



**WEST RAND DISTRICT
MUNICIPALITY**

2013/2014 BUDGET

WEST RAND DISTRICT MUNICIPALITY

BUDGET 2013/2014 FINANCIAL YEAR

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BUDGET SPEECH

**BUDGET SPEECH BY THE EXECUTIVE MAYOR OF THE WEST RAND DISTRICT
MUNICIPALITY HON. MPHONAWA: 2013/14**

Madam Speaker

Executive Mayors

Speakers and Chief Whips

MMCs

Councilors

Religious Leaders

Business people

Community members

Our Officials

Ladies and Gentlemen

Once more allow me to quote Ephesians 5.v 15 – 16, “So be careful how you live, don’t live like fools, but like those who are wise. Make the most of every opportunity in these evil days, don’t act thoughtlessly, but understand what the lord wants you to do”.

As clearly mandated by the ANC Manifesto which is a guiding document for the West Rand District Council, this Manifesto spells out a clear plan for greater government effectiveness. Our action plan included a program to accelerate service delivery so that:

- No Community will still be using the bucket system for sanitation by 2007, which as the West Rand we have achieved
- All communities will have access to clean water and decent sanitation by 2010 and there is universal provision of basic services; we have been able to meet these expectations as the Region.

Four days ago, Africa celebrated the 50th Anniversary of the formation of the Organisation for African Unity under the theme, “2013 year of Pan Africanism and African Renaissance”. The 50th Anniversary presents an opportune moment to assess how far we have come in living up to the founding principles of African Unity and to assess the road still to be traversed towards an integrated prosperous and peaceful Africa.

It is a great honour for me to present to you the 2013/14 Budget for the West Rand District Municipality.

Madam Speaker, this budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations. The MFMA requires that the budget be tabled ninety (90) days before the start of the financial year and we are fully complying with this requirement. It is the intention to have this budget approved today 30 May 2013.

It is our view that the 2013/14 financial year should be approached with realism and a tightening fiscal discipline and we believe that we should guard against unrealistic demands and concentrate on our key role of uplifting our communities and the West Rand Region as a whole.

Madam Speaker, during the State of the District Address, the West Rand District Municipality reported on the progress we are making in realizing our strategic vision towards 2016. As we continue to engage our communities and other stakeholders on the issue, we must also clarify our political mandate and our intended objective.

We have approved the 2012/2016 Integrated Development Plan for the District and reviewed the 2012/2013 IDPs. The final 2013/14 IDP Review has been prepared in terms of the Local Government: Municipal Systems Act and I am happy to report the following progress in this regard:

The IDP review was circulated to various departments for inputs which were implemented accordingly by management. Consequent to this process, the final IDP Review was presented to community representatives in the form of an IDP Representative Forum which was held on 25 April 2013

I must indicate that the 2013/14 budget was prepared under challenging circumstances. It took a lot of effort to compile and balance the budget. As we are all aware, key to the compilation of the 2013/14 budget was ensuring full compliance with the Legislative prescripts and other policy imperatives, whilst taking into consideration the matters that were previously raised by Auditor General. I am glad to pronounce that such was done

successfully. Hence, on behalf of Council, I would like to express our appreciation to all those that were involved in the process.

Madam Speaker, this month of May marks exactly 2 years after the third democratic local government elections were held on the 18th May 2011. Consequently, the Council's five year strategic document, IDP for 2011/12 until 2015/16 was approved in the same month of May 2011. This 5 year IDP has undergone the Review (2013/14) succinctly to elaborate the challenges and what needs to be done, in our collective efforts of bringing about meaningful changes to the lives of the population of our district.

GOVERNANCE AND FINANCIAL MANAGEMENT

Madam Speaker, we adopted **five strategic goals for the municipality** which are a critical yardstick on which we will measure our progress and performance in the five year term of council. These strategic goals are:

- ***Strategic Goal 1: Regional Planning and Economic Development.***
- ***Strategic Goal 2: Health and Social Development.***
- ***Strategic Goal 3: Public Safety Services.***
- ***Strategic Goal 4: Sustainable Governance for Local Communities.***
- ***Strategic Goal 5: Business Excellence within the WRDM.***

Madam Speaker the general outcry from our communities with regard to our budget is the following.

- Is our budget addressing properly the needs of our disadvantaged communities, and
- Are all women, youth and people with disabilities given enough opportunities or will they continue to be overlooked due to gender prejudice.

Let us not wait for our communities to complain and react later.

Ditlamelwana tsa pula di baakangwa go sale gale.

Madam Speaker, it will be an oversight if the allocations of the budget on the personnel are not clarified. When the Honorable Minister of Finance, took away the tax instrument of the WRDM in June 2006 by abolishment of RSC Levy for Turnover and Payroll from companies, the bulk of the functions that WRDM rendered in terms of Local Government Municipal Structures Act, No. 117 of 1998, Section 83 were affected. Furthermore, the authorization by Honorable Minister of COG in January 2003 on the Division of Powers and Functions to the local municipalities (Category B's), affected the transfer of the Municipal Infrastructure Grant (MIG). The local municipalities are receiving considerable MIG allocation direct from COG. The ultimate result is that WRDM focus has shifted from those functions of Municipal Structures Act, Section 83, in terms of provision of basic service delivery. Prior January 2003, the WRDM has promoted bulk infrastructural development and services, as well as promoting equitable distribution of resources between local municipalities. The abolishment of the tax instrument and transfer of firefighting and rescue services, that is, resulted in the local municipalities' operational budget on personnel decreasing whilst for the WRDM increased.

Madam Speaker, the Minister has assigned Powers and Functions, that are classified as Functional Areas of Concurrent National and Provincial Legislative Competence, that is, Schedule 4 of Part A to the WRDM without funding. These functions have a bearing on the operational budget, especially on personnel costs.

ECONOMIC DEVELOPMENT

This partnership with stakeholders has reaped benefits. In our endeavor to fulfill our constitutional mandate of creating an enabling environment for economic development, in the 2013/14 Financial Year, establishing and sustaining working relations through the Mining Forum brought about spin-offs for our communities in that:

- Gold One has committed R2 762 816.00 towards upgrading and building of school infrastructure,
- Gold One has also committed an amount of R 3 000 000 for Alpha Omega Agricultural Project,

- Gold One pledged to empower 18 local women in Westonaria, through job creation and income generating opportunities,
- Afrisam confirmed R880 000 towards a Poultry and Baking projects owned by Isiqalo Poultry & Bakery Cooperative made up of 6 women.
- Afrisam also committed an amount of R320 000 for reconstruction and enhancement of the abandoned building into a Youth Skills Development Centre in Khutsong.
- Anglo Ashanti committed 15 million towards the Business Development Park (Merafong).
- Merafong Waste recycling project which will be a collaboration of between Gold fields, Harmony and Anglo gold.
- The district will forge a partnership with Sibanye gold mine to establish a fresh produce hub for the West Rand. The mining house will provide funding for the development of the infrastructure.

Madam Speaker, thus far, the West Rand Development Agency's New Board and CEO have been deliberating on strategic issues in the past weeks, and their focus has been on what actions are required to accelerate economic growth and development in the West Rand. Based on interactions with the District and Local Municipal leadership, they have revisited the value proposition of the agency and have now addressed the strategy and the outcomes that must be achieved.

In terms of service delivery outcomes the agency will cover 3 areas, namely:

- Focused support to targeted sectors resulting in equitable economic development and inclusive growth
- Strategic economic development interventions supporting employment-led growth and development
- An enabling environment for trade and investment into the region.

Madam Speaker, for each area outlined the agency will be delivering on programmes to realize the objectives listed therein. Of emphasis will be the mobilization of key economic

stakeholders in the region to involve them in implementation programmes and importantly to build on synergies.

For the 2013/14 financial, the Agency will:

- Reconfigure the business model for existing projects to provide an opportunity for private sector participation and support.
 - ✓ Exploring the viability of Donaldson Dam becoming a multi concessionary Leisure village that provides both big and small enterprises the opportunity to offer leisure products in the form of dining, accommodation, venue hire/conferencing, and sporting events.
 - ✓ Establishing a Municipal Environmental Recycling Cluster (MERC) on the back of the Recycling Buy Back Centres linking them throughout the region to form a feeder system for recycling industries. This will allow for individuals and communities to meaningfully participate in environmental issues and create an income generation opportunity for those involved
 - ✓ Conversion of the plastic recycling factory into an incubator for SMME/cooperatives to be involved in plastic products manufacturing. Plastic industry federations/associations will be engaged to participate in providing support and knowledge transfer to incubates. Furthermore other SMME support organisations will be partnered to provide business support and it is hoped that they will be willing to be part of the process.

- Establish documented partnership with other organizations in the economic development arena. Agreements will be put in place with the Gauteng Growth and Development Agency (GGDA) on matters of Trade and Investment Promotion as well as project implementation. The West Rand will have a presence in the Gauteng Investment Centre (GIC) and should resources allow, a satellite of the GIC will be established in the region.

- Exploring and pursuing opportunities arising from international agreements that have been entered into by National and Provincial government with other countries

and regions of the world. These opportunities will largely be in terms of Trade and investments, knowledge exchange and transfers. Through this platform it is envisaged that the West Rand business will have access to networking opportunities with foreign governments and businesses.

- Identify strategic assets as well as the required economic infrastructure in the West Rand that can be utilized to as a catalyst for economic development and crowding in of investors. There is inherent opportunity in renewable energy through Biomass from sewer plants and landfill gas; eradication of mine dumps presents mineral beneficiation opportunities to build such capabilities in the region and it will also remove the unnatural landscape and associated health hazards created by the mining legacy in the region
- Sectoral focus areas will be on Mining related, tourism and events, manufacturing, agri-processing and township economies. For each of this evidence based targeted programmes will be developed to realize the potential of these sectors in the West Rand. Processes of ensuring that the previously disadvantaged/emerging enterprises are involved through supplier development will be a key feature of these programmes as it is equally important that economic equity and transformation is achieved through the activities of the agency, thus benefiting the broader West Rand community.
- Investigate Spatial Economic integration based on existing corridors and linkages with cross boundary municipalities in Gauteng and neighbouring provinces. The West Rand is a key part of the Gauteng Global City Region (GCR) as it provides the tentacle for the GCR influence on the economies of Potchefstroom and Rustenburg in the North West Province.
- Develop a projects pipeline that has a vault of projects with bankable business cases that will/can be taken to other institutions for funding support and also be presented to the private sector as investment opportunities. There are currently many big ideas on potential projects but these ideas need to be tested so that only those that are viable for implementation are focused on.

The agency has had its fair share of challenges in the past and is currently evaluating the capacity requirements to drive programme implementation. The signs are clear that there will be an enhanced presence of the agency in the region and deeper involvement in project conceptualization and rollout. Economic stakeholders should begin to view the WRDA as their developmental partner for activities they conduct in the West Rand and participate in the engagement platforms that the agency will create.

TOURISM DEVELOPMENT

Madam Speaker, marketing of the West Rand by attending international shows, namely Meetings Africa and Indaba; which both are trade shows and form part of Gauteng Tourism Authority's marketing collaborative with the regions. At these trade shows one-on-one appointments are being conducted to interact directly with international travel agents and tour operators. Attendance to these could contribute to hosting events in the West Rand and tourists to come and spend their time in our region. By bringing in more international events to the region and Gauteng, the International Congress and Convention Association (ICCA) ranking of South Africa, or more specific Gauteng, will increase. For example, Joburg Tourism's Convention Bureau recently announced Johannesburg's phenomenal rise in the ICCA rankings – 92 places from 234 to 142 in the world. Gauteng Tourism Authority has also recently established a Gauteng Convention Bureau to draw and facilitate these bidding processes for the international events and business gatherings.

An events calendar is an essential element of this project and WRT will be updating the West Rand Events Calendar on a bi-annual basis. The West Rand will also play an important role in the development of the Gauteng Tourism's business events strategy.

West Rand Tourism will be hosting the 7th West Rand Tourism Awards during this year. A new focus will be brought to the project by concentrating more on responsible tourism, which includes greening of the tourism industry and tourism establishments. However, establishments still need to be recognised for their service excellence.

Tourism Route development, a special emphasis will be placed on the development of tourism routes in the West Rand. With these routes, more and different tourism experiences can be developed and marketed to potential visitors. A West Rand Birding Route feasibility study has just been completed and needs to be taken further in this new financial year. Birding is a cross-boundary experience and is being classified as a niche market which draws a lot of visitors, even international. The opportunity for other routes will be determined and investigated, e.g. culture and heritage, sport tourism, adventure, township experiences, to name a few.

The concept of the **Regional Tourism Organisation** RTO has been launched already and West Rand Tourism is now in the process of taking this process further. In the pipeline, is the possible establishment of a private company, which will then become the RTO. This project could then be transferred over to the West Rand Development Agency, as this needs to be driven by the private sector.

Madam Speaker, we are still committed to Rural Development. The Comprehensive Rural Development Programme (CRDP) was approved by Cabinet with an objective of giving priority to developing rural areas and providing basic services and improving the quality of life. Throughout the country, a number of areas were identified to be used as catalyst for the CRDP initiatives. In Mogale City, Ward 32 was identified as one of the four pilot sites in Gauteng Province. In 2011 a status quo study was conducted which provided background on the needs analysis of the ward. The needs identified ranged from basic infrastructure services to health, tourism, employment and other related services. The Departments of Agriculture & Rural Development (GDARD) as well as Rural Development and Land Reform (DRDLR) has budgeted R2.9 million for the following projects:

- Tswelopele Community Food Garden: Feasibility study & business plan Tswelopele:
- Layers: Feasibility study & business plan Siyiathuthuka Poultry:
- Broiler: Feasibility study & business plan Zakheni Poultry Co-op:

- Broilers (Hekpoort): Feasibility study & business plan Friends at Work Poultry:
- Broilers (Hekpoort): Feasibility study & business plan Hekpoort Environmental Management Co-operative:
- Feasibility study & business plan Sesinyi and Klaas Poultry:
- Broilers (Veldevreden/ Hekpoort): Feasibility study & business plan Balemisi Poultry:
- Kromdraai Broiler Project: Feasibility study & business plan Kromdraai Nursery:
- Feasibility study & business plan Kromdraai Construction Project:
- Feasibility study & business plan Kromdraai HH Food Gardens:
- Feasibility study & business plan Kromdraai Community Food Garden: Feasibility study & business plan.

Madam Speaker, we will continue to put more focus on the development of SMMEs; the SMME Development office of the Economic development directorate will provide business information to incoming SMMEs who want to know among others about the registration of business entity, business support, capacity development, etc.

The registration of co-operatives seems to take a centre stage and its on-going processes as this type of business formation is popularised. Communities will be assisted to establish a number of Co-operatives in the entire region in the different sectors of our economy.

The lack of agricultural training colleges in Gauteng necessitated Gauteng to come up with the concept of establishing the West Rand Agriculture Training College. The college will enrol the first students from July 2013 and plans are at an advanced stage. The college will render agricultural training and capacity building to small and emerging farmers in the region and the entire province.

Madam Speaker, in February 2013, we were confronted with protests in Mohlakeng. We are more than pleased to announce that through our swift interventions, we were able to quell the situation and as we speak now, peace and harmony is prevailing in the previously affected area.

ENVIRONMENTAL MANAGEMENT

The WRDM formally approved of the Green IQ Strategy of the Key Focus areas will therefore be to expand on the Green IQ initiative for the region, allowing for the roll out of Environmental Programmes such as the following:

- Celebration of National and International Environmental Events.
- Clean-up campaigns
- Environmental Awareness Campaigns.
- Development of parks and open spaces

A Memorandum of Understanding has been entered into with Messrs Mintails to support the roll out of green projects, of which the rehabilitation of mining land, the development of nurseries and the provision of an Edu/Ecopark is envisaged. This will also, on a strategic level, be coupled to addressing the problem of acid mine drainage and possible reclamation of mining water.

The formal approval of the Environmental Management Framework for the West Rand Region during the 2012/13 will also serve as guideline to attend to the conservation of environmentally sensitive land, and related land use management activities, thereby complementing the approved WRDM Green IQ Strategy.

The WRDM has been declared the Air Quality Emission Licensing Authority for the West Rand in 2010 and has, since then, been actively involved in this issuing of air quality emission licenses to factories and industries in the region. Coupled to this function is the monitoring of activities relating to the Air Quality Monitoring Stations in Mogale City and Randfontein LM respectively.

The WRDM has also, through SALGA and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), been shortlisted to qualify for a bio-waste to energy project and officials from the WRDM together with the local municipalities of Randfontein and Merafong have been nominated to undergo the necessary training in Germany.

TECHNICAL SUPPORT AND TRANSPORT PLANNING

The WRDM is coordinating, monitoring and reporting of EPWP projects in the region. An amount of R1 million has been awarded to the WRDM for the 2013/14 financial year and will be earmarked for the following projects: Parks development, clean-up campaigns, youth training in plumbing ventures in support of War-on-Leaks etc. The WRDM is also responsible for co-ordination of the Community Works Programme (CWP) in all the local municipalities, with the focus on creation of job opportunities within the community.

The WRDM is the declared transport area for the West Rand in terms of the National Land Transport Act. In terms of this Act it is the responsibility of the WRDM to attend to public passenger transport services within its area of jurisdiction. In this respect the Transport Planning Section plays a monitoring role to ensure balance between supply and demand of operating licenses to the taxi industry and also renders a support function towards the Learner Transport Forum.

Madam Speaker, from a transport planning point, focus in the 2013/14 financial year will be placed on accelerating the following projects as being funded by Gauteng Province: Department of Roads and Transport

- Proposed implementation of the Transport Logistics Hub that will serve as secondary logistics hub for City Deep.

- Construction of the regional Taxi Rank at the Leratong Crossing to support commercial, industrial and residential development within the Rietvallei/ Kagiso Area.

HUMAN SETTLEMENT AND LAND USE PLANNING

Madam Speaker, the WRDM is in the process of applying for Human Settlement accreditation, the latter which will enable the municipality to act as custodian for all human settlement projects and activities in the region, the function of which is currently being rendered by Province.

The WRDM, in conjunction with the Gauteng Department of Local Government and Housing embarked on the preparation of a Human Settlement Strategy (Housing Chapter) for the West Rand. It is envisaged that this document will be completed by the end of July and will serve as guiding document for human settlement planning once completed.

In order to facilitate regulated planning initiatives, funding was also made available to revise the Regional Spatial Development Framework. Preparation of this document is a legal requirement in terms of the Municipal Systems Act and also constitutes a separate chapter in the Integrated Development Plan. The purpose of the revised Spatial Development Framework will firstly be to assess the position of the District Municipality from a national and provincial perspective, and secondly to serve as a guide for the respective Local Municipalities in order to ensure that their spatial development initiatives link to the overall development perspective of the district.

HEALTH AND SOCIAL DEVELOPMENT

Madam Speaker the WRDM is responsible for Municipal Health Services in terms of the Powers and Function as outlined in section 84 of the Municipal Structures Act. The function has been funded through the Equitable Shares and note should be taken that it is a personnel-driven function. This is supported by the recent transfer of the functions from the respective local municipalities to the WRDM, the last to be Mogale City as from the 1st July 2013.

HIV and AIDs is one of the contributory factors to increased mortality hence the R6 072 000 grant allocation for financial year 2013/14 by Department of Health to support the ward based door to door educational programs within the constituent municipalities.

Sports, Art and Culture have a direct and indirect impact on the health of the population, but mostly it has social cohesion element. Therefore the funding allocation for the development and growth of the project Go West Heritage Festival is important as it is also endorsed as one of the Golden Mzansi project where Art and Culture are recognized as drivers of economic development.

PUBLIC SAFETY

Madam Speaker, crime affects everyone, and our area within West Rand District Municipality is also affected by various crimes. These include theft, especially copper wire, residential burglary, business burglary, motor vehicle theft, murder rate, domestic cases and rape.

Madam Speaker, safety of the people is key to our region hence the WRDM in the 2013/14 financial year set aside an amount of R8 932 400 to sustain the existing CCTV project in the four CBDs i.e. Mogale City, Merafong City, Westonaria and Randfontein.

Honorable Speaker the rendering of emergency services is one of the core responsibilities of the WRDM in terms of the provision of the Municipal Structures Act. It is therefore this factor that prompted the municipality to prioritise tools of trade for the rendering of fire brigade services in this financial year. The effective rendering of Emergency Medical Services is a legislative competency of the provincial government which is rendered on an agency basis by the WRDM. Thus the Gauteng province made an allocation of an amount of R35 834 000 for 2013/14 financial year.

CONCLUSION

Having fully taken up my responsibilities as the Executive Mayor, I can state without any fear of contradiction, that as the servant of the people of West Rand, the journey that is aimed at bringing about the much needed social, economic and political developments in our city

continues. I am overwhelmed by the positive contributions received from the community during our interactions on the Vision 2016.

My appreciation goes to all the officials who participated in the budget process and the compilation of the budget. To fellow councilors, let us not shy away from our oversight responsibilities.

Madam Speaker, we must open our doors of equal access to our communities and win their trust and hope.

BUDGET REPORT

DEPARTMENT BUDGET AND TREASURY OFFICE: FINAL BUDGET 2013/2014 AND MTREF

PURPOSE:

To present the 2013/2014 Final Annual Budget and Medium Term Revenue and Expenditure Framework (MTREF) to the council for consideration.

BACKGROUND:

The Constitution of Republic of South Africa, 1996 has Section 152, 156 (4) and 160 (2), and provide legal framework that ultimate guides the operation of local government in consideration of the budget.

The objects of local government are to provide democratic and accountable government for local communities; to ensure the provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment, and to encourage the involvement of communities and community organisations in the matters of local government.

The national government and provincial government must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessary relates to local government, if that matter would most effectively be administered locally; and the municipality has the capacity to administer it.

The Local Government Municipal System Act, Section 10A on Funding and capacity building indicates: the Cabinet member, MEC or other organ of state initiating an assignment of a function or power to a municipality in terms of section 9 or 10, must take appropriate steps to ensure sufficient funding, and such capacity building initiatives as may be needed, for the performance of the assigned function or power by the municipality if, the assignment of the function or power imposes a duty on the municipality; that duty falls outside the functional areas listed in Part B of Schedule 4 or Part B of Schedule 5 to the Constitution or is not incidental to any of those functional areas; and the performance of that duty has financial implications for the municipality.

The following functions may not be delegated by a Municipal Council: The approval of budgets; the imposition of rates and other taxes, levies and duties; the passing of by-laws; and the raising of loans.

The Minister of Cooperatives Governance and Traditional Affairs (COGTA) has authorised the West Rand District Municipality (WRDM) in January 2003 to perform the functions and exercise the powers of integrated development planning for the district as a whole and municipal health services.

The Member of the Executive Council (MEC) responsible for local government in Gauteng Province has in June 2006 assigned the performance of functions and exercising the powers of municipal roads which form an integral part of a road transport system, regulation of passenger transport services; fire fighting services to the WRDM.

The Local Government Municipal Finance Management Act, No. 56 of 2003 (MFMA), has section 16 on annual budgets which requires council of a municipality to approve for each financial year an annual budget before the start of that financial year, and that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year, i.e. on or before 31 March of every financial year.

Municipal Finance Management Act (MFMA), Circular 67 has these key statements that should not be ignored on the consideration of the 2013/2014 Annual Budget and MTREF.

“Given the economic realities and the fact that **recovery is likely to be slow**, municipalities are once again reminded to adopt a **conservative approach** when projecting their expected revenue and cash receipt.

Macro-Economic Performance and Projections

Inflation Forecasts

Municipality **must** take the following macro-economic forecasts into consideration when preparing their 2013/2014 budget and MTREF:

FISCAL YEAR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual	Actual	Estimate	Forecast	Forecast	Forecast
Real GDP Growth	3.4	3.1	2.5	3.0	3.6	3.8
CPI Inflation	3.8	5.6	5.6	5.6	5.4	5.4

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for period 1 July 2012 to 30 June 2015. The agreement provides for wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/2014 financial year.

The increase will for 2013/2014 financial year will be 6, 85 per cent (5, 6 per cent plus 1, 25 per cent).”

1. KEY ASSUMPTIONS ON THE 2013/2014 BUDGET

- The salary increase for officials (technocrats) will be 6, 85 per cent as informed by MFMA Circular 67 of 12 March 2013;
- The increase in remuneration of councillors will be 7 per cent, and accommodates 3G Cards at maximum R321 (R300 with a seven (7)) per cent per councillor per month; and R300 000 for the full financial year towards travelling claims that are business related;

- All provisions that are accommodated aim to enhance the objects of local government (Section 152 of the Constitution), Municipal Structures Act, Municipal Systems Act, MFMA and related legislations;
- The WRDM will continue as a going-concern for the foreseeable future;
- The two (2) outer years increases are informed by the MFMA Circular 67 estimate of the CPI Inflation; and
- The Division of Revenue Bill amounts for the MTREF are included in terms of the MFMA Circular 48 directive.

2. BUDGET RELATED POLICIES

- 2.1 Asset Management Policy;
- 2.2 Banking and Investment Policy;
- 2.3 Supply Chain Management Policy;
- 2.4 Credit Control and Debt Management Policy; and
- 2.5 Virement Policy.

3. TRANSFERS

3.1 National Transfers as informed by the Division of Revenue Bill.

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
EPWP	R 1 000 000		
Equitable Share	R 26 452 000	R 28 129 000	R 31 236 000
RSC Levy Replacement	R 146 135 000	R 150 519 000	R 154 249 000
NDPG(Technical Assistance)	R 2 000 000	R 1 375 000	R 1 375 000
Rural Roads Assets Management System			R 2 200 000
NPDG (Capital)			
FMG	R 1 250 000	R 1 250 000	R 1 250 000
MSIG	R 890 000	R 934 000	R 967 000
Sub –Total	R 177 727 000	R 182 207 000	R 191 277 000

3.1 (a) Equitable Share: R 26 452 000

In terms of Section 227 of the Constitution, local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The community component of the formula, funds municipal health services (MHS), fire fighting services, planning and municipal roads.

3.1(b) RSC Levy: R 146 135 000

Before 30 June 2006, district municipalities raised levies on local business through the RSC or JSB Levy, which was charged on percentage of turnover and salaries. The source was abolished due to its shortcomings as an equitable fair tax system. The district municipalities are receiving RSC/JSB Replacement Grant based on the amount they had previously collected.

3.1(c) Rural Roads Management Systems Grant: R 2 200 000

The grant is administered by the Department of Transport to improve rural roads infrastructure. The grant will only become available in 2015/2016 financial year.

3.1 (d) Neighbourhood Development Partnership Grant: R 2 000 000

The grant seeks to develop community infrastructure and create a platform for private investment to improve the quality of life in townships. The grant is administered by National Treasury. The WRDM has technical assistance (indirect) allocation of R 2 million.

3.1(e) Local Government Financial Management Grant: R 1 250 000

The fund caters for the modernisation of financial management, including building in-house capacity to implement multi-year budgeting linking integrated development plans to budgets, producing quality and timely in-year and annual reporting, as well as training of the five (5) financial interns.

3.1(f) Municipal Systems Improvement Grant (MSIG): R 890 000

Assist the non-metropolitan municipalities to help them implement their local government turn-around strategy. The WRDM focus on 2013/2014 will be automated performance management system (PMS) and knowledge management.

3.1 (g) Expanded Public Works Programme (EPWP): R 1 000 000

The grant promotes labour intensive method in delivering municipal infrastructure and services. The Regional Development Planning and Environmental Management Directorate monitor the implementation.

3.2 Transfers (Provincially)

Provincial Gazette Extraordinary

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Ambulance Subsidy (EMS)	R 35 834 000	R 37 789 000	R 39 792 000
HIV/AIDS Grant	R 6 072 000	R 6 376 000	R 6 713 000
Community Library	R 800 000	R 800 000	R 800 000
Total	R 42 706 000	R 44 965 000	R 47 305 000

3.3 Total Transfers

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
National (Opex)	R 177 727 000	R 182 207 000	R 191 277 000
National (Capex)			
Provincial	R 42 706 000	R 44 965 000	R 47 305 000
TOTAL	R 220 433 000	R 227 172 000	R 238 582 000

3.2 (a) Emergency Medical Services: R 35 834 000

To ensure rapid and effective emergency care.

3.2 (b) HIV/AIDS Grant: R 6 072 000

Sustain and extend coverage of the ward door to door education programme with referrals to local services (clinics). Build community support and utilize local services appropriately. Support wards structures to address AIDS in the local community.

3.3(c) Community Library Services Grant: R 800 000

To enable the South African society to gain access to knowledge and information that will improve their socio-economic status.

4 REVENUE INTERNAL SOURCES

4.1 WRDA

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Donaldson Dam Rental	R 32 100	R 33 500	R 34 800
Recreation	R 275 000	R 290 000	R 300 000
Sale of Refuse Bags	R 1 000	R 1 000	R 1 000
TOTAL	R308 100	R 324 500	R 335 800

4.2 WRDM

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Rental Shops	R 1 296 000	R 1 360 000	R 1 439 000
Rental Parking	R 40 000	R 40 000	R 40 000
Training fund (LGSETA)	R 420 000	R 442 680	R 466 585
Private Telephone Calls	R 40 000	R 40 000	R 40 000
Transformation LM's	R 2 000 000	R 2 000 000	R 2 000 000
WRDA LM	R 2 000 000	R 2 000 000	R 2 000 000
Interest Earned	R 3 500 000	R 3 690 000	R 3 880 000
Tender Deposits	R 40 000	R 40 000	R 40 000
Insurance Claim	R 200 000	R 200 000	R 200 000
Ambulance Service	R 1 600 000	R 1 600 000	R 1 600 000
Fire Services	R 2 200 000	R 2 200 000	R 2 200 000
Living Units: Public Safety	R 247 000	R 247 000	R 247 000

Building Plan Fees	R 250 000	R 250 000	R 250 000
Sale of Plants: Merafong	R 210 000	R 210 000	R 210 000
Accumulated Surplus (Council General)	R 16 104 474		
VAT	R 8 100 000	R 2 000 000	R 2 000 000
SUB-TOTAL	R 38 247 474	R 16 319 680	R 16 612 585

4.3 TOTAL INTERNAL REVENUE

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
WRDM (Interest)	R 3 500 000	R 3 690 000	R 3 880 000
Service Charges	R 3 800 000	R 3 800 000	R 3 800 000
WRDM	R 308 100	R 324 500	R 335 800
Other	R30 947 474	R 8 829 680	R 8 932 585
Total	R38 555 574	R16 644 180	R16 948 385

5. TOTAL TRANSFERS AND INTERNAL SOURCES

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
National (Opex)	R 177 727 000	R 182 207 000	R 191 277 000
National (Capex)	0	0	0
Provincial(Opex)	R 42 706 000	R 44 965 000	R 47 305 000
Internal Revenue	R 38 555 574	R 16 644 180	R 16 948 385
TOTAL	R 258 988 574	R 243 816 180	R 255 530 385

6. OPERATIONAL BUDGET

6.1 FIXED COSTS

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Personnel Cost	R 159 201 295	R 162 405 500	R167 175 400
Remuneration of Councilors	R 9 353 167	R 9 986 900	R 10 664 970
WRDA	R 4 394 200	R 4 394 200	R 4 394 200

Depreciation and Impairment of Assets	R 8 887 000	R 8 887 000	R 8 887 000
Professional Fees (MM)	R 1 000 000	R 1 000 000	R 1 000 000
Professional Fees (Air Quality Stations)	R 400 000		
Legal Fees (Corporate)	R 300 000	R 300 000	R 300 000
AGSA Fees	R 1 863 400	R 1 964 100	R 2 072 000
Audit Committee	R 100 000	R 100 000	R 100 000
Lease: Vehicles	R 3 071 100	R 3 071 100	R 3 071 100
Programmes/Project (Go-West)	R 3 000 000	R 3 000 000	
EPWP Projects	R 1 000 000		
Programmes/Project (Green IQ)	R 900 000	R 900 000	R 900 000
Professional Fees (SDF)	R 600 000		
Professional Fees (EMF)	R 400 000		
Professional Fees (Job Evaluation)	R 200 000		
Security Services	R 1 800 000	R 1 800 000	R 1 800 000
Insurance Premium	R 1 650 000	R 1 740 000	R 1 830 000
Library Services (Conditional)	R 800 000	R 800 000	R 800 000
FMG (Conditional)	R 1 250 000	R 1 250 000	R 1 250 000
MSIG (Conditional)	R 890 000	R 890 000	R 890 000
HIV/AIDS	R 6 072 000	R 6 376 000	R 6 713 000
NDPG (Conditional)	R 2 000 000	R 1 375 000	R 1 375 000
Leased Equipment	R 2 331 000	R 2 456 000	R 2 590 000
CCTV	R 8 332 400	R 9 093 300	R 9 661 400
Mogale City MHS	R 6 504 030	R 6 819 030	R 7 154 031

Oxygen (Ambulance)	R 110 000	R 140 000	R 160 000
SALGA Membership	R 1 400 000	R 1 475 600	R 1 555 282
Unforeseen Disasters	R 100 000	R 200 000	R 200 000
Maintenance Agreement	R 190 000	R 190 000	R 190 000
OR Tambo Games	R 300 000	R 350 000	R 400 000
Finance Charges	R 3 696 000	R 3 696 000	
Financial System Maintenance	R 830 000	R 830 000	R 830 000
Transformation Programs	R 2 000 000	R 2 000 000	R 2 000 000
SUB-TOTAL	R 234,925,592	R 237 489 730	R 237 963 383

6.2 SEMI FIXED COSTS

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Advertisement	R 400 000	R 421 600	R 444 000
Books and Periodicals	R 30 000	R 31 600	R 32 000
Vehicles Fuel	R 1 600 000	R 1 700 000	R 1 800 000
Vehicle Maintenance	R 500 000	R 530 000	R 562 000
Link road maintenance	R 1 000 000		
Printing	R 300 000	R 315 000	R 332 000
Entertainment Cost : Administrative	R 120 000	R 140 000	R 160 000
Grants Bereavement	R 50 000		
Stationery	R 100 000	R 105 400	R 111 000
Consumable Items	R 150 000	R 158 000	R 166 000
Stock and Materials	R 450 000	R 474 000	R 500 000

Maintenance Building	R 700 000	R 700 000	R 700 000
Furniture Maintenance	R 45 000	R 45 000	R 45 000
Maintenance Equipment	R 30 000	R 31 620	R 33 327
Delegation Councilors (National/International)	R 225 000	R 237 150	R 249 956
Delegation Official (National)	R 80 000	R 84 320	R 88 873
Cellphone Costs	R 527 100	R 527 100	R 527 100
Entertainment EM	R 35 000	R 35 000	R 35 000
Entertainment Speaker	R 20 000	R20 000	R20 000
Entertainment Chief Whip	R 20 000	R 20 000	R 20 000
Entertainment MMC(8)	R 60 000	R 60 000	R 60 000
Entertainment MM	R 15 000	R15 000	R15 000
Entertainment MPAC Chairperson	R 5 500	R 5 500	R 5 500
Programmes and Projects (Political Office)	R 1 827 399	R 1 400 000	R 1 500 000
Rent (MHS/Public Safety)	R 200 000	R 210 800	R 222 183
Municipal Services	R 2 872 985	R 3 061 985	R 3 261 191
Telephone	R 1 872 983	R 2 007 985	R 2 150 275
Capacity Building Councilors	R 250 000	R 300 000	R 350 000
Capacity Building Staff	R 1 592 013	R 1 624 055	R 1 671 754
Internet Line	R 180 000	R 189 720	R 199 965
Data Card Access	R 145 000	R 152 830	R 161 083
Licenses	R 1 500 000	R 1 581 000	R 1 666 374
Regional Data Link	R 900 000	R 948 600	R 999 824
Bank Charges	R 150 000	R 185 100	R 166 637

Paupers Funeral	R 50 000	R 50 000	R 50 000
Communication Strategy: Professional Fees	R 700 000	R 1 000 000	R 1 000 000
SUB – TOTAL	R 18 702 980	R 18 341 365	R 19 306 044

6.4 TOTAL OPERATION BUDGET

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Personnel Costs	R 159 201 275	R 162 405 500	R 167 175 400
Remuneration of Councilors	R 9 353 167	R 9 986 900	R 10 664 970
Depreciation/ Impairment	R 8 887 000	R 8 887 000	R 8 887 000
Finance Charges	R 3 696 000	R 3 696 000	0
Operational Transfers - WRDA	R 4 394 200	R 4 394 200	R 4 394 200
Other Expenditures	R 68 096 910	R 66 461 495	R 66 147 858
TOTAL	R 253 628 572	R 255 831 095	R 257 269 428

FINANCIAL YEAR	2013/2014	%
Personnel Costs	R 159 201 275	63.15
Remuneration of Councilors	R 9 353 167	3.71
Depreciation/ Impairment	R 8 887 000	3.53
Finance Charges	R 3 696 000	1.47
Operational Transfers – WRDA	R 4 394 200	1.74
Other Expenditures	R 68 096 910	26.85
TOTAL	R 253 628 572	100

Personnel costs per Department

<u>Description</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2014/2015</u>
Budget and Treasury Office	R11,912,582	R12,587,261.0	R13,305,113
Information and Communication Technology	R4,727,285	R4,982,225	R5,253,478
Corporate Services	R12,369,227	R13,075,994	R13,827,996
Local Economic Development	R3,669,098	R3,868,073	R4,079,782
Regional	R8,919,433	R9,375,679	R9,861,126
Municipal Manager	R7,956,249	R8,415,874	R8,903,792
Social Development	R11,055,623	R11,682,328	R12,349,147
Political Office	R9,878,220	R10,500,411	R11,162,424
Public Safety	R88,713,578	R87,917,655	R88,432,542
TOTAL	R159,201,295	R162,405,500	R167,175,400

7. TOTAL CAPITAL BUDGET

Capital budget of the municipality for 2013/14 is as follows:

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
MPAC furniture	R 200,000	0	0
2 Fire engines	R 2,160,000	R 2,160,000	R 2,160,000
streetlights	R 3,000,000	R 3,000,000	R 3,000,000
Total Capital Budget	R 5,360,000	R 5,160,000	R 5,160,000

8. AVAILABLE CASH

Investments/cash 30 June 2012	R 101 765 245
Non-Current Liabilities	R 7 419 240
Current Liabilities	R 37 291 960
Contributions (2012/13 budget)	R 15 000 000
Adjustments	<u>R 5 893 230</u>
Total Cash Commitments	<u>R 65 604 160</u>
Available Cash	R 36 161 085

The available cash will be drastically reduced from R 36 161 085 to R 19 873 085, (R 36 161 085 – 16 288 000) If the local municipalities do not contribute to Public Safety and West Rand Development Agency for the 2012/2013 financial year.

The Council should consider an amount of R 16 104 474 (which includes an amount R400 000 of the Regional Internal Audit Pilot Study, which will be available as 30 June 2013) from available cash to eliminate the deficit as well as to make an amount of R 6 477 399 available towards capital expenditure.

9. FINAL BUDGET 2013/2014

FINANCIAL YEAR	2013/2014	2014/2015	2015/2016
Services Charges	R 3 800 000	R 3 800 000	R 3 800 000
Investment revenue	R 3 500 000	R 3 690 000	R 3 880 000
Transfers recognised operational	R 220 433 000	R 221 172 000	R 238 582 000
Other own revenue	R 30 855 574	R 9 154 180	R 9 268 385
Total revenue exchanging capital transferred and contributions	R 258 588 574	R 243 816 180	R 255 530 385
Personnel Costs	R 159 201 295	R 162 405 500	R 167 175 400
Remuneration of Councilors	R 9 353 167	R 9 986 900	R 10 664 970
Depreciation/ Impairment	R 8 887 000	R 8 887 000	R 8 887 000
Finance Charge	R 3 696 000	R 3 696 000	
Transfer (WRDA)	R 4 394 200	R 4 394 200	R 4 394 200
Other Expenditures	R 68 096 910	R 66 461 495	R 66 147 858
Total Expenditure	R 253 628 672	R 255 831 095	R 257 269 428
Surplus/(Deficit)	(R 5 360 000)	R 12 014 915	R 1 739 043
Transfers- Capital Contribution	0	0	0
Contributions and Contributed Assets	R 5 360 000		
Surplus(Deficit) after capital transfers and contributions	(R 5 360 000)	R 12 014 915	R 1 739 043

The amount of R 5 360 000 surplus in 2013/2014 financial year will be allocated for capital programmes/projects as prioritised by the municipal council in terms of the Integrated Development Plan (IDP).