

**EMAKHAZENI LOCAL
MUNICIPALITY**

***DRAFT ANNUAL
BUDGET***

2015/2016

TO

2017/2018

TABLE OF CONTENTS

- 1. DRAFT ANNUAL BUDGET REPORT FOR THE FINANCIAL YEAR 2015/2016**
- 2. SUPPORTING DOCUMENTS: A-SCHEDULE 2015/2016**
- 3. PROPOSED TARIFFS FOR FINANCIAL YEAR 2015/2016**
- 4. BUDGET RELATED POLICIES**
- 5. DRAFT SDBIP'S FOR THE FINANCIAL YEAR 2015/2016**
- 6. IDP 2015/2016**
- 7. DETAILED ANNUAL DRAFT BUDGET 2015/2016 PER VOTE & DEPARTMENT**
- 8. COUNCIL RESOLUTION: ANNUAL DRAFT BUDGET 2015/2016**
- 9. COUNCIL RESOLUTION: IDP 2015/2016**

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

REPORT OF THE CHIEF FINANCIAL OFFICER

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 section 16 to 27 of the MFMA as well the new 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 70, 72 and 74 issued by National Treasury provide further guidance for the preparation of 2015/2016 MTREF

National Treasury – Key Focus Areas for budget process

The 2015/2016 Budget review notes the unfavorable global and domestic circumstances which impact on all spheres of government and notes all the posing risks of such as growth etc. Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently. Municipalities will have to revise their spending plans and reprioritize funds to ensure key objectives are achieved and well-performing programmes are supported.

Consequently, municipal revenue and cash flows are expected to remain under pressure in 2015/2016 and municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.

A. 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, taking into account the overall economic pressures such as inflation and economic growth and conclude on a justifiable tariff in line with the CPI.

Hence the municipality is in a process of restructuring the tariffs to ensure that they are cost reflective and this will be finalised and included in the final budget after it is communicated to the community through public participation. It must also be noted that tariffs may only be implemented from the start of the financial year.

B. Funding choices and management issues

The municipality is once again reminded that given on-going economic pressures, the revenue side of municipal budgets will continue to be constrained, so it will again need to make some very tough decisions on the expenditure side this year. Priority still needs to be given to:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality’s revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants

The National Treasury has continuously through circulars informed municipality of to eliminate non-priority spending and sponsoring excessively to music/art festivals. With the implementation of cost-containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential activities.

Municipalities should implement cost-containing measures to eliminate waste and/or, reprioritise spending to ensure savings on these six focus areas namely;

- consultancy fees
- no credit cards
- travel and related costs
- advertising
- catering and event costs
- accommodation

C. Headline inflation forecasts.

| Fiscal year | 2013/14 Actual | 2014/15 Estimate | 2015/16 Forecast | 2016/17 Forecast | 2017/18 Forecast |
|--------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| CPI Inflation | 5.6% | 6.2% | 5.8% | 5.5% | 5.3% |

Source: MFMA Circular 74

D. Employee related costs

The Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, municipalities are advised to budget for a 5.8% per cent cost-of-living increase adjustment to be effective as from 1 July 2015(in line with the increase proposed in the 201 MTBPS). The municipality further will use the inflation forecast to project increases to project increases in the outer years.

Therefore the salary increase, in terms shall be five comma eight percent (5.8%) with effect from the 1 July 2015.

The current vacant posts have been provided for, but **NO new posts** have been provided for due to extreme cash flow restrains carried forward by prior years.

E. Ward Committee Stipends

Equitable Share Grant as per the Division of Revenue allocates a portion of the allocation for Councillors and Ward committee members remuneration.

Therefore in the draft budget a R500.00 stipend is provided to be paid to Ward committee members, per member per month to be funded from Equitable Share Grant.

Once the stipend is paid to a member the municipality shall then **not pay any expenses** for Ward committee members such as out of pocket, catering, transport and/or any other cost incurred from own funds or any other Grants received.

National Treasury emphasized that a strong control should be placed on the attendance and participation of these member. After reviewing various municipalities it was found that the attendance of members is very poor. Therefore strict control procedures for attendance should be put in place by the municipality and supporting documents should be kept for auditing purposed by the Auditor General.

F. Budget Related Policies 2015/16

The following is budget related policies with in Emakhazeni:

- Receipts Policy (Reviewed 2014/2015)
- Banking and Investment Policy (Reviewed 2014/2015)
- Supply Chain Management Policy (Reviewed 2013/2014)
- Petty Cash Policy (Reviewed 2014/2015)
- Asset Management Policy (Currently under reviewal)
- Debt and Credit Control Policy (Reviewed 2014/2015)
- Debt Impairment Policy (Currently being drafted)
- Budget Management Policy
- Indigent Policy
- Tariff Policy
- Property Rates Policy
- Borrowing policy
- Funding & reserves policy

G. Proposed Tariff increases 2015/16

The recommended tariffs for approval and community participation:

| | |
|---|--------|
| Assessment Rates: | 0 % |
| Electricity (Consumption & Basic Charge): | 12.2 % |
| Sewerage: | 6 % |

Proposed Budget 2015/2016, 2016/2017, 2017/2018

| | |
|-------------------------------------|-----|
| Water (Consumption & Basic Charge): | 6 % |
| Cleansing: | 6 % |
| Other income: | 6 % |

Assessment rates will not increase the financial year 2015/16 from the 2014/15 as the MPRA valuation roll is still to be concluded.

The NERSA guideline consultation document was done where in terms of NERSA's guide indicated a 12.2% increase.

Although the 12.2% is only is the NERSA guideline and the municipality is still awaiting the final NERSA approved tariffs.

All documentation related to the guideline determination are available on the NERSA website (<http://www.nersa.org.za/>).

H. Debt Impairment

A provision for debt impairment is made for 2015/16 to the amount of R27 548 892. This forms one of the non-cash items and was informed by outstanding debtors amounting R 170,951,747 as at 31 December 2014.

I. Capital Budget Summary

A summary of the proposed capital budget is set as follows:

| Funding | 2015/2016 | 2016/2017 | 2017/2018 |
|---|-----------------|-----------------|-----------------|
| Municipal Infrastructure Grant | R 16 867 250.00 | R 17 390 700.00 | R 18 174 450.00 |
| Integrated National Electrification Programme | R 0.00 | R 2 000 000.00 | R 3 000 000.00 |
| Internal | R 1 157 650.00 | R 1 180 803.00 | R 1 204 417.00 |
| Nkangala District Municipality | R 11 900 000.00 | | |

A detailed project list is attached with the budget documentation. It must be noted that only capital projects which funding has been secured may be included in the capital budget.

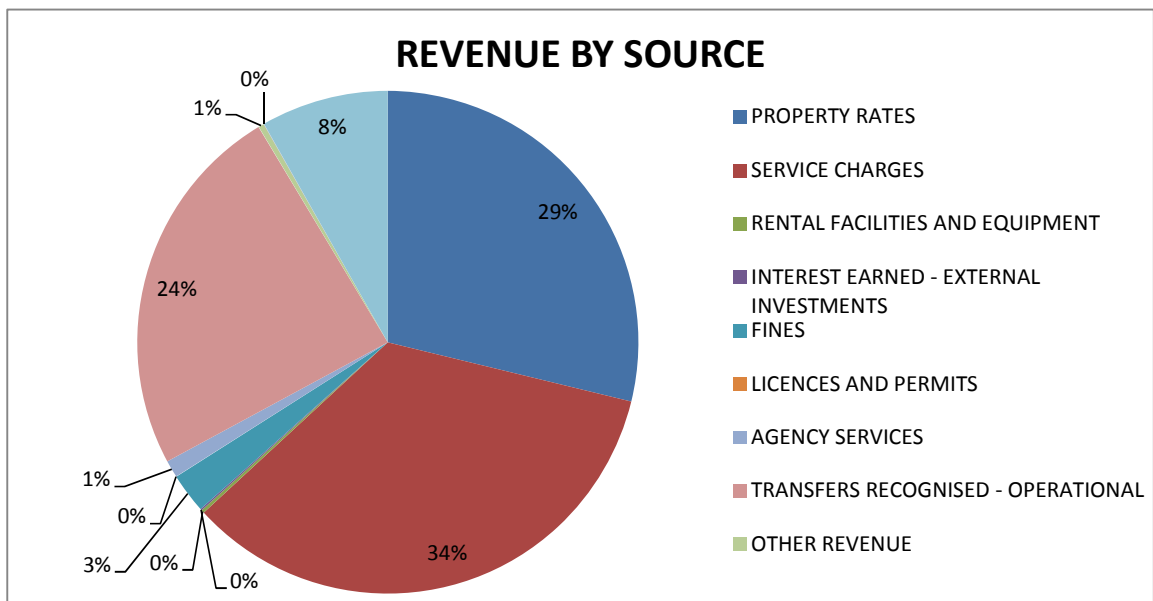
J. Operating Revenue & Expenditure Framework

Revenue by source

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

Proposed Budget 2015/2016, 2016/2017, 2017/2018

| DEPT | ITEM CODE | DESCRIPTION | AUDIT OUTCOME 2011/2012 | AUDIT OUTCOME 2012/2013 | AUDIT OUTCOME 2013/2014 | BUDGET 2014/2015 | ADJUSTMENT BUDGET 2014/2015 | BUDGET 2015/2016 | BUDGET FORECAST 2016/2017 | BUDGET FORECAST 2017/2018 |
|--------------------------|-----------|---|-------------------------|-------------------------|-------------------------|------------------------|-----------------------------|------------------------|---------------------------|---------------------------|
| REVENUE BY SOURCE | | | | | | | | | | |
| | | PROPERTY RATES | -20 438 543.25 | -31 358 480.12 | -54 522 901.15 | -63 123 778.00 | -63 123 778.00 | -63 123 778.00 | -66 911 204.00 | -70 925 876.00 |
| 19 | 10060 | ASSESSMENT RATES ON FARMS | - | - | - | -6 139 856.00 | -6 139 856.00 | -6 139 856.00 | -6 508 247.00 | -6 898 742.00 |
| 19 | 60075 | ASSESSMENT RATES | -20 438 543.25 | -31 358 480.12 | -54 522 901.15 | -56 983 922.00 | -56 983 922.00 | -56 983 922.00 | -60 402 957.00 | -64 027 134.00 |
| | | PROPERTY RATES - PENALTIES & COLLECTION CHARGES | - | - | - | - | - | - | - | - |
| | | SERVICE CHARGES | -55 030 971.61 | -64 057 587.51 | -64 938 341.50 | -75 076 596.00 | -69 176 596.00 | -75 766 399.00 | -83 049 177.00 | -91 102 808.00 |
| 20 | 10050 | REFUSE REMOVAL SERVICES | -6 783 362.48 | -7 331 639.77 | -7 806 108.97 | -8 487 064.00 | -8 487 064.00 | -8 996 287.00 | -9 536 065.00 | -10 108 228.00 |
| 21 | 10100 | SEWERAGE SERVICES | -6 494 536.53 | -7 254 609.35 | -7 702 383.16 | -8 273 187.00 | -8 273 187.00 | -8 769 578.00 | -9 295 752.00 | -9 853 497.00 |
| 40 | 60093 | PREPAID ELECTRICITY | -14 105 844.50 | -15 907 647.43 | -18 280 603.45 | -20 862 802.00 | -20 862 802.00 | -23 408 064.00 | -26 263 848.00 | -29 468 038.00 |
| 40 | 60094 | SALE OF ELECTRICITY | -11 877 739.56 | -15 923 927.75 | -12 096 987.29 | -17 925 539.00 | -12 925 539.00 | -14 502 454.00 | -16 271 753.00 | -18 256 906.00 |
| 40 | 60095 | BASIC ELECTRICITY | -4 569 778.99 | -5 088 361.52 | -5 060 012.48 | -5 553 763.00 | -5 553 763.00 | -6 231 322.00 | -6 991 543.00 | -7 844 511.00 |
| 40 | 60096 | FREE BASIC SERVICES 2 | - | -6 712.28 | - | - | - | - | - | - |
| 45 | 60101 | SALE OF WATER | -6 407 283.48 | -7 204 100.84 | -8 367 039.38 | -6 914 893.00 | -6 014 893.00 | -6 375 786.00 | -6 758 333.00 | -7 163 833.00 |
| 45 | 60102 | BASIC WATER | -4 792 426.07 | -5 340 588.57 | -5 625 206.77 | -7 059 348.00 | -7 059 348.00 | -7 482 908.00 | -7 931 883.00 | -8 407 795.00 |
| | | RENTAL FACILITIES AND EQUIPMENT | -769 739.63 | -529 314.94 | -435 339.68 | -443 861.00 | -418 461.00 | -437 011.00 | -463 229.00 | -491 020.00 |
| | | INTEREST EARNED - EXTERNAL INVESTMENTS | -104 459.03 | -463 559.12 | -218 287.19 | -216 240.00 | -264 000.00 | -216 240.00 | -229 214.00 | -242 966.00 |
| | | INTEREST EARNED - OUTSTANDING DEBTORS | - | - | - | - | - | - | - | - |
| | | DIVIDENDS RECEIVED | - | - | - | - | - | - | - | - |
| | | FINES | -5 142 058.26 | -5 483 025.88 | -9 206 920.58 | -5 401 225.00 | -5 250 200.00 | -5 556 400.00 | -5 889 784.00 | -6 243 170.00 |
| | | LICENCES AND PERMITS | -36 645.45 | -32 019.63 | -23 172.39 | -32 535.00 | -6 600.00 | -6 990.00 | -7 409.00 | -7 853.00 |
| | | AGENCY SERVICES | -2 405 825.12 | -2 567 591.52 | -2 794 432.55 | -2 384 080.00 | -2 010 284.00 | -2 384 080.00 | -2 527 124.00 | -2 678 751.00 |
| | | TRANSFERS RECOGNISED - OPERATIONAL | -34 350 056.09 | -38 880 695.02 | -41 975 000.00 | -46 402 333.00 | -46 402 333.00 | -52 305 000.00 | -54 367 000.00 | -57 452 000.00 |
| 4 | 55091 | GRANT: DCSR LIBRARIES | -15 418.09 | - | - | - | - | - | - | - |
| 13 | 55095 | EPWP INCENTIVE GRANT | -391 000.00 | -932 695.02 | - | - | - | - | - | - |
| 14 | 55095 | EPWP INCENTIVE GRANT | - | - | -1 000 000.00 | -1 235 000.00 | -1 235 000.00 | -1 089 000.00 | - | - |
| 19 | 55051 | EQUIT SHARE (COUNCIL SALARY) | -1 056 000.00 | -1 898 000.00 | -2 384 000.00 | -2 285 000.00 | -2 285 000.00 | -2 417 000.00 | -2 550 000.00 | -2 686 000.00 |
| 19 | 55049 | EQUITABLE SHARE (WARD COMMITTEE) | - | - | - | -480 000.00 | -480 000.00 | -480 000.00 | -480 000.00 | -480 000.00 |
| 23 | 60201 | LGSETA INTERNSHIP SUBSIDY | - | - | - | -153 333.00 | -153 333.00 | - | - | - |
| 24 | 55050 | EQUITABLE SHARE | -30 505 638.00 | -33 750 000.00 | -36 151 000.00 | -39 515 000.00 | -39 515 000.00 | -45 589 000.00 | -48 555 000.00 | -51 353 000.00 |
| 24 | 55060 | GRANT: MSIG (INCOME) | -790 000.00 | -800 000.00 | -890 000.00 | -934 000.00 | -934 000.00 | -930 000.00 | -957 000.00 | -1 033 000.00 |
| 24 | 55080 | GRANT: FINANCIAL MANAGEMENT | -1 250 000.00 | -1 500 000.00 | -1 550 000.00 | -1 800 000.00 | -1 800 000.00 | -1 800 000.00 | -1 825 000.00 | -1 900 000.00 |
| 40 | 55090 | GRANT: INEP (MUNICIPAL) | -342 000.00 | - | - | - | - | - | - | - |
| | | OTHER REVENUE | -5 059 823.67 | -24 847 415.08 | -14 978 913.26 | -1 070 250.00 | -771 084.00 | -780 398.00 | -827 209.00 | -876 825.00 |
| | | GAINS ON DISPOSAL OF PPE | - | - | -14 166.67 | -204 000.00 | -204 000.00 | -54 000.00 | -54 000.00 | -54 000.00 |
| | | TOTAL REVENUE (EXCLUDING CAPITAL SOURCE AND REVENUE FORGONE) | -123 338 122.11 | -168 219 688.82 | -189 107 474.97 | -194 354 898.00 | -187 627 336.00 | -200 630 296.00 | -214 325 350.00 | -230 075 269.00 |
| | | REVENUE FORGONE | 2 149 353.01 | 1 883 407.91 | 2 376 326.76 | 2 588 520.00 | 2 588 520.00 | 2 743 831.00 | 2 908 462.00 | 3 082 969.00 |
| 19 | 260082 | REBATES ON ASSESSMENT RATES | 756 109.38 | 70 314.57 | 36 257.56 | 318 000.00 | 318 000.00 | 337 080.00 | 357 305.00 | 378 743.00 |
| 19 | 260083 | FREE BASIC SERVICES | - | 24.68 | 247 296.81 | 648 720.00 | 648 720.00 | 687 643.00 | 728 902.00 | 772 636.00 |
| 45 | 260083 | FREE BASIC SERVICES | 1 393 243.63 | 1 813 068.66 | 2 092 772.39 | 1 621 800.00 | 1 621 800.00 | 1 719 108.00 | 1 822 255.00 | 1 931 590.00 |
| | | TOTAL OPERATING REVENUE (EXCLUDING CAPITAL SOURCE) | -121 188 769.10 | -166 336 280.91 | -186 731 148.21 | -191 766 378.00 | -185 038 816.00 | -197 886 465.00 | -211 416 888.00 | -226 992 300.00 |
| | | TRANSFERS RECOGNISED - CAPITAL | -8 515 157.96 | -15 336 141.05 | -13 322 000.00 | -17 232 000.00 | -17 232 000.00 | -17 755 000.00 | -20 306 000.00 | -22 131 000.00 |
| 19 | 55052 | GRANT: MIG | -8 515 157.96 | -15 018 358.02 | -13 322 000.00 | -17 232 000.00 | -17 232 000.00 | -17 755 000.00 | -18 306 000.00 | -19 131 000.00 |
| 19 | 55054 | GRANT: MIG PROSPECTIVELY | - | -317 783.03 | - | - | - | - | - | - |
| 40 | 55090 | GRANT INEP (MUNICIPAL) | - | - | - | - | - | - | -2 000 000.00 | -3 000 000.00 |
| | | TOTAL REVENUE | -129 703 927.06 | -181 672 421.96 | -200 053 148.21 | -208 998 378.00 | -202 270 816.00 | -215 641 465.00 | -231 722 888.00 | -249 123 300.00 |

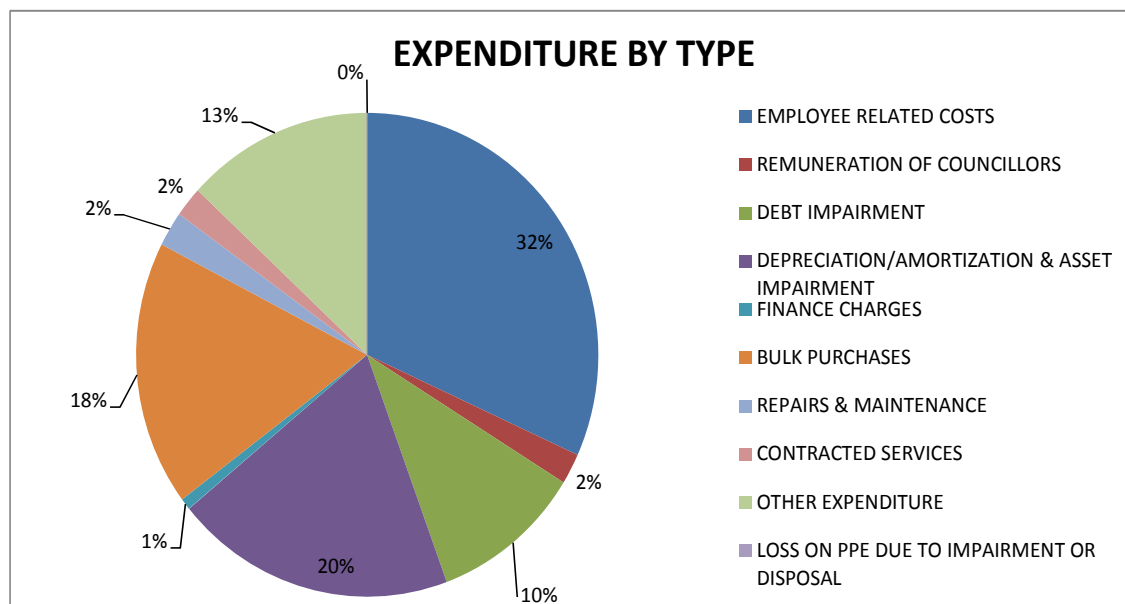


Proposed Budget 2015/2016, 2016/2017, 2017/2018

Expenditure per category

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

| DEPT | ITEM CODE | DESCRIPTION | AUDIT OUTCOME 2011/2012 | AUDIT OUTCOME 2012/2013 | AUDIT OUTCOME 2013/2014 | BUDGET 2014/2015 | ADJUSTMENT BUDGET 2014/2015 | BUDGET 2015/2016 | BUDGET FORECAST 2016/2017 | BUDGET FORECAST 2017/2018 |
|----------------------------|-----------|--|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------------|-----------------------|---------------------------|---------------------------|
| EXPENDITURE BY TYPE | | | | | | | | | | |
| | | EMPLOYEE RELATED COSTS | 50 213 154.91 | 58 421 438.21 | 59 445 374.96 | 78 916 214.00 | 78 916 214.00 | 83 469 437.00 | 88 038 890.00 | 92 697 597.00 |
| | | REMUNERATION OF COUNCILLORS | 4 256 472.61 | 4 484 763.94 | 4 787 535.96 | 5 108 645.00 | 5 108 645.00 | 5 404 943.00 | 5 702 211.00 | 6 004 424.00 |
| | | DEBT IMPAIRMENT | 8 110 426.12 | -8 742 326.54 | 31 225 458.50 | 9 190 200.00 | 9 190 200.00 | 27 778 036.00 | 29 992 076.00 | 32 405 736.00 |
| | | DEPRECIATION/AMORTIZATION & ASSET IMPAIRMENT | 48 036 809.37 | 45 060 185.88 | 49 319 511.19 | 50 979 600.00 | 50 979 600.00 | 51 486 796.00 | 51 999 063.00 | 52 516 453.00 |
| | | FINANCE CHARGES | 1 061 204.16 | 1 256 343.11 | 2 161 754.42 | 1 537 000.00 | 1 937 000.00 | 2 053 220.00 | 2 176 413.00 | 2 306 997.00 |
| 16 | 270010 | INTEREST | 14 939.83 | - | - | - | - | - | - | - |
| 19 | 280010 | FRUITLESS AND WASTEFUL EXPENDI | 1 019 361.47 | 1 256 343.11 | 2 161 754.42 | 1 537 000.00 | 1 937 000.00 | 2 053 220.00 | 2 176 413.00 | 2 306 997.00 |
| 19 | 270020 | PENALTIES & INTEREST | - | - | - | - | - | - | - | - |
| 21 | 270010 | INTEREST | 21 711.42 | - | - | - | - | - | - | - |
| 40 | 270010 | INTEREST | 5 191.44 | - | - | - | - | - | - | - |
| | | BULK PURCHASES | 29 844 270.08 | 29 280 761.89 | 34 256 229.16 | 40 769 696.00 | 40 769 696.00 | 46 575 300.00 | 53 207 622.00 | 60 784 387.00 |
| 40 | 245010 | PURCHASE OF ELECTRICITY | 29 844 270.08 | 29 280 761.89 | 34 256 229.16 | 40 769 696.00 | 40 769 696.00 | 46 575 300.00 | 53 207 622.00 | 60 784 387.00 |
| | | REPAIRS & MAINTENANCE | 5 706 128.04 | 24 839 510.90 | 5 372 458.60 | 8 285 578.00 | 6 135 355.00 | 6 141 247.00 | 6 264 070.00 | 6 389 343.00 |
| | | CONTRACTED SERVICES | 2 150 475.51 | 2 701 958.55 | 3 548 460.09 | 3 473 604.00 | 4 173 604.00 | 5 325 000.00 | 5 431 500.00 | 5 540 130.00 |
| 7 | 260052 | SECURITY | 2 150 475.51 | 2 701 958.55 | - | - | - | - | - | - |
| 25 | 260092 | SECURITY BANKING | - | - | 2 360.00 | 306 000.00 | 306 000.00 | 285 000.00 | 290 700.00 | 296 514.00 |
| 30 | 260052 | SECURITY | - | - | 3 546 100.09 | 3 167 604.00 | 3 867 604.00 | 5 040 000.00 | 5 140 800.00 | 5 243 616.00 |
| | | OTHER EXPENDITURE | 31 834 032.47 | 30 789 331.44 | 30 871 110.76 | 35 062 937.00 | 32 605 398.00 | 34 409 870.00 | 34 299 682.00 | 35 415 498.36 |
| | | LOSS ON PPE DUE TO IMPAIRMENT OR DISPOSAL | - | - | 14 756.23 | - | - | - | - | - |
| | | TOTAL EXPENDITURE (EXCLUDING CAPITAL) | 181 212 973.27 | 188 091 967.38 | 221 002 649.87 | 233 323 474.00 | 229 815 712.00 | 262 643 849.00 | 277 111 527.00 | 294 060 565.36 |



Conclusion

The MTREF Budget 2015/2016 is based on the assumption of 100% collection rate of consumer billing and therefore all revenue collection enhancement strategies should be put in place to ensure collection of consumer debtors, should collection rate decrease then it means the budgeted expenditure spending should automatically be decreased as no cash has been received and it will result in underperformance of SDBIPs as well as putting strain on daily service delivery to the community.

The MTREF for 2015/2016 – 2017/2018 has a deficit amounting to R 65,027,284 this is inclusive of non-cash items (depreciation, debt impairment and provisions) amounting to R 87,595,163

RECOMMENDATIONS BY THE CHIEF FINANCIAL OFFICER

1. **That;** the Proposed Annual Budget Medium Term Revenue and Expenditure Framework for 2015/16 – 2017/18 be approved with all budget tables; A1 to A10 Framework for 2015/16 – 2017/18
2. **That** the proposed capital projects be approved.
3. **That** the proposed tariffs of 12.2% for electricity as per NERSA guideline be considered and discussed.
4. **That** the following proposed tariffs be approved;

| | |
|---|--------|
| Assessment Rates: | 0 % |
| Electricity (Consumption & Basic Charge): | 12.2 % |
| Sewerage: | 6 % |
| Water (Consumption & Basic Charge): | 6 % |
| Cleansing: | 6 % |
| Other income: | 6 % |
5. **That** the 5.8% salary increase be approved.
6. **That** the payment of Ward committee members stipends of R500.00 per member per month be paid as from 1 July 2015 and procedures to control attendance of the members be put in place.
7. **That** the budget deficit with regards to non-cash items be considered and approved.
8. **That** all issues raised have been considered the Medium Term Revenue and Expenditure Framework for 2015/2016 – 2017/2018 be approved before the start of the financial year.
9. **That** The Accounting Officer must to submit the SDBIP's for the 2015/2016 financial year which is linked to the draft budget 2015/2016 and approve it.
10. **That** The Executive Mayor ensures that the submitted performance agreements complies with the MFMA to ensure sound financial management, are linked to the operational plans and SDBIP's and concluded in accordance with section 57(2) of the Municipal Systems Act, as amended.
11. **That** The Accounting Officer must publish the approved draft budget in the municipal website.
12. **That** The Accounting Officer must publish the approved draft budget for community participation meetings.

RECOMMENDATIONS BY THE ACTING MUNICIPAL MANAGER

1. **That;** the recommendations by the CFO be accepted.

RECOMMENDATIONS BY THE EXECUTIVE MAYOR

1. **That;** the Proposed Annual Budget Medium Term Revenue and Expenditure Framework for 2015/16 – 2017/18 be approved with all budget tables; A1 to A10 Framework for 2015/16 – 2017/18
2. **That** the proposed capital projects be approved.
3. **That** the proposed tariffs of 12.2% for electricity as per NERSA guideline be considered and discussed.
4. **That** the following proposed tariffs be approved;

| | |
|---|--------|
| Assessment Rates: | 0 % |
| Electricity (Consumption & Basic Charge): | 12.2 % |
| Sewerage: | 6 % |
| Water (Consumption & Basic Charge): | 6 % |
| Cleansing: | 6 % |
| Other income: | 6 % |
5. **That** the 5.8% salary increase be approved.
6. **That** the following draft budget related policies be approved

- Receipts Policy (Reviewed)
 - Banking and Investment Policy (Reviewed)
 - Supply Chain Management Policy (Reviewed)
 - Petty Cash Policy
 - Asset Management Policy
 - Debt and Credit Control Policy
 - Debt Impairment Policy
 - Tariff policy
 - Indigent policy
7. **That** the payment of Ward committee members stipends of R500.00 per member per month be paid as from 1 July 2015 and procedures to control attendance of the members be put in place.
 8. **That** the budget deficit with regards to non-cash items be considered and approved.
 9. **That** all issues raised have been considered the Medium Term Revenue and Expenditure Framework for 2015/2016 – 2017/2018 be approved before the start of the financial year.
 10. **That** The Accounting Officer must to submit the SDBIP's for the 2015/2016 financial year which is linked to the draft budget 2015/2016 and approve it.
 11. **That** The Executive Mayor ensures that the submitted performance agreements complies with the MFMA to ensure sound financial management, are linked to the operational plans and SDBIP's and concluded in accordance with section 57(2) of the Municipal Systems Act, as amended.
 12. **That** The Accounting Officer must publish the approved draft budget in the municipal website.
 13. **That** The Accounting Officer must publish the approved draft budget for community participation meetings.