

GERT SIBANDE
DISTRICT
MUNICIPALITY



FINAL BUDGET:

2015/16, 2016/17, 2017/18

FINANCIAL YEARS

ITEM C53/03/2015

FINAL BUDGET 2015/16, 2015/16/17 & 2017/18 FINANCIAL YEARS 4/1/2 – 2015/16

REPORT OF THE MUNICIPAL MANAGER

INTRODUCTION

The purpose of this report is to table the final Budget for the 2015/2016, 2016/2017, and 2017/2018 financial years. Further, to inform Council of key focus areas that have influenced the compilation of the above-mentioned budget and to consider recommendations on the financing and approval of this budget. Further the final budget is prepared in compliance with the New Format Reform Initiatives Promulgated in terms of the Gazette No. 32141 Municipal Budget and Reporting Regulations (MBRR).

BACKGROUND

In addition to complying with the New Format in terms of Gazette no 3214, the final budget has been prepared in terms of the MFMA Circular no 74 issued on the 12th December 2014 and in terms of previous years Municipal Budget Circulars MFMA Circular No 70 and MFMA Circular No 72.

Further, the MFMA requires that the Draft Budget be tabled before 1st April 2015 to comply with the Regulations and the final budget is to be adopted by Council before 31st May 2015.

A Draft budget for the 2015/2016 and ensuing financial years was tabled at a Council meeting held on the 26 March and it was resolved per Item C25/03/2015 as follows:

RESOLVED:

1. That the Draft Budget for 2015/2016, 2016/2017, and 2017/2018 **BE NOTED**.
2. That the draft multi-year Annual Budget of Capital and Operating Expenditure as illustrated per the table below for 2015/2016, 2016/2017 and 2017/2018, **BE NOTED**.
3. That the capital budget tabled below **BE NOTED**.
4. That the Imbizo which will be advertised appropriately and the consultative meetings with the stakeholders will be held at the following Local Municipalities, **BE NOTED**.
5. That the projects for the Local Municipalities for the 2015/2016, financial year, **BE NOTED**.
6. That the loan facility amounting to R30 million be secured from a recognized Financial Institution and the following legal requirements that need to be adhered to, **BE APPROVED**.
 - a) A tender be placed in the respective newspapers informing the Financial Institutions of the Council's intention to acquire a loan facility amounting to R30 million.
 - b) The legal requirements in terms of Section 46 of the Municipal Finance Management Act be fully complied with.

- c) The negotiations to secure the best interest rates and other qualitative matters with the respective Financial Institution.
 - d) The facility funding requirements secured be applied towards funding of the Council's core Infrastructural Projects as referred to in the report.
7. That, the statutory tables in terms of the New Budget Format and reporting regulations, **BE NOTED.**
8. That, the following budget related policies approved by Council (available on request), **BE NOTED:-**
- (a) Supply Chain Management Policy
 - (b) Cash Management and Investment Policy
 - (c) Budget Policy
 - (d) Virement Policy
 - (e) Petty Cash Policy
9. That, the following Project expenditure currently being disclosed under the Capital Budget vote will administratively be recorded under direct allocations relating to the respective municipalities, **BE NOTED.**
- i) Chief Albert Luthuli Local Municipality – Council Chamber
 - ii) Msukaligwa – Pet Dam upgrade
10. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation **BE APPROVED.**

In compliance with the above mentioned resolution the following budget workshops /Imbizo's were held, with a view to ensure that the due process of public participation and consultation was addressed with the respective Communities within the GSDM area of jurisdiction. All budgeting comments and request from Communities were taken into consideration and where practical, the final 2015/2016 Budget was amended accordingly.

	ACTUAL DATE
Mkhondo	13/05/2015
Dipaleseng	25/05/2015
Dr Pixley Ka Isaka Seme	05/05/2015
Lekwa	12/05/2015
Msukaligwa	05/05/2015
Chief Albert Luthuli	07/05/2015
Govan Mbeki	20/05/2015

OVERVIEW OF THE BUDGET PROCESS AND THE ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP

It must be noted that the Integrated Development Plan (IDP) was also reviewed and this process allowed the District to re-examine plans and strategies to include strategic matters reflected in the IDP. Also, to ensure that these plans contain strategies that informs Institutional and Financial Planning through the entire budget process.

Further, the final annual budget was fully aligned to the IDP process and will be linked to 12 outcomes of Government illustrated per the MFMA Circular no. 54 and the role of Local Government which include the following:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant, equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and , accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and world
- A development-orientated public service and inclusive citizenship

In addition in compiling the final Budget MFMA Circular No 74 MFMA dated 12 December 2014 and Circular No 75 4/9 March 2015 service improvements guides where practical were taken into consideration.

FACTORS INFLUENCING THE BUDGET

The headline inflation forecasts is recommended in terms of the MFMA Circular No 72 when preparing the 2014/2015 budgets and MTREF are as follows:

<u>Year</u>	<u>Percentage</u>
2014/2015	- 5.8%
2015/2016	- 5.5%
2016/2017	- 5.3%

FUNDING CHOICES AND MANAGEMENT ISSUES IN TERMS OF CIRCULAR

Priority of expenditure still needs to be taking into consideration the following:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that public investments, services regulations and incentives are focused in defined spatial areas (spatial targeting) to optimize overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their assets base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance ;
- Expediting spending on capital projects that are funded by conditional grants;

- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme; and
- To implement cost containment measures.

OTHER FUNDING CHOICES IN TERMS OF CIRCULAR

Other choices that need to be considered are as follows:

- Eliminating non-priority spending
- Cash backing provided in Capital replacement reserves
- Budget and Accounting treatment of vat related to conditional Grant expenditure
- Accounting treatment of retention fees and conditional Grant funded projects
- Districts transferring funds to Local Municipalities
- Employee related costs whereby the multi-year salary and wage collective agreement for the period 01 July 2012 to 30 June 2015
- Renewal and repairs and maintenance of existing assets.
- Cost containment measures
- Achieving value for money and improved outcomes.
- General Expenditure
- Benefits to Mayors and Councillors – otherwise than provided for in the framework of the public office bearers Act 20 of 1998 is regarded as irregular expenditure and Municipality must recover that remuneration from the Political office bearer or member
- Budget Management issues dealt with in previous MFMA circulars No. 48,51,54,55,66 and 67.

INCOME PROJECTIONS OVER THE ENSUING YEARS

FINANCING: MULTI YEAR BUDGETS COMPARISONS

As illustrated per the table below is the Revenue Earning Projections in terms of the DORA Allocations, as well as the other funding options being contemplated

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
<u>Revenue</u>			
Grants	-284,970,000	-288,037,000	-291,395,000
Interest on investments	-2,750,000	-2,915,000	-3,089,900
Income from tariffs	-2,050,000	-2,173,000	-2,303,380
Other income	-492,150	-521,690	-553,000
DWA funding - RBIG	-112,400,000	-120,490,000	-66,500,000
Loan	-30,000,000		
Contribution Accumulated Surplus	-28,019,098	-19,046,710	-19,463,970
Total Income	-460,681,248	-433,183,400	-383,305,250

Grant Income

The Revenue Replacement Grant Equitable Share and other related grants FMG,MSIG, increases are 1.1% in the 2015/2016 per annum on a year-on-year basis and 2.1% thereafter these funds are utilized to fund material infrastructural project expenditure on behalf of the seven local municipalities, within the GSDM area of jurisdiction. In addition,

the unconditional grants are utilized to fund expenditure allocations in terms of the Administration of the Act.

The Grant Income is made up as follows:

		NAME	2015/16	2016/17	2017/18
102	55020	EQUITABLE SHARE	-14,931,000	-12,366,000	-9,635,000
102	55090	REVENUE REPLACEMENT GRANT	-256,040,000	-263,261,000	-270,167,000
		TOTAL GRANTS AND SUBSIDIES	-270,971,000	-275,627,000	-279,802,000
104	55080	RURAL ROADS	-2,133,000	-2,200,000	-2,310,000
610	55040	FMG	-1,250,000	-1,250,000	-1,250,000
630	55040	MSIG	-940,000	-960,000	-1,033,000
105	55040	EPWPG	-2,676,000	-1,000,000	-1,000,000
99		DATA			
99	55096	ISDG	-7,000,000	-7,000,000	-6,000,000
			-284,970,000	-288,037,000	-291,395,000
104	55065	GRANT DWA	-112,400,000	-120,490,000	-66,500,000
			-397,370,000	-408,527,000	-357,895,000

The Department of Water Affairs (DWA) have agreed to allocate funding regarding the RBIG Projects and are for the following Local Municipalities:

RBIG PROJECTS:

NAME OF MUNICIPALITY	2015/16	2016/17	2017/18
Chief Albert Luthuli	R55 000 000	R52 387 000	R44 500 000
Msukaligwa	R15 000 000	R7 503 000	R7 000 000
Dipaleseng	R42 400 000	R60 600 000	R22 000 000
TOTAL	R112 400 000	R120 490 000	R66 500 000

Income from Tariffs

The Tariff Income is pertinent to:

- Permit services
- Licensing services
- Other tariffs as follows:-
 - Municipal Health and Environmental Services
 - Water quality Services (laboratory fees)
 - Library and Information Services
 - General services

Interest & Other Income

Interest earnings are maximized and are likely to be received from the major financial institutions where current unspent and committed funding is held. Other income comprises the sale of tenders and telephone recoupment's etc.

Other material income earnings that are to be taken into consideration in funding the overall expenditure commitments, relating to the budget, is the utilization of the contribution accumulated surplus funds which is cash backed. The loan income amounting to R 30 million will be utilized to fund Capital and projects related expenditure.

EXPENDITURE PROJECTIONS OVER THE ENSUING YEARS

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Expenditure			
Allocations to Local Municipalities	74,000,000	50,000,000	50,000,000
Transfer Projects	13,418,646		
RBIG Projects	112,400,000	120,490,000	66,500,000
Departmental Allocations	49,303,200	43,370,200	42,480,200
Administration of the Act	189,559,402	204,523,200	216,525,050
Donations	500,000	300,000	300,000
Capital Expenditure	21,500,000	14,500,000	7,500,000
Total Expenditure	460,681,248	433,183,400	383,305,250

Further, expenditure is applied with a view to addressing backlogs in mainly service delivery type of projects. The project expenditure referred to above mainly relate to Road, Water, Water quality testing, Sanitation, Electricity Infrastructural Projects, Operation and Maintenance Support and Sports Facilities.

ALLOCATIONS TO LOCAL MUNICIPALITIES

The Direct Allocations are earmarked for Local Municipalities over the three year MTREF period. With regard to the Direct Allocations these amounts relate to project expenditure financed on behalf of the seven local municipalities, which predominantly relate to infrastructural projects. Projects identified were for the amount of R168,468,646 as per attached documents.

With regard to the Departmental Allocations, funds were mainly applied towards bursaries, people with disabilities, municipal health, co-operatives, LED and Tourism etc. ensuring that other subsidiary activities are performed adequately.

DEPARTMENTAL ALLOCATIONS

DETAIL	Budget	Budget	Budget
	2015/2016	2016/2017	2017/2018
DEPARTMENT -OFFICE - EXE MAYOR			
DONATIONS	500,000	300,000	300,000
MAYORAL EXCELLANCE AWARDS	400,000	400,000	400,000
CO-ORDINATION HIV AND AIDS	600,000	600,000	600,000
YOUTH DEVELOPMENT	2,000,000	300,000	300,000
WOMEN'S DEVELOPMENT CAPACITY	300,000	300,000	300,000
RELIGIOUS AFFAIRS(MORAL REGENA	100,000	100,000	100,000
OFFICE - RIGHTS OF THE CHILD	100,000	100,000	100,000
PEOPLE WITH DISABILITY	200,000	200,000	200,000

MAYORAL IMBIZO'S	1,300,000	1,000,000	1,000,000
CULTURAL FESTIVALS	1,000,000	0	0
	6,500,000.00	3,300,000.00	3,300,000.00
DEPARTMENT - PLANNING & ECO DEV			
REVENUE COLLECTION/DATA CLEANS	1,000,000	1,500,000	1,500,000
TRADITIONAL AFFAIRS/PROJECTS	1,000,000	1,000,000	1,000,000
LED, TOURISM AND AGRICULTURE	1,000,000	1,000,000	1,000,000
IDP - NEW AND UPDATE	350,000	350,000	350,000
REGIONAL AIRPORT PLANNING	200	200	200
PHEZUKOMKHONO - ALBERT LUTHULI	1,450,000	1,450,000	1,450,000
PHEZUKOMKHONO - MSUKALIGWA	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - GOVAN MBEKI	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - MKHONDO	1,450,000	1,450,000	1,450,000
PHEZUKOMKHONO - LEKWA	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - DIPALESENG	720,000	720,000	720,000
PHEZUKOMKHON - DR PIXLEY KA IS	1,000,000	1,000,000	1,000,000
CO - OPERATIVES	500,000	500,000	500,000
MUN PLAN SECTOR PLAN/SPLUMA	250,000	200,000	200,000
RURAL AND AGRI DEVELOPMENT	500,000	1,000,000	1,000,000
	12,220,200	13,170,200	13,170,200
DEPARTMENT - INFRA & TECH SERVICES			
UPDATE WATER SERVICE DEVELOPMENT PLAN	0	0	0
WATER CONS & DEMAND MANGEMENT	0	2,000,000	2,000,000
ALLOCATION TO MUNICIPALITIES	87,418,646	50,000,000	50,000,000
RBIG PROJECTS	112,400,000	120,490,000	66,500,000
	199,818,646	172,490,000	118,500,000
DEPARTMENT - CORPORATE SEVICES			
BURSARIES	1,500,000	1,500,000	1,500,000
IT FOR THE REGION	300,000	300,000	300,000
CAPACITY BUILDING	1,000,000	1,000,000	1,000,000
COMMUNITY PARTICIPATION	1,000,000	1,000,000	1,000,000
ISDG	7,000,000	7,000,000	6,000,000
VOTERS EDUCATION	2,000,000	0	0
	12,800,000	10,800,000	9,800,000
DEPARTMENT - COM & SOCIAL SEVICES			
CULTURE, SPORT & RECREATION	2,100,000	1,100,000	1,100,000
ENVIROMENTAL SERVICES	300,000	300,000	300,000
MUNICIPAL HEALTH	950,000	950,000	950,000
GSCM MARATHON - ANNUAL EVENT	700,000	700,000	700,000
REG LIBRARY & INFORMATION SERV	600,000	600,000	600,000
	4,650,000	3,650,000	3,650,000
DEPARTMENT - FINANCIAL SERVICES			
EMERGENCY/CONTINGENCIES	500,000	500,000	500,000
OPERATION CLEAN AUDIT	2,800,000	4,000,000	4,000,000
	3,300,000	4,500,000	4,500,000
OFFICE OF THE MUNICIPAL MANAGER			
PROMOTION OF THE DISTRICT/COMM	1,450,000	1,800,000	1,800,000
	1,450,000	1,800,000	1,800,000
DEPARTEMENTAL ALLOCATION - HUMAN SETTLEMENT			
DISASTER MANGEMENT	750,000	750,000	750,000
RURAL ROADS ASSET MAN SYSTEMS	2,133,000	2,200,000	2,310,000
HIRING OF EARTHMOVING AND ROAD	1,000,000	1,000,000	1,000,000
POTHOLE REPAIR MATERIALS(ASPHA	5,000,000	500,000	500,000
	8,883,000	4,450,000	4,560,000

TOTAL	249,621,846	214,160,200	159,280,200
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ADMINISTRATION OF THE ACT

ADMINISTRATION OF THE ACT: MULTI YEAR BUDGETS COMPARISONS

Detail	Vote	Budget 2015/2016	Budget 2016/17	Budget 2017/18
<u>COUNCIL</u>	-			
Executive Mayor & Mayoral Committee	100	10,757,940	11,403,410	12,087,610
Speaker, Chief Whip & Councillors	106	8,011,020	8,491,680	9,001,180
Council Support	096	5,951,490	6,438,610	6,824,920
TOTAL: Council		24,720,450	26,333,700	27,913,710
<u>MUNICIPAL MANAGER</u>	-			
Municipal Manager	101	4,448,660	4,804,760	5,093,080
Internal Audit	092	7,387,490	7,891,700	8,365,210
TOTAL: Municipal Manager		11,836,150	12,696,460	13,458,290
<u>PLANNING & ECONOMIC DEVELOPMENT</u>	-			
Planning Services	091	9,069,060	9,813,390	10,402,210
IDP	620	1,209,890	1,307,620	1,386,080
TOTAL: Planning & Economic Development		10,278,950	11,121,010	11,788,290
<u>CORPORATE SERVICES</u>	-			
Property Services	089 & 094	25,346,480	26,887,030	28,380,250
IT	095	8,586,420	9,160,310	9,709,920
Legal	097	2,802,720	3,011,670	3,192,370
Human Resources	098	6,455,240	6,899,730	7,295,710
Administration	099	15,583,872	16,848,100	17,859,000
Communication, Marketing & Tourism	109	2,488,320	2,689,990	2,851,400
TOTAL: Corporate Services		61,263,052	65,496,830	69,288,650
<u>FINANCE</u>	-			
Finance	107	11,174,890	11,939,450	12,655,810
Supply Chain Management	102	6,080,550	8,013,630	8,494,460
Municipal Management & Support	610	1,946,930	2,102,270	2,228,410
Carwash	503	0	0	0
MSIG	630	940,000	960,000	1,033,000
TOTAL: Finance		20,142,370	23,015,350	24,411,680
<u>MUNICIPAL INFRASTRUCTURE & SERVICES</u>	-			
Planning, Implementation & Support	105	7,337,050	7,834,980	8,305,080
Infrastructure Maintenance	104	5,711,110	6,139,840	6,508,230
Water & Sanitation	093	8,500,920	9,151,660	9,613,760
TOTAL: Municipal Infrastructure & Services		21,549,080	23,126,480	24,427,070

COMMUNITY & SOCIAL SERVICES	-			
Community & Social Services	108	9,780,060	10,574,020	11,208,470
Municipal Health Services	103	12,847,830	13,775,830	14,602,380
TOTAL: Community & Social Services		22,627,890	24,349,850	25,810,850
HUMAN SETTLEMENT & PUBLIC SAFETY	-			
Human settlement	088	7,487,020	7,928,800	8,404,520
Disaster Management	090	9,654,440	10,454,720	11,021,990
TOTAL: Human Settlement & Public Safety		17,141,460	18,383,520	19,426,510
GRAND TOTAL		189,559,402	204,523,200	216,525,050

EXPENDITURE BREAKDOWN – With reference to the Administration of the Act Allocations

Detail	Budget	Budget	Budget
	2015/2016	2016/17	2017/18
	R	R	R
Salaries and wages	91,091,612	98,745,970	104,670,680
Social Contributions	20,092,680	21,298,220	22,576,210
Councillor Allowances	14,039,410	14,881,770	15,774,660
Depreciation	18,479,950	19,588,750	20,764,070
Repair and Maintenance	6,449,690	6,873,470	7,078,880
Finance Cost	1,500,000	3,069,000	3,253,140
Contracted Services	1,950,000	2,067,000	2,191,020
General Expenditure	35,956,060	37,999,020	40,216,390
Total	189,559,402	204,523,200	216,525,050

DONATIONS

During the course of the 2015/2016 and ensuing financial years applications are normally received for Council to consider whether assistance may be rendered toward community related projects in dire need of financial support.

During the course of the ensuing years the following amounts are recommended.

Year	Amount (R)
2015/2016	500,000
2016/2017	300,000
2017/2018	300,000

FINANCING OF THE BUDGET

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Revenue			
Grants	-284,970,000	-288,037,000	-291,395,000
Interest on investments	-2,750,000	-2,915,000	-3,089,900
Income from tariffs	-2,050,000	-2,173,000	-2,303,380
Other income	-492,150	-521,690	-553,000
DWA funding - RBIG	-112,400,000	-120,490,000	-66,500,000
Loan	-30,000,000		
Contribution Accumulated Surplus	-28,019,098	-19,046,710	-19,463,970
Total Income	-460,681,248	-433,183,400	-383,305,250
Expenditure			
Allocations to Local Municipalities	74,000,000	50,000,000	50,000,000
Transfer Projects	13,418,646		
RBIG Projects	112,400,000	120,490,000	66,500,000
Departmental Allocations	49,303,200	43,370,200	42,480,200
Administration of the Act	189,559,402	204,523,200	216,525,050
Donations	500,000	300,000	300,000
Capital Expenditure	21,500,000	14,500,000	7,500,000
Total Expenditure	460,681,248	433,183,400	383,305,250

CAPITAL BUDGET

Detail	Budget	Budget	Budget
	2015/2016	2016/17	2017/18
	R	R	R
FURNITURE AND EQUIPMENT	500,000	500,000	500,000
COMPUTER EQUIPMENT	500,000	500,000	500,000
DISASTER CENTRE DR PIXLEY KA I	11,000,000	10,000,000	3,000,000
LAB EQUIPMENT	500,000	1,000,000	1,000,000
VEHICLES	1,500,000	2,000,000	2,000,000
REGIONAL DISASTER CENTRE	5,000,000		
REGIONAL SPORT FACILITY	2,500,000	500,000	500,000
Sub-Total	21,500,000	14,500,000	7,500,000

RECOMMENDATIONS OF THE EXECUTIVE MAYOR

1. That the final Budget for 2015/2016, 2016/2017, and 2017/2018 **BE APPROVED**.
2. That the final multi-year Annual Budget of Capital and Operating Expenditure as illustrated per the table below for 2015/2016, 2016/2017 and 2017/2018, **BE APPROVED**.

INCOME OVER THE ENSUING YEAR

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Revenue			
Grants	-284,970,000	-288,037,000	-291,395,000
Interest on investments	-2,750,000	-2,915,000	-3,089,900
Income from tariffs	-2,050,000	-2,173,000	-2,303,380
Other income	-492,150	-521,690	-553,000
DWA funding - RBIG	-112,400,000	-120,490,000	-66,500,000
Loan	-30,000,000	-	-
Contribution Accumulated Surplus	-28,019,098	-19,046,710	-19,463,970
Total Income	-460,681,248	-433,183,400	-383,305,250

EXPENDITURE OVER THE ENSUING YEARS

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Expenditure			
Allocations to Local Municipalities	74,000,000	50,000,000	50,000,000
Transfer Projects	13,418,646		
RBIG Projects	112,400,000	120,490,000	66,500,000
Departmental Allocations	49,303,200	43,370,200	42,480,200
Administration of the Act	189,559,402	204,523,200	216,525,050
Donations	500,000	300,000	300,000
Capital Expenditure	21,500,000	14,500,000	7,500,000
Total Expenditure	460,681,248	433,183,400	383,305,250

DEPARTMENTAL ALLOCATIONS

DETAIL	Budget	Budget	Budget
	2015/2016	2016/2017	2017/2018
DEPARTMENT -OFFICE - EXE MAYOR			
DONATIONS	500,000	300,000	300,000
MAYORAL EXCELLANCE AWARDS	400,000	400,000	400,000
CO-ORDINATION HIV AND AIDS	600,000	600,000	600,000
YOUTH DEVELOPMENT	2,000,000	300,000	300,000
WOMEN'S DEVELOPMENT CAPACITY	300,000	300,000	300,000
RELIGIOUS AFFAIRS(MORAL REGENA	100,000	100,000	100,000
OFFICE - RIGHTS OF THE CHILD	100,000	100,000	100,000
PEOPLE WITH DISABILITY	200,000	200,000	200,000
MAYORAL IMBIZO'S	1,300,000	1,000,000	1,000,000
CULTURAL FESTIVALS	1,000,000	0	0
	6,500,000.00	3,300,000.00	3,300,000.00
DEPARTMENT - PLANNING & ECO DEV			
REVENUE COLLECTION/DATA CLEANS	1,000,000	1,500,000	1,500,000
TRADITIONAL AFFAIRS/PROJECTS	1,000,000	1,000,000	1,000,000
LED, TOURISM AND AGRICULTURE	1,000,000	1,000,000	1,000,000
IDP - NEW AND UPDATE	350,000	350,000	350,000
REGIONAL AIRPORT PLANNING	200	200	200
PHEZUKOMKHONO - ALBERT LUTHULI	1,450,000	1,450,000	1,450,000
PHEZUKOMKHONO - MSUKALIGWA	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - GOVAN MBEKI	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - MKHONDO	1,450,000	1,450,000	1,450,000
PHEZUKOMKHONO - LEKWA	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - DIPALESENG	720,000	720,000	720,000
PHEZUKOMKHON - DR PIXLEY KA IS	1,000,000	1,000,000	1,000,000
CO - OPERATIVES	500,000	500,000	500,000
MUN PLAN SECTOR PLAN/SPLUMA	250,000	200,000	200,000
RURAL AND AGRI DEVELOPMENT	500,000	1,000,000	1,000,000
	12,220,200	13,170,200	13,170,200
DEPARTMENT - INFRA & TECH SERVICES			
UPDATE WATER SERVICE DEVELOPMENT PLAN	0	0	0
WATER CONS & DEMAND MANGEMENT	0	2,000,000	2,000,000
ALLOCATION TO MUNICIPALITIES	87,418,646	50,000,000	50,000,000
RBIG PROJECTS	112,400,000	120,490,000	66,500,000
	199,818,646	172,490,000	118,500,000
DEPARTMENT - CORPORATE SEVICES			
BURSARIES	1,500,000	1,500,000	1,500,000
IT FOR THE REGION	300,000	300,000	300,000
CAPACITY BUILDING	1,000,000	1,000,000	1,000,000
COMMUNITY PARTICIPATION	1,000,000	1,000,000	1,000,000
ISDG	7,000,000	7,000,000	6,000,000
VOTERS EDUCATION	2,000,000	0	0
	12,800,000	10,800,000	9,800,000
DEPARTMENT - COM & SOCIAL SEVICES			
CULTURE, SPORT & RECREATION	2,100,000	1,100,000	1,100,000
ENVIROMENTAL SERVICES	300,000	300,000	300,000
MUNICIPAL HEALTH	950,000	950,000	950,000
GSCM MARATHON - ANNUAL EVENT	700,000	700,000	700,000
REG LIBRARY & INFORMATION SERV	600,000	600,000	600,000
	4,650,000	3,650,000	3,650,000
DEPARTMENT - FINANCIAL SERVICES			
EMERGENCY/CONTINGENCIES	500,000	500,000	500,000

OPERATION CLEAN AUDIT	2,800,000	4,000,000	4,000,000
	3,300,000	4,500,000	4,500,000
OFFICE OF THE MUNICIPAL MANAGER			
PROMOTION OF THE DISTRICT/COMM	1,450,000	1,800,000	1,800,000
	1,450,000	1,800,000	1,800,000
DEPARTEMENTAL ALLOCATION - HUMAN SETTLEMENT			
DISASTER MANGEMENT	750,000	750,000	750,000
RURAL ROADS ASSET MAN SYSTEMS	2,133,000	2,200,000	2,310,000
HIRING OF EARTHMOVING AND ROAD	1,000,000	1,000,000	1,000,000
POTHOLE REPAIR MATERIALS(ASPHA	5,000,000	500,000	500,000
	8,883,000	4,450,000	4,560,000
TOTAL	249,621,846	214,160,200	159,280,200

ADMINISTRATION OF THE ACT: MULTI YEAR BUDGET COMPARISONS

Detail	Vote	Budget 2015/2016	Budget 2016/17	Budget 2017/18
<u>COUNCIL</u>				
Executive Mayor & Mayoral Committee	100	10,757,940	11,403,410	12,087,610
Speaker, Chief Whip & Councillors	106	8,011,020	8,491,680	9,001,180
Council Support	096	5,951,490	6,438,610	6,824,920
TOTAL: Council		24,720,450	26,333,700	27,913,710
<u>MUNICIPAL MANAGER</u>				
Municipal Manager	101	4,448,660	4,804,760	5,093,080
Internal Audit	092	7,387,490	7,891,700	8,365,210
TOTAL: Municipal Manager		11,836,150	12,696,460	13,458,290
<u>PLANNING & ECONOMIC DEVELOPMENT</u>				
Planning Services	091	9,069,060	9,813,390	10,402,210
IDP	620	1,209,890	1,307,620	1,386,080
TOTAL: Planning & Economic Development		10,278,950	11,121,010	11,788,290
<u>CORPORATE SERVICES</u>				
Property Services	089 & 094	25,346,480	26,887,030	28,380,250
IT	095	8,586,420	9,160,310	9,709,920
Legal	097	2,802,720	3,011,670	3,192,370
Human Resources	098	6,455,240	6,899,730	7,295,710
Administration	099	15,583,872	16,848,100	17,859,000
Communication, Marketing & Tourism	109	2,488,320	2,689,990	2,851,400
TOTAL: Corporate Services		61,263,052	65,496,830	69,288,650
<u>FINANCE</u>				
Finance	107	11,174,890	11,939,450	12,655,810
Supply Chain Management	102	6,080,550	8,013,630	8,494,460
Municipal Management & Support	610	1,946,930	2,102,270	2,228,410
Carwash	503	0	0	0
MSIG	630	940,000	960,000	1,033,000
TOTAL: Finance		20,142,370	23,015,350	24,411,680
<u>MUNICIPAL INFRASTRUCTURE & SERVICES</u>				
Planning, Implementation & Support	105	7,337,050	7,834,980	8,305,080
Infrastructure Maintenance	104	5,711,110	6,139,840	6,508,230
Water & Sanitation	093	8,500,920	9,151,660	9,613,760
TOTAL: Municipal Infrastructure & Services		21,549,080	23,126,480	24,427,070
<u>COMMUNITY & SOCIAL SERVICES</u>				
Community & Social Services	108	9,780,060	10,574,020	11,208,470
Municipal Health Services	103	12,847,830	13,775,830	14,602,380
TOTAL: Community & Social Services		22,627,890	24,349,850	25,810,850

HUMAN SETTLEMENT & PUBLIC SAFETY	-			
Human settlement	088	7,487,020	7,928,800	8,404,520
Disaster Management	090	9,654,440	10,454,720	11,021,990
TOTAL: Human Settlement & Public Safety		17,141,460	18,383,520	19,426,510
GRAND TOTAL		189,559,402	204,523,200	216,525,050

**EXPENDITURE BREAKDOWN – With reference to the Administration of the Act
Allocations**

Detail	Budget	Budget	Budget
	2015/2016	2016/17	2017/18
	R	R	R
Salaries and wages	91,091,612	98,745,970	104,670,680
Social Contributions	20,092,680	21,298,220	22,576,210
Councillor Allowances	14,039,410	14,881,770	15,774,660
Depreciation	18,479,950	19,588,750	20,764,070
Repair and Maintenance	6,449,690	6,873,470	7,078,880
Finance Cost	1,500,000	3,069,000	3,253,140
Contracted Services	1,950,000	2,067,000	2,191,020
General Expenditure	35,956,060	37,999,020	40,216,390
Total	189,559,402	204,523,200	216,525,050

3. That the capital budget tabled below, **BE APPROVED**.

YEAR	AMOUNT R
2015/2016	21,500,000
2016/2017	14,500,000
2017/2018	7,500,000

4. That the Imbizo's were advertised, **BE NOTED**.

5. That the following consultative meetings that were held, **BE NOTED**

LOCAL MUNICIPALITY	ACTUAL DATE
Mkhondo	13/05/2015
Dipaleseng	25/05/2015
Dr Pixley Ka Isaka Seme	05/05/2015
Lekwa	12/05/2015
Msukaligwa	05/05/2015
Chief Albert Luthuli	07/05/2015
Govan Mbeki	20/05/2015

6. That, the tables referred to in annexure C-1 to C-64 and attached to this report in terms of the New Budget Format and reporting regulations, **BE APPROVED**.
- | | | | |
|------|------------------------|---|---|
| 6.1 | Table A1 | - | Budget Summary |
| 6.2 | Table A2 | - | Budgeted financial performance by Standard Classification |
| 6.3 | Table A3 | - | Budgeted financial performance by vote |
| 6.4 | Table A4 | - | Budgeted financial performance by revenue source & expen.type |
| 6.5 | Chart A1 | - | Revenue by Municipal Vote Classification |
| 6.6 | Chart A2a
Chart A2b | - | Expenditure by Municipal Vote |
| 6.7 | Chart A3 | - | Revenue by Standard Classification |
| 6.8 | Chart A4 | - | Expenditure by Standard Classification |
| 6.9 | Chart A5/A | - | Revenue by source - major |
| 6.10 | Table A5 | - | Budgeted Capital Expenditure by vote, Std Class and funds |
| 6.11 | Chart A6 | - | Revenue by source - minor |
| 6.12 | Chart A7 | - | Expenditure by type |
| 6.13 | Table A6 | - | Budgeted financial position |
| 6.14 | Table A7 | - | Budgeted cash flow |
| 6.15 | Table A8 | - | Cash back reserves/ accumulated surplus reconciliation |
| 6.16 | Table A9 | - | Asset Management |
| 6.17 | Table A10 | - | Basic service delivery measurement |
7. That, the following budget related policies/ MFMA Circulars, which was previously approved in 2012/13, **BE APPROVED**
- | | |
|------|--|
| 7.1 | Revised Supply Chain Management Policy |
| 7.2 | Revised Cash Management and Investment Policy |
| 7.3 | Revised Budget Policy |
| 7.4 | Revised Virement Policy |
| 7.5 | Draft Fixed asset policy |
| 7.6 | Proposed Tariffs For Municipal Health and Environmental services/ water quality services |
| 7.7 | Draft Petty Cash Policy |
| 7.8 | Draft Impairment Of Sundry Debtors Policy |
| 7.9 | MFMA Circular No 74 |
| 7.10 | MFMA Circular No 75 |
8. That: the organogram attached herewith, which was previously approved in May 2012/13, **BE APPROVED**.
9. That the loan facility amounting to R30 million be secured from a recognized Financial Institution and the following legal requirements that need to be adhered to, **BE APPROVED**.
- A tender be placed in the respective newspapers informing the Financial Institutions of the Council's intention to acquire a loan facility amounting to R30 million.

- The legal requirements in terms of Section 46 of the Municipal Finance Management Act be fully complied with.
 - The negotiations to secure the best interest rates and other qualitative matters with the respective Financial Institution.
 - The facility funding requirements secured be applied towards funding of the Council's core Infrastructural Projects as referred to in the report.
10. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation attached per **Annexure D, BE APPROVED.**
 11. That the service delivery and budget implementation plan (SDBIP) for the 2015/2016 financial year be submitted to the Executive Mayor in terms of the MFMA regulations as illustrated on once final approval of the budget by Council is undertaken, **BE NOTED.**

Gert Sibande District Municipality

DIRECT ALLOCATIONS

PROJECTS ALLOCATED

TO THE SEVEN

LOCAL MUNICIPALITIES

**FOR 2015/2016; 2016/17 &
2017/2018 YEARS**

ALBERT LUTHULI

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
130		GRANTS TRANSFER			
130	256505	SILOBELA SEWER RETICULATION	2,000,000	0	0
130	256539	STADIUM ELUKWATINI	0	0	0
130	256602	SILOBELA ROADS	0	0	0
130	256700	REFURBISH STADIUMS CAR/ELUKWAT	0	0	0
130	256701	REG BULK INFRASTRUCTURE EMPU,M	0	0	0
130	256702	OPERATIONS & MAINTENANCE SUPPO	1,850,000	0	0
130	256703	WATER QUALITY TESTING	0	0	0
130	256704	SANITATION (VIP'S)	500,000	0	0
130	256705	ROADS (UPGRADE)	2,000,000	0	0
130	256706	POTHOLES	0	0	0
130	256707	BOREHOLES MAINTENANCE	1,000,000	0	0
130	256772	REG BULK INFRASTRUCTURE EERSTE	0	0	0
130	256776	ALBERT LUTHULI COUNCIL CHAMBER	5,000,000	0	0
130		TOTAL GRANTS TRANSFER	12,350,000	0	0

MSUKALIGWA

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
150		GRANTS TRANSFER			
150	256609	SEWER UPGRADE KHAYELIHLE	0	0	0
150	256610	WATER RETICULATION KHAYELIHLE	0	0	0
150	256709	REFURBISHMENT/UPGRADE ELEC NETWORKS	4,000,000	0	0
150		OPERATIONS AND MAINTENANCE	350,000	0	0
150	256711	REG BULK INFRASTRUCTURE	6,800,000	0	0
150		ROAD REH/UPGRADE(MORG/JOUBERT/OOSTHUIZEN)	6,000,000	0	0
150	256713	WATER QUALITY TESTING	350,000	0	0
150		PET DAM UPGRADE MSUKALIGWA	1,500,000	0	0
150		VIP'S	500,000	0	0
150		BOREHOLES MAINTENANCE	1,000,000	0	0
150	256777	REG BULK INFRA SHEEPMOOR	0	0	0
150		TOTAL GRANTS TRANSFER	20,500,000	0	0

GOVAN MBEKI

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
160		GRANTS TRANSFER			
160	256516	ROADS IN BETHAL	0	0	0
160	256611	LEANDRA ROADS	0	0	0
160		VIP'S	500,000	0	0
160	256615	BETHAL ELECTRICITY REFUND	0	0	0
160	256718	UPGRADING SPORT FACILITIES	2,157,570	0	0
160	256720	OPERATIONS & MAINTENANCE SUPPO	1,350,000	0	0
160	256721	WATER QUALITY TESTING	350,000	0	0
160		BOREHOLES MAINTENANCE	1,000,000	0	0
160	256771	EMBA SEWER NETWORK RET UPGRADE	900,000	0	0
160		TOTAL GRANTS TRANSFER	6,257,570	0	0

MKHONDO

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
172		GRANTS TRANSFER			
172	256619	AMSTERDAM/KWATHANDEKA ROADS	0	0	0
172	256726	EZPHUNZXINI NEW LINK ROAD	0	0	0
172	256729	DRIEFONTEIN CONSTRUCTION STP	0	0	0
172	256730	REG BULK INFRASTRUCTURE DIRKIE	0	0	0
172	256731	REG BULK INFRASTRUCTURE DRIEFO	0	0	0
172	256732	REG BULK INFRASTRUCTURE MANDUN	0	0	0
172	256733	OPERATIONS & MAINTENANCE SUPPO	6,650,000	0	0
172	256734	WATER QUALITY TESTING	450,000	0	0
172		SANITATION (VIP'S)	500,000	0	0
172		BOREHOLES MAINTENANCE	1,000,000	0	0
172	256738	PIET RETIEF SEWER TREATM PLANT	0	0	0
172	256770	PROV WATER SUPPLY RURAL COMM	4,000,000	0	0
172	256775	DIRKIESDORP 2 ML RESERVOIR	461,076	0	0
172		TOTAL GRANTS TRANSFER	13,061,076	0	0

LEKWA

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
180		GRANTS TRANSFER			
180	256270	RAISING MAIN WTW/OLS STANDERSK	0	0	0
180	256626	10 ML WATER TREATMENT PLANT	0	0	0
180	256740	REG BULK INFRASTRUCTURE EERSGE	0	0	0
180	256741	REG BULK INFRASTRUCTURE STANDE	0	0	0
180	256742	OPERATIONS & MAINTENANCE SUPPO	3,350,000	0	0
180	256744	WATER QUALITY TESTING	350,000	0	0
180		SANITATION (VIP'S)	500,000	0	0
180	256746	POTHOLES	0	0	0
180		NEW BOREHOLES	0	0	0
180	256748	WATER CONSERVATION AND DEMAND	3,000,000	0	0
180	256750	BOREHOLES MAINTENANCE	1,000,000	0	0
180	256767	UPGRAD SUBSTATION WTP LEKWA	0	0	0
180	256768	REPLACE SEWER PIPES SAKHILE	0	0	0
180		TOTAL GRANTS TRANSFER	8,200,000	0	0

DIPALESENG

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
184		GRANTS TRANSFER			
184	256630	BALFOUR TOWN ROADS	0	0	0
184	256631	SIYATHEMBA ROADS	0	0	0
184	256751	REG BULK INFRASTRUCTURE BALFOU	2,000,000	0	0
184	256752	UPGRADING SPORT FACILITY	3,500,000	0	0
184	256753	OPERATIONS & MAINTENANCE SUPPO	1,850,000	0	0
184	256754	WATER QUALITY TESTING	350,000	0	0
184		BOREHOLES MAINTENANCE	1,000,000	0	0
184		VIP'S	500,000	0	0
184		TOTAL GRANTS TRANSFER	9,200,000	0	0

DR PIXLEY KA ISAKA SEME

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
190		GRANTS TRANSFER			
190	256637	VOLKSRUST WTP CONST BULK SUPPL	0	0	0
190	256638	AMERSFOORT WTW COMPL PUMPLINE	0	0	0
190	256639	AMERSFOORT WATER TREATMENT PLA	0	0	0
190	256759	REG BULK INFRASTRUCTURE	0	0	0
190	256760	OPERATIONS & MAINTENANCE SUPPO	1,350,000	0	0
190	256761	WATER QUALITY TESTING	700,000	0	0
190		BOREHOLES MAINTENANCE	1,000,000	0	0
190		UPGRADE SPORT FACILITY- DAGGAKRAAL	2,500,000		
190		VIP'S	500,000	0	0
190	256774	AMERSFOORT SEWER RET/OUTFALL S	11,800,000	0	0
190		TOTAL GRANTS TRANSFER	17,850,000	0	0

RBIG ALBERT LUTHULI

Department	Account Code	Description	BUDGET	BUDGET	BUDGET
			2015/2016	2016/2017	2017/2018
330		GRANTS TRANSFER			
330	256663	REGIONAL BULK EERSTEH/EKULINDE	0	0	0
330	256664	REGIONAL BULK EMPULUZI/METULA	20,000,000	20,393,000	44,500,000
330	256779	LUSHUSHWANE BULK WATER SCHEME	35,000,000	31,994,000	0
330		TOTAL GRANTS TRANSFER	55,000,000	52,387,000	44,500,000

RBIG DIPALESENG

Department	Account Code	Description	BUDGET	BUDGET	BUDGET
			2015/2016	2016/2017	2017/2018
384		GRANTS TRANSFER			
384	256666	REGIONAL BULK BALFOUR/SIYATHEM	14,000,000	20,000,000	22,000,000
384		BALFOUR WASTE WATER TREATMENT	28,400,000	40,600,000	
384		TOTAL GRANTS TRANSFER	42,400,000	60,600,000	22,000,000

RBIG MSUKALIGWA

Department	Account Code	Description	BUDGET 2015/2016	BUDGET 2016/2017	BUDGET 2017/2018
350		GRANTS TRANSFER			
350	256665	REGIONAL BULK ERMELO/WESSELTON	0	0	0
350	256780	AMSTERDAM/SHEEPMOOR BULK WATER	15,000,000	7,503,000	0
350		TOTAL GRANTS TRANSFER	15,000,000	7,503,000	0

Gert Sibande District
Municipality

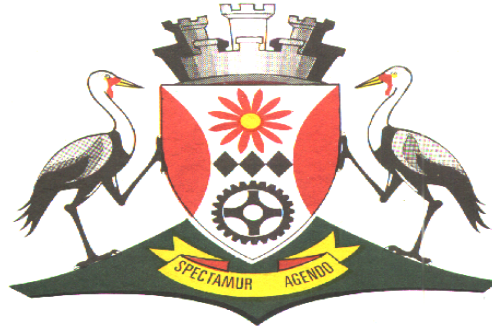
**NEW BUDGET FORMAT PREPARED IN TERMS OF GAZETTE
NO. 32141 MUNICIPAL BUDGET AND REPORTING
REGULATIONS (MBRR)**

ANNUAL BUDGET



2015/2016, 2016/2017 &
2017/2018

Gert Sibande District Municipality



VISION

"A District Municipality striving to Excel in Good Governance and Quality Infrastructure"

MISSION

Ensuring a better life for all in the District through:

- *Municipal Infrastructure Development*
- *Economic and Tourism Promotion*
- *Functioning Ward Committee System*
- *Community and Stakeholder Participation*
- *Efficient Systems and Administration*
- *Human Development*

CORPORATE VALUES

- *Customer Focus*
- *Accountability*
- *Responsiveness*
- *Service Oriented*

NEW DISCLOSURE REQUIREMENTS

ANNUAL BUDGET 2015/16; 2016/17 & 2017/18 YEARS IN TERMS OF THE MUNICIPAL BUDGET AND REPORTING REGULATIONS (MBRR)

In order to comply with the legislative requirements in terms of the new format initiatives promulgated in terms of the Gazette No 32141, Municipal Budgets and Reporting Regulations (MBRR) the Annual Budget comprises of three (3) main parts with Supporting Information, Charts and explanations of trends and deviations.

Part 1 – Annual Budget Disclosures.

These Annexures contain Tables A1 – A10 and Charts 1 – 7. Further, under Part 1 is the Foreword of the Executive Mayor and Schedule 1 – Draft Resolution on approval of the Annual Budget.

Part 2 – Supporting Documents.

The supporting tables SA1 – SA37 – also Schedules 1 (Personnel Budget) and Schedule 2 (Budget related Policies) are illustrated on pages 76 to 127 herewith.

As per schedule 2 the Budget related Policies per Annexure A are as follows:

Revised Supply Chain Management Policy
Revised Cash Management and Investment Policy
Revised Budget Policy
Revised Virement Policy
Draft Fixed asset policy
Proposed Tariffs For Municipal Health and Environmental services/ water quality services
Draft Petty Cash Policy
Draft Impairment Of Sundry Debtors Policy
MFMA Circular No 74
MFMA Circular No 75

Part 3 – Service Delivery and Budget Implementation Plans.

That the Service Delivery and Budget Implementation Plan (SDBIP) for the 2015/2016 financial will be submitted to the Executive Mayor in terms of the MFMA regulations once final approval of the Budget by Council is undertaken.

NEW FORMAT

The new format relating to the 2015/2016 budget and the ensuing years as attached.

FOREWORD

BY THE EXECUTIVE MAYOR ON THE ANNUAL BUDGET FOR THE 2015/2016, 2016/2017 AND 2017/2018 FINANCIAL YEARS

It gives me great pleasure to present the Final Budget for the 2015/2016 and ensuing years in terms of the Medium Term Revenue and Expenditure Framework (MTREF).

The budget has been fully aligned to the Integrated Development Plan for the 2015/2016 financial year. Further, there had been budget consultation meetings regarding all the GSDM's constituent Local Municipalities. In addition consultations were held with various Stakeholders using the Annual IDP / Budget Mayoral Outreaches, IDP Representative Forum and other IGR Structures Institutionalized within our Municipality. These consultations ensured that all Key Stakeholders had the ability to participate fully and meaningfully and thereby comment on the Budget before Council's final adoption process is undertaken.

This year's 2015/2016 budget was primarily based on the twelve outcomes reflected in the National Treasury Guidelines as well as mandates which are as follows:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and World
- A development-orientated public service inclusive citizenship

The primary goals to be attained by the District Municipality relate to appropriate service delivery objectives and funds had to be reprioritized to cater for the dire needs of communities.

In terms of the Division of Revenue Act (DORA) funds have been promulgated for the District at increases of approximately 1- 2% on a year on year basis and the District expends the majority of its funds on infrastructural projects relating to projects within the area of jurisdiction of the local municipalities. These projects are mainly infrastructural relating to Electricity, Water, Sanitation, Roads, Operation & Maintenance, Regional Sports Facilities and other related projects. Further, the District has been adopting a prudent approach in the equitable distribution of grant funding and the applicable allocations to the LM's. Once again the budget has been prepared on the basis of addressing backlogs relating to basic services and the refurbishment of existing network services. In addition, a major priority of the District has been to earmark funding towards addressing the major concerns relating to the quality of municipal drinking water and failures in the management of waste water.

The District has always maintained strong financial viability in undertaking its business operations. In addition the 2015/2016 budget has been prepared with a view of implementing significant cost curtailment initiatives and once again the major portion of funding has been directed towards addressing essential service delivery activities, thereby excluding non essential items.

The District would be administering a budget of R460 million for the 2015/2016 financial year.

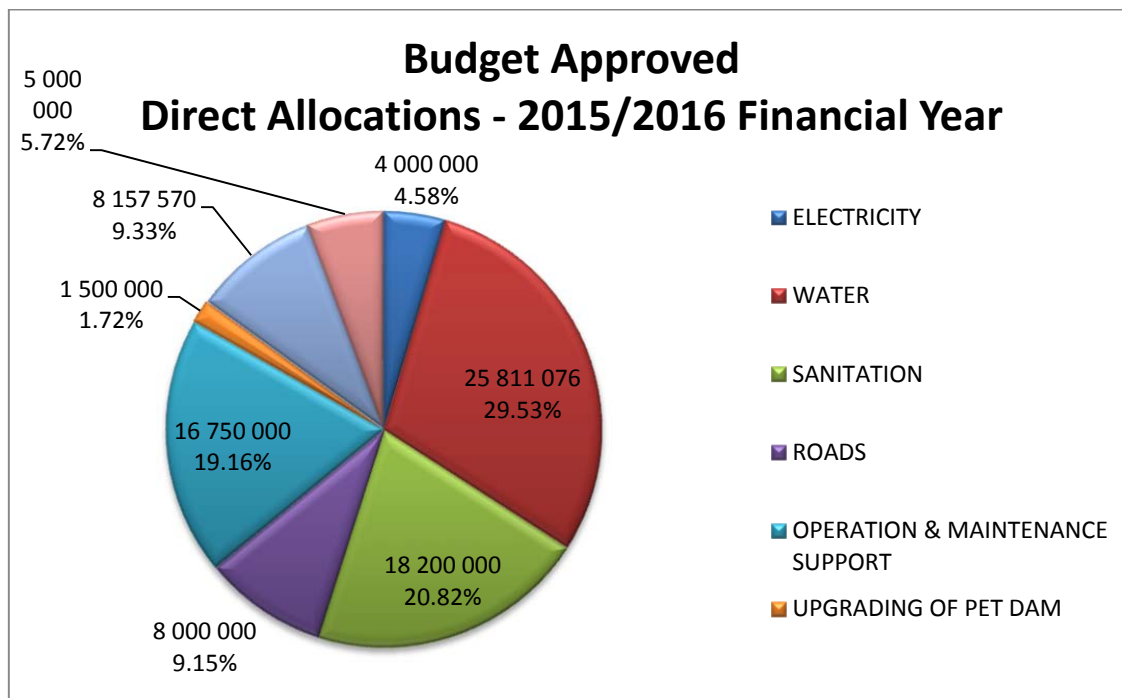
GRAPHICAL REPRESENTATIONS OF INFRASTRUCTURAL PROJECTS BEING FUNDED BY THE DISTRICT

The main categories of projects whereby funding would be applied are as follows:-

Project Category DIRECT ALLOCATIONS - 2015/2016 Financial Year

DIRECT ALLOCATIONS - 2015/2016 Financial Year

ELECTRICITY	4,000,000	4.58%
WATER	25,811,076	29.53%
SANITATION	18,200,000	20.82%
ROADS	8,000,000	9.15%
OPERATION & MAINTENANCE SUPPORT	16,750,000	19.16%
UPGRADING OF PET DAM	1,500,000	1.72%
SPORT FACILITIES	8,157,570	9.33%
COUNCIL CHAMBER SUPPORT	5,000,000	5.72%
	87,418,646	100.00%



As illustrated above and in order to ensure that the above-mentioned objectives are achieved, funding of R8,0 million is to be applied predominately towards addressing the degenerating road conditions, R25,81 million for water and sanitation projects and R4, million for electricity in all Local Municipalities. Further to that the District Municipality is also supporting the majority of Local Municipalities with Operations and Maintenance to the amount of R 16,75 million, Sport related infrastructure to the amount of R 8,15 million. The District also provide support to the Local Municipalities of Msukaligwa and Chief Albert Luthuli respectively by Upgrading the Pet Dam to the amount of R 1,5 million and the Council Chambers in Chief Albert Luthuli LM to the amount of R 5,0 million.

Prominence has been given to the creation of job opportunities directly or indirectly through the budgeting process and in this regard an amount of R7,620,000 has been provided for the Job Creation Fund – Phezukomkhono for the 2015/16 financial year.

The District as a result of its latest employee statistics and with the minimum proposed vacant positions anticipated is likely to reach the **25.7%** employee administrative costs in comparison relative to the total budget. In terms of the MFMA Circular municipalities the salary and wage collective agreement for the period 1st July 2012 to 30th June 2015 had come to an end. The South African Local Government Association issued the press release on the 3rd of March 2015 indicating that it tabled the following offer for salaries and wages increase;

- 2015/16 financial year – 4.4% inflation linked
- 2016/17 and 2017/18 financial years – inflation related increase plus additional 0.25%

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines to prepare the 2015/16 budgets.

It must be noted that the Executive Summary and the supporting documentation attached herewith, illustrates in detail the various funding allocations for the ensuing 2015/2016 financial year and with a view of complying with Section 22 (B)(1) of the MFMA, the Budget needs to be submitted to National –and- Provincial Treasury by no later than the 30th June 2015.

RECOMMENDATIONS OF THE EXECUTIVE MAYOR

1. That the final Budget for 2015/2016, 2016/2017, and 2017/2018 **BE APPROVED**.
2. That the final multi-year Annual Budget of Capital and Operating Expenditure as illustrated per the table below for 2015/2016, 2016/2017 and 2017/2018, **BE APPROVED**.

INCOME PROJECTIONS OVER THE ENSUING YEAR

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Revenue			
Grants	-284,970,000	-288,037,000	-291,395,000
Interest on investments	-2,750,000	-2,915,000	-3,089,900
Income from tariffs	-2,050,000	-2,173,000	-2,303,380
Other income	-492,150	-521,690	-553,000
DWA funding - RBIG	-112,400,000	-120,490,000	-66,500,000
Loan	-30,000,000		
Contribution Accumulated Surplus	-28,019,098	-19,046,710	-19,463,970
Total Income	-460,681,248	-433,183,400	-383,305,250

EXPENDITURE PROJECTIONS OVER THE ENSUING YEARS

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Expenditure			
Allocations to Local Municipalities	74,000,000	50,000,000	50,000,000
Transfer Projects	13,418,646		
RBIG Projects	112,400,000	120,490,000	66,500,000
Departmental Allocations	49,303,200	43,370,200	42,480,200
Administration of the Act	189,559,402	204,523,200	216,525,050
Donations	500,000	300,000	300,000
Capital Expenditure	21,500,000	14,500,000	7,500,000
Total Expenditure	460,681,248	433,183,400	383,305,250

DEPARTMENTAL ALLOCATIONS

DETAIL	Budget	Budget	Budget
	2015/2016	2016/2017	2017/2018
DEPARTMENT -OFFICE - EXE MAYOR			
DONATIONS	500,000	300,000	300,000
MAYORAL EXCELLANCE AWARDS	400,000	400,000	400,000
CO-ORDINATION HIV AND AIDS	600,000	600,000	600,000
YOUTH DEVELOPMENT	2,000,000	300,000	300,000
WOMEN'S DEVELOPMENT CAPACITY	300,000	300,000	300,000
RELIGIOUS AFFAIRS(MORAL REGENA	100,000	100,000	100,000
OFFICE - RIGHTS OF THE CHILD	100,000	100,000	100,000
PEOPLE WITH DISABILITY	200,000	200,000	200,000
MAYORAL IMBIZO'S	1,300,000	1,000,000	1,000,000
CULTURAL FESTIVALS	1,000,000	0	0
	6,500,000.00	3,300,000.00	3,300,000.00
DEPARTMENT - PLANNING & ECO DEV			
REVENUE COLLECTION/DATA CLEANS	1,000,000	1,500,000	1,500,000
TRADITIONAL AFFAIRS/PROJECTS	1,000,000	1,000,000	1,000,000
LED, TOURISM AND AGRICULTURE	1,000,000	1,000,000	1,000,000
IDP - NEW AND UPDATE	350,000	350,000	350,000
REGIONAL AIRPORT PLANNING	200	200	200
PHEZUKOMKHONO - ALBERT LUTHULI	1,450,000	1,450,000	1,450,000
PHEZUKOMKHONO - MSUKALIGWA	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - GOVAN MBEKI	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - MKHONDO	1,450,000	1,450,000	1,450,000
PHEZUKOMKHONO - LEKWA	1,000,000	1,000,000	1,000,000
PHEZUKOMKHONO - DIPALESENG	720,000	720,000	720,000
PHEZUKOMKHON - DR PIXLEY KA IS	1,000,000	1,000,000	1,000,000
CO - OPERATIVES	500,000	500,000	500,000
MUN PLAN SECTOR PLAN/SPLUMA	250,000	200,000	200,000
RURAL AND AGRI DEVELOPMENT	500,000	1,000,000	1,000,000
	12,220,200	13,170,200	13,170,200
DEPARTMENT - INFRA & TECH SERVICES			
UPDATE WATER SERVICE DEVELOPMENT PLAN	0	0	0
WATER CONS & DEMAND MANGEMENT	0	2,000,000	2,000,000
ALLOCATION TO MUNICIPALITIES	87,418,646	50,000,000	50,000,000
RBIG PROJECTS	112,400,000	120,490,000	66,500,000
	199,818,646	172,490,000	118,500,000
DEPARTMENT - CORPORATE SEVICES			
BURSARIES	1,500,000	1,500,000	1,500,000
IT FOR THE REGION	300,000	300,000	300,000
CAPACITY BUILDING	1,000,000	1,000,000	1,000,000
COMMUNITY PARTICIPATION	1,000,000	1,000,000	1,000,000
ISDG	7,000,000	7,000,000	6,000,000
VOTERS EDUCATION	2,000,000	0	0
	12,800,000	10,800,000	9,800,000
DEPARTMENT - COM & SOCIAL SEVICES			
CULTURE, SPORT & RECREATION	2,100,000	1,100,000	1,100,000
ENVIROMENTAL SERVICES	300,000	300,000	300,000
MUNICIPAL HEALTH	950,000	950,000	950,000
GSCM MARATHON - ANNUAL EVENT	700,000	700,000	700,000
REG LIBRARY & INFORMATION SERV	600,000	600,000	600,000
	4,650,000	3,650,000	3,650,000
DEPARTMENT - FINANCIAL SERVICES			
EMERGENCY/CONTINGENCIES	500,000	500,000	500,000

OPERATION CLEAN AUDIT	2,800,000	4,000,000	4,000,000
	3,300,000	4,500,000	4,500,000
OFFICE OF THE MUNICIPAL MANAGER			
PROMOTION OF THE DISTRICT/COMM	1,450,000	1,800,000	1,800,000
	1,450,000	1,800,000	1,800,000
DEPARTEMENTAL ALLOCATION - HUMAN SETTLEMENT			
DISASTER MANGEMENT	750,000	750,000	750,000
RURAL ROADS ASSET MAN SYSTEMS	2,133,000	2,200,000	2,310,000
HIRING OF EARTHMOVING AND ROAD	1,000,000	1,000,000	1,000,000
POTHOLE REPAIR MATERIALS(ASPHA	5,000,000	500,000	500,000
	8,883,000	4,450,000	4,560,000
TOTAL	249,621,846	214,160,200	159,280,200

ADMINISTRATION OF THE ACT: MULTI YEAR BUDGET COMPARISONS

Detail	Vote	Budget 2015/2016	Budget 2016/17	Budget 2017/18
<u>COUNCIL</u>				
Executive Mayor & Mayoral Committee	100	10,757,940	11,403,410	12,087,610
Speaker, Chief Whip & Councillors	106	8,011,020	8,491,680	9,001,180
Council Support	096	5,951,490	6,438,610	6,824,920
TOTAL: Council		24,720,450	26,333,700	27,913,710
<u>MUNICIPAL MANAGER</u>				
Municipal Manager	101	4,448,660	4,804,760	5,093,080
Internal Audit	092	7,387,490	7,891,700	8,365,210
TOTAL: Municipal Manager		11,836,150	12,696,460	13,458,290
<u>PLANNING & ECONOMIC DEVELOPMENT</u>				
Planning Services	091	9,069,060	9,813,390	10,402,210
IDP	620	1,209,890	1,307,620	1,386,080
TOTAL: Planning & Economic Development		10,278,950	11,121,010	11,788,290
<u>CORPORATE SERVICES</u>				
Property Services	089 & 094	25,346,480	26,887,030	28,380,250
IT	095	8,586,420	9,160,310	9,709,920
Legal	097	2,802,720	3,011,670	3,192,370
Human Resources	098	6,455,240	6,899,730	7,295,710
Administration	099	15,583,872	16,848,100	17,859,000
Communication, Marketing & Tourism	109	2,488,320	2,689,990	2,851,400
TOTAL: Corporate Services		61,263,052	65,496,830	69,288,650
<u>FINANCE</u>				
Finance	107	11,174,890	11,939,450	12,655,810
Supply Chain Management	102	6,080,550	8,013,630	8,494,460
Municipal Management & Support	610	1,946,930	2,102,270	2,228,410
Carwash	503	0	0	0
MSIG	630	940,000	960,000	1,033,000
TOTAL: Finance		20,142,370	23,015,350	24,411,680
<u>MUNICIPAL INFRASTRUCTURE & SERVICES</u>				
Planning, Implementation & Support	105	7,337,050	7,834,980	8,305,080
Infrastructure Maintenance	104	5,711,110	6,139,840	6,508,230
Water & Sanitation	093	8,500,920	9,151,660	9,613,760
TOTAL: Municipal Infrastructure & Services		21,549,080	23,126,480	24,427,070
<u>COMMUNITY & SOCIAL SERVICES</u>				
Community & Social Services	108	9,780,060	10,574,020	11,208,470

Municipal Health Services	103	12,847,830	13,775,830	14,602,380
TOTAL: Community & Social Services		22,627,890	24,349,850	25,810,850
HUMAN SETTLEMENT & PUBLIC SAFETY				
Human settlement	088	7,487,020	7,928,800	8,404,520
Disaster Management	090	9,654,440	10,454,720	11,021,990
TOTAL: Human Settlement & Public Safety		17,141,460	18,383,520	19,426,510
GRAND TOTAL		189,559,402	204,523,200	216,525,050

EXPENDITURE BREAKDOWN – With reference to the Administration of the Act Allocations

Detail	Budget	Budget	Budget
	2015/2016	2016/17	2017/18
	<u>R</u>	<u>R</u>	<u>R</u>
Salaries and wages	91,091,612	98,745,970	104,670,680
Social Contributions	20,092,680	21,298,220	22,576,210
Councillor Allowances	14,039,410	14,881,770	15,774,660
Depreciation	18,479,950	19,588,750	20,764,070
Repair and Maintenance	6,449,690	6,873,470	7,078,880
Finance Cost	1,500,000	3,069,000	3,253,140
Contracted Services	1,950,000	2,067,000	2,191,020
General Expenditure	35,956,060	37,999,020	40,216,390
Total	189,559,402	204,523,200	216,525,050

3. That the capital budget tabled below, **BE APPROVED**.

YEAR	AMOUNT R
2015/2016	21,500,000
2016/2017	14,500,000
2017/2018	7,500,000

4. That the Imbizo's were advertised, **BE NOTED**.

5. That the following consultative meetings that were held, **BE NOTED**

LOCAL MUNICIPALITY	ACTUAL DATE
Mkhondo	13/05/2015
Dipaleseng	25/05/2015
Dr Pixley Ka Isaka Seme	05/05/2015
Lekwa	12/05/2015
Msukaligwa	05/05/2015
Chief Albert Luthuli	07/05/2015

6. That, the tables referred to in annexure C-1 to C-64 and attached to this report in terms of the New Budget Format and reporting regulations, **BE APPROVED.**

6.1	Table A1	-	Budget Summary
6.2	Table A2	-	Budgeted financial performance by Standard Classification
6.3	Table A3	-	Budgeted financial performance by vote
6.4	Table A4	-	Budgeted financial performance by revenue source & expen.type
6.5	Chart A1	-	Revenue by Municipal Vote Classification
6.6	Chart A2a Chart A2b	-	Expenditure by Municipal Vote
6.7	Chart A3	-	Revenue by Standard Classification
6.8	Chart A4	-	Expenditure by Standard Classification
6.9	Chart A5/A	-	Revenue by source - major
6.10	Table A5	-	Budgeted Capital Expenditure by vote, Std Class and funds
6.11	Chart A6	-	Revenue by source - minor
6.12	Chart A7	-	Expenditure by type
6.13	Table A6	-	Budgeted financial position
6.14	Table A7	-	Budgeted cash flow
6.15	Table A8	-	Cash back reserves/ accumulated surplus reconciliation
6.16	Table A9	-	Asset Management
6.17	Table A10	-	Basic service delivery measurement

7. That, the following budget related policies/ MFMA Circulars, which was previously approved in 2012/13, **BE SUBMITTED to the By-Laws and policy Committee AND BE NOTED.**

7.1	Revised Supply Chain Management Policy
7.2	Revised Cash Management and Investment Policy
7.3	Revised Budget Policy
7.4	Revised Virement Policy
7.5	Draft Fixed asset policy
7.6	Proposed Tariffs For Municipal Health and Environmental services/ water quality services
7.7	Draft Petty Cash Policy
7.8	Draft Impairment Of Sundry Debtors Policy
7.9	MFMA Circular No 74
7.10	MFMA Circular No 75

8. That the organogram attached herewith, which was previously approved in May 2012/13, **BE NOTED.**

9. That the loan facility amounting to R30 million be secured from a recognized Financial Institution and the following legal requirements that need to be adhered to, **BE APPROVED.**

- A tender be placed in the respective newspapers informing the Financial Institutions of the Council's intention to acquire a loan facility amounting to R30 million.
 - The legal requirements in terms of Section 46 of the Municipal Finance Management Act be fully complied with.
 - The negotiations to secure the best interest rates and other qualitative matters with the respective Financial Institution.
 - The facility funding requirements secured be applied towards funding of the Council's core Infrastructural Projects as referred to in the report.
10. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation attached per **Annexure D, BE APPROVED.**
11. That the service delivery and budget implementation plan (SDBIP) for the 2015/2016 financial year be submitted to the Executive Mayor in terms of the MFMA regulations as illustrated on once final approval of the budget by Council is undertaken, **BE NOTED.**

REPORT OF THE CHIEF FINANCIAL OFFICER

EXECUTIVE SUMMARY ON THE 2015/2016, 2016/2017 AND 2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FINAL BUDGET

In terms of the MFMA Guidelines Circular No 74 per Annexure A it is recommended that the District should take the following inflation parameters into consideration in preparing the 2015/2016 budgets and MTREF.

<u>Year</u>		<u>Percentage</u>
2015/2016	-	5.8%
2016/2017	-	5.5%
2017/2018	-	5.3%

The District has adopted a conservative approach when projecting income and has been prudent in earmarking funds towards Capital Expenditure and Operating Expenditure. Once again considerable emphasis has been placed on the funding of Infrastructural Projects within the GSDM's area of jurisdiction. Further, emphasis has once again been placed on the recommendations by National Treasury relating to the twelve outcomes for Service Delivery.

Prominence has been given to the creation of job opportunities directly or indirectly through the budgeting process and in this regard an amount of R6,620,000 has been provided for the Job Creation Fund – Phezukomkhono for the 2015/16 financial year.

In terms of the latest balance sheet of the District, Council is in a favourable position of maintaining strong financial viability. In addition with sound financial management the District has the ability of requesting additional grants from National Treasury, DBSA as well as other leading Financial Institutions in order to expand on Service Delivery requirements and consequently eradicate backlogs experienced by the local municipalities. In addition, it is proposed that business plans be submitted to National Treasury/DBSA to access additional grants that may be allocated towards the funding of pilot projects earmarked by National Treasury.

Outlined below is the Annual Budget consisting of three (3) main parts with supporting information charts and explanations of trends and deviations.

PART 1 –ANNUAL BUDGET

The attached Annexures contain tables A1 to A10 and the recommendations / resolutions that are to be approved by Council with the respective Supporting Schedules which includes the following:

Executive summary

Annual Budget Tables

Table A1	-	Budget Summary
Table A2	-	Budgeted financial performance (revenue and expenditure) by Standard Classification
Table A3	-	Budgeted financial performance by vote
Table A4	-	Budgeted financial performance by revenue source & expenditure
Chart A1	-	Revenue by Municipal Vote Classification
Chart A2a	-	Expenditure by Municipal Vote
Chart A2(b Trend)	-	Expenditure by Municipal Vote
Chart A3	-	Revenue by Standard Classification
Chart A4	-	Expenditure by Standard Classification
Chart A5a	-	Revenue by source - major
Table A5	-	Budgeted Capital Expenditure by vote, Std Class and funding
Chart A6	-	Revenue by source - minor
Chart A7	-	Expenditure by type
Table A6	-	Budgeted Financial Position
Table A7	-	Budgeted Cash Flow
Table A8	-	Cash back reserves/ accumulated surplus reconciliation
Table A9	-	Asset Management
Table A10	-	Basic Service Delivery Measurement

Executive summary – financial performance

Table A1 – Budget Summary

As illustrated on table “A1” is a consolidated budget summary on the revenue and expenditure relating to the 2015/2016 budget and ensuing years. The total revenue that would be generated over the three year MTREF period is as follows:

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Revenue			
Grants	-284,970,000	-288,037,000	-291,395,000
Interest on investments	-2,750,000	-2,915,000	-3,089,900
Income from tariffs	-2,050,000	-2,173,000	-2,303,380
Other income	-492,150	-521,690	-553,000
DWA funding - RBIG	-112,400,000	-120,490,000	-66,500,000
Loan	-30,000,000		
Contribution Accumulated Surplus	-28,019,098	-19,046,710	-19,463,970
Total Income	-460,681,248	-433,183,400	-383,305,250

The revenue replacement grant that increases by approximately 1-2% on a year-on-year basis is applied to fund material Infrastructural Project Expenditure on behalf of the seven local municipalities within the GSDM area of jurisdiction. The project expenditure referred to above mainly relate to Electricity, Water and Sanitation, Roads, Operational and Maintenance, Regional Sports Facilities and Other related projects.

Further, expenditure is applied with a view to addressing backlogs in mainly service delivery type of projects. The District is contemplating loan funding so as to ensure its financial resources and contributions to local municipalities would be increased thereby allowing the District to carry out additional work. In addition, based on the strength of the financial position of the District in terms of its balance sheet the District is in a position to attract material loan funding. Also it must be noted that there are certain Key State Owned Governmental Financial Institutions that are willing to provide the much needed funding at extremely attractive interest rates. The need to obtain external funding is deemed to be prudent in terms of the leverage funding principles as internal funding resources may be released and be reprioritized towards Capital Expenditure.

EXPENDITURE PROJECTIONS OVER THE ENSUING YEARS

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
Expenditure			
Allocations to Local Municipalities	74,000,000	50,000,000	50,000,000
Transfer Projects	13,418,646		
RBIG Projects	112,400,000	120,490,000	66,500,000
Departmental Allocations	49,303,200	43,370,200	42,480,200
Administration of the Act	189,559,402	204,523,200	216,525,050
Donations	500,000	300,000	300,000
Capital Expenditure	21,500,000	14,500,000	7,500,000
Total Expenditure	460,681,248	433,183,400	383,305,250

As illustrated per the table above a material part of the funding is applied towards Infrastructural Projects.

With regard to Operating Costs this relates to the funding of Salaries and Wages (33%) and General Expenditure (13%).

Table A2 – Budgeted Financial Performance (Revenue & Expenditure by standard Classification)

The table “A2” illustrates details on the budgeted financial performance by standard classification. The categories illustrated on this table are related to Governance and Administration, Community and Public Safety (Health issues) and Economic and Environmental Services.

Table A3 – Budgeted Financial Performance by vote (Revenue & Expenditure by Municipal vote)

This table addresses the revenue & expenditure by vote which is relating globally to Council, MM, Corporate Services, Finance, Municipal Infrastructure Services and Community and Social Services.

Table A4 – Budgeted Financial Performance – Revenue and Expenditure

Table “A4” and supporting tables “SA1” and “SA2” provides details on the budgeted financial performance by revenue source and expenditure type. Further, table “A4” is graphically represented in: -

- Chart 1 - Revenue by Municipal Vote Classification
- Chart 2 - Expenditure by Municipal Vote
- Chart 3 - Revenue by Standard Classification

With regard to the 2013/2014 financial year the audited results for total revenue reflected an amount of R292,7 million. During the mid-year 2014/2015 assessment the Budgeted Revenue was realigned from R403,8 million to R360,6 million.

The year-on-year increases relating to Operating Expenditure was pegged at approximately 6-10% per annum where appropriate. The Operating Expenditure allocations are graphically illustrated in the following charts.

- Chart A1 - Revenue by Municipal Vote Classification**
- Chart A2a - Expenditure by Municipal Vote**
- Chart A2(b Trend) - Expenditure by Municipal Vote**
- Chart A3 - Revenue by Standard Classification**
- Chart A4 - Expenditure by Standard Classification**
- Chart A5a - Revenue by source – major**
- Chart A6 - Revenue by source – minor**
- Chart A7 - Expenditure by typ**

**PERSONNEL BUDGET
NEW POSITIONS ONLY**

CORPORATE SERVICES

NAME	TASK	JOB TITLE
IT		
VACANT	15	ICT Security Specialist

PLANNING & ECONOMIC DEVELOPMENT

NAME	TASK	JOB TITLE
PLANNING SERVICES		
VACANT	10	Librarian

COMMUNITY AND SOCIAL DEVELOPMENT

NAME	TASK	JOB TITLE
MUNICIPAL HEALTH SERVICES		
VACANT	12	EHP
VACANT	5	Intern
VACANT	5	Intern
VACANT	5	Intern
VACANT	5	Intern
VACANT	5	Intern

COUNCIL SUPPORT

NAME	TASK	JOB TITLE
Council Support Services		
Office of the Mayor		
VACANT	5	Secretary: Speaker

HUMAN SETTLEMENT

NAME	TASK	JOB TITLE
HUMAN		
VACANT		General Manager
VACANT	8	Executive Secretary

DISASTER MANAGEMENT		
VACANT	16	Manager: Disaster Management
DISASTER CENTRE MKHONDO		
VACANT	11	Disaster Management Officer
DISASTER CENTRE ALBERT LUTHULI		
VACANT	12	Admin Officer: D Centre
VACANT	3	General Assistant

INFRASTRUCTURE

NAME	TASK	JOB TITLE
LABORATORY		
VACANT	15	Manager: Quality Systems
VACANT	11	Snr Technician: Chemistry
VACANT	11	Technician: Chemistry

FINANCE

NAME	TASK	JOB TITLE
LABORATORY		
VACANT	15	Manager: Assets
VACANT	10	Accountant: Creditors
VACANT	10	Compliance Officer
VACANT	12	Ass Manager: Monitoring
VACANT	12	Ass Manager: Demand and Acquisition
VACANT	9	SMC Officer
VACANT	9	SMC Officer
VACANT	11	Procurement Officer

TABLE A1

TO

TABLE A10

BUDGET CHARTS

PART 2

SUPPORTING DOCUMENTS

PART 2 – SUPPORTING DOCUMENTS

Included in Part 2 are supporting tables “SA1” to “SA37” and the information relating to these supporting tables is as follows:

Overview of the Annual Budget Process

It must be noted that a Final Integrated Development Plan (IDP) was tabled on 26 March 2015. This process allows the District to re-examine plans and strategies to include additional issues and to ensure that these plans are strategies that inform Institutional and Financial Planning through the entire budget process.

The IDP revision process and budget process time table was approved in August 2014 and this indicated all the key deadlines relating to the review of the IDP and the preparation of the MTREF budget.

As highlighted, Community Consultation Meetings were held during the months of April 2015. These meetings, in the main reflected firstly, on the actual performance / deliverables rolled out in the 2014/2015 (six months ending December 2014) and 2015/2016, 2016/2017 and 2017/2018 financial year and the way forward. The key deadlines in the budget process plan for the preparation and review of the budget document as well as the IDP document and the preparation of the multi-year IDP / Budget is outlined on the next page:

BUDGET PROCESS PLAN – TIMES SCHEDULE OF KEY DEADLINES

Month	Financial year 2013/2014	Financial year 2014/2015	Financial year 2015/2016
July 2014	Commence process to close all accounts and prepare 2013/2014 Statutory Financial Statements	Monthly financial report for June 2014 including expenditure on staff benefits and results of cash flow for 2013/2014	<ul style="list-style-type: none"> - Drafting of IDP Process Plans by Local Municipalities as per the District Framework Plan. - First sitting of the IDP-RF to deliberate on the review and implementation M& E process - Complete Budget Process and Financial Management Calendar - Table budget process and financial calendar to Council.
August 2014	<p>Complete Statutory Annual Financial Statements for the 2013/2014 financial year and submit it to Auditor-General by 31 August 2014</p> <p>Finalize narrative on 2013/2014 Annual Report to coincide with actual performance results for the respective financial year</p>	Monthly financial report for July 2014	<ul style="list-style-type: none"> - Phase 1 IDP: Analysis phase – Assessment of performance and changing needs
September 2014	Complete Annual Report	Monthly financial report for August 2014	<ul style="list-style-type: none"> - Update policies, priorities, objectives and determine revenue for next three years - Determine allocations to Local Municipalities - Review strategies in terms of Phase 2 of the IDP
October 2014	<p>Auditing of Financial Statements and Performance Audit by office of the Auditor-General</p> <p>Furnishing Management comments on audit</p>	<ul style="list-style-type: none"> - Monthly / Quarterly Financial Report for September 2014, including expenditure on staff remuneration and cash flow report. - Report of Executive Mayor on implementation of budget and financial 	<ul style="list-style-type: none"> - Determine allocations to Local Municipalities, review projects and align it with Council's priorities - Phase 3 of the IDP

Month	Financial year 2013/2014	Financial year 2014/2015	Financial year 2015/2016
	queries etc.	state of affairs of the municipality	
November 2014	Receive and discuss management letter from Auditors with Auditor-General. Receive final audit report and issue management comments on queries accordingly	Monthly financial report for October 2014	<ul style="list-style-type: none"> - Engage with National and Provincial Departments to share plans on national expenditure frameworks - Complete phase 4 of IDP-integration - Complete departmental budgets
December 2014	<ul style="list-style-type: none"> - Reports in relation to the preparation of the Annual Report to be submitted by the Municipal Manager, Section 57 Managers and Mayoral Department. - Collation of reports - Auditor-General's final report to be included in the Annual Report. 	Monthly financial report for November 2014	<ul style="list-style-type: none"> - Consolidation of departmental budgets and plans - First Draft IDP finalized - Preparation of the Adjustment Budget - Departmental Heads to submit updated information regarding the Adjustment Budget.

January 2015	Table Annual report, audited Financial Statements, Audit Report and comments thereon to Council. Make public Annual Report in terms of section 127(5) of the MFMA.	<ul style="list-style-type: none"> - Monthly / Quarterly Financial Report including expenditure on staff remuneration and cash flow statement for December 2014. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality. <p>Mid-year assessment on:</p> <ul style="list-style-type: none"> - Service delivery performance against targets and performance indicators and budget implementation plan. - Reports on assessment to National and Provincial Treasury. - Monthly financial report 	<ul style="list-style-type: none"> - Finalise draft budget and table to Executive Mayor - 2nd IDP-RF consider the Draft IDP - Draft IDP ready for Council approval - Executive Mayor tables draft budget to Council - Tabling of Adjustment Budget to Mayoral Committee & Council for approval.
February 2015	Forward comments of Council on audit report and possible action plans in terms of the audit report to the Auditor-General, MEC for Finance and MEC for Local Government and Housing.	Monthly financial report for January 2015.	<ul style="list-style-type: none"> - Inform Local Municipalities on allocation to them in terms of section 37(2) of the MFMA - Program for consultation with Local Municipalities to be drawn up
March 2015	Oversight Committee to consider the Annual Report and submit Oversight Report to Council.	Monthly financial report for February 2015.	<p>Consultation on draft budget with stakeholders as follows:</p> <ul style="list-style-type: none"> - National Treasury - Provincial Treasury - Local Municipalities - 3rd IDP-RF consider Draft IDPs with complete projects lists from NG and PG - Publish IDP for 21 days public comments

April 2015	Oversight Report publicise for comments in terms of Section 129(3) of the MFMA.	<ul style="list-style-type: none"> - Monthly/ Quarterly Financial Report for March 2015 including expenditure on staff benefits and results of cash flow for 3rd quarter. - Report of Executive Mayor on implementation of budget and financial state of affairs of Council 	<ul style="list-style-type: none"> - Verifications of Budget-IDP Alignment - Update IDP project list
May 2015	-	Monthly financial report for April 2015.	<ul style="list-style-type: none"> - 4th IDP-RF consider the alignment of the IDP and Budget prior Council approval - Council approves budget and IDP for next financial year - Publish budget and IDP within 14 days of approval - Complete service delivery and budget implementation plan and table to Executive Mayor 28 days after budget has been approved
June 2015	-	Monthly financial report for May 2015. Year end cut off procedures to be implemented. Verification of fixed assets and cash on hands and other related balance sheet assertions	Complete performance contract of section 57 employees

The above IDP/Budget deadline processes were met and the 2014/2015 Final Budget together with the ensuing years is now being tabled for approval at the next Council Meeting to be held on the 30th May 2013.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The annual budget had been fully aligned to the IDP process and is linked to the twelve outcomes, which are:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and World
- A development-orientated public service inclusive citizenship

Further, in terms of the IDP process the District is committed to undertake on an overall basis the following:

- The rendering of services in an efficient, effective and economical manner to all customers.
- The ensuring that Financial and Institutional Resources are maximized.
- Where practical attending to Gender and Key Social Development Programmes.
- The regular view of Management Systems, internal controls and procedures to ensure that the effectiveness of these systems is sustainable.
- The introduction of initiatives relating to LED programmes.
- Maintaining effective co-operations with the relevant Stakeholders.
- To ensure skilled, motivated and committed workforce.
- Full compliance with the Batho Pele Principles.

PERFORMANCE INDICATORS AND BENCHMARKS

Supporting table “SA8” provides details on the financial indicators and benchmarks. The table budget was compiled considering the following main key performance indicators as a benchmark:

DETAILS	2015/2016	2016/2017	2017/2018
<u>REVENUE MANAGEMENT</u>			
Outstanding debt to revenue	0%	0%	0%
<u>OTHER INDICATORS</u>			
Employee related cost	25.7%	29%	35%
Remuneration	28.9%	32.9%	38.7%

OVERVIEW OF BUDGET RELATED POLICIES

It must be noted that the purpose of budget related and financial policies is to provide a sound environment to manage the financial affairs of the District. The following are key budget related policies:

- Budget Policy - this policy sets out the principles which must be followed in preparing a medium term revenue and expenditure framework budget. Further, it ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
- Investment Policy - this policy ensures that cash resources are managed in the most efficient and effective manner.
- Asset Management Policy – this policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment assets.
- Accounting Policy – this policy relates to the basis of presentation of the Annual Financial Statements in accordance with Generally Recognized Accounting Practices (GRAP).
- Supply Chain Management Policy – this policy is prepared in terms of Section 111 of the Municipal Finance Management Act, Act 56 of 2003. The application of this policy is to provide effective, fair, equitable, transparent and cost effective systems, when procuring goods and services of contractors and other related business matters. Currently in the 2014/15 year the Supply Chain Management Policy has been enhanced to take into consideration the latest Legislation as well as Best Practices.
- Transport and Subsistence Policy – this policy ensures that the reimbursement of travelling and subsistence costs relating to officials and councilors undertaking official business are properly administered – this policy needs to be updated on an annual basis.
- Short Term Insurance and Known Risks and Liabilities Policy – the main objective of this policy is to ensure Council’s assets are secure.
- Virement Policy – the main objectives of this policy is to allow flexibility in the use of budget funds to enable management to act on occasions as disasters, unforeseen expenditure of savings identified etc. as they arise to accelerate service delivery in a financially responsible manner. Further, another objective is to give Heads of Departments greater flexibility in managing their budgets.
- Credit Control & Debt Collection Policy
- Donations Policy – this policy will address the allocations of funding for community related projects.
- Municipal Health Policy – relates to tariffs
- Petty Cash Policy
- Impairment of Sundry Debtors Policy

OVERVIEW OF BUDGET ASSUMPTIONS

The District had been faced with major challenges, and these were taken into consideration in the preparation of the budget. Also the District’s limiting factor are related to funding resources and institutional capacity requirements. In addition, there are compelling demands made on the funding resources and priority had to be also be given to multi-year projects.

With regard to escalation over the ensuing Medium Term Revenue and Expenditure Framework (MTREF) and to accommodate price increases on materials as well as staff costs, an overall amount of approximately 10% on a year-on-year basis in this regard was included in the budget. Council awaits the directive from the Bargaining Council regarding Salary and Wage increases for the 2014/15 financial year.

OVERVIEW OF BUDGET FUNDING

In order to ensure that a balanced budget is achieved internal working capital which is cash backed amounting to R28 million was applied towards meeting proposed relevant project expenditure.

FUNDING REQUIREMENT FOR THE PROJECT AND CAPITAL EXPENDITURE

In terms with the IDP process, the required Capital Project Expenditure over the next three years amounts to R60.5 million. With regard to Project Expenditure the cumulative expenditure over the three year MTREF Budget period amounts to R467,8 million (Inclusive of RBIG Projects).

The funding sources that would be applied towards Project and Capital Budget Expenditure are as follows:

Detail	Budget 2015/2016 R	Budget 2016/2017	Budget 2017/2018
<u>Revenue</u>			
Grants	-284,970,000	-288,037,000	-291,395,000
Interest on investments	-2,750,000	-2,915,000	-3,089,900
Income from tariffs	-2,050,000	-2,173,000	-2,303,380
Other income	-492,150	-521,690	-553,000
DWA funding - RBIG	-112,400,000	-120,490,000	-66,500,000
Loan	-30,000,000		
Contribution Accumulated Surplus	-28,019,098	-19,046,710	-19,463,970
Total Income	-460,681,248	-433,183,400	-383,305,250

Committed 2014/15 Cash Flows that are currently invested on a short term basis with the respective Financial Institutions earn interest at approximately 6,2% per annum.

EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

In terms of the Division of Revenue Act, 2015/2016 and ensuing years allocations to the District by National Treasury are Gazetted.

The supporting tables "SA18", "SA19" and "SA20" provide details of planned expenditure against each allocation and grants that are received. During the current MTREF period the following grants have been allocated to the district.

Grant Income- Local Government MTEF Allocations as per Division of Revenue Act

			2015/16	2016/17	2017/18
102	55020	EQUITABLE SHARE	-14,931,000	-12,366,000	-9,635,000
102	55090	REVENUE REPLACEMENT GRANT	256,040,000	263,261,000	270,167,000
102		TOTAL GRANTS AND SUBSIDIES	270,971,000	275,627,000	279,802,000
104	55080	RURAL ROADS	-2,133,000	-2,200,000	-2,310,000
610	55040	FMG	-1,250,000	-1,250,000	-1,250,000
630	55040	MSIG	-940,000	-960,000	-1,033,000
105	55040	EPWPG	-2,676,000	-1,000,000	-1,000,000
99		DATA			
99	55096	ISDG	-7,000,000	-7,000,000	-6,000,000
			284,970,000	288,037,000	291,395,000
104	55065	GRANT DWA	112,400,000	120,490,000	-66,500,000
			397,370,000	408,527,000	357,895,000

TRANSFERS AND GRANTS MADE BY THE DISTRICT

As reflected in table “SA21” are the details regarding allocations made by the District to the Local Municipalities.

DETAILS	2015/2016 RM	2016/2017 RM	2017/2018 RM
Total allocations to the 7 LM's	180.8	170.4	116.5

COUNCILLOR AND STAFF BENEFITS

The supporting tables “SA22”, “SA23” and “SA24” illustrates the costs regarding Councillor Allowances and Employee Remuneration Expenditure and are categorized as follows:-

- Councillors and staff benefits for the District – SA22
- Councillors, Municipal Manager and Senior Managers – SA23
- Other Municipal Staff – Personnel numbers – SA24

BUDGET MONTHLY TARGETS FOR REVENUE EXPENDITURE AND CASH FLOW

The supporting tables “SA25”, “SA26” and “SA27” disclose the monthly targets for operating revenue by source, operating expenditure by type as well as a consolidated projected of revenue and expenditure by vote, whilst supporting table “SA29” provides monthly projections for capital expenditure by vote.

All the above schedules will be included in the final SDBIP which relates to the National Treasury Format per table **as Part 3.**

The SDBIP furnishes a detailed cash flow plan of the manner in which income would be earned as well as expenditure outlaid during the financial 2015/2016 year.

BUDGET MONTHLY CASH FLOW

The supporting table “SA30” provides a consolidated projection of cash flow for the budget setting out receipts by source and payments by type, both operating and capital categorized per month for the budget year.

CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

There are no commitments in this regard relating to contracts with financial obligations beyond three (3) years.

CAPITAL EXPENDITURE ON NEW ASPECTS BY ASSET CLASS

The supporting table “SA34” discloses capital expenditure by asset class and table “SA36” provides a list of capital projects.

PART 3 –ANNUAL BUDGETS AND SDBIP’S FOR INTERNAL DEPARTMENTS

A high level executive summary is attached in these Annexures

- Report by the Chief Financial Officer on the Final SDBIP which include the following Annexures:
 - Supporting Table SA 25 - Monthly projections of revenue for each source and expenditure type.
 - Supporting Table SA 27 - Monthly projection of operating revenue and expenditure by vote

- Supporting Table SA 29 - Monthly projections of capital expenditure by vote
- Executive summaries for internal departments.
- Departmental Annual Operating Budget.
- Departmental detailed Capital Expenditure.

COMPLIANCE WITH LEGISLATION

The district fully complies with the following legislation:

- Local Government: Municipal Structures Act 117 of 1998, as amended.
- Local Government: Municipal Systems Act No. 32 of 2000, as amended
- Local Government: Local Government Finance Act, Act 56 of 2004
- National Treasury Circulars: In terms of the Municipal Systems / Municipal Finance Management Act.

**BUDGET
RELATED
POLICIES,
PROCEDURES &
CIRCULARS**

Are attached

PER ANNEXURE A

Gert Sibande District Municipality

Please address all correspondence to:

The Municipal Manager
P O Box 1748/
Private Bag X9040
ERMELO
2350



Office hours:

Mondays to Thursdays
07:30 – 13:00 / 13:30 – 16:00
Fridays: 07:30 – 14:00
Tel.: (017) 801 7000
Fax: (017) 811 1207
Corner Joubert & Oosthuise Street
ERMELO
2350
e-mail: records@gsibande.gov.za

OFFICE OF THE MUNICIPAL MANAGER

QUALITY CERTIFICATE

I **CIJIMPI ABSENIA HABILE** Municipal Manager of **Gert Sibande District Municipality**, hereby certify that the 2015/16 Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act, and also that the Adjustment Budget and supporting documents are consistent with the Integrated Development Plan of the District Municipality.

Print Name: Cijimpi Absenia Habile

Municipal Manager of: Gert Sibande District Municipality – DC 30

Signature:

Date:

