

# EPHRAIM MOGALE

## LOCAL MUNICIPALITY

☎ 111  
**MARBLE HALL**  
 0450  
 ☎ 013-261 8400  
 📠 013-261 2985



Leeufontein Office (013) 266 7025  
 Elandskraal Office (013) 268 0006  
 Zamenkomst Office (013)973 9160  
 Traffic Section (013) 261 8400

**EXTRACTS FROM THE MINUTES OF THE 9<sup>TH</sup> SPECIAL COUNCIL MEETING OF  
 EPHRAIM MOGALE LOCAL MUNICIPALITY HELD ON TUESDAY THE 31<sup>ST</sup> MARCH 2015**

FILE/S: 9/1/2/4

*Complete document on file*

**SC9/01/2015 DRAFT BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE  
 FRAMEWORK FOR 2015/16, 2016/2017 AND 2017/2018**

9/1/2/4

**RESOLVED**

1. **That** The draft Medium Term Revenue and Expenditure Framework for 2015/16 – 2017/18 of Ephraim Mogale Local Municipality be considered and approved with all budget tables A1 to A10.
2. **That;** the council approves the draft Medium Term Revenue and Expenditure Framework for 2015/16 – 2017/18 of Ephraim Mogale Local Municipality and all supporting documents and / tables SA1 to SA37 and the Accounting Officer to submit to Provincial and National Treasuries and other relevant departments by the 10<sup>th</sup> April 2015.
3. **That** the proposed budget request for new personnel amounting to R 9 086 387.88 be considered and approved.
4. **That** the proposed multiyear and single year appropriation capital be considered and approved as summarized below:

DEPT	CAPITAL PROJECTS	SOURCE OF FUNDING	DRAFT BUDGET 2015/2016	FORECAST 2016/2017	FORECAST 2017/2018
VARRIOUS	EPMLM	INTERNALLY FUNDED	39 410 213.20	40 494 425.99	39 342 241.55
VARIOUS	EPMLM	MIG FUNDED	30 805 000.00	31 421 100.00	31 735 311.00
<b>TOTAL CAPITAL BUDGET FOR EPMLM</b>			<b>70 215 213.20</b>	<b>71 915 525.99</b>	<b>71 077 552.55</b>

5. **That** Council considers and approves the proposed tariffs of 12.20% for electricity as guided by Nersa.

6. **That** the following proposed tariffs be considered and approved;

Assessment Rates:	6%
Electricity:	12.20 %
Cleansing:	6%
Other income:	6%

7. **That** the 4.4% salary increase as guided by National Treasury circulars and SALGA be approved.

8. **That** the budget deficit with regards to non-cash items be considered and approved.

9. **That** Council notes the following budget related policies under review:

- Budget Policy
- Grants, Donations, Sponsorship and Gifts Policy
- Tariffs and Sundry Charge Policy
- Property Rates Policy
- Virement Policy
- Credit Control and Debt Collection Policy
- Inventory Policy
- Indigent Support Policy
- Investment Policy
- Cellphone Policy
- Overtime and Standby Policy
- Acting Allowance Policy
- Transport Allowance Policy
- Travel and Subsistence Policy
- Supply Chain Management Policy

10. **That** the draft SDBIP in line with the budget be compiled.

11. **That** the budget be presented to the community through public participation during the month of April 2015.

12. **That** The Accounting Officer must publish the approved budget with all budget tables, A1 to A10 and supporting tables SA1 to SA37 in the municipal website.

13. **That** the allocation for Diturupa annual function be R700 000 for a start and that firstly be a plan, ownership and engagements with the founder of Diturupa function.

14. That the position of Youth Officer in the Community Services section be added on the organogram.

15. That the Acting Municipal Manager implements decision accordingly.



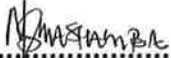
**L.B. MODISHA  
SPEAKER**

**31 MARCH 2015**

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**FINALISATION BY:**

Referred to ..... *BTO* .....by **Municipal Manager**



**N.S. Mashamba  
Acting Municipal Manager**

*31/03/2015*

**Date Received**

**PURPOSE**

To table to the Committee the Draft Budget: Medium Term Expenditure Framework for 2015/16, 2016/2017 and 2017/2018 for consideration and approval.

**BACKGROUND**

Section 16 of the Municipal Finance Management Act (MFMA) requires that the municipality must for each financial year approve an annual budget before the start of the financial year.

The format and contents of the budget are prescribed by sections 16 to 27 of the MFMA as well the Municipal Budget and Reporting Regulation issued by National Treasury.

The MFMA refers to funding of expenditure and states:

a. An annual budget may only be funded from:

- realistically anticipated revenues to be collected
- cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds; but only for the capital budget referred to in section 17(2).

b. Revenue projections in the budget must be realistic, taking into account:

- projected revenue for the current year based on collection levels to date; and
- Actual revenue collected in previous financial years."

c. Circular 74 and 75 issued by National Treasury provide further guidance for the preparation of 2015/2016 MTREF. All other MFMA Budget Circulars as well as departmental inputs were taken into consideration when preparing the draft budget.

**The Medium Term Budget Review 2015**

These circulars further guide on the issues in the *Medium Term Budgets and Review 2015* whereby municipalities need to pay attention to:

Fiscal constraints as a result of slowdown in economy since 2012, mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore they must ensure that efficiency gains, eradication of non-priority spending (cost containment

measures) and the reprioritisation of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure. Furthermore municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost.

## **Changes in the 2015 Division Revenue Bill**

### **Review of local government infrastructure grants**

The collaborative review of the local government infrastructure grant system led by the National Treasury is still underway. The first phase of the review, completed in 2014, identified two necessary reforms that will be made in 2015/16:

- The rules in the municipal infrastructure grant will be amended to allow funds to be used to refurbish and replace infrastructure, but only if municipalities demonstrate that assets have been maintained on a regular basis. Maintenance must be budgeted for as part of the normal business of municipalities.
- The number of conditional grants will be reduced to ease the burden of grant reporting. The two public transport grants will merge in 2015/16 into a single public transport network grant. The number of water and sanitation grants is also likely to be reduced from 2016/17.

Further changes to local government infrastructure grants will be announced in the 2015 MTBPS. In preparing for 2016/17 grant allocations, municipalities are advised to continue preparing business plans and project plans for the existing grants as there will be a phase-in period for any changes to the grant system.

The local government financial management grant (FMG) and the municipal systems improvement grant (MSIG) provides funds for the implementation of the Municipal Standard Chart of Accounts (mSCOA).

Other changes to local government allocations are more technical and reflect the shift of funds between direct and indirect grants, and the impact of the national macro-organisation of the state that followed the 2014 national elections. For example, the sanitation function, including all sanitation-related grants, has shifted from the Department of Human Settlements to the Department of Water and Sanitation

#### **A. Headline inflation forecasts.**

<b>Fiscal year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Real GDP growth	2.2	1.4	2.0	2.6	3.0
CPI Inflation	5.8%	5.6%	4.8%	5.9%	5.6%

Source: Budget Review 2015

## **B. Revising rates, tariffs and other charges**

National Treasury guides that When municipalities revise their rates, tariffs and other charges for their 2015/16 budgets and MTREF, they need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality or entity, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy.

The following are the proposed tariff increases after taking into consideration the guidelines from National Treasury:

Assessment Rates:	6%
Electricity:	12.20%
Cleansing:	6%
Other income:	6%

### **Eskom bulk tariff increase**

On the 29 January 2015, NERSA approved and published guidelines on municipal electricity price increase for the 2015/16 financial year. A guideline increase of 12.20 per cent has been approved based on the following assumptions:

- 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.

It should be noted that the guideline is not an automatic increase in tariffs. Therefore all municipalities with distribution licenses are still required to apply to NERSA for the approval of their tariffs. Accordingly the application has been sent to Nersa for the 12.20% electricity tariff increase. No approval has been granted yet.

### **Electricity levy increase**

During his budget speech on 25 February 2015, the Minister of Finance announced that the electricity levy will be increased by 2 cents per kWh. A special municipal circular will be issued in due course to guide municipalities on the implementation of the 2 cents per kWh electricity levy. In the interim municipalities are advised to use the guideline issued by NERSA to set their tariffs for the 2015/16 financial year.

## **C. Funding choices and management issues**

### **Employee related costs**

The Salary and Wage Collective Agreement for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent.

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

Accordingly the municipality has made a 4.4% provision for the salary increase that are to be effected from July 2015. The municipality has also budgeted for new personnel as a means to respond to other priority issues and well as meeting its strategic objectives amounting to R 9 086 387.88.

The following is the new posts that have been catered for in the draft budget 2015/2016:

<b>REQUIRED NEW PERSONNEL</b>			
<b>REGISTRATION AUTHORITY</b>			
<b>DEP</b>	<b>SAL NO</b>		<b>NAME</b>
220	VACANT	NEW	FILING CLERK

LICENSING AND TRAFFIC			
DEP	SAL NO		NAME
225	VACANT	NEW	SECURITY OFFICER
225	VACANT	NEW	TRAFFIC OFFICER
225	VACANT	NEW	TRAFFIC OFFICER
225	VACANT	NEW	TRAFFIC OFFICER
ELECTRICITY			
DEP	SAL NO		NAME
260	VACANT	NEW	GENERAL WORKER
260	VACANT	NEW	HANDY MAN
SOLID WASTE			
DEP	SAL NO		NAME
360	VACANT	NEW	TRACTOR DRIVER
360	VACANT	NEW	TRUCK DRIVER
360	VACANT	NEW	GENERAL WORKER: CLEANER
360	VACANT	NEW	GENERAL WORKER: CLEANER
CORPORATE SERVICES MANAGEMENT			
DEP	SAL NO		NAME
450	VACANT	NEW	SATELLITE ADMIN
450	VACANT	NEW	MANAGER COMMUNICATION
450	VACANT	NEW	SPECIAL PROGRAM OFFICER
450	VACANT	NEW	MANAGER OFFICE OF THE MAYOR
450	VACANT	NEW	COUNCIL SUPPORT MANAGER
ADMINISTRATION			
DEP	SAL NO		NAME
500	VACANT	NEW	PRINCIPAL CLERK: RECORDS
500	VACANT	NEW	MANAGER LEGAL
COUNCIL GENERAL			
DEP	SAL NO		NAME
505	NEW	NEW	YOUTH OFFICER
HUMAN RESOURCES			
DEP	SAL NO		NAME
510	VACANT	NEW	EAP OFFICER
ROADS AND STORMWATER			
DEP	SAL NO		NAME
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	GENERAL WORKER
650	VACANT	NEW	ARTISANS
650	VACANT	NEW	ARTISANS
650	VACANT	NEW	GRADER OPERATOR
650	VACANT	NEW	GRADER OPERATOR
650	VACANT	NEW	SMALL PLANT OPERATOR



650	VACANT	NEW	ROLLER COMPACTOR
PLANNING AND DEVELOPMENT			
DEP	SAL NO		NAME
760	VACANT	NEW	INTERN: PLANNING
760	VACANT	NEW	INTERN: PLANNING
760	VACANT	NEW	PMS OFFICER
FINANCE			
DEP	SAL NO		NAME
775	VACANT	NEW	ACCOUNTANT ASSET MANAGEMENT
774	VACANT	NEW	MANAGER FINANCIAL REPORTING
775	VACANT	NEW	CHIEF FLEET OFFICER
775	VACANT	NEW	ACCOUNTANT FINANCIAL CONTROL
775	VACANT	NEW	SENIOR CLERK CREDIT CONTROL
775	VACANT	NEW	SCM DEMAND OFFICER
775	VACANT	NEW	DRIVER

### **Remuneration of councillors**

Municipalities are advised to budget for the actual costs approved in line with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published by the Department of Cooperative Governance and Traditional Affairs. The gazette for 2015 will be released in due course. Municipalities are advised to refer to the circular issued on 23 January 2015 by the Department of Cooperative Governance and Traditional Affairs.

### **Budgeting for contingency plans for prolonged power outages**

Municipalities have indicated that they are in the process of implementing contingency plans to address Eskom power outages such as the procurement of generators and indicated the need for funding from national government. The government is collectively working with Eskom to mitigate the impact of power cuts. These efforts will improve the availability of electricity over the medium term, and plans are under way to ensure that South Africa can generate sufficient energy to power its economy over the long term. The government therefore consistently encourages a reduction in energy consumption and promotion of energy efficiency. Consequently the response from government is to address the immediate challenge and it would therefore be premature for municipalities to invest in contingency infrastructure with the expectation of funding.

Although this provision as entailed in Circular 75, the municipality still needs to cater for Uninterrupted Power Supply and a generator and cost estimates have already been done to ensure uninterrupted power supply and complying with stringent mandated deadlines. And this will not impact negatively on the municipal budget as the contingency plans need only to be provided to the main office where major service delivery are being rendered to the public which will require an estimated budget of R 300 000.00

### **Service level standards**

MFMA circular No. 72 indicated that all municipalities must formulate service level standards which must form part of the 2015/16 tabled MTREF budget documentation. The service level standards need to be tabled before the municipal council for formal adoption. A broad guideline was provided on the minimum service standards to be incorporated in the budget documentation.

The municipality has complied with this requirement from National Treasury whereby service level standards were approved by Council June 2014 together with the Customer Care Policy that was approved in April 2012 as attached to the budget documentation.

### **D. Debt Impairment**

A provision for debt impairment is made for 2015/16 to the amount of

R 6,900,000.00. This forms one of the non-cash items and was informed by outstanding debtors amounting R 45 691 422 and audited performance for 2013/2014.

### **E. Cost containment measures and non-priority spending**

Building on cost containment guidelines approved by Cabinet in October 2013, government at all levels will need to identify opportunities to increase efficiency and reduce waste. At a national level, the 2015 budget will pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment. Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation.

Hence the management shall undertake to identify measures for cost containment taking into consideration the circumstances of the municipality and needs of the surrounding community.

## F. Capital Budget

The proposed capital budget is set as follows:

PROJECT NAME		SOURCE OF FUNDING	DRAFT BUDGET 2015/2016	FORECAST 2016/2017	FORECAST 2017/2018
<b>DEPT</b>	<b>INTERNALLY FUNDED PROJECTS</b>				
220	MACHINERY & EQUIPMENT	INTERNAL	400 000.00	424 000.00	0.00
220	EXTENSION OF OFFICES	INTERNAL	800 000.00	848 000.00	0.00
220	PALISADE FENCE	INTERNAL	500 000.00	530 000.00	0.00
<b>TOTAL FOR REGISTRATION AUTHORITY - COMMUNITY SERVICES</b>			<b>1 700 000.00</b>	<b>1 802 000.00</b>	<b>0.00</b>
260	MOBILE TOILETS	INTERNAL	100 000.00	106 000.00	110 240.00
260	DICHOEUNG HIGHMAST	INTERNAL	250 000.00	265 000.00	275 600.00
260	PURCHASING OF LIGHT VEHICLE	INTERNAL	350 000.00	371 000.00	385 840.00
260	MOHLOTSI HIGHMAST	INTERNAL	250 000.00	265 000.00	275 600.00
260	MOHLALAOTWANE HIGHMAST	INTERNAL	300 000.00	318 000.00	330 720.00
260	MBUZINI/MORARELA HIGHMAST	INTERNAL	300 000.00	318 000.00	330 720.00
260	TSHIKANOSHI HIGHMAST	INTERNAL	300 000.00	318 000.00	330 720.00
<b>TOTAL FOR ELECTRICITY -INFRASTRUCTURE SERVICES</b>			<b>1 850 000.00</b>	<b>1 961 000.00</b>	<b>2 039 440.00</b>
425	MACHINERY & EQUIPMENT	INTERNAL	636 339.20	674 519.55	714 990.73
425	LANDSCAPING& GREENING PROJECT	INTERNAL	1 200 000.00	1 272 000.00	1 348 320.00
425	EXTENSIONS TO CEMETERY	INTERNAL	500 000.00	530 000.00	561 800.00
<b>TOTAL FOR PARKS AND CEMETERIES - COMMUNITY SERVICES</b>			<b>2 336 339.20</b>	<b>2 476 519.55</b>	<b>2 625 110.73</b>
500	INSTALLATION OF FIRE DETECTORS	INTERNAL	407 712.00	432 174.72	458 105.20
500	PURCHASE OF FURNITURE	INTERNAL	700 000.00	742 000.00	786 520.00
500	FIRE DETECTORS RECORDS & ARCH	INTERNAL	56 162.00	59 531.72	63 103.62
500	ARCHIVES	INTERNAL	350 000.00	371 000.00	393 260.00
<b>TOTAL ADMINISTRATION - CORPORATE SERVICES</b>			<b>1 513 874.00</b>	<b>1 604 706.44</b>	<b>1 700 988.83</b>
650	DUMPER X2	INTERNAL	650 000.00	663 000.00	669 630.00
650	MOGANYAKA LOW BRIDGE	INTERNAL	9 000 000.00	9 180 000.00	9 271 800.00
650	CONSTRUCTION OF N11	INTERNAL	2 000 000.00	2 040 000.00	2 060 400.00
650	STORMWATER EXT 6	INTERNAL	9 000 000.00	9 180 000.00	9 271 800.00
650	SAWCUTTER X2	INTERNAL	120 000.00	122 400.00	123 624.00
650	BOMAG ROLLER	INTERNAL	500 000.00	510 000.00	515 100.00
650	MOBILE TOILETS	INTERNAL	240 000.00	244 800.00	247 248.00
650	ROAD & STORM WATER MASTERPLAN	INTERNAL	1 000 000.00	1 020 000.00	1 030 200.00
650	LETEBEJANE&DITHOLONG INT ROAD	INTERNAL	1 500 000.00	1 530 000.00	1 545 300.00
650	DICHOEUNG INTERNAL ROAD	INTERNAL	8 000 000.00	8 160 000.00	8 241 600.00
<b>TOTAL FOR ROADS AND STORMWATER</b>			<b>32 010 000.00</b>	<b>32 650 200.00</b>	<b>32 976 702.00</b>
<b>TOTAL INTERNALLY FUNDED CAPITAL PROJECTS</b>			<b>39 410 213.20</b>	<b>40 494 425.99</b>	<b>39 342 241.55</b>
<b>DEPT</b>	<b>MUNICIPAL INFRASTRUCTURE GRANT FUNDED CAPITAL PROJECTS</b>				
650	ELANDSKRAAL INTERNAL STREETS	MIG	14 000 000.00	14 280 000.00	14 422 800.00
650	UPGRADING OF ROAD MATILU	MIG	5 000 000.00	5 100 000.00	5 151 000.00
650	UGRADING OF ROAD PULENG	MIG	5 000 000.00	5 100 000.00	5 151 000.00

650	MOHLALAOTWANE INTERNAL STREET	MIG	6 805 000.00	6 941 100.00	7 010 511.00
<b>TOTAL FOR MIG FUNDED CAPITAL PROJECTS</b>			<b>30 805 000.00</b>	<b>31 421 100.00</b>	<b>31 735 311.00</b>
<b>TOTAL CAPITAL BUDGET FOR EPMLM</b>			<b>70 215 213.20</b>	<b>71 915 525.99</b>	<b>71 077 552.55</b>

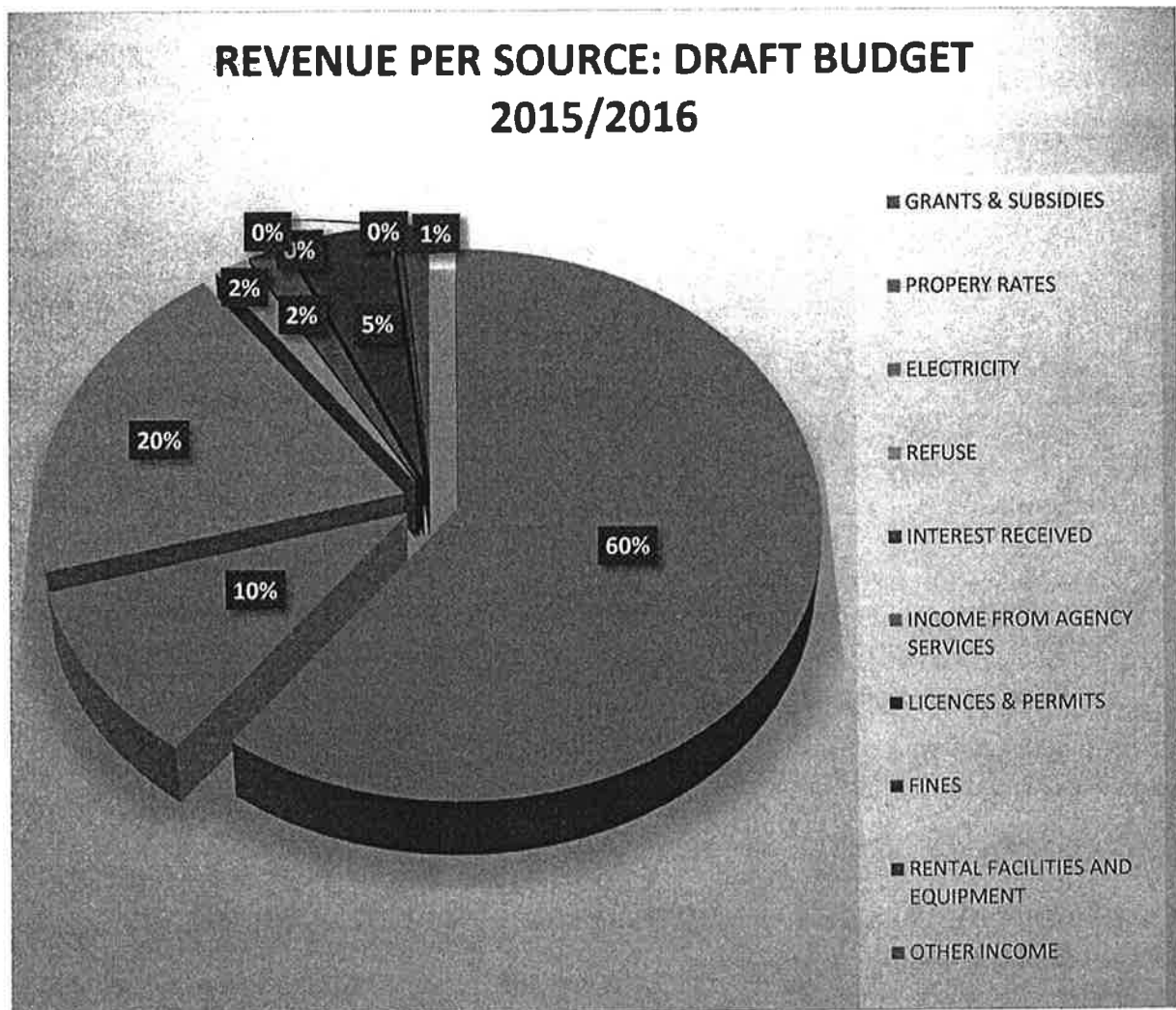
Excluded in the MIG funding is the cost for PMU Establishment amounting to R 1 600 000.00, which has been disclosed with Operational General Expenditure. Hence the total grant funding in relation to MIG IS R 32 405 000.00

## G. Operating Revenue Framework

### i) Total budgeted revenue

ITEM DESCRIPTION	ANNUAL BUDGET 2010/2015	ADJUSTMENT BUDGET 2014/2015	DRAFT BUDGET 2015/2016		FORECASTT 2016/2017	FORECAST 2017/2018
<b>REVENUE PER SOURCE</b>						
<b>GRANTS &amp; SUBSIDIES</b>	<b>126 497 000.00</b>	<b>126 497 000.00</b>	<b>154 713 000.00</b>	<b>60%</b>	<b>157 550 000.00</b>	<b>158 680 000.00</b>
EQUITABLE SHARE	91 614 000.00	91 614 000.00	118 546 000.00	46%	121 195 000.00	120 142 000.00
GRANT: MIG	31 070 000.00	31 070 000.00	32 405 000.00	13%	33 588 000.00	35 360 000.00
GRANT: MSIG	934 000.00	934 000.00	930 000.00	0%	957 000.00	1 033 000.00
GRANT: FINANCIAL MANAGEMENT	1 600 000.00	1 600 000.00	1 675 000.00	1%	1 810 000.00	2 145 000.00
EPWP INCENTIVE GRANT	1 279 000.00	1 279 000.00	1 157 000.00	0%	0.00	0.00
<b>REVENUE GENERATED FROM OWN SOURCES</b>	<b>96 425 753.92</b>	<b>97 004 262.23</b>	<b>102 461 350.69</b>	<b>40%</b>	<b>108 609 031.73</b>	<b>115 125 573.63</b>
PROPERTY RATES	15 204 926.44	25 251 278.44	26 766 355.15	10%	28 372 336.46	30 074 676.64
ELECTRICITY	44 881 130.30	44 881 130.30	50 356 628.20	20%	53 378 025.89	56 580 707.45
REFUSE	3 935 278.31	3 935 278.31	4 171 395.01	2%	4 421 678.71	4 686 979.43
INTEREST RECEIVED	4 827 855.51	7 148 633.51	4 692 135.18	2%	4 973 663.29	5 272 083.09
INCOME FROM AGENCY SERVICES	1 827 225.69	0.00	0.00	0%	0.00	0.00
LICENCES & PERMITS	21 576 956.17	11 576 956.17	12 271 573.54	5%	13 007 867.95	13 788 340.03
FINES	635 169.07	735 169.07	684 411.45	0%	725 476.14	769 004.71
RENTAL FACILITIES AND EQUIPMENT	186 254.62	186 254.62	197 429.90	0%	209 275.69	221 832.23
OTHER INCOME	3 350 957.81	3 289 561.81	3 321 422.27	1%	3 520 707.60	3 731 950.06
<b>TOTAL OPERATING REVENUE GENERATED</b>	<b>222 922 753.92</b>	<b>223 501 262.23</b>	<b>257 174 351</b>	<b>100%</b>	<b>266 159 031.73</b>	<b>273 805 573.63</b>
LESS REVENUE FORGONE	0.00	0.00	0.00		0.00	0.00
<b>TOTAL DIRECT OPERATING REVENUE</b>	<b>222 922 753.92</b>	<b>223 501 262.23</b>	<b>257 174 350.69</b>	<b>100%</b>	<b>266 159 031.73</b>	<b>273 805 573.63</b>

The following graph represents the percentage of the proposed budget per revenue source



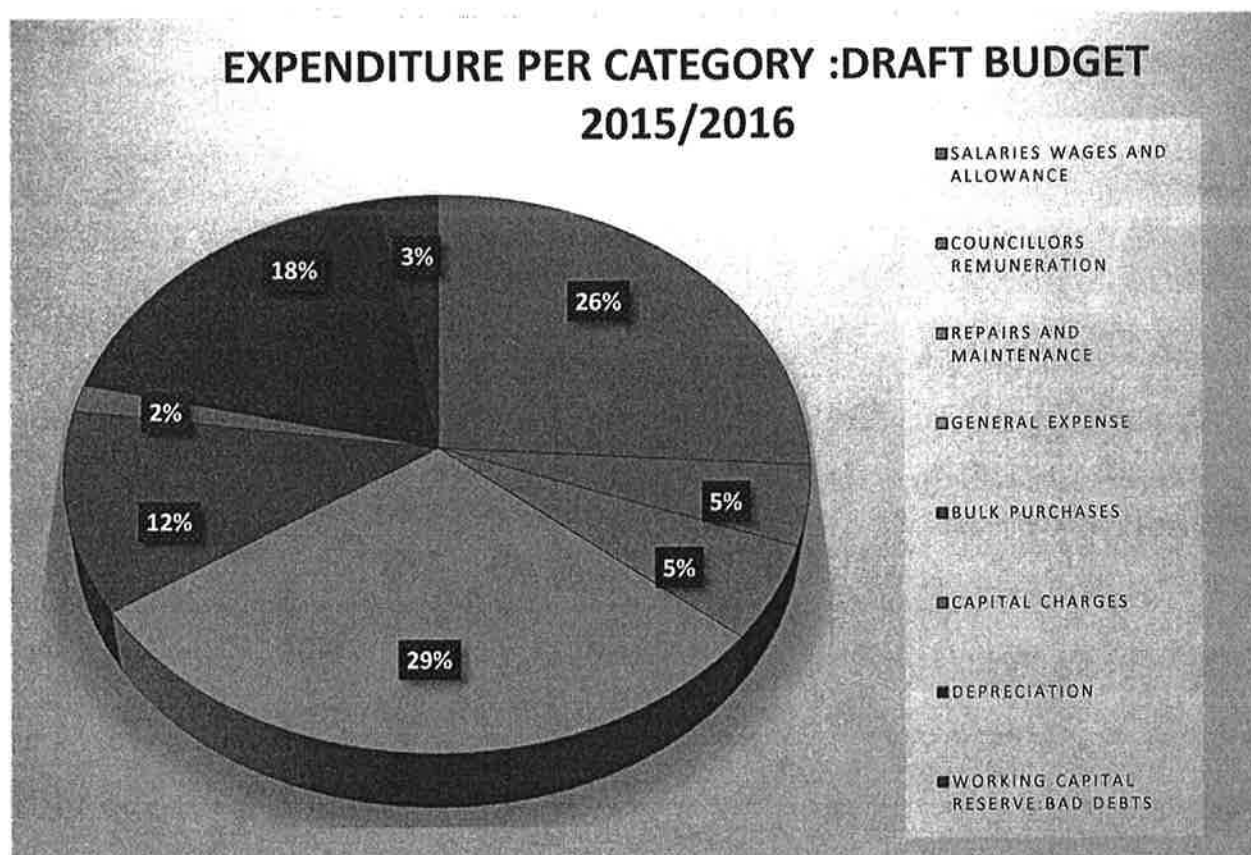
#### ii) Grants and Subsidies

ITEM DESCRIPTION	ANNUAL BUDGET 2010/4/2015	ADJUSTMENT BUDGET 2014/2015	DRAFT BUDGET 2015/2016	FORECAST 2016/2017	FORECAST 2017/2018
<b>GRANTS &amp; SUBSIDIES</b>					
EQUITABLE SHARE	91 614 000.00	91 614 000.00	118 546 000.00	121 195 000.00	120 142 000.00
GRANT: MIG	31 070 000.00	31 070 000.00	32 405 000.00	33 588 000.00	35 360 000.00
GRANT: MSIG	934 000.00	934 000.00	930 000.00	957 000.00	1 033 000.00
GRANT: FINANCIAL MANAGEMENT	1 600 000.00	1 600 000.00	1 675 000.00	1 810 000.00	2 145 000.00
EPWP INCENTIVE GRANT	1 279 000.00	1 279 000.00	1 157 000.00	0.00	0.00
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>126 497 000.00</b>	<b>126 497 000.00</b>	<b>154 713 000.00</b>	<b>157 550 000.00</b>	<b>158 680 000.00</b>

## H. Total Budgeted Expenditure

ITEM DESCRIPTION	ADJUSTMENT BUDGET 2014/2015	DRAFT BUDGET 2015/2016	% of Budget	DRAFT BUDGET 2016/2017	DRAFT BUDGET 2017/2018
SALARIES WAGES AND ALLOWANCE	50 070 665.53	60 672 803.66	26%	64 313 171.88	68 171 962.19
COUNCILLORS REMUNERATION	10 156 092.92	10 765 458.50	5%	11 411 386.00	12 096 069.17
REPAIRS AND MAINTENANCE	9 980 850.88	12 714 726.51	5%	13 477 610.10	14 136 594.70
GENERAL EXPENSE	46 843 052.26	68 458 190.03	29%	71 094 961.43	74 913 889.47
BULK PURCHASES	23 827 854.64	27 220 941.14	12%	28 854 197.61	29 431 281.56
CAPITAL CHARGES	3 360 200.00	3 561 812.00	2%	3 775 520.72	4 002 051.96
DEPRECIATION	40 000 000.00	42 400 000.00	18%	44 944 000.00	47 640 640.00
WORKING CAPITAL RESERVE:BAD DEBTS	6 000 000.00	6 900 000.00	3%	7 314 000.00	7 752 840.00
<b>TOTAL OPERATING EXPENDITURE</b>	<b>190 238 716.23</b>	<b>232 693 931.83</b>	<b>100%</b>	<b>245 184 847.74</b>	<b>258 145 329.05</b>
CAPITAL COST	79 262 546.00	70 215 213.20	23%	71 915 525.99	71 077 552.55
<b>TOTAL BUDGET INCLUDING CAPEX</b>	<b>269 501 262.23</b>	<b>302 909 145.03</b>		<b>317 100 373.73</b>	<b>329 222881.60</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>-46 000 000.00</b>	<b>-45 734 794.34</b>		<b>-50 941 342.00</b>	<b>-55 417 307.97</b>

The following graph represents the percentage of the proposed budget of expenditure per category:



## Budget Consultation Meetings

Budget Consultation meetings should be held during the month of April 2015, wherein all issues raised should be considered by Council in May 2015 before final approval is made. The draft budget should therefore be published and send to all relevant stakeholders for comments.

## Conclusion

The MTREF for 2015/2016 – 2017/2018 has a deficit amounting to R 45 734 794.34, this is inclusive of non-cash items (depreciation and debt impairment) amounting to R 49 300 000.00.

## PROPOSED RECOMMENDATIONS

1. **That** The draft Medium Term Revenue and Expenditure Framework for 2015/16 – 2017/18 of Ephraim Mogale Local Municipality be considered and approved with all budget tables A1 to A10.
2. **That;** the council approves the draft Medium Term Revenue and Expenditure Framework for 2015/16 – 2017/18 of Ephraim Mogale Local Municipality and all supporting documents and / tables SA1 to SA37 and the Accounting Officer to submit to Provincial and National Treasuries and other relevant departments by the 10<sup>th</sup> April 2015.
3. **That** the proposed budget request for new personnel amounting to R 9 086 387.88 be considered and approved.
4. **That** the proposed multiyear and single year appropriation capital be considered and approved as summarized below:

DEPT	CAPITAL PROJECTS	SOURCE OF FUNDING	DRAFT BUDGET 2015/2016	FORECAST 2016/2017	FORECAST 2017/2018
VARIOUS	EPMLM	INTERNALLY FUNDED	39 410 213.20	40 494 425.99	39 342 241.55
VARIOUS	EPMLM	MIG FUNDED	30 805 000.00	31 421 100.00	31 735 311.00
<b>TOTAL CAPITAL BUDGET FOR EPMLM</b>			<b>70 215 213.20</b>	<b>71 915 525.99</b>	<b>71 077 552.55</b>

5. **That** Council considers and approves the proposed tariffs of 12.20% for electricity as guided by Nersa.
6. **That** the following proposed tariffs be considered and approved;

Assessment Rates: 6%

Electricity: 12.20 %

Cleansing: 6%

Other income: 6%

7. **That** the 4.4% salary increase as guided by National Treasury circulars and SALGA be approved.
8. **That** the budget deficit with regards to non-cash items be considered and approved.
9. **That** Council notes the following budget related policies under review:
  - Budget Policy
  - Grants, Donations, Sponsorship and Gifts Policy
  - Tariffs and Sundry Charge Policy
  - Property Rates Policy
  - Virement Policy
  - Credit Control and Debt Collection Policy
  - Inventory Policy
  - Indigent Support Policy
  - Investment Policy
  - Cellphone Policy
  - Overtime and Standby Policy
  - Acting Allowance Policy
  - Transport Allowance Policy
  - Travel and Subsistence Policy
  - Supply Chain Management Policy
10. **That** the draft SDBIP in line with the budget be compiled.
11. **That** the budget be presented to the community through public participation during the month of April 2015.
12. **That** The Accounting Officer must publish the approved budget with all budget tables, A1 to A10 and supporting tables SA1 to SA37 in the municipal website.
13. **That** the Acting Municipal Manager implements decision accordingly.