

PIXLEY KA SEME DISTRICT
MUNICIPALITY



FINAL BUDGET
&
SUPPORTING MATERIAL

2014/2015

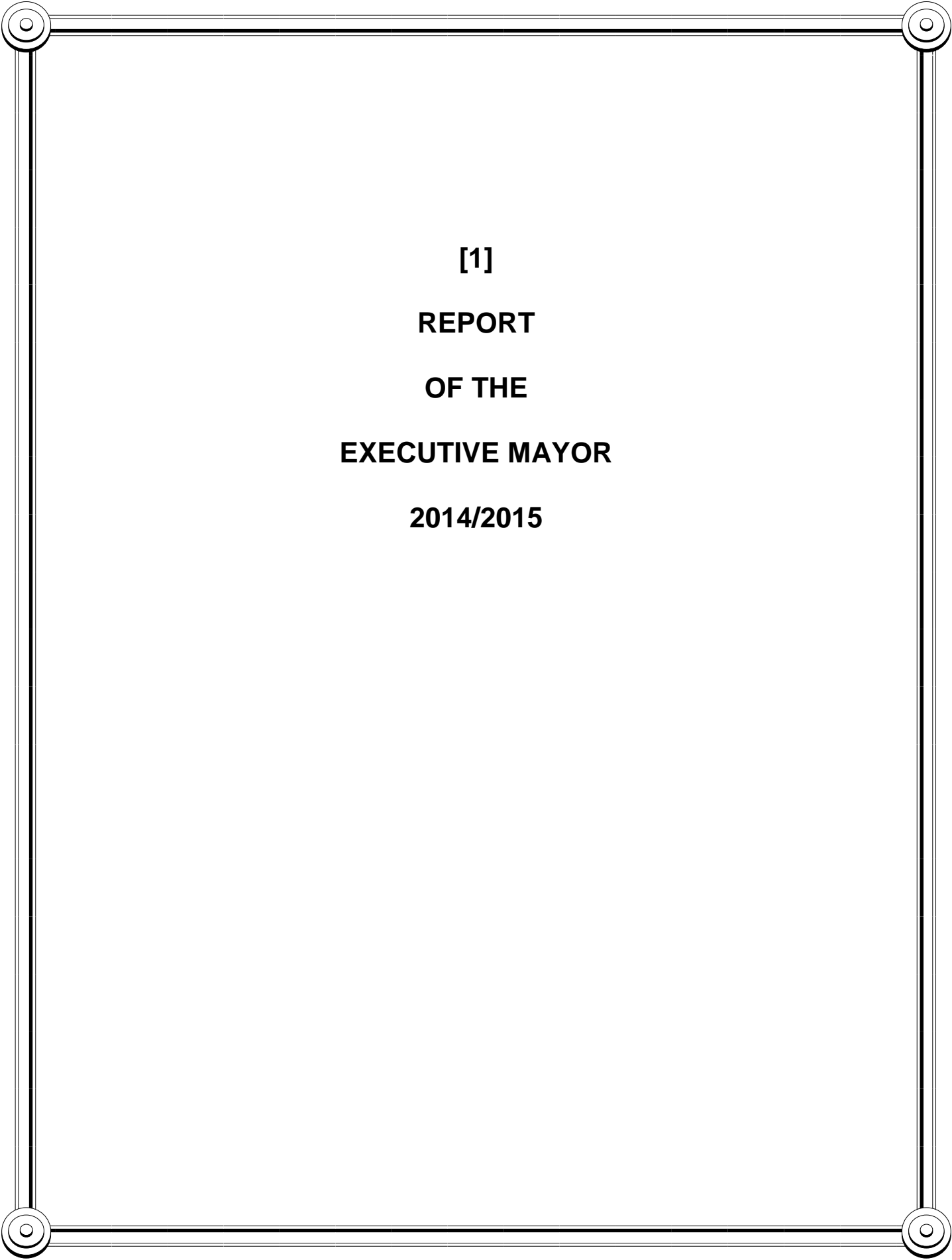
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[1]
REPORT
OF THE
EXECUTIVE MAYOR
2014/2015

BUDGET SPEECH BY THE EXECUTIVE MAYOR

Honourable Speaker of the Pixley ka Seme District Council

Honourable Members of the Pixley ka Seme District Council

Honourable Members of the Mayoral Committee

Honourable Chief Whip of the Ruling Party in the Council

All Mayors of the Local Municipalities in the District

Senior Management and Staff of the Pixley ka Seme District Municipality

Regional Heads of the sector departments in the district

Members of the broader Pixley ka Seme community

Distinguished guests

Ladies and Gentlemen

This Address takes place three weeks after our national and provincial elections. In the country, province and district the elections were indeed free and fair. We thank the IEC for doing such a sterling work with an efficient and effective voting system to ensure that all South Africans cast their votes free from violence and intimidation. We also need to thank our police and army for delivering elections free from violence. All national and international observers declared our elections free and fair and all governments throughout the whole world commended us for having delivered free and fair elections since 1994. This is indeed an indication that our democracy is stable and maturing.

But most importantly we want to thank all the voters of the Pixley ka Seme District for having exercised their right to vote for the party of their choice. The elections are now over and the mandate is clear that as an ANC led government we need to move together with all South Africans to take the country forward. The provision of quality services should be what occupies our minds at a national, provincial and local level.

We are also celebrating twenty years of freedom and democracy and we want to emphasise the fact that although the stubborn legacy of poverty, unemployment and inequality still remain with us, quality of life of all South Africans have improved tremendously since 1994. The Census 2011 results bear testimony to this fact and reality.

We are also mindful of the fact that we are doing this address, five months after we lost and buried the father of the Nation and our international icon uTata Nelson Rolihlahla Mandela. Indeed, he will be remembered by all of us and future generations, as one of the greatest architects of our freedom and democracy. May his soul rest in peace.

This year also marks one hundred years since the delegation of our former leaders John Langalibalele Dube, Sol Plaatjie and Walter Rubusana travelled to Great Britain to formally protest against the implementation of the Native Land Act of 1913 which formally robbed Africans of their birth right to their land.

Speaker, during the State of the Nation, Province and Budget Address, the State President of the Republic of South Africa, His Excellency Jacob Gedleyihlekisa Zuma, the Premier of the Northern Cape Province, Ms Sylvia Lucas and the National Minister of Finance Pravin Ghordan all agree that we have a good story to tell since 1994 and that South Africa and the Northern Cape have changed for the better in the 20 years of freedom and democracy. I also want to add my voice in echoing what they have been saying: the quality of life in the Pixley ka Seme District has changed for the better since 1994, and the Census 2011 results speak for themselves: more than 80% of the people in the District have access to formal housing dwellings, more than 60% have access to flush toilets, more than 80% have access to piped water and more than 70% have access to electricity with Emthanjeni standing at 92%.

Speaker, in 2009 we said we will improve the quality of health care in the district, province and country, we can proudly report that the Pixley ka Seme District is one of the 10 National Health Insurance pilot sites in the country.

New equipment in all health facilities were purchased which includes new emergency equipment for 24-h on call facilities, soap and paper towel containers for improved infection control, water tanks in areas where there are water shortages and signage in all facilities.

The Department of Health has seriously improved medicine availability and quality through re-organising pharmacies and installing air cons in pharmacies.

The Department of Health is working on a centralised chronic dispensing and distribution system to improve access to chronic medicines using contracted service providers. We will start with stable patients on FDC's (1 Drug ARV's) and will then gradually expand to include almost all chronic medication. The medication of patients will be packed centrally and they can pick up their medication from an identified and approved pick up point.

School health services are rendered in all quintile 1 and 2 schools and the focus is on grades 1, 4, 8 and 10. Professional nurses received training in basic eye care to equip them to do basic eye screenings. 2 Teams consisting of a professional nurse with a nursing assistant renders school health and they are assisted by professional nurses from clinics together with dentists, optometrists, physiotherapist, occupational therapist and dieticians.

Three school health vehicles has been received that are utilised for school health services namely eye care unit, dental and primary health care unit.

Ward based health teams are active in all sub districts (38 wards) and additional training also been given to these teams on Community Integrated Management of Childhood Illnesses and post natal aspects. The core functions of Ward based Workers are amongst other things to promote health and prevent illnesses, conduct house hold assessments, provide psychological support and support screening and health promotion.

As our commitment as the ANC led government we have build more that 16 new clinics in the Pixley ka Seme District. The new De Aar Hospital is almost completed.

Speaker, we also said in 2009 that we would improve the quality of education in the district, province and country. Louisa Albertyn from De Aar High School is part of the Top 20 Grade 12 learners in the Province and Nomfundo Goba from Petrusville High School in the Best Grade 12 IsiXhosa in the province. Seven of the Pixley ka Seme Schools received 100% in the Matric results.

Two Grade 12 learners from Monwabisi High School and Weslaan High School received ETDP-SETA bursaries for excellent performance.

Limpho a soloist from Umso H/S received 1st price at the National Choir Competition, John-Lee Jantjies achieved Gold Medal at the National Athletics Championships for girls U/10 (80 metres sprint), Ora Groenewald achieved Silver Medal at the National Athletics Championships for girls U/11 in the Long Jump and Sonel Swarts achieved a Bronze Medal at the National Athletics Championships girls U/19 Long Jump.

School governing bodies in the district received training in matters related to: financial management, disciplinary procedures and curriculum management and support.

Our School Nutritional Programme are benefiting fifty three thousand, and fifty-three (53 053) learners located in ninety three (93) schools throughout the district. This programme has created 267 job opportunities in the form of food handlers who receives a monthly stipend of R 900 per month.

Speaker, as an indication of our commitment to quality education and improving the post matric qualifications in the district, the Pixley ka Seme District Municipality bought a new cell-phone (Blackberry 9730 Black) with internet connection, 3g modem with a card plus 500 megabits data bundles for Mr Kamva Fiki, who is studying towards a Diploma in Mechanical Engineering with the Central University of Technology in Bloemfontein. These items were bought through the personal financial contributions of myself, District Councillors, the Municipal Manager Mr Rodney Pieterse and his Senior Management Team. These facilities will assist him in doing his course work, research and assignments.

Mr Fiki lives with his grandmother in Malaykamp in De Aar, an area with an extremely poor socio-economic profile and he matriculated from Monwabisi High School with distinctions in Mathematics, Physical Science and Computer Application Technology, in 2013.

Speaker, we are also intensifying the war against poverty through the provision of social grants to alleviate undue hardship in many households in the district. From January to March this year alone, SASSA paid **71 763** social grants to beneficiaries at a total cost of **R44 563 985 (forty four million, five hundred and sixty three thousand, nine hundred and eighty five rand)** each month. The district is currently maintaining a 5 day turnaround time in processing grant applications but mostly applicants get same-day approvals, meaning applicants walk into SASSA offices to apply for a social grant and on the same day walk out with an approval letter.

A total of **R9 212 611 (nine million, two hundred and twelve thousand, six hundred and eleven rand)** was spent for 2013/14 on the Social Relief of Distress (food parcels) programme. The Social Relief of Distress, which was initially intended for households experiencing undue hardship or for those affected by a natural disaster as a means of providing immediate relief, was extended to malnourished and vulnerable children who were provided with food parcels for a period of six months.

In March this year, 293 households across the region were reached through a Human Rights Door-to-door programme, which was aimed at popularizing some of their grant types but mainly ensuring that all the residents in the Pixley ka Seme District have access to social grants to alleviate poverty in the district.

Speaker, we are in the process of realising the dream set out in the Freedom Charter which says "There shall be houses, security and comfort for all". Through the Ouboks Housing Project in Colesberg for example we have already handed over almost more than 1000 houses to beneficiaries. We intend to build 59 houses in Noupoot, 54 in Marydale, 55 Niekershoop, 310 services for Prieska, 81 in

Carnarvon, 270 houses for Victoria West, 50 houses for Bongani, 50 houses for Van Wyksvlei and 4000 planning sites (houses) for Emthanjeni Municipality. The Carnarvon 81 houses will be completed by end of June 2014 and will be formally handed over by the new MEC of COGHSTA.

As a District Municipality, we are involved in various projects to better the lives of our people in the district, province and country. In Philipstown and Petrusville, we are involved in a project that entails the paving and stabilization of material from the borrow pit in Koppie and School street. The whole project amounts to **R 1,161,350 (one million, one hundred and sixty one thousand, three hundred and fifty rand)**. Through this project, we have created ninety (90) job opportunities for the local population.

In Phillipstown, we are also involved in the upgrading and renovation of the Sport field. The whole project amounts to **R 3,500,000 (three and a half million rand)**. In the process we have created thirty (30) job opportunities for the local population and three SMME's have also been appointed to work on the project. We are in a process of finalising this project, and will be handing it over within the next month.

We are also involved in the District Electrification Project in conjunction with the Department of Roads and Public Works. Through this project we want to ensure that households who do not have access to electricity receive this basic service as to better their quality of life. The project will be implemented in a three year cycle, where the first priority for the first year will look at the refurbishment of transformers and substations. Phase 1 of the project amounts to **R 5,000,000 (five million rand)**.

Speaker, we are intensifying the war against crime and corruption. Our police are involve in campaigns such as Operation Lungisa, Basadi, Bacchus, Sethunya, Vasvat, farm patrols, rural safety campaigns, crime awareness, neighbourhood watch, knife free campaigns and stop and searches campaigns. Immediate arrests are made on all priority crimes. There has been a significant decrease in priority crimes such as murder, rape, housebreaking, general theft, malicious damage to property, assaults

and crime against women and children. We are glad to announce the involvement of Councillors and municipalities in these crime fighting efforts.

Speaker, we were also honoured to receive a visit from both the Minister of Science and Technology, Mr Derrek Hanekom and Ms Edna Molewa, the Minister of Water Affairs to launch two major projects in our district namely Meerkat (SKA) in Carnarvon and the Waste Water Treatment Plant in Colesberg.

The Minister launched the first phase of the completed Meerkat telescope which forms part of the SKA, the biggest of its kind in the world. The SKA will definitely have an impact on our local economy in terms of tourism, business opportunities and other related opportunities.

The Waste Water Treatment Plant will solve the problem of water shortages in the Umsobomvu municipal area and the area will now have enough water supply for the coming years.

Speaker communication is constitutional and legislative imperative. In fulfilling the constitutional principles of transparency and accountability, we are compelled to communicate with our stakeholders, partners and communities in good and bad times. We should never ever be afraid to communicate with our people around their concerns, frustrations and challenges.

As part of our Council Meets the People, we visited the deep rural areas of Van Wyksvlei, Marydale and also Richmond. In all these areas people are facing the challenges of poverty, unemployment and shortage of houses. We need to ensure that we intensify the implementation of the National Development Plan to ensure that we seriously address the triple challenges of poverty, unemployment and inequalities.

Like the rest of the country and province, we indeed have a good story to tell in our quest to improve the quality of life of our people in the country, province and region since 1994.

Speaker, today I will table before Council and members of the Pixley ka Seme community an Operating and Capital Budget of R40,5 million for 2014/2015 financial

year. We still have the smallest budget in the Northern Cape Province whilst we are the biggest in terms of size and number of municipalities.

Speaker, the 2014/2015 DORA still allocated the smallest grant funding to Pixley ka Seme District Municipality compared to our four counterparts in the Province. Many pleas and memorandums went out in this regard, but sadly with no success. The following table will indicate how Pixley will be funded from the National Coiffers in relation to the other district municipalities which are also like us – grant dependent.

Grant	Namakwa	Siyanda	JTG DM	FBDM	Pixley
Equitable Shares	R34,4m	R47,6m	R61,3m	R97,4m	R32,0m
FMG	R1,2m	R1,2m	R1,2m	R1,2m	R1,2m
MSIG	R0,9m	R0,9m	R0,9m	R0,9m	R0,9m
EPWP	R1m	R1m	R1m	R1m	R1m
TOTAL	R37,5m	R50,7m	R64,4m	R100,5m	R35,1m

Speaker, the above allocation definitely impact on our service delivery efforts. We will however receive the following for the 2014/2015 financial year:

Equitable Share	R11,6m
Levy Replacement	R17,1m
Councillor Remuneration	R3,2m
FMG	R1,2m
MSIG	R0,9m
EPWP	R1,0m
NEAR	R0,315m
Fire Fighting	R0,315m

Interest	R0,155m
Housing Accreditation	R0-00
Shared Services	R3,7m
Other	R0,025m

Speaker, you will notice that we will not be receiving any funds for the rental of buildings as we are in the process of alienating property that are not being optimally used by the District Municipality. At this stage, we are also waiting on COGHSTA regarding the final figure for the housing assistance to the officials to see all income due to us – especially shared services money – will be raised or fully collected.

Speaker, the expenditure will be as follows:

- Personnel Cost R25,7m (8% increase)
- Councillor Allowance R3,5m (8% increase)
- General Expenditure R9,0m
- Other Materials R0,3m
- CAPEX R0,36m
- Contractual Agreements R1,2m
- Interest R0,2m

Issues to be addressed amongst General Expenditure will be:

- Voter Education
- S&Ts
- Auditor General Account (both current arrears)
- Fire Fighting
- Legal Cost
- Audit Committee
- Membership Fees
- Consultancy Fees
- Municipal Accounts
- Telephone
- Catering
- Training etc.

Regarding Capital Expenditure our financial position does not allow us to contribute towards infrastructural projects, but we will via our shared services render infrastructural assistance and advice to local municipalities. Internally will we be looking at the acquiring of two new vehicles.

We will still assist our local municipalities via our shared services model to the best of our abilities e.g. in the form of Internal Audit, Legal Services, Planning etc. Speaker, regarding Shared Services for 2013/2014 we wish to thank all our local municipalities for their positive reaction in terms of honoring the agreement from their side.

- Emthanjeni - R450 000-00 (100% paid)
- Kareeberg - R450 000-00 (100% paid)
- Siyancuma - R450 000-00 (100% paid)
- Siyathemba - R450 000-00 (100% paid)
- Thembelihle - R450 000-00 (100% paid)
- Ubuntu - R450 000-00 (100% paid)
- Umsobomvu - R450 000-00 (100% paid)
- Renosterberg - R200 000-00

Speaker, we are at this stage really looking forward to the 2015/2016 DORA which will hopefully address the new equitable share formula – but for 2014/2015 we will be doing our utmost best to serve the district with the limited funds available at our disposal.

Speaker, we received a qualified audit report with matters from the Auditor- General in the last financial year. We were qualified amongst other issues on Property, Plant and Equipment, Investment Property, Revenue, Commitments, Aggregation of immaterial uncorrected misstatements, prior period and change of accounting policy.

As an institution committed to a clean audit, we immediately embark on producing an Audit Recovery Plan to address all the issues raised by the Auditor-General in qualifying us. Amongst the remedial steps we will embark upon with regard to our commitments is to ensure that unauthorised, irregular and fruitless and wasteful expenditure and other losses are prevented.

On issues raised pertaining property, plant and equipment we will ensure that the resources of the municipality are used effectively, efficiently and economically and that full and proper records of the financial affairs of the municipality are kept in accordance with the prescribed norms and standards.

We will ensure that during the performance of audit procedures, the investment property and change in accounting policy notes as disclosed in the Annual Financial Statements were inspected and the municipality corrected the value of the investment property by reversal of the depreciation, previously recognised for the investment property. With regard to revenue, the Accounting Officer of the municipality will take responsibility for managing the financial administration of the municipality, and will for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial risk management and internal control.

Speaker, we would also like to take this opportunity to congratulate Mr Rodney Pieterse on his appointment as the Municipal Manager of the Pixley ka Seme District Municipality. We strongly believe that with the support of the Senior Management Team, they will take the institution to new heights by breaking new grounds to ensure that we live up to our vision and mission.

Speaker, we must support the Senior Management Team in their deliberations on the future role and function of District Municipalities. We all need to contribute

The Pixley ka Seme District Municipality has also been joined by the following new officials:

- Demas Pieter Fred has been appointed as PMS Officer
- Louw Natalie has been appointed as Relief General Worker : Buildings
- Ntuli Nelson Mlungisi has been appointed as Relief General Worker: Grounds

Speaker, we are proud to announce that we have appointed a high number of employees permanently, some of them have been either relief – and contract workers for a long time, enjoying no benefits.

Speaker, we are also pleased to announce that some employees benefitted from the Study Assistance offered by the Municipality and want to encourage more officials to make use of this opportunity in order to improve their qualifications.

We wish them well in their respective areas of responsibility and we believe that they will add value within the institution to ensure that we live up to our vision and mission.

We would also like to take this opportunity to thank and congratulate Mrs RH Jagers, Ms CDS Markman and Ms TC Mgca who were awarded with certificates for ten years service. Our gratitude also goes to Mrs GJ Theron who was awarded with a certificate of fifteen years service. We believe that they will continue to add value to the institution to ensure that we provide quality service to our partners, stakeholders and communities.

Speaker we are committed to creating a conducive, enabling and supportive working environment for our officials at the municipality, and that is why we are renovating and paving the main building both outside and inside. The total cost of the project is **R 1 million (one million rand)** and thirty (30) people are employed.

We also want to ensure that officials carry out their duties and responsibilities in an efficient and effective manner and with the available resources and facilities at their disposal, and that is why we bought six laptops and six desktops.

Speaker, we would also like to use this opportunity to acknowledge and appreciate the leadership, commitment and hard work of the Finance Committee, led by Councillor Rhodi Itumeleng in always ensuring that the department is functioning effectively and efficiently, as well as ensuring the preparation of this went smoothly. Also thanks to Mr James our CFO and the Deputy CFO Mr Fourie and the staff in the office of the CFO.

Speaker let me also express our gratitude and appreciation for the support rendered by the Office of the Speaker, as well as the hard work done by Members of the Mayoral Committee.

Speaker, let us also appreciate the commitment, dedication and hard work done by the Senior Management-team, the middle management, as well as all the staff-members of the Pixley ka Seme District Municipality, in ensuring that the administration runs efficiently, effectively and smoothly on a daily basis.

Honourable Speaker, this budget is table for the consideration and approval of Council.

Enkosi

Baie Dankie

Thank you

Kealeboga

[2]

EXECUTIVE SUMMARY

2014/2015

EXECUTIVE SUMMARY 2014/2015

The 2014/2015 Operating and Capital Budget of the District Municipality kick started during August 2013 when the honourable J.Z Lolwana drafted and tabled the 2014/2015 budget timetable. Amongst the factors that influence the budget of the District Municipality are amongst:

- Our Vision and Mission
- Our reason for existence
- Our core functions
- Our ability to generate income
- Our envisaged role in the district
- Our political mandate
- Our past financial performance
- Our past financial position
- The future of district municipalities
- Our role within government institutions
- Our role within our local municipalities.

For 2014/2015 has an amount of R39, 826, 000 being budgeted as income to be calculated. The revenue by source will be:

- Interest to be earned R155,000
- Transfers recognized-operational R35,866,000
- Other revenue R3,805,000
- As per the above figures is it notable that we will be 89,9% grant funded whilst only 10,1% will be generated internally.

The grants to be received are broken down as follows:

Equitable Share	-	R11,619,000
Levy Replacement	-	R17,151,000
Councillor Remuneration	-	R 3,282,000
FMG	-	R 1,250,000
MSIG	-	R 934,000
EPWP	-	R 950,000
NEAR	-	R 315,000
Fire Fighting	-	R 315,000

The internally generated income will consists of:

Interest	-	R 155,000
Shared Services	-	R3,780,000
SETA	-	R 25,000
Admin Cost (EPWP)	-	R 50,000

NB: Please note that we will be generating R0 for rental income as we are in the process of alienating our rentable property.

The income in our budget will be received in the following votes:

▪ EDM	-	R 630,000
▪ Budget & Treasury	-	R18,631,000
▪ Council	-	R 3,282,000
▪ IDP	-	R12,569,000
▪ Shared Services	-	R 4,714,000

Our ability to raise income is at this stage limited to the shared services rendered to the 8 local municipalities in the District. We have investigated other ways on how to raise more income – but to no avail. One option that we considered was to become a water services authority, but after thorough consideration, was it not a feasible one, but it could only be implemented to a certain extent. (The District Municipality cannot become too reliant on the B's). At this stage is our biggest hope firmly placed on National Treasury to come up with a revised formula regarding the Equitable Share Allocation.

Regarding our grant funding from National treasury, are we again getting the least comparing to our other four counterparts in the Province, despite the fact that we are the largest in terms of size and also the fact that we have the most local municipalities under our jurisdiction.

▪ Francis Baard District Municipality	-	R100,5 million
▪ JTG District Municipality	-	R 64,4 million
▪ Namakwa District Municipality	-	R 37,5 million
▪ ZFM District Municipality	-	R 50,7 million
▪ Pixley ka Seme District Municipality	-	R 35,1 million

Regarding the grant funding from Province does it needed to be mentioned that COGHSTA is given us a mere R315 000 towards a function which is costing us R2,316 million –we are thus running the Emergency Disaster Management Funding against a huge loss.

In relation to the Shared Services, do we have a five year agreement with all our eight (8) local municipalities in the district. The agreement allows for a five percent increase per year. For the 2013/2014 financial year did we invoice each municipality with R450 000-00 and will we now be able to invoice each R472 500-00 for the 2014/2015 financial year – hence the budgeted amount of R3 780 000-00.

- The Shared Services rendered is:
- Internal Audit
- Legal Services
- PMS

- Disaster Management
- Planning

We will be receiving other funds throughout the 2014/2015 financial year which will be reflected as part of our cash flow e.g:

- VAT
- Medical Aid Ex-gratia
- Withdrawals from Surplus Funds etc.

A total expenditure budget of R45 298 992 (Operating) and R364 000 (Capital), will be coming into effect on 1 July 2014. These amounts will be in respect of the 2014/2015 financial year. It needed to be mentioned from the onset that the said amounts also include non-cash items such as depreciation, interest on employee benefits etc. The mayoral speech does not mention the latter as it will only comes into effect at June 2015 and will thus not affect the operations during the financial year.

The expenditure for 2014/2015 were allocated taken amongst the following into consideration:

- Personnel
- Functions
- Debt
- Contractual Agreements
- Shared Services to be rendered
- Political Functions etc

The total expenditure have been allocated to the following major categories:

▪ Personnel Cost (8%)	-	R25, 745,357
▪ Councillors (8%)	-	R 3, 567,166
▪ General Expenditure	-	R14, 188,020
▪ Other Materials	-	R 346,000
▪ Contractual Agreements	-	R 1,225,000
▪ Interests	-	R 218,449
▪ CAPEX	-	R 364,000

Regarding CAPEX does our financial position not allow us to invest into any infrastructural issues. We will only concentrate on in-house issues like vehicles, computers and furniture. The expenditure is further allocated to:

1. Emergency and Disaster Management

⇒ R2,316,076

⇒ To react and assist with the handling of emergencies and disasters within all eight (8) municipalities and farming areas.

2. Support and Social Services

⇒ R8,022,855

⇒ To administratively support all activities within and outside the District Municipality.

3. Budget and Treasury

⇒ R12,396,000.

⇒ To financially support all activities within and outside the District Municipality.

⇒ Non-cash items allocated to BTO.

⇒ CAPEX vested with BTO.

4. Council Expenses

⇒ R7,333,057.

⇒ To politically guide activities in the District.

⇒ A small administrative unit based in this function.

5. IDP

⇒ R1,448,449.

⇒ No personnel allocated

⇒ Infrastructure issues performed under this role e.g IDP, District wide programmes etc.

6. Municipal Manager

⇒ R1,893,028

⇒ Administratively in charge of all District Municipality activities.

7. Emergency and Disaster Management

- ⇒ R2,316,076
- ⇒ To react and assist with the handling of emergencies and disasters within all eight (8) municipalities and farming areas.

8. Support and Social Services

- ⇒ R8,022,855
- ⇒ To administratively support all activities within and outside the District Municipality.

9. Budget and Treasury

- ⇒ R12,396,000.
- ⇒ To financially support all activities within and outside the District Municipality.
- ⇒ Non-cash items allocated to BTO.
- ⇒ CAPEX vested with BTO.

10. Council Expenses

- ⇒ R7,333,057.
- ⇒ To politically non-activities in the District.
- ⇒ A small administrative unit based in this function.

11. IDP

- ⇒ R1,448,449.
- ⇒ No personnel allocated
- ⇒ Infrastructure issues performed under this role e.g IDP, District wide programmes etc.

12. Municipal Manager

- ⇒ R1,893,028
- ⇒ Administratively in charge of all District Municipality activities.

13. Internal Audit

⇒ R3,480,721

⇒ To perform the Internal Audit function 4x a year at both the District Municipality and at all 8 local municipalities in the district.

14. Development & Infrastructure

⇒ 2,588,874.

⇒ To oversees infrastructural development at the District Municipality and all 8 local municipalities in the District.

15. Environmental Health

⇒ R1,630,936.

⇒ To perform the environmental health function within the entire district.

16. Housing

⇒ R2,633,803

⇒ To see to the performance of the housing function in the entire district.

17. Shared Services

⇒ R1,555,578

⇒ To see to the IDP compilation, planning etc in the entire district.

Amongst the items which are budgeted for and fall within the above mentioned votes are: S&Ts, Legal Costs, Insurance, Catering, Membership fees, Municipal Accounts, Stationary, Office Expenditure, Bank Charges, Audit Committees, UIF, Casualty Insurance, Fuel, Auditor general account, Telephone, Consultancy fees, Water Samples, Training Costs etc.

The following non-cash items are also being budgeted for:

Bad Debts	-	R1,010,000
Current Service Costs	-	R 383,000
Interest Employee Benefits	-	R1,265,000
Depreciation	-	R2,120,000

NB: The budget assumptions budget processes and linkages to be discussed later in this document.

[3]

DRAFT MTREF

2014/2015

OVERVIEW OF THE BUDGET PROCESS AND ALIGNMENT WITH THE IDP

The budget process for the compilation of the 2014/2015 budget started during August 2013 when the Executive Mayor tabled the Budget Time Table to Council.

The administrative process of the 2014/2015 budget – championed by the Municipal Manager – kick started during December 2013 and entailed the following critical processes:

- appointment of budget task team
- pre-budget tasks
- performance audit committee meetings
- IDP representative meetings
- budget processes
- consultative meetings
- tabling of draft/concept budget
- tabling of final budget
- post budget tasks etc

NB: Detailed time table with all tasks included in document.

The political process was championed by the Executive Mayor and was assisted by the Mayoral Committee. As the District Municipality does not have a specific community, was the budget inputs gathered at a platform called “Council Meets the People”. Budget inputs were also obtained via Councillors from local municipalities representing their different municipalities on the District Municipality. Inputs from Category B’s were also obtained via the different intergovernmental relations meetings.

Internally did the administration met on the following dates to discuss the 2014/2015 budget:

- 15 May 2014
- 19 May 2014

On 27 May 2014 – before the Mayor delivered his budget speech and before the budget for 2014/2015 has been tabled and adopted, did the Chief Financial Officer discussed the budget with both caucuses of all political parties represented on the District Municipality.

Regarding the alignment of the 2014/2015 budget with the IDP does it needed to be mentioned that the alignment will be of a non-infrastructural nature capital wise. We will only be tabled to contribute administratively towards the IDP by rendering the following administrative functions to the local municipalities in the district:

- Political guidance
- Emergency and Disaster Management
- Environmental Health

- Planning and Development
- Housing Projects
- Legal Services
- Internal Audit
- Financial and Corporate Services
- EPWP and other infrastructure projects

[4]

**OVERVIEW
OF THE
BUDGET PROCESS
&
ALIGNMENT
WITH
IDP
2014/2015**

NOTULE VAN 'n RAADSVERGADERING VAN DIE PIXLEY ka SEME DISTRIKSMUNISIPALITEIT GEHOU OP DINSDAG, 26 MAART 2013 OM 12:00 IN DIE RAADSAAL TE CULVERTWEG DE AAR

MINUTES OF A COUNCIL MEETING OF THE PIXLEY ka SEME DISTRICT MUNICIPALITY HELD AT 12:00 ON TUESDAY, 26 MARCH 2013 IN THE BOARDROOM AT CULVERT ROAD DE AAR

1. OPENING

Clr Signeur opened the meeting with a prayer.

2. TEENWOORDIG / PRESENT

Clr / Rdl	MT	Kibi	- Speaker
	JZ	Lolwana	- Executive Mayor
	UR	Itumeleng	
	AT	Sintu	
	NS	Thomas	
	GL	Nkumbi	
	DP	Jason	
	ME	Bitterbos	
	FM	van Wyk	
	A	Fritz	
	JH	George	
	J	Grobbelaar	
	WJ	du Plessis	
	PN	Signeur	
	EL	Schütz	
	LC	van Niekerk	
	P	Louw	

In Attendance / In Bediening

Mr / Mnr	BF	James	- CFO
	TA	Loko	- Snr Manager : Corporate Services
	S	Diokpala	- Snr Manager : Shared Services
Ms / Me	V	Jones	- Snr Manager : Infrastructure Dev
	R	Sors	- Manager : Internal Audit
	M	Zwiegers	- Snr Support Services Officer

3. VERLOF TOT AFWESIGHEID / APPLICATION FOR LEAVE OF ABSENT

Geen / None

4. BEKRAGTIGING VAN NOTULE / CONFIRMATION OF THE MINUTES

Die notule van die vergadering gehou op 01 Februarie 2013 word eenparig goedgekeur en bekragtig (Rdl Jason / Van Wyk)

5. MEDEDELINGS DEUR DIE SPEAKER / STATEMENTS BY THE SPEAKER

- 5.1 The Speaker wishes everyone a happy Easter weekend, asks everyone to drive safely and to pray for our region and the country.

6. **STATUTêRE SAKE / STATUTORY BUSINESS**

Geen / None

7. **SAKE VOORTSPRUITEND UIT DIE NOTULE / MATTERS ARISING FROM THE MINUTES**

7.1 ANNUAL AND OVERSIGHT REPORT 2011/12

PURPOSE

To approve the Annual Report of the Pixley ka Seme District Municipality for the financial year ended 30 June 2012

BACKGROUND

Annual reports are the key reporting instruments for municipalities to report against the performance targets and budgets outlined in their strategic plans. Annual reports are therefore required to contain information on service delivery and outcomes, in addition to financial statements. It is meant to be a backward-looking document, focusing on performance in the financial year that has just ended. It must demonstrate how the budget was implemented and the results of service delivery operations for that financial year. When tabled, the annual report should include four main components, each of which has an important function in promoting governance and accountability.

The main components are:

- The annual performance report as required by section 46 of the MSA.
- Annual Financial Statements submitted to the Auditor-General;
- The Auditor-General's audit report on the financial statements in terms of section 126(3) of the MFMA; and
- The Auditor-General's audit report on performance in terms of section 45(b) of the MSA.

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the council's comments on each annual report.

The oversight report must include a statement whether the council:

- has approved the annual report, with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

The oversight report is thus clearly distinguished from the annual report. The annual report is submitted to the council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by council. **The oversight report is a report of the municipal council** and follows consideration and consultation on the annual report by the council itself. Thus the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

The **MPAC** work shopped the Annual Report and invited comments on the report. The report was open for inspection and no comments were received by the closing date for comments.

LEGAL IMPLICATION

MFMA Circular 32

(See timeframe on page 10 of the circular in the agenda)

FINANCIAL IMPLICATION

None

CONCLUSION

The Annual report can now be tabled for final approval by the Council

RESOLVED : R 2013 – 03 – 26 (7.1)

The Council considers the annual report of the municipality and representations thereon, adopts the oversight report; and approves the report without reservations (Clr George / Van Wyk)

8. VERSLAE / REPORTS

8.1 REPORT BY THE EXECUTIVE MAYOR

8.1.1 APPROVALS BY THE MUNICIPAL MANAGER

Ratification is needed for the following which was approved by the Municipal Manager in accordance with powers delegated to him through the Municipal Finance Management Act.

8.1.1.1 ADMIN / PERSONEEL

8.1.1.1.1 Approval has been given to Mr SM Mvandaba plus three dependant children to become a member of Keyhealth Medical Fund as from 01 January 2013. Financial implication – R2 067,00

8.1.1.1.2 The following persons were appointed as internal audit clerks from 01 January 2013 :

CJ Crament
SH Matthews
LZ Morris
BG Nofemele

Financial Implication : R78 312 per annum plus fringe benefits.

8.1.1.1.3 Approval was granted to Ms ML Mukoma to become a member of LA Health Medical Fund as from 01 February 2013. Financial implication – R1 117,80

8.1.1.1.4 Approval was granted to Ms SH Matthews plus 1 dependant child to become a member of LA Health Medical Aid Fund as of 01 March 2013 Financial implication – R1 488,60.

8.1.1.2 PROJEKTE / PROJECTS

PROJECTS REPORT FOR THE MONTH NOVEMBER 2012		
Contractor....	For....	Amount paid
Andrew Peers Mega Watt CC	Victoria West Sport Field	R 65 344-50
GH Growers/Steel	Ouboks Housing Project	R 74 196-90
Brush up paint	" "	R 129 263-55
Inclendon DPI	" "	R 234 656-43
Corabrik	" "	R 248 250-63
Concrete 4 U	" "	R 803 655-54
Clotan Steel	" "	R 873 825-68
Komeng Building and Related Services	Philipstown Sport Field	R 7 650-00 R 20 000-00
TA Sintu	Salary advance	R 3 000-00
Douglas	EPWP Project	R 69 725-00
Griekwastad	" "	R 28 625-00
Campbell	" "	R 25 950-00
Makeleni Construction	Philipstown Sport Field	R 1 313-50
Thubalethu Enterprise		R 563-60
HJI		R 419-45
CONSULTATION FEE	Abuti Management consulting	R144 001-86
PROJECTS REPORT FOR THE MONTH DECEMBER 2012		
Contractor....	For....	Amount paid
Andrew Peers Mega Watt CC	Philipstown Sport Field	R 119 736-99
Komeng Building and Related Services	Philipstown Sport Field	R 10 200-00
Douglas	EPWP Project	R 26 825-00
Griekwastad	" "	R 10 675-00
Campbell	" "	R 6 875-00
PROJECTS REPORT FOR THE MONTH JANUARY 2013		
Contractor....	For....	Amount paid
Komeng Building and Related Services	Philipstown Sport Field	R 18 000-00

Tinissa Trading 29T/A Maneta Training Consultancy	Occupationallly Directed Education Training and Development Pratices (NQF Level 5)	R 247 500-00
Renosterberg Municipality	Consulting – Electricity assesment	R 382 000-00
Douglas	EPWP Project	R 41 875-00
Griekwastad	" "	R 22 100-00
Campbell	" "	R 11 800-00
University of Western Cape	Paying registration for three students in Pixley Ka	R 3 900-00
University of North West	Seme District	R 11 950-00
PROJECTS REPORT FOR THE MONTH FEBRUARY 2013		
Contractor....	For....	Amount paid
Andrew Peers Mega Watt CC	Philipstown Sport Field	R 199 500-00
	" "	R 188 930-26
Alexmont	Ouboks Housing Project	R 196 664-82
Maluti Glass	" "	R 208 380-60
Rainbow Ironmongery	" "	R 24 059-70
Dakota Built it	" "	R 678 225-79
Komeng Building and Related Services	Philipstown Sport Field	R 12 000-00
	" "	R 16 800-00
AGA Mzansi Technical Consultancy	Repair of fire fighting equipment in Emthanjeni Area	R 86 805-30
Douglas	EPWP Project	R 20 750-00
Griekwastad	" "	R 11 975-00
Campbell	" "	R 5 850-00

8.1.2 FINANSIES / FINANCE

8.1.2.1 The following was noted and recommended to Council for approval :

- The bank reconciliation for February 2013
- The Council's expenditure for November 2012 to February 2013
- The traveling and subsistence expenses for Heads of Departments and other personnel as well as those of Councillors for November 2012 to February 2013

- The graphs showing expenditure against income July 2012 to February 2013
- The statements of investments as at end of February 2013
- Monthly budget report for February 2013

8.1.3 GOP, TOERISME, EKONOMIESE EN NYWERHEIDSONTWIKKELING & TEGNIES / IDP, TOURISM, ECONOMICAL AND INDUSTRIAL DEVELOPMENT & TECHNICAL

Geen / None

8.1.4 ADMINISTRASIE EN PERSONEEL / ADMINISTRATION AND PERSONNEL

Geen / None

RESOLVED : R 2013 – 03 – 26 (8.1)

That the report by the Executive Mayor be approved and resolutions taken be ratified (Clr Thomas / Bitterbos)

9. NUWE SAKE / NEW MATTERS

9.1 INTERGRATED DEVELOPMENT PLAN (IDP) FOR THE 2013/14 FINANCIAL YEAR

PURPOSE

To obtain the approval from the council for Draft IDP 2013/2014

BACKGROUND

The Shared Services Department has now completed the Draft Integrated Development Plan (IDP) of the District Municipality for financial year 2013/2014. The plan was reviewed in terms of the Municipal System's Act 32 of 2000 which requires Municipalities to review and adopt a one year IDP to guide the development within their area of jurisdiction. In this context, the Draft IDP 2013/2014 was reviewed between September 2012 and March 2013 as a strategic development plan that shall assist the district Municipality in ensuring local economic development, poverty eradication and a better life for all.

LEGAL IMPLICATIONS

Council will be adhering to the provisions of Chapter 5 of the Municipal System's Act which deals with IDP Review Process.

FINANCIAL IMPLICATIONS

None

CONCLUSION

None

RESOLVED : R 2013 – 03 – 26 (9.1)

That the Draft IDP 2013/2014 be approved (Clr Nkumbi / George)

9.2 CONCEPT ANNUAL BUDGET FOR THE PERIOD 01 JULY 2013 TO 30 JUNE 2014

PURPOSE

For Council to take note of the concept annual budget for the period 01 July 2013 to 30 June 2014.

BACKGROUND

The Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year (Municipal Finance Management Act – Act 56 of 2003 [16(1)]).

Article 16(2) of the Municipal Finance Management Act (Act 56 of 2003) stipulates that in order for a municipality to comply with subsection (1), 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.

The Concept Budget for 2013/14 will be tabled at the meeting.

RESOLVED : R 2013 – 03 – 26 (9.2)

That the concept annual budget for the period 01 July 2013 to 30 June 2014 be noted.

9.3 APPOINTMENT OF SENIOR MANAGER IN THE OFFICE OF THE EXECUTIVE MAYOR (SECTION 56 MANAGER)

PURPOSE

For Council to appoint of the Manager in the Office of the Executive Mayor thereby giving effect to section 56 (a) of the Municipal Systems Act 32 of 2000, which regulates the appointment of managers directly accountable to the municipal manager.

BACKGROUND

The municipality reviewed its organisational structure and the reviewed organisational structure was approved by Council on the 30 May 2012. During the process of reviewal the position of manager in the office of the Executive Mayor was upgraded to that of section 56 manager i.e. direct report to the municipal manager.

To give effect to the resolution of council the position was advertised and interviews were held. With regard to the appointment of section 56 managers the act stipulates that the appointment must be made by council in consultation with the Municipal Manager.

In the process of advertising the position the following legislation, circulars and policies of Council were adhered to, to the latter:

- i) The recruitment and selection policy of the municipality,
- ii) Circular No 19 of COGHSTA and
- iii) The Municipal Systems Amendment Act.
- iv) The Municipal Systems Act 32 of 2000

An interview panel was constituted as per guidelines received from SALGA and was made up of the following departments or organisations, viz: COGHSTA (regional), SALGA and the District Municipality. The representative from provincial treasury could not attend due to other commitments and no alternate was provided.

Six candidates were shortlisted for the interviews, but only five candidates arrived for the interviews viz:

- i) Mr Z Mjandana
- ii) Mr R Pieterse
- iii) Ms RD Tsatsi
- iv) Mr SH Nothwala

v) Ms HS Minnaar

Candidate Mr AM Moremi did not attend the interviews.

The interviews were held on the 15 February 2013 in the Boardroom of the municipality and the candidates were scored as follow by the interview panel:

i) Mr Z Mjandana (222)

ii) Mr R Pieterse (327)

iii) Ms RD Tsatsi (188)

iv) Mr SH Nothwala (242)

v) Ms HS Minnaar (233)

From the interview score card it is abundantly clear that Mr R Pieterse outperformed the other candidates during the interviews.

LEGAL IMPLICATION

The following legislations and policies have a direct impact on the appointment of section 56 managers and were consulted so as to ensure compliance:

- Section 56 of the Municipal Systems Act
- Local government Municipal Systems Amendment Act of 2011
- Circular No 19 of 2011: Implementation of the Local Government: Municipal Systems Amendment Act, 2011 (Act 7 of 2011)
- Recruitment and Selection policy of Pixley Ka Seme District Municipality

FINANCIAL IMPLICATION

The newly appointed section 56 manager will have to be paid a market related salary that is suitable for the position and should be on par with the peers in the industry.

CONCLUSION

In terms of Section 56 (a) of the municipal systems act the appointment of a manager that reports directly to the municipal manager must be done by a municipal council after it has consulted with the municipal manager. The municipal manager views the position as critical in the operation of the office of the Executive Mayor and as such recommends that it be filled.

RECOMMENDATION/S

It is recommended that:

- Council appoint Mr R Pieterse as Senior Manager in the Office of the Executive Mayor.
- The commencement date of the appointment be the 1st April 2013.
- Council mandates the Municipal Manager to negotiate a market related salary with the newly appointed senior manager.
- The Municipal Manager signs all related appointment letters and agreements on behalf of Council.

RESOLVED : R 2013 – 03 – 26 (9.3)

That:

- Council appoint Mr R Pieterse as Senior Manager in the Office of the Executive Mayor.
- The commencement date of the appointment is the 1st April 2013.
- Council mandates the Municipal Manager to negotiate a market related salary with the newly appointed senior manager.
- The Municipal Manager signs all related appointment letters and agreements on behalf of Council (Clr Itumeleng / Sintu).

10. AFVAARDIGINGS / DELEGATIONS

10.1 PRESENTATION OF BALELAPA ANALYSIS REPORTS

The Department of Social Development presented the Balelapa Analysis report to Council.

RESOLVED : R 2013 – 03 – 26 (10.1)

That the presentation be noted.

11. KENNISGEWING VAN MOSIES / NOTICES OF MOTIONS

Geen / None

12. AANKONDIGINGS DEUR DIE UITVOERENDE BURGEMEESTER /ANNOUNCEMENTS BY THE EXECUTIVE MAYOR

Geen / None

MINUTES APPROVED ON THIS _____ DAY OF _____

20____ AT DE AAR

SPEAKER

[5]

**MEASURABLE
PERFORMANCE,
OBJECTIVES
&
INDICATORS**

BUDGET ASSUMPTIONS **2014/2015**

- Inflation;
- DORA 2014/2015
- New Wage Agreement for 2014/2015;
- Shared Services Agreement with Category B municipalities;
- Our current Auditor General account;
- Existing DBSA loan;
- Current Contractual Agreements
- Provincial Allocations;
- Category B's inability to honour their agreements;
- Fuel prices;
- Our current white fleet;
- Future Auditor General account;
- SALGA 2014/2015 prescriptions
- Medical Aid Ex-gratia;
- Legal Issues
- Our IDP

EXPENDITURE ON GRANT ALLOCATIONS

As we are a District Municipality which is totally dependent on grants – and as we have no income generating mechanisms in place – we have no choices but to spend all allocated grants during 2014/2015. All the grants will be included in the 2014/2015 final budget.

CAPITAL EXPENDITURE DETAIL

For 2014/2015 will our Capital Expenditure not be of an infrastructural nature – we will only focus on issues like motor vehicles, computers for in-house usage.

[6]

GRANT BUDGET

ALIGNMENT

TO

DORA

2014/2015

GRANT BUDGET IS ALIGNED TO DORA

As per legislation is the following grants included in the budget for the 2014/2015 financial year:

	2014/2015	2015/2016	2016/2017
GRANT	R	R	R
Equitable Share	11,619,000	15,073,000	15,183,000
Levy Replacement	17,151,000	17,576,000	18,071,000
Councillor Remuneration	3,282,000	3,430,000	3,586,000
FMG	1,250,000	1,250,000	1,300,000
MSIG	934,000	967,000	1,018,000
EPWP	1,000,000	-	-
Rural Road Asset Management	-	2,657,000	2,973,000
RBIG	1,000,000	-	-

Capital Expenditure Detail

For the 2014/2015 financial year has an amount of R364 000-00 being budgeted for in terms of Capital Expenditure. This amount will be spent as follows:

- Office furniture & equipment - R 5 000
- Computer equipment - R 25 000
- Vehicles - R 334 000

As per the above is it clear that the funds will not be geared towards infrastructural projects.

The capital projects will be funded via an investment which is funded by means of cash backed bank account held at ABSA.

[7]

BUDGET RELATED POLICIES:

- 7.1 Credit Control & Debt Collection Policy
- 7.2 Cash Management & Investment Policy
- 7.3 Financial Regulations (including the following policies):
 - (i) *Policy relating to the Management & Disposal of Assets;*
 - (ii) *Policy relating to dealing with Infrastructure Investments & Capital Projects;*
 - (iii) *Funding and Reserves Policy*
- 7.4 Supply Chain Management Policy
- 7.5 Asset Management Policy
- 7.6 Borrowing Policy
- 7.7 Commitments Policy
- 7.8 Contingent Liability Policy
- 7.9 Revenue Management Policy
- 7.10 Tariff Policy
- 7.11 Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
- 7.12 Related Party Policy

[8]

Budget Assumptions

- *Expenditure on grant allocations (included)*
- *Capital Expenditure Details (included)*

[9]

Overview of budget Funding including funding compliance (Table SA10)

Included in Budget Assumptions

[10]

PERFORMANCE AGREEMENTS

OF

SENIOR MANAGERS

[11]

SERVICE DELIVERY

&

BUDGET IMPLEMENTATION PLANS (SDBIP)

[12]

**LEGISLATION COMPLIANCE STATUS
(Budget Time Table)**

2014/2015



[13]

QUALITY CERTIFICATE

2014/2015

[14]

ANNUAL BUDGET TIME TABLES

WITHOUT

MUNICIPAL ENTITIES