



**DRAFT ANNUAL BUDGET
2015/16-2017/18
MEDIUM-TERM REVENUE AND EXPENDITURE FORECAST**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

1. MAYOR'S REPORT

In his speech, His Worship Cllr. NW Ngoqo:

It is an honour for me to table this draft budget before you, fellow patriots:

It is necessary for Council to consider the tabling of the draft budget 2015/16 financial year. It is vital for me to look back as we heading for the final term of our office.

The new society as envisioned in the Freedom Charter is a response to the legacy of apartheid. This inhuman system institutionalized discrimination and segregation on the basis of race. It denied the majority access to political power and imposed an inequitable socio-economic system. A clear understanding of our past enables us to frame our agenda of transformation, which includes: Eliminating poverty and extreme inequalities; Democratizing the economy and empowering the disadvantaged; Creating productive employment opportunities; Initiating growth and development to improve the quality of life of our citizens, especially the poor; and Giving due regard to the implementation of environmental sustainability and the judicious use of resources.

The financial year 2015/16 symbolizes the end of term of the political office bearers the municipality has had a mundane of cash flow difficulties; which are as a result of low revenue base and other inherent financial challenges. The municipality Council has; however strived to delivery quality services. The goal has been about enhancing service delivery that is aimed at improving the quality of life for all people within Gariep municipality.

The municipality prides itself for the level of service delivery despite of limited resources. Today, in our municipal jurisdiction, over 90% of our citizenry have access to clean running water and over 91% to basic sanitation and electricity. This is probably the highest in our district.

Economy

During the SONA, the President has in his speech touched on energy constrains which are impediments to the economic growth of the country and how much they inconveniencing everyone. We all have been experiencing blackouts or load shedding. The energy supply is one of the sources of municipality's income. However we have hit by a significant amount of electricity distribution losses, which are partly constituted by illegal connections. The municipality needs to adopt interventions to fight electricity theft.

The municipality has always had few economic activities and few LED initiatives; however in the last financial year there was a **SCARTEC** project where they developed a solar farm energy and this project employed 50% of the unemployed youth. The SMME's also benefited in this initiative through supplying transport and catering.

We have also contributed in alleviating poverty in our municipality through the following projects; which have employed 1000 unemployed youth: the project lasted a period of 11 months. This project is also expected to continue in the next financial year.

Thembisa Bus Route Project

We have decided to start projects that will be labour intensive to create or our unemployed youth. This project created jobs for employed 200 young people, however it could not be

finalized in this current because of unforeseen and unavoidable circumstances. This project will bring in the improved road infrastructure in the community of Thembisa Location.

Town Beautification

The municipality had employed 250 unemployed through the funding of **DEDEA** in the town beautification programme. We are striving to create jobs for improving lives of our communities.

Development Priorities

Our goal is to ensure that we are the developmental local government and that our towns continue to develop. This municipality may be not financial viable but we continue to ensure that our towns develop fairly.

The 2015/16 Mid-Term Revenue and Expenditure Framework

The budget was prepared in accordance with the prescripts of the Local Government Municipal Finance Management Act, Act 56 of 2003. The budget was compiled, taking into account the macro-economic growth parameters and addressees the following National Policy Frameworks and Provincial priorities:

- Participating in extended public works programs and labour intensive projects
- Strengthening of fiscal discipline
- Focus on core service delivery activities of local government
- Incremental channeling of funds towards infrastructure development, poverty alleviation and job creation
- Maintenance of debt levels through debtor management as well as maximizing sources of revenue.

The annual budget of Gariiep Local Municipality's task is to provide sustainable and economically viable local government to our communities, however the proposed budget does address this. Cost containment measures have been considered and plan to drastically reduce expenditure and to balance the budget have been developed.

Operating Expenditure

The operating expenditure will be R117million; employee related cost would be R29million. The municipality has a high rate of critical vacancies and the proposed budget needs to address this risk. Ward Committee members are catered for in this budget as part of enhancing public participation as it is the core center of our activities and shows that we acknowledge the role of the ward committees. Bulk purchases are subjected to change, the National Treasury guidelines is 14.4%; however on the electricity tariff by NERSA it is set to be 12,2%. The municipalities are face with the challenge of selling the electricity at a loss because of the hikes in electricity.

The previous tariff models have set the municipality in a predicament of supplying services at a loss. The previous tariffs have not been reflecting the cost of providing the services; this has created a gap between these tariff models. The municipality is attempting to phase in tariffs that will bridge this gap however poor households and affordability of the consumers need to be justice to the revenue of the municipality.

All services have been increased by 6%, the electricity tariff application has been submitted to NERSA for 2015/16 financial year. The municipality continues to improve the data integrity to enhance revenue collection.

Fellow Patriots

Gariep Local Municipality Council has proposed the following capital projects for the 2015/16 financial year:

- Thembisa Bus Route
- Refurbishing of the Burgersdorp town hall

The Thembisa had two phases; which phase one was rolled out in 2014 and in 2015 will be the completion of the project. There are a number of capital projects that we would love to undertake however the allocation does not all. Different Sector Departments have engaged to consider funding some of these unfunded capital programmes. The total amount of the proposed capital budget is R10 630m.

Allocations towards housing infrastructure for all areas of the municipality are not reflected in this budget, as the Department of Human Settlements will carry them out. **The Mzamomhle Housing Programme (Train Houses)** has started to kick-off we should be seeing contractor on site very soon. You will notice a decrease in our proposed capital budget compare to that of 2014, this is because the we have not budget for any capital programme that will be funded from our own revenue.

In Conclusion

The budget tabled here today is another step closer in attaining the strategic goals of the municipality which includes amongst others, financial viability and sustainability of the municipality, service delivery to all communities, institutional development and transformation as well as good governance and public participation. Emphasis is placed on sustaining and improving service delivery levels and extended services to all our communities.

It is with pleasure to present this proposed budget for 2015/16 before Council for deliberations and considerations.

I thank you

1.2. Council resolutions

Tabling of the Annual Budget for 2015/16 MTREF

Purpose

Tabling of the Annual Budget of Gariep Local Municipality for the financial year 2015/16 and indicative allocations for the two projected outer years 2016/17 and 2017/18, including policies and tariffs.

Background

In terms of the Section 24 (2) of Municipal Finance Management Act (MFMA) a Council of a Municipality must approve an annual budget before the start of the financial year. Section 24 (1) further requires that the Mayor must approve the annual budget at least 30 days before the start of the financial year. It is in compliance to Section 24 of MFMA that an annual budget is being tabled before this Council today. The municipal council will be presented with the draft budget, policies (only those with amendments) as well as proposed tariffs in the meeting that will take place on the 31 March 2015.

Subsequent to this, public meetings will be held under the leadership of the Executive Mayor and councilors at various venues across the municipal areas where inputs will be received from the public at large.

On 31 March 2015 the Council of Gariep Local Municipality met I to consider the draft annual budget of the municipality for the financial year 2015/16. The Council noted the following resolutions:

1. The Council of Gariep Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:
 - 1.1. The draft annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 .
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on;
 - 1.2.4. Asset management as contained in Table 26; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on.
2. The Gariep Local Municipality Council, notes
 - 2.1. the tariffs for property rates – as set out in Annexure A,

- 2.2. the tariffs for electricity – as set out in Annexure A
- 2.3. the tariffs for solid waste services – as set out in Annexure A

Annexures

Budget Part 1 and 2

Budget Annexures

Section 1: Budget Schedules and supporting tables

Section 2: Tariffs

RECOMMENDATION:

That Council resolves as follows:

1. That in terms of section 16 of the Municipal Finance Management Act, 56 of 2003, approves the Annual Budget of the municipality for the financial year 2015/16; and indicative allocations for the two projected outer years 2016/17 and 2017/18 and the multi-year single year capital appropriations as set out in the Annual Budget in the following tables:

1.1 Budgeted Financial Performance (revenue and expenditure by Standard classification) Annexure/Section 1 – Table A2;

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) Annexure/Section 1 - Table A3;

1.3 Budgeted Financial Performance (Revenue by Source and Expenditure by type) Annexure/Section 1 – Table A4 and

1.4 Multi-year and single year capital appropriations by municipal vote and Standard classification and associated funding by source. Annexure/Section 1 - Table A5.

2. Approves the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the following tables:

2.1 Budgeted Financial Position: Annexure/Section 1 – Table A6;

2.2 Budgeted Cash Flow: Annexure/Section 1 – Table A7;

2.3 Cash backed reserves and accumulated surplus reconciliation: Annexure/Section 1 – Table A8;

2.4 Asset Management: Annexure/Section 1 – Table A9; and

2.5 Basic service delivery measurement: Annexure/Section 1 –Table A10.

1.3. Executive Summary

Introduction

The 2015/16 Budget Statement is presented after key government speeches that have recently been delivered. The State President of the Republic of South Africa, Honorable Jacob Zuma delivered his state of the Nation Address where he emphasized the milestones that had been achieved since the African National Congress won the election in 1994.

Subsequent to the state of the nation address was the State of the Provinces Addresses, which were then followed immediately by the Minister of Finance when he was delivering the Annual Budget of the Country for the 2014/15 periods.

It is now time that local governments follow the tune to present the budget statements for the 2014/15 MTEF, which covers the period 1 July 2014 to 30 June 2017. The MFMA and the MBRR gives guidance on the preparation of the annual budgets as well as the National Treasury's Circular that are issued from time to time. The annual budget of the municipality is therefore presented herein in terms of the MBRR and the relevant circulars.

The baseline allocation for local government conditional grants, however, has been reduced in the 2015 Budget as part of the fiscal adjustment announced in the 2014 *Medium Term Budget Policy Statement*. This trend reflects a confluence of unfavorable domestic circumstances in local government.

The municipality is therefore impelled to review its spending and priorities funds to ensure key objectives are achieved. Local Government must ensure that efficiency gains, cost containment measure and reprioritization of expenditure relating to infrastructure continue to inform the planning framework of the municipalities. The state of the infrastructure requires substantial refurbishment to be done and repairs and maintenance spending must ensure health of infrastructural assets.

The municipality has been faced with a number of challenges when preparing the draft budget for 2015/16 MTEF, these include the following but not limited to:

- The increase in bulk electricity which will place pressure on consumer and on the municipality, the municipality still need to service the high debt of bulk electricity it has with Eskom
- Budgeting for repayments of outstanding contribution of pension funds, SARS and Auditor General
- The reduction in capital projects from the initially proposed number of projects
- Low revenue base that the municipality is basing the revenue projections on
- Non payment of service by consumers
- High level of indigent customers

The following are the guidelines used in the compilation of the 2015/16 MTEF:

- National and Provincial allocations which are gazette as required by the Division of Revenue Act;
- Increase in property rates and tariffs had to reasonably increase to reflect the cost of supplying each service.
- Necessary cost containment measures were explored to significantly reduce expenditure; however this had to be realistic

- Plan to decrease 30% on electricity distribution loses
- Salary increase and remuneration of councilor were to be prioritized
- Repairs and maintenance and capital projects were also prioritized

1.4 Operating Revenue Framework

In summary the total revenue of the municipality for 2015/16 MTEF is presented in the table 1 below:

EC144 Gariep - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	10 382	2 236	7 637	10 077	9 369	9 369	–	9 931	10 517	11 106
Property rates - penalties & collection charges				35	1 144				1 213	1 284	1 356
Service charges - electricity revenue	2	10 973	–	11 371	25 142	21 535	21 535	–	16 095	17 045	17 999
Service charges - water revenue	2	25 452	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	127	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	8 981	–	11 864	11 792	5 980	5 980	–	6 339	6 713	7 089
Service charges – other				0		14	14				
Rental of facilities and equipment		223	160	185	365	160	160		44	47	50
Interest earned - external investments		75	881	182		1 395	1 395		241	255	270
Interest earned - outstanding debtors		7 046	1 559	2 620	5 825	5 792	5 792		5 301	6 256	7 729
Dividends received											
Fines		40	433	14	20	9	9		22	24	41
Licences and permits		1 055	274	–	689				200	212	223
Agency services			–	3 169	4 272	1 527	1 527				
Transfers recognised – operational		31 107	67 715	25 781	31 289	31 977	31 977		32 578	30 893	30 208
Other revenue	2	12 109	657	427	12 535	2 648	2 648	0	416	123	9 513
Gains on disposal of PPE				42							
Total Revenue (excluding capital transfers and contributions)		107 571	73 913	63 327	103 150	80 407	80 407	0	72 381	73 368	85 584

1.3.1 Property Rates

The growth in the rates income relates only to the inflation rate guideline. There has not been any changes the properties compared to the current valuation roll.

1.3.2 Services Tariff

The average increase to the tariffs is at the inflation of 6%, however the pursuit for the cost reflection of the tariffs had not been implemented. There has been a need to consider the economic conditions and general affordability of the customers.

1.3.4 Electricity

The NERSA guideline for electricity is 12,2% the municipality used the 6% in the draft budget, however an application for the tariff that is above the guideline had been submitted. This is to bridge the gap between the cost reflective tariff and the current charge. The municipality had been supplying the service at a loss and is now attempting to phase in the increase each year to cover the under charge.

1.3.5 Refuse Removal

The tariff for refuse removal must take into account that the good practice is that the municipality should maintain a cash backed reserve to cover for the future cost of rehabilitation of the landfill sites. The average tariff of this service is as per the guideline in the MFMA Circular 75.

The table below illustrates the proposed capital budget

EC144 Gariep - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure – Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 – Council		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		-	-	4 238	-	-	-	-	-	-	-
Vote 2 – Council		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	451	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		1 108	2 609	1 747	3 128	3 128	3 128	-	4 630	-	-
Vote 6 - Technical Services		5 197	152 179	6 410	7 299	7 299	7 299	-	6 000	10 883	11 263
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-

Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6 305	155 239	12 395	10 427	10 427	10 427	-	10 630	10 883	11 263
Total Capital Expenditure – Vote		6 305	155 239	12 395	10 427	10 427	10 427	-	10 630	10 883	11 263
Capital Expenditure – Standard											
Governance and administration		-	451	4 238	600	600	600	-	-	-	-
Executive and council				4 238	600	600	600				
Budget and treasury office			451								
Corporate services											
Community and public safety		1 108	2 609	1 747	3 128	3 128	3 128	-	4 630	-	-
Community and social services		1 108	2 609	1 747	3 128	3 128	3 128		4 630		
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		5 197	152 179	6 410	7 299	7 299	7 299	-	6 000	10 883	11 263
Planning and development											
Road transport		5 197	152 179	6 410	7 299	7 299	7 299		6 000	10 883	11 263
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
Other											
Total Capital Expenditure – Standard	3	6 305	155 239	12 395	11 027	11 027	11 027	-	10 630	10 883	11 263
Funded by:											
National Government		6 305	15 390	12 395	10 427	10 427	10 427		10 630	10 883	11 263
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised – capital	4	6 305	15 390	12 395	10 427	10 427	10 427	-	10 630	10 883	11 263
Public contributions & donations	5		139 849								
Borrowing	6										
Internally generated funds					600	600	600				
Total Capital Funding	7	6 305	155 239	12 395	11 027	11 027	11 027	-	10 630	10 883	11 263

1.5 Capital Budget

The capital budget has decreased from R11027m to R10630m this is due to the fact that, in the current financial year the municipality had budgeted for a capital programme that was to be funded internally. The Municipal Infrastructure Grant solely funds the capital budget for 2015/16 financial year.

1.6 Expenditure Framework

The total operating expenditure has increased from R112 838m to R117 794m in the proposed 2015/16 budget. The expenditure framework for the 2015/16 budgets and MTREF is informed by the following:

- Employee Related Costs
- Councilor's Remuneration
- Repairs and Maintenance
- Material and Bulk Purchases
- Depreciation and Impairment

Description	Ref	Dec-11	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type	-										
Employee related costs	2	32 280	28 442	29 605	35 007	31 700	31 700	-	29 156	36 874	47 572
Remuneration of councillors		2 570	8 114	2 853	3 105	3 700	3 700		3 904	4 099	4 304
Debt impairment	3	53 322	4 757	4 268	2 676	2 940	2 940		2 805	2 970	3 805
Depreciation & asset impairment	2	10 809	6 091	19 967	8 645	8 645	8 645	-	9 060	9 594	10 979
Finance charges		2 684	-	4 595	242	3 116	3 116		264	233	246
Bulk purchases	2	24 303	-	18 390	22 578	24 303	24 303	-	21 004	22 244	23 489
Other materials	8		-	1 105	1 602				690	731	772
Contracted services		-	2 083	11 152	3 350	5 822	5 822	-	5 904	6 253	6 603
Transfers and grants		10 490	-	1 101	8 034	17 549	17 549	-	10 273	10 428	10 583
Other expenditure	4, 5	21 398	29 469	12 977	36 881	15 063	15 063	-	34 733	32 882	36 564
Loss on disposal of PPE			538	-							
Total Expenditure		157 856	79 493	106 013	122 121	112 838	112 838	-	117 794	126 307	144 917

Reasons for variances

- **Employee Related Cost:** The municipality has a high rate of critical vacancies, a new organogram that abolishes some of the position in the previous structure has been proposed and tabled before Council. The decrease in the remuneration of senior managers as per the Gazette had an influence.
- **Councilor's Remuneration:** The remuneration of Councilors has increase by 6% as per the gazette upper limits

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2	-								
Operating Transfers and Grants										
National Government:		24 407	28 337	29 148	30 030	30 030	30 030	31 431	29 746	29 004
Local Government Equitable Share		22 167	24 997	25 608	26 296	26 296	26 296	27 626	26 779	25 626
Finance Management		1 450	840	890	934	934	934	930	957	1 033
Municipal Systems Improvement		790	1 500	1 650	1 800	1 800	1 800	1 875	2 010	2 345
EPWP Incentive			1 000	1 000	1 000	1 000	1 000	1 000		
Other transfers/grants [insert description]										
Provincial Government:		57	1 235	5 764	1 259	1 759	1 759	1 147	1 147	1 204
DEDEA-EPWP				2 000		500	500			
Sport and Recreation			1 147	1 147	1 147	1 147	1 147	1 147	1 147	1 204
Local Government Support		57	88	117	112	112	112			
Local Government Support(LED)Capacity				2 500						
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:	-	-	-	-	-	-	-	-	-	
[insert description]										
Total Operating Transfers and Grants	5	24 464	29 572	34 912	31 289	31 789	31 789	32 578	30 893	30 208

Main Features of the Budget

The assumptions and principles used in the development of the budget are based on the guidelines received from National Treasury Circulars 71, 72,74 and 75, as well as external bodies such as the National Electricity Regulator of South Africa (**NERSA**) and the South African Local Government Bargaining Council (**SALGBC**). The strategic focus of the Integrated Development Plan (**IDP**) informed the budget, taking into account affordability. These guidelines were considered appropriate to inform the development of the Budget.

The high rate of unfilled vacancies has also inform this budget although creation of decent jobs is the national priority, affordability, high inflation than the proposed salary increase and decrease in the national allocations have to be considered.

The municipality has seen a very slight increase in the equitable share, the level of indigent consumers continue to increase and may seriously impair the financial sustainability of the municipality

Budget Strategy and Assumptions

Considering national Treasury's guideline for year-on –year increase on expenditure, which is tabled as follows:

- Bulk purchases have increased by 14.24 per cent in line with Eskom's electricity tariff increase to municipalities;
- A consumer price index (CPI) of 6.3 per cent as indicated in the Medium Term Budget Policy Statement (MTBPS) 2014;
- Salary and wage increases; and
- Repairs and maintenance, capital charges and other costs have increased by the CPI.

National Treasury provides guidelines on the year-on-year budget growth, while NERSA regulates the electricity tariff increase, which is set at 12.2%. The municipality awaits the NERSA approval of the proposed tariff increase.

Draft Annual Budget Tables

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's draft budget for 2015/16 and MTREF tabled before Council.

The Budget Tables are:

Table A1	–	Budget Summary
Table A2	–	Budget Financial Performance (revenue and expenditure by standard classification)
Table A3	-	Budgeted Financial Performance (by municipal vote)
Table A4	-	Budgeted Financial Performance (revenue by source);
Table A5	-	Budgeted Capital Expenditure (by municipal vote and funding source);
Table A6	-	Financial Position;
Table A7	-	Budgeted Cash Flow;
Table A8	-	Cash back backed reserves/accumulated surplus reconciliation;
Table A9	-	Asset Management;
Table A10	-	Basic Service Delivery measurement and all supporting schedules;