

DRAFT ANNUAL BUDGET OF EPRHAIM MOGALE LOCAL MUNICIPALITY



2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

CFO	Chief Financial Officer
MM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IDP	Integrated Development Strategy
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
OHS	Occupational Health and Safety
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

Part 1 – Annual Budget

1.1 Mayor's Report

The year 2016 is very significant within the local government sphere, as it is the year of "Local Government General Election". This means the end of the mandate given to municipalities during the 2011 elections. As we entered the new local government era, it is important for the municipality to develop the new Five Years Integrated Development Plan (IDP) that will cover the period 2016 to 2021. It is in this regard that Ephraim Mogale Local Municipality in its strategic review, developed a five year IDP, for the financial year 2016-202.

During the said strategic review, the municipality has further reviewed its vision and mission as recommended by Auditor General of South Africa (AGSA) to long term "Vision 2030". It simply means that the municipality has now long term vision. This document will be used as long term developmental plan which came as results of highly consultation with communities and stakeholders and comments by individuals who are all interested in the general development, growth and making a better life for the community of Ephraim Mogale Local Municipality.

During the consultations with communities as required by Chapter 4 of Local Government: Municipal Systems Act 32 of 2000, community members gave the municipality inputs of the developmental needs within its areas and the prioritisation thereof. This is part of legislative requirement to engage in community participation in the operations and administration for local government where communities and stakeholders refine the prioritisation of project and development of better implementation strategy.

The document is in line with the needs and demand to improve and better the life of the communities. The document put emphasis and priorities on the improvement of the life of communities through the development of infrastructure in line with the National Development Plan (NDP) and Limpopo Development Plan (LDP).

Most importantly, the municipality year-on-year IDP review should be aligned to the municipality Budget as proposed. In that regard, the municipality vision to continue the good practices prescribed and encouraged by the relevant legislations on budgeting, planning and development, that include the job creation through local economic development, etc. therefore the municipal annual IDP review should always consider limited financial resources as contained in the annual financial budget.

Our sincere gratitude goes to Executive Committee Members, Councillors, Traditional Leaders (Magoshi) officials and all stakeholders and members of the communities who participated and gave unwavering support in working together in ensuring a better life for all and making sure that we have viable and sustainable municipality that provide quality service and enhance economic growth. The municipality further noted with great appreciation the fact that our communities are appreciating and taking care of facilities and other commodities provided to them by the municipality and other spheres of government.

Signed _____

M Y Mmakola

Her-Worship, the Mayor

1.2 Council Resolution

On 31st March 2015 the Council of Ephraim Mogale Local Municipality met in the Council Chambers of Ephraim Local Municipality to consider the draft annual budget of the municipality for the financial year 2016/17. The Council approved draft annual budget through resolution number SC7/03/2016.

1.3 Executive Summary

BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2016/17, 2017/2018 AND 2018/2019 FINANCIAL YEARS

PURPOSE

To table to Council the Draft Budget: Medium Term Expenditure Framework for 2016/17, 2017/2018 and 2018/2019 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 78 and 79 issued by National Treasury provide further guidance for the preparation of 2017/2018 MTREF. All other MFMA Budget Circulars as well as departmental inputs were taken into consideration when preparing the draft budget.

1. 2016 Local Government Elections and the budget process

Local government elections are likely to be scheduled between May and August 2016; the

proposed date is yet to be determined. Elections are important events – when we reaffirm our commitment to democratic and accountable government by choosing representatives of the people who will guide the work of local government for the next five years.

The following **four risks** need to be **explicitly managed**:

1. In terms of section 13 of the Municipal Property Rates Act, 2004 (Act No 6 of 2004)(MPRA) and sections 24 and 42 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003)(MFMA), new tariffs for property rates, electricity, water and any other taxes and similar tariffs may only be implemented from the start of the municipal financial year (1 July). This means that the municipal council must approve the relevant tariffs before the commencement of 1 July; and, should this not happen, the municipality will not be able to increase its taxes and tariffs. Failure to obtain Council approval for the annual tariff increases would most likely cause an immediate financial crisis that may lead to the provincial executive intervening in the municipality in terms of section 139 of the Constitution;
2. In terms of section 16 of the MFMA, a municipal council must approve the annual budget for the municipality before the start of the financial year, and should a municipal council fail to do so, section 26 of the MFMA prescribes that the provincial executive must intervene. This provincial intervention may include dissolving the municipal council and appointing an administrator to run the municipality;
3. The outgoing council may be tempted to prepare an 'election friendly budget' – with unrealistically low tariff increases and an over-ambitious capital expenditure programme. The outcome of this approach will undoubtedly be unfunded municipal budgets that threaten their respective municipalities' financial sustainability and service delivery; and
4. Given that the timing of election campaigning coincides with the municipal public budget consultations; and there is a risk that these consultations may be neglected or used to serve the narrow interests of political parties. In the build-up to the 2016 local government elections, municipalities are encouraged to act towards ensuring financial sustainability.

Now, more than ever before, it is paramount for sound municipal decision-making so that long-term sustainability of municipal finances and service delivery is achieved beyond the election period. Municipal finances are presently volatile and there is severe pressure to maintain healthy cash flows and maintain effective cost containment measures. It is therefore imperative that municipalities refrain from suspending credit control and debt collection efforts in a bid to win votes.

Furthermore, as the current composition and leadership of municipal councils will, for the most part, be responsible for the compilation of the 2016/17 medium-term revenue and expenditure (MTREF) budgets, councils are advised to prioritise expenditure appropriations aligned to the policy intent as described in the integrated development plans (IDPs). Infrastructure provisioning for water, sanitation, roads and electricity remain key priorities.

In addition the outgoing council is advised to critically consider the financial implications before entering into new long-term contracts that are not of priority to the municipality and avoid if possible, committing the incoming council. In addition, refrain from purchasing cars and from incurring expenditure at this stage that will financially burden the incoming council. During this time of transition, all stakeholders should work together to ensure that municipalities continue to perform their functions efficiently and effectively. The Mayor and municipal manager should now be engaging in the process of the annual review of the fifth and last year of the IDP in terms of section 34 of the Municipal Systems Act (MSA) and the 2016/17 budget preparation process in terms of section 21 of the MFMA. It is particularly important to ensure that

arrangements for the review of IDPs and preparation of budgets continue seamlessly as these processes cannot be delayed in anticipation of the announcement of an election date.

The uncertainty of the date of Election Day means that the newly elected councils may not be duly constituted by 31 May 2016 and therefore they will be unable to consider the annual budget before the start of the new municipal financial year. If the election date falls within the latter part of May 2016 and if there is any delay in declaring the election results or if the results are legally contested then it is unlikely that the new councils will be able to consider and pass the annual budget before the start of the new municipal financial year. In fact, in the case of district municipalities, there is a high probability that they will not be constituted in time to consider the annual budgets since they depend on the finalisation of the local municipality election results relevant to their respective districts. The same will apply if the election is held in June, July or August. It is for this reason that it is recommended that the outgoing council should adopt the 2016/17 MTREF budget before the start of the new financial year. In deciding on the schedule for the 2016/17 budget process, the Mayor and municipal manager must also note that the MFMA read together with the Municipal Budget and Reporting Regulations only allows for a 'main adjustments budget' to be tabled after the midyear budget and performance assessment has been tabled in council, i.e. after 1 January

2017. In addition, the permitted scope of an adjustments budget is quite limited in that taxes and tariffs may not be increased or decreased (refer to section 28(6) of the MFMA), and any additional revenues may only be appropriated to programmes and projects already budgeted for (refer to section 28 of the MFMA). Therefore the idea of the current council passing a 'holding budget' which the new council will change substantially through an adjustments budget soon after the start of the municipal financial year is not legally permitted.

Though an IDP is a five year strategic document of council, municipalities should note that when a new council takes office after each local government election, the norm has been that the first year of such a new council is primarily confined to implementing the last adopted IDP.

Subsequent to this, it is normally in the second year of the new council where the newly elected council will adopt its new and thoroughly interrogated and consulted IDP. This process mostly leads to an overlap of the last year of outgoing council into the new council.

2. The South African economy and inflation targets

The 2016 Budget Review notes that since the tabling of the Medium Term Budget Policy Statement (MTBPS) in October 2015 the global economic crisis has deepened, exposing the depth of South Africa's external vulnerabilities and the internal constraints that limit its potential for growth. Global conditions have exposed South Africa's own economic weaknesses, with projected GDP growth revised down to 0.9 per cent for 2016 improving gradually to 1.7 per cent in 2017 and 2.4 per cent in 2018.

The weaker outlook is as a result of lower commodity prices, higher borrowing costs, drought and diminished business and consumer confidence. Constrained electricity supply continues to limit growth and deter fixed investment. Exchange rate depreciation is contributing to a higher inflation outlook during 2016.

These factors are expected to ease over the medium term. An upturn in global trade and investment, improved policy certainty, recovering consumer and business confidence, and greater availability and reliability of electricity in the outer years should support stronger growth. Job creation remains one of the most pressing concerns for the economy. Headline employment grew by 3.7 per cent in the first three quarters of 2015. According to Statistics

South Africa, 19 000 jobs were created in the formal sector and 273 000 in the informal sector in the first three quarters of 2015. The unemployment rate stood at 25.5 per cent in the third quarter of 2015, with the number of South Africans categorised as long-term unemployed 5.7 per cent higher than in 2014.

Higher inflation and weaker employment growth will impact on the ability of all municipalities to generate and collect revenue on services, to keep expenditures within budgeted allocations, and to borrow to fund capital expenditure programmes at affordable rates. Therefore it is critical for municipalities to review how they conduct their business to ensure value for money is obtained in all their expenditures, that revenue administration systems are operating effectively, that borrowing programmes are realistic, and that creditors (including bulk service providers) continue to be paid timeously and in full.

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2016/2017 budgets and MTREF:

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast	Forecast	Forecast
CPI Inflation	5.6%	5.4%	6.6%	6.2%	5.9%
Real GDP growth	1.6%	0.9%	1.2%	1.9%	2.5%

Source: Budget Review 2016

3. Key focus areas for the 2016/17 budget process

3.1 Local government conditional grants and additional allocations

The purpose of the conditional grants is to deliver on national government priorities relating to service delivery. Additional funding is allocated in the form of unconditional allocations such as the equitable share and the sharing of the general fuel levy. The main purpose of the equitable share is to fund the provision of free basic services to the poor. Over the 2016 MTEF period, R339.6 billion will be transferred directly to local government and a further R22.9 billion has been allocated to indirect grants. Direct transfers to local government over the 2016 MTEF period account for 9.1 per cent of national government's non-interest expenditure. The total spending on local government increases to 9.8 per cent of national non-interest expenditure when indirect transfers are added.

Direct transfers to local government grow at an annual average rate of 6.8 per cent over the 2016 MTEF period. Transfers to local government tabled in the 2016 MTEF have been reduced to make funding available for other government priorities. Over the MTEF period, local government allocations decrease by R967 million. Despite these reductions, total allocations to local government still grow at an annual average rate of 6.7 per cent over the MTEF period.

3.2 Changes to local government allocations

- The local government equitable share - the 2016 budget reduces the baseline allocation by R300 million, or 0.6 per cent, in 2016/17. In 2017/18 and 2018/19, R1.5 billion and R3 billion are added respectively to offset the rising costs of basic services. These amounts revise downwards the 2015

MTBPS medium-term projection of an additional R6 billion. This change is as a result of government's reprioritisation of expenditure.

- The municipal demarcation transition grant allocation – a total of R409.3 million has been allocated in 2016/17 and 2017/18 to fund the changes in municipal boundaries in affected municipalities.
- The municipal systems improvement grant has been reconfigured as an indirect grant from 2016/17 to help poorly performing municipalities with revenue collection, performance management and record keeping. Regional management support will also be provided to groups of municipalities facing common institutional weaknesses.
- A total of R350 million is added to the bucket eradication programme grant in 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. The urban settlements development grant, the human settlements development grant and the municipal infrastructure grant will continue to fund the upgrade of sanitation in informal settlements through various projects focused on improving these areas. An amount of R155 million is also reprioritised into the regional bulk infrastructure grant.
- There is also a small shift of funds from the municipal infrastructure grant to the urban settlements development grant to account for the absorption of Naledi Local Municipality (which receives the municipal infrastructure grant) into Mangaung Metropolitan Municipality (which receives the urban settlements development grant).

3.3 Reforms to local government infrastructure grants

- The National Treasury, in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation, SALGA and the FFC, has reviewed the system of local government infrastructure grants. Following an intergovernmental review of the local government infrastructure grant system, significant changes are being made to the way these grants are structured.
The changes include:
- Allowing municipalities to use conditional grant funds to repair and refurbish existing infrastructure. Spending of grant funds on refurbishment should be focused on infrastructure serving the poor and does not remove the responsibility of municipalities to fund routine maintenance from the equitable share and own revenues. This will improve services and secure future revenue streams.
- Reducing the number of water and sanitation grants from four to two by merging of the previous municipal water infrastructure grant, the water services operating subsidy grant and the rural household infrastructure grant to create a new water services infrastructure grant. The regional bulk infrastructure grant is to fund large bulk-water and sanitation projects, and the water services infrastructure grant is to fund construction and refurbishment of reticulation schemes and on-site services in rural municipalities.
- A new formula to allocate the R6 billion per year set aside to upgrade public transport in 13 cities. The previous system incentivised cities to plan overly expensive systems in the hope of receiving

more funding. The new formula provides greater certainty about the long-term support government will provide, and allows cities to plan affordable and sustainable infrastructure upgrades.

4. Revenue management

National Treasury continues to encourage municipalities to keep increases in property rates, tariffs for trading services and charges for other municipal own revenue sources within the parameters of the country's inflation rate. Furthermore, municipalities must adopt a tariff setting methodology that achieves an appropriate balance between the interests of poor households and other customers while ensuring financial sustainability of the municipality. Demand management is becoming increasingly necessary as the country faces water shortages and an unstable electricity supply. The approach to tariff setting should consider all these factors and strive to achieve an equitable balance.

It is anticipated that the cost of providing municipal services will grow at a faster rate than the transfers from national government. Resource scarcity will most likely increase the cost of bulk purchases in respect of water and electricity beyond the country's inflationary targets.

Furthermore, providing for free basic services in the case of poorer households must be carefully considered and, where some municipalities have opted to provide this benefit to ALL households, this may not be financially sustainable in the long-term.

Where appropriate, a municipality should re-evaluate the costs and benefits of universal or targeted provision of free basic services subsidies, in order to protect their delivery to poor households in particular. At no point should the provision of these subsidies remove resources from programmes that will expand access to infrastructure services for presently un-served households. Where municipalities do not have an adequate revenue base and where municipalities face a combination of challenges such as resource scarcity, high unemployment and slower than average economic growth, an aggressive approach to curbing non-core spending and improving operational efficiencies is strongly advised.

4.1 Tariff setting

There are several tools available and methodologies employed to determine the appropriate tariffs for water and electricity services. Municipalities may favour different approaches but the principles of tariff setting should be consistently applied. Municipalities should consider the following practicalities when setting tariffs:

- Costs of bulk purchases and the fluctuation in the seasonal cost thereof;
- Consumption patterns to enable better demand planning and management; and
- In the event that municipalities have been under recovering costs, embark on a process to correct their tariff structures over a reasonable time period so that cost reflective tariffs are achieved.

The tariff setting process is reliant on sound baseline information such as the number of properties within the municipal area of jurisdiction, the values of these properties, the number of households identified as indigent or poor, the consumption patterns in respect of basic services and the growth patterns within the various geographic areas.

4.2 Eskom bulk tariff increases

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 9.4 per cent has been approved for the 2016/17 financial year. However NERSA has not yet approved and published guidelines on municipal electricity price increase for the 2016/17 financial year.

The municipality has applied for 7.86% tariff increase.

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

Assessment Rates:	6%
Electricity:	7.86%
Cleansing:	6%
Other income:	6%

5. Funding choices and management issues

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are far below levels representing the cost of providing the services would negatively impact on the financial sustainability of municipalities.

5.1 Employee related costs

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

Accordingly the municipality has made a 7% provision for the salary increase that are to be effected from July 2015.

No new posts has been catered for in the draft budget 2016/2017.

Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in accordance 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 on 21 December 2015 by the Department of Cooperative Governance.

The municipality has made a provision of 6% for allowances of Councillors.

Cost containment measures

In the 2016 State of the Nation Address by the President, the cost containment measures announced by the Minister of Finance in 2013 were re-emphasised. It was highlighted that excessive and wasteful expenditure has been reduced, but there is still more to be done to cut wastage. In addition the President announced some new measures which include, amongst others:

- Curtailment of overseas trips and the submission of strong motivations by those requesting permission to travel i.e. the benefit to the country needs to be proved; and
- Institution of further restrictions on conferences, catering, entertainment and social functions.
- The Minister of Finance announced further measures in his budget speech on 24 February 2016.

The Mayors of municipalities were urged to join in eliminating wasteful expenditure in government. The advice provided in MFMA Budget Circular (No. 58, 66, 70, 72, 74 and 75) on cost containment measures and elimination of non-priority spending is still applicable to municipalities. A separate MFMA Circular will be issued on cost containment measures. In addition National Treasury is firstly in a process of reviewing the National Treasury instruction on cost containment measures which was issued to accounting officers of departments and secondly, determining its applicability to local government. Once the process has been concluded, a Regulation on cost containment measures applicable to local government will be issued.

The following are some of the cost curtailment measures the municipality is already implementing:

1. The municipality has reduced cost on catering of council meetings, whereby portfolio committee meetings and special council sittings are not catered for.
2. A reduction on telephone budget has also been made.
3. Through Travelling and Subsistence policy the municipality will reduce the cost of accommodation for business trips within specified radius

6. Service 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.

7. Debt Impairment

A provision for debt impairment is made for 2016/17 to the amount of

R 7,314,000.00. This forms one of the non-cash items and was informed by outstanding debtors amounting R 55 120 546 and audited performance for 2014/2015.

8. Capital Budget

The proposed capital budget is set as follows:

CAPITAL BUDGET - 2016/2017, 2017/2018, 2018/2019							
Dept	Item	Item Name	ANNUAL BUDGET 2015/2016	ADJUSTMENT BUDGET 2015/2016	DRAFT BUDGET 2016/2017	FORECAST 2017/2018	FORECAST 2018/2019
INTERNALLY FUNDED PROJECTS							
220	305000	NEW ENTRANCE -BOOM GATES			250 000.00	265 000.00	280 900.00
220	305000	LEARNERS LICENSE SOFTWARE			284 000.00	301 040.00	319 102.40
220	305000	PALISADE FENCING			500 000.00	530 000.00	561 800.00
220	305021	EXTENSION OF OFFICES(CUBICLES)	800 000.00	600 000.00	500 000.00	530 000.00	561 800.00
220	305025	MACHINERY AND EQUIPMENT	400 000.00	283 500.00	0.00	0.00	0.00
REGISTRATION AUTHORITY			1 200 000.00	883 500.00	1 534 000.00	1 626 040.00	1 723 602.40
225	305000	MACHINERY & EQUIPMENT(SPEED CAMERA+FIRE ARMS)			190 000.00	201 400.00	213 484.00
225	305000	VEHICLES			500 000.00	530 000.00	561 800.00
LICENCING AND TRAFFIC			0.00	0.00	690 000.00	731 400.00	775 284.00
260	305000	MAST LIGHT CONNECTIONS			200 000.00	212 000.00	224 720.00
260	305000	ENERGY MASTERPLAN & OM PLAN			500 000.00	530 000.00	561 800.00
260	305000	DENSIFICATION EXT 1 & 3			930 000.00	985 800.00	1 044 948.00
260	305000	REPLACE MINISUBSTATION			0.00	0.00	0.00
260	305000	INDUSTRIAL SUBSTATION SECOND SUPPLY PHASE 1			1 200 000.00	1 272 000.00	1 348 320.00
260	305000	UPGRADE EXT 2 PHASE 2			1 400 000.00	1 484 000.00	1 573 040.00
260	305000	MAST REPAIR/RETROIT, ENERGY EFFICIENCY-MATLALA RAMOSHEBO			430 000.00	455 800.00	483 148.00
260	305000	CHRISTMAS DECORATIONS			250 000.00	265 000.00	280 900.00
260	305000	GENERATOR FOR MUNICIPAL EVENTS 50KVA			0.00	0.00	0.00
260	305000	GENERATOR FOR OFFICE ADMIN 220KVA			0.00	0.00	0.00
260	305000	GENERATOR FOR OFFICE FIN 100KV			515 357.50	546 278.95	579 055.69
260	305020	DICHOEUNG HIGHMAST	250 000.00	24 717.06	0.00	0.00	0.00

260	305068	PURCHASING OF LIGHT VEHICLE	350 000.00	305 706.00	0.00	0.00	0.00
260	305070	MOHLOTSI HIGHMAST	250 000.00	560 428.00	0.00	0.00	0.00
260	305096	MOHLALAOTWANE HIGHMAST	300 000.00	794 932.44	0.00	0.00	0.00
260	305097	MBUZINI/MORARELA HIGHMAST	300 000.00	865 228.05	0.00	0.00	0.00
260	305113	TSHIKANOSHI HIGH MAST	300 000.00	26 887.00	0.00	0.00	0.00
260	305114	MOBILE TOILETS	100 000.00	88 344.30	0.00	0.00	0.00
ELECTRICITY			1 850 000.00	2 666 242.85	5 425 357.50	5 750 878.95	6 095 931.69
335	305000	RESURFACING OF TENNIS COURTS			250 000.00	265 000.00	280 900.00
SPORTS, ARTS AND CULTURE			0.00	0.00	250 000.00	265 000.00	280 900.00
360	305000	FENCING OF ACCESS ROAD			160 000.00	169 600.00	179 776.00
360	305000	WEIGHBRIDGE WITH SOFTWARE			700 000.00	742 000.00	786 520.00
360	305070	MACHINERY & EQUIPMENT			460 000.00	487 600.00	516 856.00
SOLID WASTE			0.00	0.00	1 320 000.00	1 399 200.00	1 483 152.00
425	305000	ELECTRONIC BILLBOARDS			200 000.00	212 000.00	224 720.00
425	305070	MACHINERY & EQUIPMENT	586 339.20	586 339.20	980 000.00	1 038 800.00	1 101 128.00
425	305071	LANDSCAPING& GREENING PROJECT	1 000 000.00	600 000.00	1 120 000.00	1 187 200.00	1 258 432.00
425	305111	EXTENSIONS TO CEMETERY	750 000.00	750 000.00	0.00	0.00	0.00
PARKS AND CEMETERIES			2 336 339.20	1 936 339.20	2 300 000.00	2 438 000.00	2 584 280.00
500	305000	RECORD MANAGEMENT			400 000.00	424 000.00	449 440.00
500	305051	MAINTANANCE OF FIRE DETECTORS	56 162.00	56 162.00	21 600.00	22 896.00	24 269.76
500	305053	FILE STORAGE CENTRE	350 000.00	350 000.00	0.00	0.00	0.00
500	305060	INSTALLATION OF FIRE DETECTORS	407 712.00	407 712.00	0.00	0.00	0.00
500	305065	PURCHASE OF FURNITURE	700 000.00	200 000.00	550 000.00	583 000.00	617 980.00
ADMINISTRATION			1 513 874.00	1 013 874.00	971 600.00	1 029 896.00	1 091 689.76
505	305000	MAYORAL VEHICLE			800 000.00	0.00	0.00
COUNCIL GENERAL			0.00	0.00	800 000.00	0.00	0.00
625	305000	PROVISION OF OFFICE SPACE		0.00	800 000.00	848 000.00	898 880.00
HOUSING AND BUILDING CONTROL			0.00	0.00	800 000.00	848 000.00	898 880.00
650	260149	BOMAG ROLLER	500 000.00	500 000.00	0.00	0.00	0.00
650	305000	REHABILITATION OF INTERNAL STREETS			2 500 000.00	2 650 000.00	2 809 000.00
650	305000	REHABILITATION OF LEEUWFontein INTERNAL STREETS			2 000 000.00	2 120 000.00	2 247 200.00
650	305000	CONSTRUCTION OF INDUSTRIA ROAD			1 000 000.00	1 060 000.00	1 123 600.00
650	305025	CONSULTANCY SERVICES			200 000.00	212 000.00	224 720.00
650	305025	DUMPER X 2	650 000.00	650 000.00	0.00	0.00	0.00
650	305077	ROAD & STORM WATER MASTERPLAN	1 000 000.00	1 000 000.00	500 000.00	530 000.00	561 800.00

650	305114	MOBILE TOILETS	240 000.00	240 000.00	0.00	0.00	0.00
650	305144	DICHOEUNG INTERNAL ROAD	7 000 000.00	12 500 000.00	0.00	0.00	0.00
650	305145	MOGANYAKA ACCESS ROAD	8 500 000.00	8 500 000.00	0.00	0.00	0.00
650	305146	CONSTRUCTION: N 11 DUALISATION	5 000 000.00	1 700 000.00	6 900 000.00	7 314 000.00	7 752 840.00
650	305147	STORMWATER EXT: 6	7 000 000.00	2 400 000.00	6 000 000.00	6 360 000.00	6 741 600.00
650	305148	SAW CUTTER x 2	120 000.00	120 000.00	0.00	0.00	0.00
650	305151	LIGHT DELIVERY VEHICLE X2			400 000.00	424 000.00	449 440.00
650	305131	LETEBEJANE&DITHOLONG INT ROAD	1 500 000.00	1 490 000.00			
ROADS AND STORMWATER			31 510 000.00	29 100 000.00	19 500 000.00	20 670 000.00	21 910 200.00
MIG FUNDED PROJECTS							
650	305141	UPGRADING OF ROAD MATILU	5 000 000.00	5 710 000.00	0.00	0.00	0.00
650	305142	UGRADING OF ROAD PULENG	5 000 000.00	7 380 000.00	0.00	0.00	0.00
650	305143	MOHLALAOTWANE INTERNAL STREET	6 805 000.00	6 805 000.00	0.00	0.00	0.00
650	305137	ELANDSKRAAL INTERNAL STREETS	14 000 000.00	11 360 000.00	7 000 000.00	7 420 000.00	7 865 200.00
650	305000	PHETWANE INT ROAD			7 000 000.00	7 420 000.00	7 865 200.00
650	305000	RATHOKE INTERNAL STREET			7 000 000.00	7 420 000.00	7 865 200.00
650	305000	NGWALEMONG INTERNAL STREETS			7 000 000.00	7 420 000.00	7 865 200.00
650	305000	PLANNING AND DESIGN FOR MASHEMONG/MOIHOEK			1 200 000.00	1 618 980.00	2 473 378.80
650	305000	PLANNING AND DESIGN FOR MAMPHOGO SPORTS COMPLEX			1 200 000.00	1 272 000.00	1 348 320.00
300	260001	PMU ESTABLISHMENT	1 600 000.00	1 600 000.00	1 517 000.00	1 608 020.00	1 704 501.20
MIG			32 405 000.00	32 855 000.00	31 917 000.00	34 179 000.00	36 987 000.00
		TOTAL FOR EPMLM	70 815 213.20	68 454 956.05	65 507 957.50	68 937 414.95	73 830 919.85

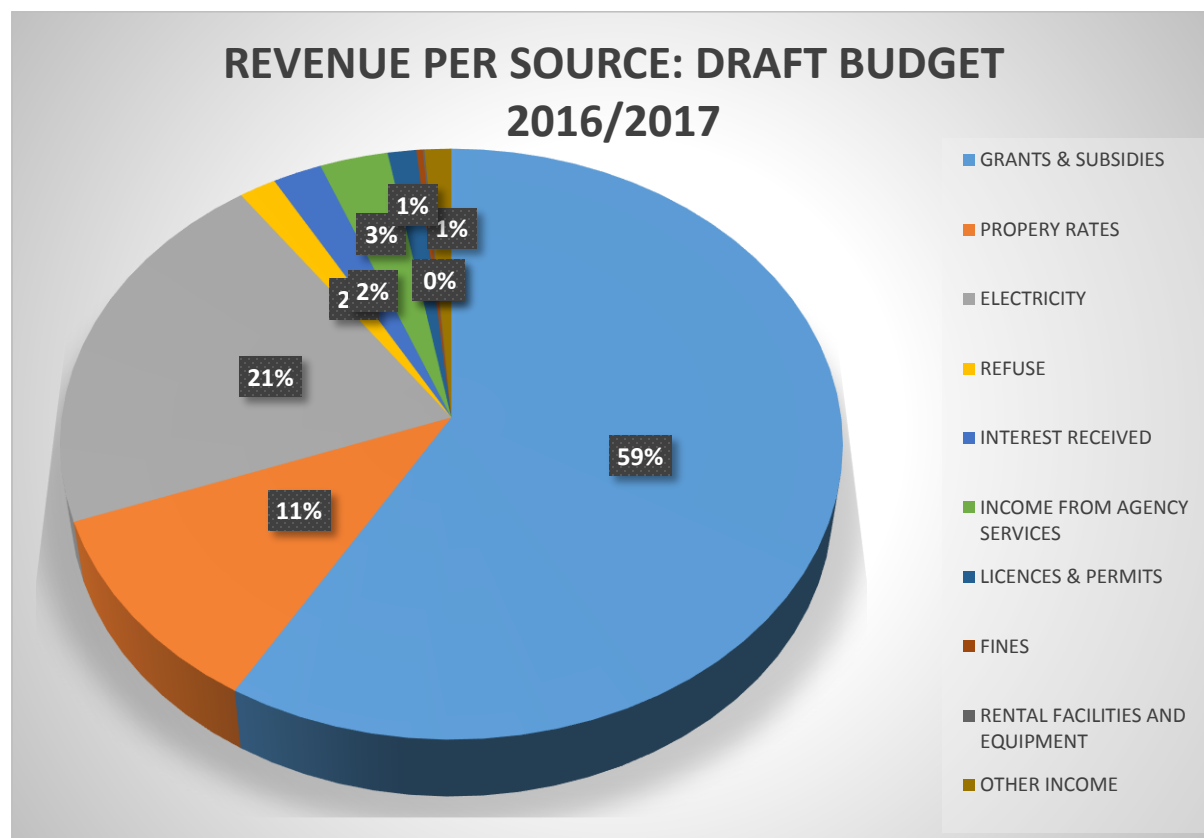
The MIG funding includes the cost for PMU Establishment amounting to R 1 517 000.00 for financial year 2016/2017.

9. Operating Revenue Framework

i) Total budgeted revenue

ITEM DESCRIPTION	ANNUAL BUDGET 2015 /2016	ADJUSTMENT BUDGET 2015/2016	% OF BUD GET	DRAFT BUDGET 2016/2017	% OF BUD GET	FORECAST 2017/2018	FORECAST 2018/2019
REVENUE PER SOURCE							
GRANTS & SUBSIDIES	154 713 000.00	157 724 882.00	61%	153 291 000.00	59%	164 115 000.00	174 597 000.00
EQUITABLE SHARE	118 546 000.00	118 546 000.00	46%	117 556 000.00	45%	127 003 000.00	135 210 000.00
GRANT: MIG	32 405 000.00	32 405 000.00	13%	31 917 000.00	12%	34 179 000.00	36 987 000.00
GRANT: MIG ROLL OVER	0.00	3 011 882.00	1%	0.00	0%	0.00	0.00
GRANT: MSIG	930 000.00	930 000.00	0%	750 000.00	0%	788 000.00	0.00
GRANT: FINANCIAL MANAGEMENT	1 675 000.00	1 675 000.00	1%	1 810 000.00	1%	2 145 000.00	2 400 000.00
EPWP INCENTIVE GRANT	1 157 000.00	1 157 000.00	0%	1 258 000.00	0%	0.00	0.00
REVENUE GENERATED FROM OWN SOURCES	102 461 350.69	101 416 979.60	39%	108 477 865.37	41%	114 986 537.37	121 885 730.06
PROPERTY RATES	26 766 355.15	26 766 355.15	10%	28 372 336.46	11%	30 074 676.65	31 879 157.25
ELECTRICITY	50 356 628.20	50 356 628.20	19%	54 314 659.18	21%	57 573 538.73	61 027 951.05
REFUSE	4 158 040.09	4 158 040.09	2%	4 407 522.50	2%	4 671 973.85	4 952 292.28
INTEREST RECEIVED	4 692 135.18	5 492 135.18	2%	5 821 663.29	2%	6 170 963.09	6 541 220.87
INCOME FROM AGENCY SERVICES	7 621 188.00	7 621 188.00	3%	8 078 459.28	3%	8 563 166.84	9 076 956.85
LICENCES & PERMITS	4 650 385.54	3 203 557.54	1%	3 395 770.99	1%	3 599 517.25	3 815 488.29
FINES	684 411.45	684 411.45	0%	731 219.57	0%	775 092.74	821 598.31
RENTAL FACILITIES AND EQUIPMENT	197 429.90	197 429.90	0%	209 275.69	0%	221 832.24	235 142.17
OTHER INCOME	3 334 777.19	2 937 234.09	1%	3 146 958.41	1%	3 335 776.00	3 535 923.00
TOTAL OPERATING REVENUE GENERETED	257 174 351	259 141 862	100 %	261 768 865	100 %	279 101 537	296 482 730
LESS REVENUE FORGONE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DIRECT OPERATING REVENUE	257 174 351	259 141 862		261 768 865		279 101 537	296 482 730

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



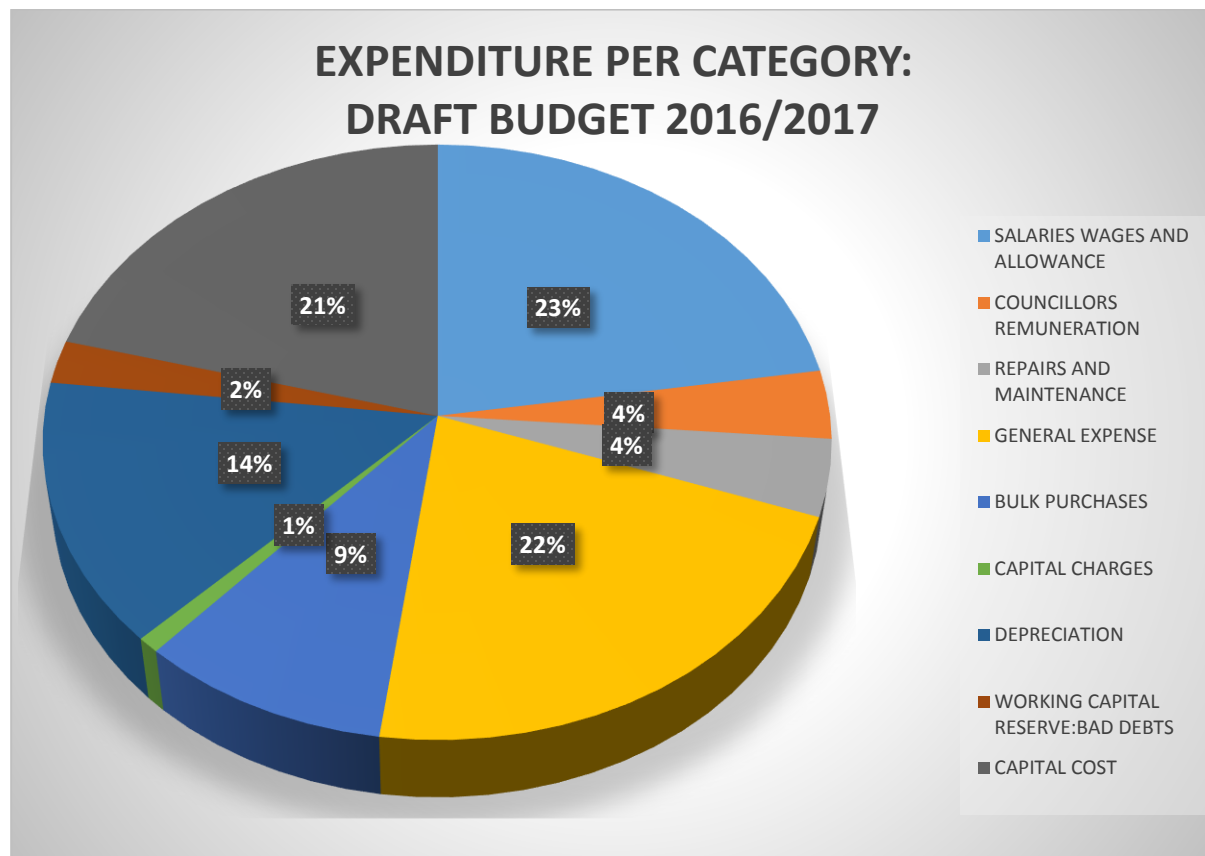
ii) Grants and Subsidies

ITEM DESCRIPTION	ANNUAL BUDGET 2015 /2016	ADJUSTMENT BUDGET 2015/2016	DRAFT BUDGET 2016/2017	FORECAST 2017/2018	FORECAST 2018/2019
REVENUE PER SOURCE					
GRANTS & SUBSIDIES					
EQUITABLE SHARE	118 546 000.00	118 546 000.00	117 556 000.00	127 003 000.00	135 210 000.00
GRANT: MIG	32 405 000.00	32 405 000.00	31 917 000.00	34 179 000.00	36 987 000.00
GRANT: MIG ROLL OVER	0.00	3 011 882.00	0.00	0.00	0.00
GRANT: MSIG	930 000.00	930 000.00	750 000.00	788 000.00	0.00
GRANT: FINANCIAL MANAGEMENT	1 675 000.00	1 675 000.00	1 810 000.00	2 145 000.00	2 400 000.00
EPWP INCENTIVE GRANT	1 157 000.00	1 157 000.00	1 258 000.00	0.00	0.00
REVENUE GENERATED FROM OWN SOURCES	154 713 000.00	157 724 882.00	153 291 000.00	164 115 000.00	174 597 000.00

10. Total Budgeted Expenditure

ITEM DESCRIPTION	Annual Budget 2015 /2016	Adjustment Budget 2015/2016	% of Budg et	Draft Budget 2016/2017	% of Budg et	Forecast 2017/2018	Forecast 2018/2019
SALARIES WAGES AND ALLOWANCE	65 742 054.20	62 236 745.25	21%	70 709 750.81	23%	74 952 335.86	79 449 476.01
COUNCILLORS REMUNERATION	11 002 969.83	11 002 969.83	4%	11 663 148.02	4%	12 362 936.90	13 104 713.12
REPAIRS AND MAINTENANCE	13 545 812.27	12 729 542.35	4%	13 093 442.82	4%	13 879 049.39	14 711 792.35
GENERAL EXPENSE	64 228 190.03	65 128 399.37	22%	68 351 688.78	22%	71 338 710.10	75 745 332.71
BULK PURCHASES	27 220 941.14	27 220 941.14	9%	29 779 709.61	9%	31 566 492.18	33 460 481.71
CAPITAL CHARGES	3 561 812.00	2 761 812.00	1%	2 663 167.88	0%	2 822 957.95	2 992 335.43
DEPRECIATION	42 400 000.00	42 400 000.00	14%	44 944 000.00	14%	47 640 640.00	50 499 078.40
WORKING CAPITAL RESERVE:BAD DEBTS	6 900 000.00	6 900 000.00	2%	7 314 000.00	2%	7 752 840.00	8 218 010.40
TOTAL OPERATING EXPENDITURE	234 601 779.47	230 380 409.94	77%	248 518 907.91	77%	262 315 962.39	278 181 220.13
CAPITAL COST	70 815 213.20	68 454 956.05	23%	65 507 957.50	21%	68 937 414.95	73 830 919.85
TOTAL BUDGET INCLUDING CAPEX	305 416 992.67	298 835 365.99	100%	314 026 865.41	98%	331 253 377.34	352 012 139.98

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



11. Budget Consultation Meetings

Budget Consultation meetings should be held during the month of April 2016, wherein all issues raised should be considered by Council in May 2016 before final approval is made. The draft budget should therefore be published and sent to all relevant stakeholders for comments.

12. Conclusion

The MTREF for 2016/2017 – 2018/2019 has a deficit amounting to R 52 258 000.00 resulting from non-cash items (depreciation and debt impairment). The municipality should strive to have non-cash items funded.

PROPOSED RECOMMENDATIONS

1. **That** The draft Medium Term Revenue and Expenditure Framework for 2016/17 – 2018/19 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 2016/17 – 2018/19 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 08th April 2016.
3. **That** the proposed multiyear and single year appropriation capital be considered and approved as summarized below:

DEPT	CAPITAL PROJECTS	SOURCE OF FUNDING	DRAFT BUDGET 2016/2017	FORECAST 2017/2018	FORECAST 2018/2019
VARIOUS	EPMLM	INTERNALLY FUNDED	33 590 957.50	34 758 414.95	36 843 919.85
VARIOUS	EPMLM	MIG FUNDED	31 917 000.00	34 179 000.00	36 987 000.00
TOTAL CAPITAL BUDGET FOR EPMLM			65 507 957.50	68 937 414.95	73 830 919.85

4. **That** Council considers and approves the proposed tariffs of 7.86% for electricity as guided by Nersa.
5. **That** the following proposed tariffs be considered and approved;

Assessment Rates:	6%
Electricity:	7.86 %
Cleansing:	6%
Other income:	6%
6. **That** the 7% salary increase be considered and approved.

7. **That** the budget deficit with regards to non-cash items amounting R 52 258 000.00 to be considered and approved.
8. **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
9. **That** the draft SDBIP in line with the budget be compiled.
10. **That** the budget be presented to the community through public participation during the month of April 2016.
11. **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.
12. That the Municipal Manager implements decision accordingly.

1.4 OPERATING REVENUE FRAMEWORK

LIM471 Ephraim Mogale - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	12 252	29 831	25 772	26 431	26 766	26 766	26 766	28 372	30 075	31 879
Property rates - penalties & collection charges											
Service charges - electricity re	2	35 666	34 080	37 384	50 357	50 357	50 357	50 357	54 315	57 574	61 028
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 941	2 914	3 381	3 867	3 867	3 867	3 867	4 408	4 672	4 952
Service charges - other											
Rental of facilities and equipment		107	158	124	197	197	197	197	209	222	235
Interest earned - external investments		5 433	1 904	2 452	1 170	1 170	1 170	1 170	1 241	1 315	1 394
Interest earned - outstanding debtors		4 352	3 412	2 515	2 241	2 241	2 241	2 241	2 376	2 519	2 670
Dividends received											
Fines		1 162	1 239	1 868	683	683	683	683	731	775	822
Licences and permits		3 803	4 420	3 914	12 272	10 825	10 825	10 825	3 396	3 600	3 815
Agency services		6 884							8 078	8 563	9 077
Transfers recognised - operational		76 140	81 384	94 712	122 308	122 308	122 308	122 308	121 374	129 936	137 610
Other revenue	2	2 742	3 298	15 025	5 243	5 309	5 309	5 309	5 352	5 673	6 014
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		151 483	162 640	187 146	224 769	223 725	223 725	223 725	229 852	244 923	259 496

LIM471 Ephraim Mogale - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		72 029	81 275	94 712	122 308	122 308	122 308	121 374	129 936	137 610
Local Government Equitable Share										
Local Government Equitable Share		68 729	77 149	91 614	118 546	118 546	118 546	117 556	127 003	135 210
Energy Efficiency and Demand Management			1 393							
Finance Management		1 500	1 328	1 636	1 675	1 675	1 675	1 810	2 145	2 400
EPWP Incentiv e		1 000	983	1 279	1 157	1 157	1 157	1 258	–	–
Municipal Systems Improvement		800	422	183	930	930	930	750	788	–
Other transfers/grants [insert description]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	72 029	81 275	94 712	122 308	122 308	122 308	121 374	129 936	137 610
Capital Transfers and Grants										
National Government:		27 406	17 906	31 584	32 405	35 417	35 417	31 917	34 179	36 987
Municipal Infrastructure Grant (MIG)		27 406	17 906	31 584	32 405	35 417	35 417	31 917	34 179	36 987
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	27 406	17 906	31 584	32 405	35 417	35 417	31 917	34 179	36 987
TOTAL RECEIPTS OF TRANSFERS & GRANTS		99 435	99 180	126 296	154 713	157 725	157 725	153 291	164 115	174 597

1.5 OPERATING EXPENDITURE FRAMEWORK

LIM471 Ephraim Mogale - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	41 721	49 251	53 150	65 742	62 237	62 237	62 237	70 710	74 952	79 449
Remuneration of councillors		9 740	9 880	10 343	11 003	11 003	11 003	11 003	11 663	12 363	13 105
Debt impairment	3	1 803	6 067	2 944	6 900	6 900	6 900	6 900	7 314	7 753	8 218
Depreciation & asset impairment	2	37 802	37 961	40 722	42 400	42 400	42 400	42 400	44 944	47 641	50 499
Finance charges			1 432	2 042	753	753	753	753	798	846	897
Bulk purchases	2	20 324	21 545	23 580	27 221	27 221	27 221	27 221	29 780	31 566	33 460
Other materials	8	6 245	9 180	7 874	13 546	12 730	12 730	12 730	13 093	13 879	14 712
Contracted services		–	2 855	4 071	–	–	–	–	–	–	–
Transfers and grants		–	1 174	1 588	2 467	2 467	2 467	2 467	2 750	2 915	3 090
Other expenditure	4, 5	35 770	28 921	31 253	135 385	133 125	133 125	133 125	132 975	139 338	148 582
Loss on disposal of PPE				1 306							
Total Expenditure		153 406	168 265	178 874	305 417	298 835	298 835	298 835	314 027	331 253	352 012
Surplus/(Deficit)		(1 923)	(5 625)	8 273	(80 648)	(75 110)	(75 110)	(75 110)	(84 175)	(86 331)	(92 516)
Transfers recognised - capital		27 406	17 906	31 584	32 405	35 417	35 417	35 417	31 917	34 179	36 987
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		25 484	12 281	39 857	(48 243)	(39 694)	(39 694)	(39 694)	(52 258)	(52 152)	(55 529)
Taxation											
Surplus/(Deficit) after taxation		25 484	12 281	39 857	(48 243)	(39 694)	(39 694)	(39 694)	(52 258)	(52 152)	(55 529)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		25 484	12 281	39 857	(48 243)	(39 694)	(39 694)	(39 694)	(52 258)	(52 152)	(55 529)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		25 484	12 281	39 857	(48 243)	(39 694)	(39 694)	(39 694)	(52 258)	(52 152)	(55 529)

1.6 CAPITAL EXPENDITURE

LIM471 Ephraim Mogale - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard											
Governance and administrative services		1 800	1 218	177	1 514	1 014	1 014	1 014	1 772	1 030	1 092
Executive and council		800							800		
Budget and treasury office											
Corporate services		1 000	1 218	177	1 514	1 014	1 014	1 014	972	1 030	1 092
Community and public safety		14 058	10 554	3 791	6 986	7 086	7 086	7 086	5 574	5 908	6 263
Community and social services		2 210	3 981	3 507	3 536	2 820	2 820	2 820	2 300	2 438	2 584
Sport and recreation									250	265	281
Public safety		3 615	1 736	284	3 450	4 266	4 266	4 266	2 224	2 357	2 499
Housing		8 233	4 837						800	848	899
Health											
Economic and environmental services		30 720	21 196	39 807	62 315	60 355	60 355	60 355	51 417	54 849	58 897
Planning and development											
Road transport		30 720	21 196	39 807	62 315	60 355	60 355	60 355	51 417	54 849	58 897
Environmental protection											
Trading services		3 250	1 774	681	-	-	-	-	6 745	7 150	7 579
Electricity		2 400	1 085						5 425	5 751	6 096
Water											
Waste water management											
Waste management		850	690	681					1 320	1 399	1 483
Other		6 917		2 052							
Total Capital Expenditure	3	56 745	34 742	46 508	70 815	68 455	68 455	68 455	65 508	68 937	73 831
Funded by:											
National Government		27 406	17 906	31 584	32 405	32 855	32 855	32 855	30 400	32 571	35 282
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised	4	27 406	17 906	31 584	32 405	32 855	32 855	32 855	30 400	32 571	35 282
Public contributions	5										
Borrowing	6										
Internally generated funds		29 339	16 837	14 924	38 410	35 600	35 600	35 600	35 108	36 366	38 548
Total Capital Funding	7	56 745	34 742	46 508	70 815	68 455	68 455	68 455	65 508	68 937	73 831

1.7 ANNUAL BUDGET TABLES

Annual Budget Tables are attached hereto as **Annexure B**

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 reflects the level in which the revenue base of the municipality. Our reliance is mainly on grants and subsidies constitute 60% of the total budget.

2. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operations gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor and MMC for Finance is also a member.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

a. Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The following has been adhered to in terms of the Budget Time Table and IDP process plan:

The budget process timetable was submitted to council and approved.

SDBIP's were approved as provided for in the MFMA Section 53 (3)(a).

Financial statements were prepared and submitted on 31 August 2015.

The Budget Advisory Committee held its meetings for the reviewing the annual performance.

The mid-year budget and performance assessment was tabled to council and approved.

The annual report was tabled to council.

The adjustment budget process was finalized and tabled to council for approval on the 25th February 2016.

The strategic planning took place on the 22-23 March 2016 and the purpose as per the timetable is to align the budget with the IDP, where community needs have been prioritized.

The municipality will hold public participation meetings for comments with regards to the budget from the 01st April– 29th 2016.

2.2 Overview of alignment of annual budget with IDP

The Ephraim Mogale Local Council adopted an Integrated Development Plan (IDP) process plan in terms of section 28 of the Municipal Systems Act which clarified the roles and responsibilities of IDP structures that must be established for the consideration of the final IDP review for the 2016/2017 Financial Year.

This review process was done in terms of section 34 of the MSA² which inter-alia reads as follows:

"A municipal Council must review its IDP in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its IDP in accordance with a prescribed process".

Therefore, the purpose of this review is to incorporate the views of the community of EPRHAIM MOGALE, as influenced by changing circumstances.

Accordingly, section 25 of the Municipal Structures Act (MSA) says that each municipal council must, within a prescribed period after its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which;

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan;
- (c) Forms the policy framework and general basis on which annual budgets must be based
- (d) Is compatible with National and Provincial development plan and planning requirements binding on the municipality in terms of MFMA Circular no. 54.

An integrated development plan adopted by a municipal council in terms of sub-section (1) may be amended in terms of section 34 and remains in force until an integrated development plan is adopted by the next elected council.

In drafting the IDP for the next five years, the municipality has followed its process plan adopted in terms of section 28 (1)(2) and (3) of the Municipal Systems Act, adopted by council during July 2015. Section 26 (a) to (i) of the MSA² prescribes nine (9) key components which must appear on a credible IDP and these components are discussed in summary below.

- a) The vision of the Municipality was confirmed to be still relevant during the strategic planning session held from the 22nd – 23rd of March 2016 and it now reads as follows: "Viable and sustainable municipality that provides quality services and enhance economic growth"
- (b) Guided by the community, the Municipal Council has developed a set of priority development issues as per the requirement of section 26 (c), which are clustered into five Key Performance Areas, to be implemented during the next three years.

The Key Performance Areas are the following:

1. Service Delivery and Infrastructure Developments
2. Local Economic Development
3. Municipal Financial Liability
4. Institutional Transformation
5. Good Governance and Public Participation
6. Spatial Rationale

2.3 *Measurable performance objectives and indicators*

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

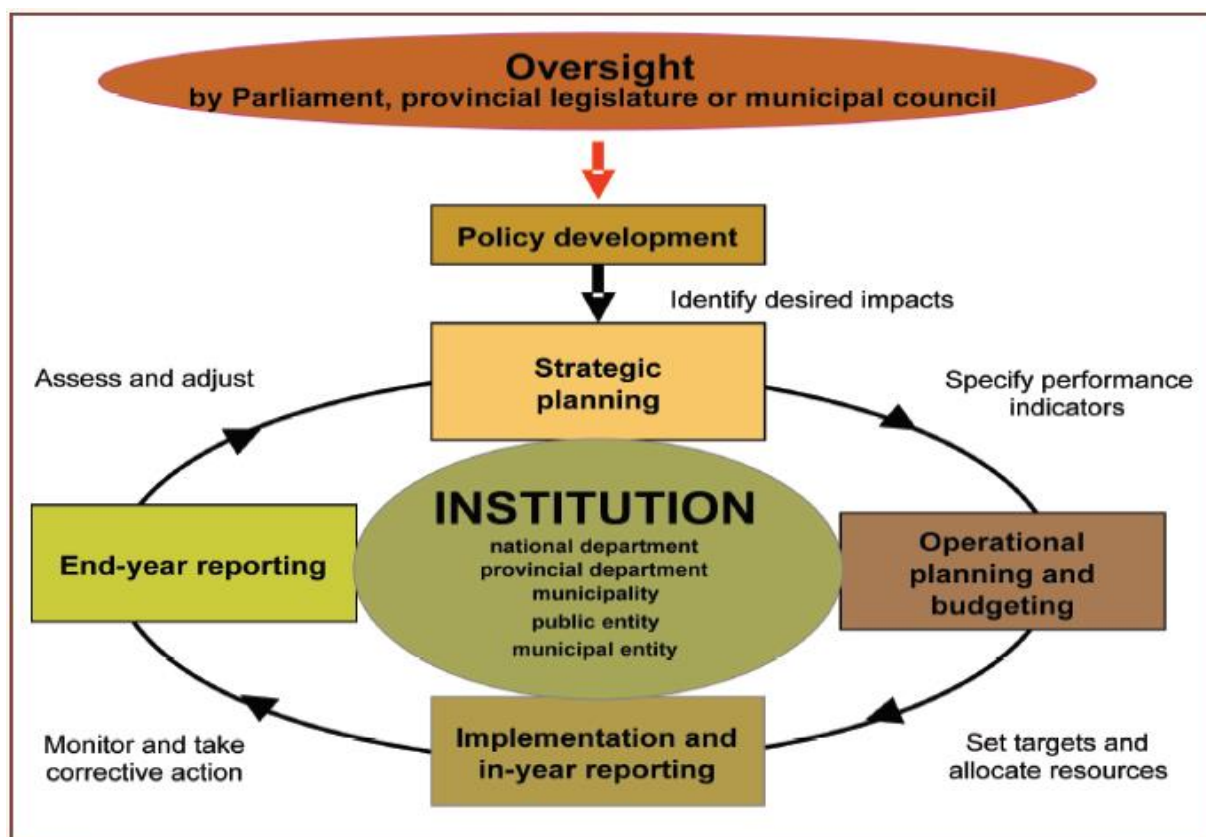


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

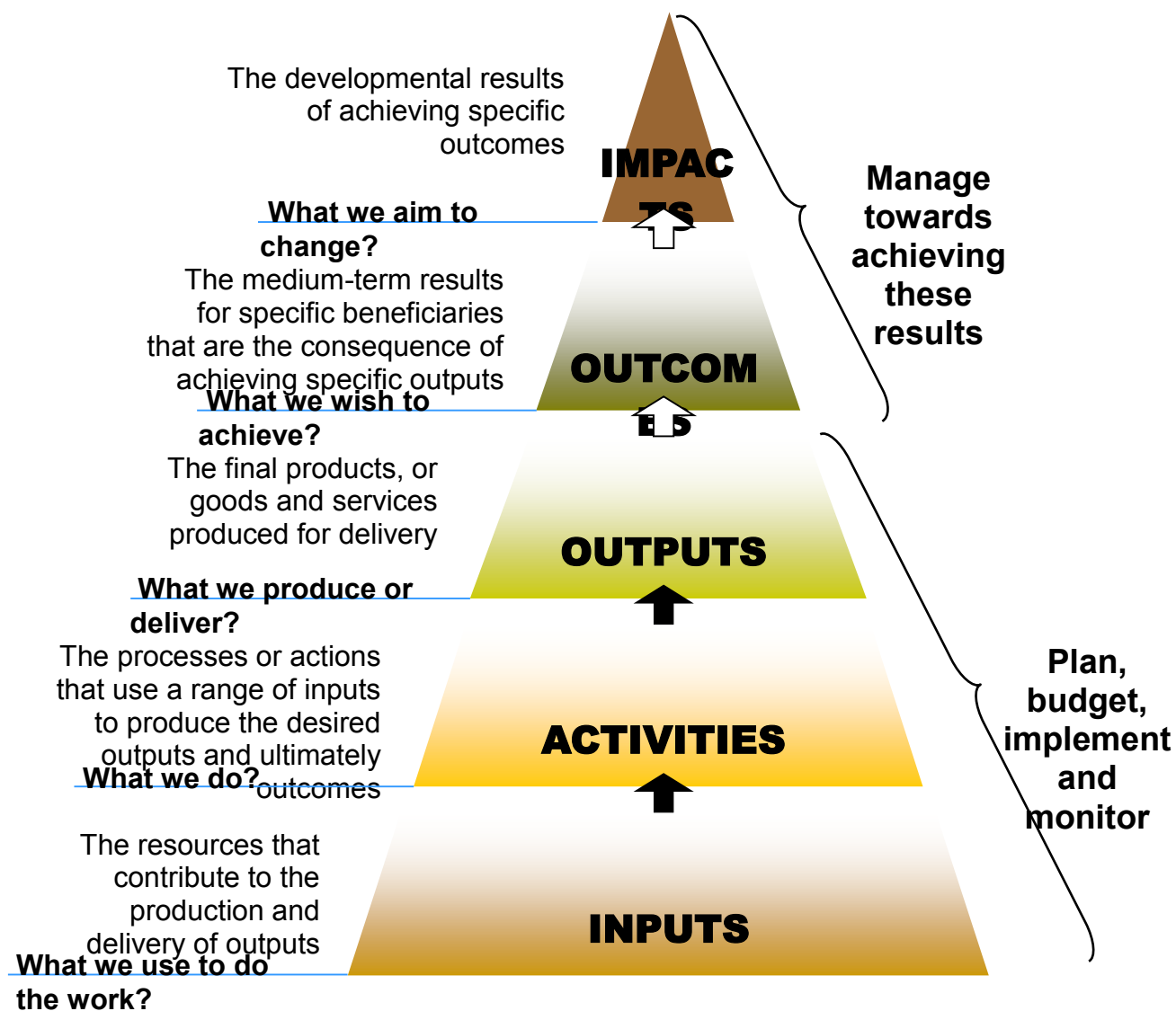


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The purpose of these policies is to prescribe the accounting and administrative and procedures relating to Ephraim Mogale Municipality.

The Municipality performs the procedures set out in the policies to ensure the effective planning and sound financial management

1. **Credit Debt Management Policy** - The implementation of this policy should be based on sound business practices. This includes credit worthiness checks when application for services is made, as well as debt collection through sanctions of warnings, disconnections, evictions and other legal processes.
2. **Supply Chain Management Policy** - The purpose of this manual is to prescribe the policies and procedures relating to Supply Chain Management of the EPRHAIM MOGALE Municipality. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost-effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services.
3. **Budget Policy** - The purpose of this policy is to provide an overview of the procedure for the structural process of Planning and Managing the Budget. The procedures include the development of budgets, including the preparation of the budget, revision, approval, monitoring and evaluation of budgetary performance for a financial year.
4. **Indigent Support Policy** - to provide access and regulate free basic services to all indigent households.
5. **Tariff and Rates Policy** –the purpose of this policy is to determine the tariffs which must be charged for the supply of the four major services, which are : water, electricity, sewerage & refuse.
6. **Property Rates Policy** – the purpose of this policy is to assist the municipality to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation and which takes account of historical imbalances and the burden of rates on the poor. It be noted that the municipality is working on final draft.
7. **Investment policy** – this policy prescribes for the management of cash and the investing of municipal money. Travel and Subsistence Policy
8. **Travel and Subsistence** - This policy regulates the re-imbursement of travelling and subsistence cost to officials and councilors attending to official business.

9. **Cell Phone Policy** - The aim of this policy is to: regulate the granting of cell phones allowance to the employees of Ephraim Mogale Local Municipality improve the communication in the workplace and to the public, in order to give a better service.

2.5 Overview of budget assumptions

2.51 External factors

We will further investigate the following during our public participation process as well as per internal research and take the following into consideration:

- Confirm the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality or entity,
- Ensure the need to ensure financial sustainability,
- Reconsider the local economic conditions and the affordability of services,
- Taking into consideration the municipality's indigent policy.
- We also considered relevant policy developments in the different sectors.
- In considering changes in property rates, the municipality took cognizance of local economic conditions such as the changes in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Headline inflation forecasts:

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast	Forecast	Forecast
Real GDP growth	1.6%	0.9%	1.2%	1.9%	2.5%
CPI Inflation	5.6%	5.4%	6.6%	6.2%	5.9%

Source: Budget Review 2016

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;

- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration by 7%.
- The 75% average payment rate.

2.6 Overview of Budget Funding

LIM471 Ephraim Mogale - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	12 252	29 831	25 772	26 431	26 766	26 766	26 766	28 372	30 075	31 879
Service charges	38 607	36 994	40 765	54 224	54 224	54 224	54 224	58 722	62 246	65 980
Investment revenue	5 433	1 904	2 452	1 170	1 170	1 170	1 170	1 241	1 315	1 394
Transfers recognised - operational	76 140	81 384	94 712	122 308	122 308	122 308	122 308	121 374	129 936	137 610
Other own revenue	19 052	12 527	23 446	20 636	19 256	19 256	19 256	20 143	21 351	22 632
Total Revenue (excluding capital transfers and contributions)	151 483	162 640	187 146	224 769	223 725	223 725	223 725	229 852	244 923	259 496

2.7 Expenditure on grants and reconciliations of unspent funds

Expenditure on grants can be viewed in SA19 and SA20 attached with other supporting documents as Annexure **H**

2.8 Councillor and employee benefits

Councillor and employee benefits can be viewed in SA 22 and 23, together with the summary of the personnel numbers in SA24 attached as Annexure **H**

2.9 Monthly targets for revenue, expenditure and cash

Monthly targets are presented in **Annexure H** on SA25, SA26, SA27, SA29 and SA30

2.10 Annual budgets and SDBIPs – internal departments

Annual budget and SDBIP is attached as **Annexure F**.

Explanatory notes on internal votes

FINANCIAL SERVICES DEPATRMENT:		
INTERNAL DEPARTMENT	DESCRIPTION OF FUNCTIONS	MANAGEMENT STRUCTURE
Supply Chain Management Unit.	<p>The main objective for the Department of Finance is to sustain the success of the past and also to drill down deeper in resolving identified issues. The main focus in the past was overall prudent financial management. With those processes now in place senior management is focused on fine tuning all processes, hence the responsibility to:</p> <ul style="list-style-type: none">• To ensure compliance with legislative, reporting framework and prescribed accounting standards on budget, supply chain and financial statement• To build the capacity of municipality and to implement sound institutional and governance systems required in terms of local government legislations• To ensure Financial viability• To maximize revenue• To ensure accurate Financial Management• To ensure implementation of debt management and credit control policy• To manage and maintain all municipal assets to comply with GRAP 17• To ensure efficient, effective cash flow management	<p>This department is headed by the Chief Financial Officer, K Ramosibi. The CFO is assisted by two divisional Managers who are heading the SCM and Financial Accounting respectively. The post of Manager Budget and Reporting is vacant.</p>
Budget and Reporting Office.		
Financial Accounting (Expenditure Management and Revenue Management).		
CORPORATE SERVICES DEPATRMENT:		
INTERNAL DEPARTMENT	DESCRIPTION OF FUNCTIONS	MANAGEMENT STRUSCTURE

Human Resources	<p>The sections are responsible for:</p> <ul style="list-style-type: none"> • Provision and maintenance of human capital. • Staff termination of services (resignations, retirements, death, disciplinary, reasons etc.) • Labour relations. • Occupation Health and Safety. • Staff development through skills development. • Employment Equity Plan and report. • Employee wellness. • HR administrative services. • To promulgate and implement by-laws approved by Council. • To maintain proper filing through the Registry procedure Manual • To file documents of the municipality for reference and accessibility. • Educative activities to ensure that Officials and Councillors understand the Performance Management System will be commissioned. • Comments from the performance assessment committees will be used to improve on areas that need to be improved. 	<p>This department is headed by the Director Corporate Services, Mr M. J. Lekola. The manager is assisted by two divisional Managers who are managing the different divisions which is Human Resources and Administration and IT.</p>
Administration and IT		
Legal Services		
Labour Relations & Compliance		
Council Support	<p>This office is responsible for the following:</p> <ul style="list-style-type: none"> • To narrow the social distance between the community and the municipality. • Recognize the intrinsic value of all of our people, investing in their ability to contribute to governance processes, 	

	<ul style="list-style-type: none">• Strengthen ward committees and the community involvement in the municipal affairs.• Reinforce elected officials linkage with communities through izimbizo, road shows and lekgotlas. In line with Section 52 of the Constitution of South Africa, the LM will ensure: 1) The involvement of the community of Ephraim Mogale LM in the planning processes of decision making processes, i.e. ward committees, organisational arrangement of the IDP; performance review, Budget 2) Special attention will be given to the involvement of youth, women and people with disabilities in the development process; and 3) Organisation of community outreach meetings for the purpose of feedback and further engagement.• Develop appropriate mechanisms, processes and procedures to encourage the involvement of community in matters of Local Government;• Invite as many stakeholders and structures in all community participation matters through CDWs;• Train people who are responsible for loud-hailing of community meetings;• Effectively train and workshop Ward Committees, Councillors and officials on the importance of community participation;• Encourage the establishment and active involvement of youth, women and aged in matters of local governance;• Convene the Budget, IDP, Mayoral <i>izimbizo</i>, NDM IDP outreach meetings;	
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	<ul style="list-style-type: none"> • Ensure that ward committees communicate with their constituencies and create a platform of accountability to communities; <p>See that Community Development Workers (CDWs) are properly integrated into Wards Committees;</p>	
Information, Communication and Technology	<p>The ICT section provides the following services:</p> <ul style="list-style-type: none"> • To have a reliable network with minimal interruptions. • Improving the communication with the community. • Provision of information security which is emphasised in the form of policies, awareness campaigns and guidelines, • Provision of network security by acquiring firewalls and maintaining antivirus software updates and patches. • Provides network administration by ensuring data and information is being backed up and kept in specified location, users are created and removed from the network as per departmental requests. • Hardware and software maintenance and ensures that the all licensing is in place and renewal of some applications subscriptions used by the Municipality. 	
OFFICE OF THE MUNICIPAL MANAGER:		
INTERNAL DEPARTMENT	DESCRIPTION OF FUNCTIONS	MANAGEMENT STRUSCTURE
Internal Audit	<p>The internal audit function plays an important role in supporting the Municipal's operations:</p> <ul style="list-style-type: none"> • It provides reasonable assurance on all the important aspects of internal controls, risk management and governance processes. • The Standard for the Professional Practice of Internal Auditing number 2100 stipulates that the role of the internal audit function is to add value, evaluate and improve the organization's risk management, control and governance processes. 	<p>This department is headed by the Municipal Manager, The office consists of Chief Internal Audit, Internal Audit and Risk Officer which is currently vacant and all Section 56 Managers are reporting directly to the Municipal Manager.</p>

	<ul style="list-style-type: none"> The internal audit function must also provide reasonable assurance that the systems of internal controls are adequate and effective to manage the risk at a level that is acceptable to management. Internal control is defined broadly and encompasses those elements of an organization (including its resources, systems, processes, culture, structure and tasks) that taken together support the achievement of the organizational objectives. 	
PLANNING AND DEVELOPMENT:		
INTERNAL DEPARTMENT	DESCRIPTION OF FUNCTIONS	MANAGEMENT STRUCUTURE
Urban Renewal Programme	<ul style="list-style-type: none"> To meet the quality housing needs of residents in the municipal area of jurisdiction and minimize the spread of informal settlements. To facilitate the finalisation of land claims and ensure that claimants are settled accordingly. 	The post of the Director is vacant. There are currently three Managers: Manager Town Planning, Manager IDP and Manager LED
IDP / LED	<p>This section has a responsibility to:</p> <ul style="list-style-type: none"> To ensure economic growth in all sectors of the economy in order to curb unemployment and related negative issues by integrating the priorities of the National, Mpumalanga Growth and Development Path with the LED strategy of the Municipality and the District To ensure economic growth and all capital projects contribute towards the alleviation of poverty and job creation. Development and revision of Council's Integrated Development Plan. Conduct community consultation meetings in each ward to obtain inputs with regard to the developmental needs of the community. Organise and facilitate IDP Technical Committee meetings. 	

	<ul style="list-style-type: none"> Organise and facilitate IDP Representative Forum meetings. 	
COMMUNITY SERVICES DEPARTMENT:		
INTERNAL DEPARTMENT	DESCRIPTION OF FUNCTIONS	MANAGEMENT STRUSCTURE
Licensing, Law Enforcement/ Security & Public Safety	<ul style="list-style-type: none"> To increase visibility and supervision of traffic officers. To establish community policing forums in all wards with the liaison of SAPS. To create a secure and safe environmental that minimizes fraudulent activities in the municipality. Increase the capacity of the Ephraim Mogale LM. testing grounds through its engagement with stakeholders. To facilitate integrated communication with SAPS, Magistrate Courts and Correctional Services. To purchase important responsive equipment and vehicles. To protect and safeguard municipal assets and property. To provide a safe working environment for the municipal staff and clients. To promote adequate public transport management. 	The post of the Director is vacant and two divisional manager are assisting in the department: Manager Social Services and Manager Traffic.
Emergency Services: Fire services & Disaster management	<ul style="list-style-type: none"> Ensure safe, prompt, effective fire fighting and ambulance service Formulate a comprehensive plan to co-ordinate with all role players Increase community access of emergency serves To establish an effective, safe, prompt and responsive team that will assist in the prevention, mitigation and proper management for during disaster. 	

Culture, Sports, and Recreation	<ul style="list-style-type: none"> • To create environment within which community members can easily participate in a sport of their choice • To provide a convenient sports and recreation infrastructure • To increase levels of participation in sport and recreation. • To improve the mental and physical wellbeing of the youth through arts, culture and sports. • To improve the general health and welfare of the youth. • To ensure that youth benefits from sustainable job opportunities created. • To create interventions aimed at providing access to quality development to both ECD centres and primary schools. • Facilitate resources from social partners to register grade 12 graduates to institutions of higher learning. • To ensure quality life through integrated services for people living with disabilities, woman and children. • To create interventions aimed at improving the wellbeing and dignity of elderly person during their pay day and in life generally. • To ensure that people living with disabilities are given fair opportunities when job opportunities are available. • To ensure that Moral Regeneration Movement plays its vital role in restoring values to the community 	
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Library	<ul style="list-style-type: none"> • Municipal libraries contribute to the promotion of the culture of learning amongst our community members. • They however, are enriched with the reading materials that are relevant for adults, since they are public libraries and not necessarily, school libraries. 	
Environmental Management	<ul style="list-style-type: none"> • Control and minimize environmental degradation. • Ensure that the general environment is protected and promoted in a sustainable way. • Ensure that communities have access to safe drinking water and that water sources are not polluted through water monitoring programs. • Educate all residents on the importance of the protection of the environment. • Capacitated Environmental Health section on Environmental management issues. 	
Waste Management	<ul style="list-style-type: none"> • Provide a safe, effective and economical waste management and waste disposal service through ongoing management, maintenance and provision of appropriate landfill sites; development of a waste management program, taking into consideration the National Environmental Management: Waste Act 59 of 2008 and the National Waste Management Strategy. • Control and minimize waste on landfill sites through recycling initiatives. • Ensure that the general environment is protected and promoted in a sustainable way. • Management of landfill sites according to the DWAF Minimum Requirements for Landfill. 	
Parks Grounds and Parks Chalets and Cemeteries.	<ul style="list-style-type: none"> • Ensure that the park accommodates numerous activities and events. 	

	<ul style="list-style-type: none"> • Ensure that local communities are involved in and benefit from the park • To promote a healthy and clean environment • To beautify the appearance of the towns. • To protect the memorial stones of those people who have passed on in life. • To provide adequate access and burial space for our communities. • Cleaning and maintenance of cemeteries • Providing access roads to cemeteries. 	
INFRASTRUCTURE SERVICES DEPARTMENT:		
INTERNAL DEPARTMENT	DESCRIPTION OF FUNCTIONS	MANAGEMENT STRUCUTURE
Electricity	<ul style="list-style-type: none"> • To provide adequate and reliable electricity services to all communities in Ephraim Mogale LM • Upgrade and maintain the electricity network continuously to ensure minimal interruption 	This department is headed by the Director Infrastructure Ms E.M . Radingwana assisted by three Manager PMU. Manager Electrical Manager Roads & Stormwater.
Roads and Stormwater	<ul style="list-style-type: none"> • To improve the condition of the existing roads for users in all the towns, townships and farm areas. 	
Project Management Unit	<ul style="list-style-type: none"> • This section has responsibility for project managing and administration of MIG funding, within the relevant municipal accounting system, for infrastructure projects of their own using MIG funds and for projects of other municipalities where they are delegated this authority; • Coordination of the project identification process in terms of the relevant IDP; • Coordination of the project feasibility process, with involvement of other municipal departments where appropriate, in terms of the relevant IDP; • Establishment and approval of contracts with contractors and consultants for each project, including feasibility studies; 	

	<ul style="list-style-type: none">• Project management, including ensuring that projects meet planning objectives;• Coordination of project-based capacity building initiatives: the PMU is responsible for ensuring that project-related capacity building and development objectives are met; and• Management of MIG Management Information System (MIG –MIS) for registration of projects, facilitate the capture of backlog information, monitoring and preparation of all necessary reports.• Build capacity to operate and manage the MIG-MIS.	
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2.11 Contracts having future budgetary implications

The municipality does not have any contracts that may exceed the period over a year.

2.12 Capital expenditure details

The capital projects are funded through internal surplus and external sources which is MIG. The details are found in SA34, SA35 and SA36

2.13 Legislation compliance status

The Municipality operations are governed by an array of different acts.

The following Acts and prescripts are central in defining municipal boundaries and areas of influence:

- ♦ Regional Services Council Act, 1985 (Act 109 of 1985)
- ♦ Local Government: Municipal Structures Act, Act 117 of 1998 with all its amendments to date.
- ♦ Local Government : Municipal Systems Act, Act 32 of 2000 with all its amendments to date in its entirety together with regulations promulgated and applicable to high capacity municipalities.
- ♦ Local Government: Municipal Finance Management Act, Act 56 of 2004 in its entirety including regulations promulgated.
- ♦ Compliance is also given to circulars by National Treasury in line with the Municipal Systems Act and the Municipal Finance Management Act
- ♦ Local Government : Property Rates Act, Act 6 of 2004 and its promulgated regulations

Thus not only is Ephraim Mogale Local Municipality responsive to national government legislation, it has to comply with all the local government regulations and acts.

2.14 Other Supporting Document.

Other supporting documents entail supporting budget tables on SA1 to SA37, attached as **Annuxure H**

2.15 Quality Certification of the Municipal Manager

I Ms. M. M. Mathebela the Municipal Manager of Ephraim Mogale Local Municipality, hereby certify that the annual budget and supporting documents have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act, and that the annual budget and the supporting documents are consistent with the Integrated Development Plan (IDP) of the Municipality.

Name : **Ms M. M. MATHEBELA**
MUNICIPAL MANAGER

Municipal Code : LIM471

Signature : _____

Date : _____