating expenditure budgets amounts are R96,327 million and R107,335 million respectively, which represent increase of R5,470 (6%) and R11,008 million (10%) for the two outer years.

Table 1 FINANCIAL OVERVIEW OF THE 2013/14 MTREF

Description	Audit Actuals 2011/2012	Adjustment Budget 2012/2013	MTREF		
			Budget Year 2013/2014	Budget Year +1 2014/2015	Budget Year +2 2015/2016
	R'000	R'000	R'000	R'000	R'000
Revenue	96,265	126,592	88,581	96,327	107,335
Expenditure	71,162	126,592	88,581	96,327	107,335
Surplus/Deficit	25,103	-	-	-	-

1.3 REVENUE BY SOURCE OF FUNDING

Revenue estimates should be realistic, as the operating expenditure budget will be funded by the total revenue budget. It should also be reiterated that the council may not budget for a deficit and the budget should be fully funded

Currently the expenditure is more than the available resources so management needs to make a decision /prioritise the projects in order for the municipality to have a balanced budget for 2013/2014 financial year

The table below shows the revenue by source

REVENUE BY SOURCE OF FUNDING						
Description			2013/14	%	2014/15	2015/16
Equitable Share	70,308,000	76,578,000	81,281,000	92%	87,537,000	98,062,000
Finance Management Grant	1,250,000	1,250,000	1,250,000	1%	1,250,000	1,250,000
Municipal Systems Improvement Grant	684,278	1,000,000	890,000	1%	934,000	967,000
Expanded Public Works programme	0	1,737,000	1,000,000	1%	0	0
Other Grants and subsidies	21,839,843	0	0	0%	0	0
Rural Roads Assets Management Systems Grant		0	-	0%	2,006,000	2,376,000
Interest on investments	2,098,728	2,134,000	1,800,000	2%	1,600,256	1,480,000
Other revenue	84,337	43,893,000	2,360,000	3%	3,000,000	3,200,000
TOTAL	96,265,186	126,592,000	88,581,000	100%	96,327,256	107,335,000

1.4 GOVERNMENT GRANTS AND SUBSIDIES

This category constitutes 95% of our total proposed operating income. The equitable share allocations supplement municipalities' own revenues for the provision of basic services to poor households. Grants have increased by 5% from the approved budget.

1.5 INTEREST EARNED ON INVESTMENTS

The estimate for **INTEREST EARNED ON INVESTMENTS** constitutes 2% of the proposed total revenue.

1.5 Other Revenue

This revenue includes revenue generated through purchases of tender documents, VAT returns and refunds from the lodges and this constitutes 3% of our total proposed revenue.

1.7 OPERATING EXPENDITURE BY TYPE

In order to facilitate accountability departments must budget for all expenditure necessary for the performance of their respective functions.

Description	Audit Actuals 2011/2012	Adjustment Budget 2012/2013	Budget Year 2013/2014	% in relation to 2013/14 budget year	Budget Year 2014/2015	Budget Year 2015/2016
Employee related costs	27,734,090	40,770,000	37,316,777	42%	39,657,616	42,233,815
Remuneration of Councillors	7,591,555	8,666,000	8,604,449	10%	9,162,047	9,707,626
Debt impairment	1,862,027	-	-	0%	-	-
Depreciation	1,362,417	900,000	1,000,000	1%	1,200,000	1,450,000
Repairs and maintenance	1,445,161	65,608	900,000	1%	990,000	1,070,000
Finance charges	335,618	56,875	60,000	0%	70,000	79,000
General expenses	30,831,242	76,134,000	40,699,775	46%	45,247,593	52,794,559
TOTAL OPERATING EXPENDITURE BY TYPE	71,162,110	126,592,483	88,581,000	100%	96,327,256	107,335,000

1.8 Employee Related Cost and Remuneration of Councillors

The allocation for employee related cost for 2013/14 amount to R37.3 million which equals to 14 per cent of the total proposed operating expenditure, and R8.6 million for remuneration of Councillors allowances which constitutes 9% of the total proposed operating expenditure.

1.9 FINANCE CHARGES

Finance charges include the payment of interest and bank charges. This constitutes 0% of the total proposed operating expenditure for 2013/2014 financial year.

1.10 Repairs and Maintenance

Repairs and Maintenance constitutes 1% of our total proposed operating expenditure. This category includes all, vehicle and material costs for the repair and maintenance of the assets of the Municipality.

1.11 PROVISION FOR DEPRECIATION AND ASSETS IMPAIRMENT

The provision for depreciation and assets impairment constitutes 1% of our total proposed operating expenditure and this expenditure is considered to be a non-cash flow item.

1.12 GENERAL EXPENSES

General expenses consist mainly of various line items relating to the daily operations of the municipality like, fuel cost, bank charges, consultant fees, stationary, printing and postage cost, telecommunication, rentals, etc. This category constitutes 47% of total operating expenditure.

The below table shows the expenditure per vote and percentages

Vote description	Salaries	General Exp	Repairs & Maintena nce	Total vote	%
Speaker	855,348	730,000		1,585,348	2%
Chief Whippery	486,209	170,000		656,209	1%
Executive Mayor	2,883,780	3,133,599		6,017,379	7%
Mayco & Council	8,604,489	350,000		8,954,489	10%
Municipal Manager	3,533,556	7,527,971		11,061,527	12%
Budget & Treasury	7,786,142	5,520,000		13,306,142	15%
Govenance & Stragetic Support	1,221,739	940,000		2,161,739	2%
LED	1,040,921	1,700,000		2,740,921	3%
Corporate	6,317,264	8,687,548	900,000	15,904,812	18%
Infrastructure	2,354,495	7,875,627		10,230,122	12%
Community Services	9,722,467	4,375,000	0	14,097,467	16%
Agriculture	1,114,844	750,000		1,864,844	2%
TOTALS	45,921,255	41,759,745	900,000	88,581,000	100%