

WATERBERG DISTRICT MUNICIPALITY

DC36



FINAL ANNUAL BUDGET 2016/2017

31 MAY 2016

**2016 BUDGET VOTE SPEECH BY HER WORSHIP CLLR N.R. MOGOTLANE THE EXECUTIVE
MAYOR OF WATERBERG DISTRICT MUNICIPALITY**

31 MAY 2016

Madam Speaker,

**Chief Whip of the ruling party, Cllr. Morumudi,
Members of the Mayoral Committee,
Chairperson of MPAC Cllr. Kganyago,
Chairperson of the Audit Committee Mr. Ngobeni,
Chairperson of the Local House of Traditional Leaders Kgoshigadi Taueatsoala,
All Councillors present,
Municipal Manager Mr. Mabotja,
Senior Management Team,
Representatives from SALGA, COGHSTA and Provincial Treasury,
Representatives of Organised Labour,
Media Houses present,
Members from the Gallery,
Distinguished guests,
Ladies and gentlemen,**

A very Good Afternoon to you all!

Honourable members, I am distinctly privileged and extremely honoured to address you during this last ordinary Council meeting as we have come to the end of our term of office.

We gathered here today to present to you Medium Term Revenue and Expenditure Framework on the heels of our local government elections, an event that will with no doubt, go down as the most exciting, intense, competitive, aggressive and yet smooth and peaceful electoral cycle in the annals of the short political history of our democracy. Our gathering here today takes place exactly five days after the celebration of Africa Day by the entire Africans on the 25th May which also marked 53rd Anniversary of the African Union (AU). The theme for celebrating Africa is: **"Build a Better Africa and a Better World"**.

Africa Day celebrates the day when the Organisation of African Unity (OAU), the precursor to the African Union (AU), was formed in 1963. It acknowledges the progress that we, as Africans, have made, while reflecting upon the common challenges we face in a global environment.

The African Union, comprised of 53 member states, has brought together the continent of Africa to collectively address the challenges it has faced, such as armed conflict, climate change, and poverty.

Madam Speaker, Africa Day was preceded by the Freedom Month which according to our national Calendar is the April Month.

This year's freedom month marked exactly 22 years since fellow South Africans became part of the history by participating in the first democratic elections which born the current dispensation of the democratically elected state. As a young democracy we need to therefore position the sphere of local government in the fore front of bettering the lives of the people and pushing back the frontiers of poverty.

It is the period that calls on us to reflect and ponder how far we have gone in pushing back the frontiers of poverty and deliver on our mandate bestowed on us by the ruling party which is the African national Congress.

We want to thank and honour all those in the African National Congress and its alliance for working so hard for the past two decades in restoring the dignity of the people of South Africa.

In 2011, during the commencement of the current term of office, and during the Joint Inauguration of Mayors in the District, I said in my speech that: ***"Our willingness to work together with all political parties and stakeholders will enable us to find workable solutions for the diverse range of developmental challenges facing Waterberg as we move towards our vision of creating a better life for our communities"***.

Madam Speaker, as we present the 2016/2017 budget and the service delivery report since 2011, we have an opportunity to decisively respond to questions and perceptions by members of the public on the role of municipality in providing quality services to communities.

A question that we remain asking ourselves is ***"Are we sure we are delivering when our people remain poor, when there is still mass unemployment, unwarranted protests and crime?"*** Real service delivery should mean emancipation from poverty and unemployment.

This exactly explains why our mandate was extended to be entrusted with the responsibility to continue the transformation and development of our society because they best understand the challenges ahead. As we enjoy the third decade of our democracy in the Republic of South Africa, we must do so with more courage to ensure that the buzzword of *"A Good Story to tell"* sounds louder than in the last two decades.

We must continue to pledge to honour the wishes and desires of our people. We need to continue solidifying a democratic culture that is accountable and responsive in its outlook. Effective in the delivery of social services, effective in driving the economic development, and adamant regarding the promotion of the self-expression and self-activity of the masses of our people.

It is against this context that we stand here today to spell out measures to consolidate the gains made in the past five years and open up new frontiers to advance the course and plight of our people.

Madam Speaker, as the outgoing leadership of the Waterberg District Municipality we are presenting today the highlights of the institution. We will also cover service delivery issues as related to the powers and functions of the District and support to all local municipalities for the past five years.

Financial Matters

Waterberg District Municipality has been doing fairly well on financial matters. Since 2011 to date the district performed as follows in terms of audit opinions from the Office of the Auditor-General:

- 2010/2011 - Clean audit
- 2011/2012 - Clean audit
- 2012/2013 - Qualified audit opinion
- 2013/2014 - Unqualified audit opinion and
- 2014/2015 - Unqualified audit opinion.

Madam Speaker, as the Ambassadors of Clean Audit, we should up our game so that we go back where we belong.

Our local municipalities have also improved due to the assistance we are providing. Presently, our Audit Committee is shared with Modimolle, BelaBela and Mogalakwena local municipalities respectively. The Municipality also established the Municipal Public Account Committee in line with the COGHSTA Guidelines with the sole mandate of providing oversight over the executive authority.

Municipal Health:

Municipal Health is one of our core functions in terms of the National Health Act No. 61 of 2003. The Unit is entrusted with the following functions:

- Water quality monitoring
- Food control
- Waste management
- Health surveillance of premises
- Surveillance and prevention of communicable diseases, excluding immunization
- Vector control and
- Environmental pollution control and disposal of the dead.

Sampling and testing of drinking water is a continuous process. Water samples are taken from all drinking water sampling points covering the whole district.

Rivers and dams where communities get their drinking water, are being identified so as to monitor the quality of water and minimise the chances of outbreak of waterborne diseases.

It is however, worth mentioning that Waterberg District Municipality is not a Water Service Authority. Provision of water is undertaken at local municipal level.

Madam Speaker, the projects completed during our term of office under this Municipal Environment Health include the following:

- Development of Landfill sites district wide these include, Mabatlane, Bela Bela, Thabazimbi and Mookgophong,
- Maintenance of Landfill sites district wide
- Sewerage connection in Mookgophong Township and;

- Procurement of Air Quality Monitoring Equipment district wide

Plans are at an advance stage for the establishment and development of the Regional Landfill site in Modimolle that will also include recycling of the waste material.

Honourable Speaker, with regard to food and food handling control, regular inspections of food handling is constantly conducted by our capable Environmental Health Practitioners in all corners of the district. Training sessions for food caterers at various municipalities have been held to promote safe food handling and good hygiene practices. These initiatives are also aimed at minimising the chances of food borne disease outbreaks and to support the informal economy.

In terms of the surveillance and prevention of communicable diseases, health and hygiene awareness programmes have been conducted targeting various stakeholders and covering various themes to prevent communicable diseases and promote good sanitation practices.

Ladies and gentlemen, one of the tasks under Municipal Health is the monitoring of Initiation schools in the District. We do this in partnership with the Department of Health, the District Traditional Health Practitioners and the House of Traditional Leaders. We are happy to announce that our schools have never experienced any fatalities. We shall be involved in this process as from next month and we are confident that the status quo will remain. The infection rate for HIV and AIDS in the district continues to be a nightmare which is aggravated by the threat of TB epidemic that has surfaced, especially Multi Drug Resistant (MDR).

The Waterberg District tops the list when compared to other districts in the province with regard to HIV/AIDS infections.

It is perceived that the cause of this epidemic is mainly attributed to high level of unemployment, increased mining industries and drug abuse.

The Waterberg District has successfully established and launched the District AIDS Council which will deal specifically with AIDS and TB issues.

All local municipalities were also assisted in establishing and launching their AIDS Councils. Regular awareness campaigns are being conducted in hotspot areas such as Lephalale and Thabazimbi.

Disaster Management

The Waterberg District Municipality has also prioritised **Disaster Management** as one of its core functions. Disaster Management arrangements are designed to deal with all hazards, however, most attention is given to obvious emergencies like fire and transport accidents, a wide range of hazards could be dealt with using disaster management arrangements and resources. Projects completed under this function include amongst others purchasing of:

- Thabazimbi Fire Engine
- Belabela Skid units and equipment
- Early Warning System for Floods line district wide
- Lephalale Disaster Centre Environmental Impact Assessment
- 4X4 Major Urban Rescue Pumper and equipment for the Lephalale Local Municipality
- 4X2 Double Cab fully equipped for Bela-Bela Local Municipality
- Heavy Duty Foam Canon Trailer for Modimolle Local Municipality fire station generator refurbishment in Mogalakwena
- Bela-Bela Medium Pumper Vehicle and equipment
- MDC-4X2 Mobile Command unit
- LDC-1X10000KPA/100 BAR Skid units for Lephalale
- Equip 24 hours operating room, mobile house, radio room and control room in Lephalale
- Refurbishment of Iveco Fire Truck in Lephalale
- 1x communication and alarm system in Mogalakwena

Madam Speaker,

Let me hasten to say that a large junk of our budget has been used to buy this equipment over the years in question.

We still have to do more to make sure that the fire-fighting and disaster unit in general is fully staffed, equipped and financed to deal with disasters in the district.

Madam Speaker coming to,

Infrastructure Development, the following projects were implemented and completed to better the lives of our people in the district:

- Mahwelereng street paving in Mogalakwena local municipality
- Modimolle ring road
- Procurement of diesel generators for all municipal service points,
- BelaBela street paving
- Upgrading and refurbishment of the District Abattoir
- Upgrading of electricity sub-station in Modimolle
- Upgrading of streets in Marapong township in Lephalale
- Installation and upgrading of 3 phase electrification at Ga-Seleka Drop-in-centre in Lephalale
- Electricity upgrade co-funding in Bela-Bela
- Electricity upgrade co-funding in Lephalale
- Thabazimbi water tanker
- Construction of fencing at the District disaster Management centre on the remainder of 1.2 hectares of land donated by Modimolle local municipality
- Upgrading of streets in Regorogile township in Thabazimbi Local municipality.
- Installation of a new Lift in the Waterberg District Municipal Office

Madam Speaker,

Last year during the State of the District Address we reported that National Treasury and the Department of Water Affairs approached and appointed the Waterberg District Municipality to assist three local municipalities with water related infrastructure projects through Municipal Water Infrastructure Grant (MWIG) starting in the 2015/2016 financial year.

An amount of R 30 million was committed for this initiative. The municipalities are Modimolle, Mookgophong and Thabazimbi. The following projects in the three municipalities are at a completion phase:

- Mabatlane Drill, Test and Equipment
- Installation of skeleton network for 1300 erven at Phagameng Extension 13 in Modimolle
- Mabatlane Storage pressure Tower
- Replacement of asbestos pipes in Modimolle Town
- Installation of valves and chambers in Mookgophong
- Drill and equipping of additional boreholes and upgrade network at Roedtan in Mookgophong
- Replacement and refurbishment of 827 water meters in Mookgophong
- Replacement, drill and equip 10 boreholes in Mookgophong
- Development of groundwater for Thabazimbi Town and Regorogile township
- Water supply at Smasher Block and Raphuti/ Leeupoort in Thabazimbi Local Municipality.

Madam Speaker,

The district was also mandated to assist Modimolle Local Municipality with implementation of Municipal Infrastructure Grants (MIG) projects worth R13 million. These projects are currently at completion phase and include:

- Development of a park in Ward 7,
- Phagameng street paving and storm water,
- Street paving at Leseding and the
- Appointment of Project Management Unit PMU to assist with monitoring and provision of technical expertise.

Ladies and gentlemen,

You will recall that during the 2014/2015 financial year, Council took a decision to resuscitate the Waterberg Economic Development Agency (WEDA) which will serve as an advisor, stimulator and partner in the regional economic environment.

To date there has been tremendous progress in trying to make sure that the agency is up and running.

The Board of Directors and the Acting Chief Executive Officers have been appointed and the following activities concerning WEDA are completed:

- Establishment of WEDA's governance and management structure
- Company registration
- Engagement with Chamber of Mines, Road Agency Limpopo, Department of Mineral Resources, Transnet, SEDA and Leda is ongoing
- Compilation of the operational policies.
- 2016-2021 Strategic Document finalised
- Engagement with private sector on SMME Development and manufacturing is ongoing.

We are confident that WEDA will play a major role in driving economic growth and development and job creation in the district. The official launch of the Agency is planned for the 15th of July 2016.

Local Economic Development is one of the priorities of the municipality.

- 9500 temporary and permanent jobs have been created through LED initiatives. These initiatives include the abattoir, beautification project, Community Works Programme, Youth Environmental Services, Tourism Safety Monitoring and Tourism Buddies.
- To create employment at the abattoir, 7 permanent jobs were created in 2013 and one in 2015.
- 196 SMMEs and Cooperatives in agriculture and tourism were supported financially and by buying of feedstock during the past five years.

Good Governance and Public Participation

The municipality has been doing fairly well in terms of engaging and interacting with its communities for the past five years. The following programmes were undertaken since 2011 to date:

- 17 Public Participation Programmes rotating in all local municipalities within the district's jurisdiction,
- ❖ Four (4) Nelson Mandela Day celebrations since 2012.
 - 2012 – The Office of the Executive Mayor adopted the Children's Ward in Mokopane, refurbished two wards and donated toys to the value of ten thousand rand.
 - 2013 - The Office of the Executive Mayor took advantage of this prestigious initiative and donated 15 computers and three printers to F.H. Odendaal Hospital in Modimolle.
 - 2014 – The municipality supported the Dira O Direle Drop In Centre in Phagameng Township, Modimolle and donate cooking equipment, 32 pairs of school shoes and groceries for needy children attending at the Centre.
 - 2015 -The highlight was when we built a beautiful house for Malema's family at Ga- Mathapo village in Mogalakwena local Municipality. The house was handed over to the family in October 2015.
- ❖ 5 Batho Pele Programmes were also hosted annually to sensitise public servants on work ethics and etiquette.
- ❖ 5 Women's Day events were held each year during the month of August to commemorate the role played by women in the struggle for liberation
- ❖ 4 Farm Workers programmes (making strides to take services to farm workers and dwellers),
- ❖ 8 HIV and AIDS programmes – (Launching of the District Aids Council, awareness Campaigns, Voluntary Testing and Counselling and TB awareness campaigns)
- ❖ Launch the District International Health Organisation for Migration – (focusing on the protection, health and plight of foreign internationals within the district)
- ❖ Three 16 Days of No Violence Against Women and Children

Honourable members,

These were coupled with a number of sporting activities embarked upon to unearth talent and promoting the healthy life style. Some of the projects and programmes successfully implemented since 2011 include:

- ❖ Annual Mayoral Road Race (Marathon) which started in 2012 and has been promoting social cohesion between all categories of people in the district.
- ❖ Mayoral Golf Day held from 2011 to date in trying to reinforce the relationship and partnership with the business sector.
- ❖ Mobilised a donation in the form of Gym equipment to the amount of R1.2 million donated by the Limpopo Sports Academy in conjunction with the Lottery.
 - The equipment has been housed at Settlers High School and used by our sport federations during their camping sessions.
- ❖ **On education matters**, we have hosted the District Matric Awards since 2012 in partnership with the Department of Education. This initiative has improved the quality of results in the district and we are hopeful that this trend will continue.
- ❖ The Executive Mayor's bursary fund has assisted 24 learners from disadvantaged families with registration at institutions of higher learning.
- ❖ In partnership with UNISA, we distributed 15 000 books to Seoketseng High School library in Lephalale Local Municipality. We do this in the belief and conviction that education is a societal issue.

Arts and Culture

The district has been able to host its cultural days celebrated at Makapans Valley World Heritage Site in Mokopane from 2011 to 2013. The celebrations were aimed at preserving the culture of various tribes of people found within the Waterberg District Municipality especially the Mandelebe tribe who preserves a rich history of the site.

The municipality also took some strides to engage about 3 000 offenders in Modimolle prison celebrating the 2014 Heritage Day with an endeavour to remind them of the cultures and re-uniting them with communities.

Implementation of the Spatial Planning and land use Management Act (SPLUMA)

Madam Speaker,

The pre-1994 settlement patterns, which resulted in uneven land allocation and service levels, segregation, extreme poverty and dependence, found accommodation in many planning laws at all levels of government. While the Development Facilitation Act (DFA) represents a significant attempt at addressing these unacceptable settlement patterns, this piece of legislation did not repeal the pre-1994 pieces of legislation on planning. The net effect is that many pre-1994 planning laws remain in operation.

This regulatory framework has a direct impact on the country in the following ways:

- ❖ Economically: it impedes investment in land development and fails to establish sufficient certainty in the land market;
- ❖ Spatially: it fails to address the segregated and unequal spatial patterns inherited from apartheid; and
- ❖ Environmentally: it does not balance the country's socio-economic needs with those of environmental conservation.

The continued operation of these multiple pieces of planning laws renders the entire planning system inefficient, costly and confusing, and therefore does not support a number of objectives of the government. South Africa's cities, towns and settlements need to be restructured to reflect the priorities and principles of the democratic government. The restructuring of the settlement structure and patterns is crucial for sustainable, efficient, equitable and effective service delivery. It is a precondition for maximising the use of scarce resources. SPLUMA seeks to bridge the racial divide in spatial terms and to transform the settlement patterns of this country in a manner that gives effect to the key constitutional provisions.

SPLUMA provides for municipalities to play their developmental role effectively through the application of directive principles, land use schemes in decision-making with regard to land use and land development, and stipulates that municipalities be the primary land use regulators.

The provisions of SPLUMA support the environmental legislation and other laws applicable to the municipal sphere. 6 local municipalities' (Bela-Bela, Lephalale, Mogalakwena, Lephalale, Modimolle and Thabazimbi) supports district municipal planning tribunal and will participate in the tribunal.

The District Municipal Planning Tribunal has been appointed in line with Section 36 of the SPLUMA. Members of the Tribunal have been gazetted on the government gazette No 2689 dated 18 March 2016 and the commencement of the tribunal was on the date of publication of the gazette. All members attended an elementary training on the 16th May 2016. Cosmetic logistical arrangements regarding the functionality of the Tribunal are in the process of being finalised.

Madam Speaker,

Let me also indicate that the stability and functionality of Council since 2011 to date was splendid. The relationship between councillors both from the ruling party and opposition parties was superb and harmonious. The Traditional Leadership institution also played a critical role in terms of assisting the district to achieve its developmental objectives.

Credit goes to the Chairperson of the Local House Kgoshigadi Tauatsoalo who doesn't miss even a single activity of the district. She is always at reach and available through thick and thin. We however, also take this opportunity to pay tribute to Kgoshigadi Shongoane who was part of this council and past on last year (May her soul rest in perfect peace).

Our programmes on support to Traditional leadership displayed positives. We can proudly confirm that our relationship with Traditional Leaders in this district is amongst the most appreciated and supportive in the province. We successfully hosted two events on the opening of the Provincial House of Traditional Leaders at Bakone Traditional Council and Lephalale Municipality in 2013 and 2016 respectively.

The district hosted capacity building workshops in an endeavour to empower traditional leaders in as far as operations of local government is concerned.

The Office of the Executive Mayor allocated tools of trade in the form of laptops to all traditional leaders within the district to enable them ease communication with their stakeholders, municipalities being primary institutions.

The leadership core represented in this chamber, both elected and appointed, take responsibility in making sure that we maintain the respect and sound interaction with our traditional leaders.

As part of providing support to institutions of traditional leaders, the Office of the Executive Mayor contributed 50 chairs, a Computer, printer and refurbished Offices of the Traditional Council of Batlokwa in Mattenau – Ga Kgoshi Machaka.

Chairperson of the Local House – we want to express our heartfelt gratitude for your endless and tireless efforts in making local government work for our people. *“Mpsa pedi ga di shitwe ke sebata”* le gona bagologolo ba re *“Mphiri o tee ga o lle”*

2016/2017 Budget

Madam Speaker,

In terms of the Municipal Finance Management Act No. 56 of 2003, *‘The Municipal council must at least 30-days before the start of the budget year consider approval of the Annual Budget’*

It is from this legislated mandate that we are converged here today, exactly 31 days before the end of the financial year, to present to council and the community of Waterberg our 2016/2017 Integrated Development Plan and Budget.

This budget was prepared in terms of National Treasury, MFMA, Municipal Budget and Reporting Regulations. The growth parameters were calculated based on the average CPIX and guidance of Circular 79 as 6,6% in 2016/2017, 6,2% in 2017/2018 and 5,9% in 2018/2019 financial years.

Madam Speaker,

Your good selves will agree with me that Waterberg District Municipality does not provide bulk services and therefore only dependent on grants in terms of the Division of Revenue Act (DORA). The 2016/2017 IDP Budget Process Plan was adopted by Council on the 31st August 2015.

The Process plan was followed to the latter and consultation with stakeholders and communities were conducted. It is worth mentioning that our IDP document was rated credible by the MEC for COGHSTA from 2011 to date.

Madam Speaker,

The total budgeted revenue for the financial year 2016/2017 amounts to **R 130 320 900**. This is a decrease of 15% as compared to the 2015/2016 Original Budget, primarily due to not receiving Municipal Water Infrastructure Grant (MWIG) and Municipal Health allocations for the 2016/2017 financial period.

The 2015/2016 mid-year performance assessment was conducted in February 2016 which determined the 2015/2016 Adjustment Budget and formed the baseline of drafting the 2016/2017 Operating Expenditure Budget (both zero-based and incremental budgeting were used). Income amount was based on the 2016/2017 DORA issued in March 2016.

Council operates an Abattoir, which is a trading service. The trading service is supposed to break even, but is currently running at a loss. The Abattoir has a budgeted operating loss of **R 6.353 300** for 2016/2017 financial year as compared to (**R 5. 636 400** for 2015/2016).

In order to keep the current customer base and also to attract new customers, no tariff increase is proposed at the abattoir. An amount of **R1.847 900** is provided for income from the abattoir and disclosed as service charges. Disaster Management and Fire Fighting still tops the priority list with an overall budget of **R 33 931 140.00** allocated to this function which is year-on-year increase of 3.4%. The total fire- fighting and disaster management function thus constitute 25% of the total operating budget excluding the IDP capital expenditure portion.

The fire fighting service is rendered by local municipalities on behalf of the WDM and claims are submitted on a regular basis. Provision of **R 15 961 200** is allocated to all local municipalities and this represent 11.2% of the operating budget.

The reason for lower year-on-year increase is due to a detailed inspection of local municipal payslips resulting in a more accurate projection of salaries per local municipality

The provision of fire-fighting per municipality is allocated as follows:

Bela Bela Municipality	R 1 285 400
Lephalale Municipality	R 2 894 100
Mogalakwena Municipality	R 6 463 500
Modimolle Municipality	R 2 473 300
Mookgophong Municipality	R 1 399 000
Thabazimbi Municipality	R 1 445 900

Ladies and gentlemen,

Municipal Health is one of our core services as the district municipality. We allocated **R 20 267 200** which is a year-on- year increase of 8%. This includes personnel costs for 30 officials.

National government has stopped funding for 2016/2017 financial period as the subsidy was only for the first three years of providing this service to the district municipality.

Municipal Health and Firefighting services are costing the municipality a total amount of **R 55 849 840** for both functions, thus wholly unfunded mandate expenditure.

The total operating expenditure budget including the IDP portion amounts to **R 153 800 900**. excluding the IDP project expenditure, this is a decrease of 7.8% as compared to the previous year's budget.

The MFMA Circular 79 only allows for a maximum of 6% year-on-year increase and the municipality is thus within the prescribed parameters.

Council's personnel expenditure was based on the Government Gazette Determination of Earnings Threshold of January 2014 plus an annual increase of 7.6% in 2016/2017. The budget is now compiled on a Grade 4.

For personnel expenditure, provision is made for general increase of 7.6% for all employees. The SALGA Wage Curve Agreement has lapsed, however National Treasury recommends a budget increase on personnel expenditure of CPIX of 6.6% plus 1%.

Performance bonuses for Section 57 Managers were budgeted for all managers who were anticipated to be employed by council for at least one year as at 30th June 2017, thus now including all 7 Managers, which has resulted in the 92.4% year-on year increase in performance bonus budget.

Expenditure per Vote

A department constitute a vote as per the MFMA definition. The following provisions were made per department:

Budget & Treasury	R 18 816 700
Office of Municipal Manager	R 9 583 830
Corporate Services	R 19 740 900
Planning & Economic Development	R 8 731 250
Infrastructure Development	R 8 346 400
Executive Support Office	R 22 323 432
Social Development & Community Services	R 3 428 875
Disaster Management& Fire Fighting	R 34 466 140
Municipal Environmental Health	R 20 267 200
Abattoir	R 8 201 200
TOTAL	R153 800 927

Madam Speaker,

We strongly believe that this is a fair distribution of limited resources of the municipality and aligned to the key thrusts of local government.

In terms of Section 539 (c) of the Municipal Finance Management Act, ***“the Mayor of the municipality must take all reasonable steps to ensure that the municipality’s Service Delivery and Budget Implementation Plan (SDBIP) is approved 28 days after the approval of the budget”***

Our Management Team will ensure that same has been developed and will be presented to Executive Mayor for sign off to ensure effective implementation of the budget and projects that we are approving today.

We once again believe that our ability to strengthen the cohesion and partnerships that we have already built is fundamental to the sustainability of the achievements made thus far in our district.

Ladies and gentlemen, we owe maximum words of thanks to the following stakeholders who are tirelessly contributing to the success of the Waterberg District Municipality:

- ✓ Local municipalities who are always very frank and cooperative during the joint community consultation sessions and integration of plans.
- ✓ The Waterberg Community who responded positively to our public participation processes and contributed towards the drafting of these budget and IDP.
- ✓ Mayoral Committee Members and councillors from both the ruling and opposition parties who were always there to respond to the questions raised by our electorates.
- ✓ Management and Staff under the leadership of our Municipal Manager Mr. Sam Mabotja, for having worked hard to ensure that the aspirations and wishes of our community get the necessary attention.
- ✓ The support and role played by our Limpopo Provincial Government, National Government, SALGA, Business partners, Mining Houses, Media Houses, Traditional leaders, Traditional Healers, Youth and all stakeholders in local government is also acknowledged and appreciated.

One of our late political icons, ***Tata Nelson Mandela once said “We can change the world and make it a better place. It is in your hands to make a difference”***

Madam Speaker,

It is with great pleasure for me to present to you the Waterberg District Municipality `s 2016/2017 Integrated Development Plan and Budget for consideration and approval by council.

I THANK YOU, BAIE DANKIE, KE A LEBOGA!!!!

EXTRACT OF THE COUNCIL RESOLUTIONS DATED 31ST MAY 2016

WATERBERG DISTRICT MUNICIPALITY



A342/2016 2016/17 BUDGET

Item 10.1/31/05/2016

RESOLVED:

THAT:

1. The report by the Executive Mayor regarding the 2016/2017 Annual Budget of the Waterberg District Municipality as contained in the agenda, be approved .
2. Council approve the Annual Operating Budget for the financial year 2016/2017 and indicative for the two projected outer years 2017/2018 and 2018/19.
3. Council approve the multi-year operating and capital projects appropriations for the financial year 2016/2017 and indicative for the two projected outer years 2017/2018 and 2018/2019.
4. Council approve the Tariffs reflected in Annexure 1 for the Abattoir for the Budget year 2016/2017.
5. Council approve the Tariffs reflected in Annexure 2 for Fire Fighting for the Budget year 2016/2017.
6. The operating budget allocation per local municipality within Waterberg District Municipality for Fire Fighting Services be approved for the Budget year 2016/2017:

Bela Bela Municipality	R	1 285 400
Lephalale Municipality	R	2 894 100
Modimolle Municipality	R	2 473 300
Mogalakwena Municipality	R	6 463 500
Mookgophong Municipality	R	1 399 000
Thabazimbi Municipality	R	1 445 900

7. Council take note and adopt the Department of National Treasury's cost containment measures as per MFMA Circular No. 82.
8. Council approve the following policies reflected in **Annexure 14, 16, 18 and 20.**

- Catering Policy
- Investment Policy
- Supply Chain Management Policy
- S & T Policy

9. Council note that a salary increase for councillors of 7.6% has been budgeted for in the 2016/2017 budget year.
10. Council note that a salary increase for officials and managers of 7.6% has been budgeted for in the 2016/2017 budget year.
11. The tabled 2016/2017 Budget and IDP be submitted to the National and Provincial Treasury within 10 working days from approval.

A343/2016 IDP REVIEW FOR 2016/17 AND 2016/17 SERVICE
DELIVERY BUDGET AND IMPLEMENTATION PLAN(SDBIP)

Item 10.2/31/05/2016

RESOLVED:

THAT:

1. The report of the Executive Mayor regarding the final 2016/17 IDP Review as provided be noted.
2. The Final IDP Review document for the financial year 2016/17 be approved.
3. The 2016/17 SDBIP final document be given to the Executive Mayor for approval within 28 day after the approval of Budget.
4. Copies of the approved IDP and SDBIP document be forwarded to National Treasury , Provincial Treasury and CoGHSTA, Local Municipalities, be placed on WDM website and copies be made available for general public and stakeholders.



.....
M.S. MABOTJA
MUNICIPAL MANAGER

.....14/06/2016.....
DATE

ITEM :

REPORT BY THE EXECUTIVE MAYOR

ANNUAL BUDGET 2016/2017

PURPOSE OF THE REPORT

The purpose of the report is to submit the multi-year draft 2016/17 budget of the Waterberg District Municipality to Council for approval.

STATUTORY/LEGAL REQUIREMENT

Section 24(1) of the Municipal Finance Management Act (MFMA) No. 56 of 2003:

"The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget."

Section 24(2)(c) of the Municipal Finance Management Act (MFMA) No. 56 of 2003:

"An annual budget must be approved together with the adoption of resolutions ... approving any changes to the municipality's integrated development plan"

Section 17 of the MFMA states that an annual budget must be in a schedule in the "prescribed format".

Paragraph 9 of the Municipal Budget & Reporting regulations (MBRR) indicates that:

"The annual budget and supporting documentation must be in the format specified in Schedule A and include all the required tables, charts and explanatory information."

Paragraph 14 of the MBRR indicates that:

"An annual budget and supporting documentation tabled in a municipal council must be in the format in which it will eventually be approved by Council and be credible and realistic such that it is capable of being approved and implemented as tabled."

Section 22 of the Municipal Finance Management Act (MFMA) No. 56 of 2003:

"(a) in accordance with Chapter 4 of the Municipal Systems Act—

(i) make public the annual budget and the documents referred to in section 17(3); and

(ii) invite the local community to submit representations in connection with the budget; and

(b) submit the annual budget—

(i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and

(ii) in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget"

Section 87(1) of the Municipal Finance Management Act (MFMA) No. 56 of 2003:

"The board of directors of a municipal entity must for each financial year submit a proposed budget to its parent municipality not later than 150 days before the start of the entity's financial year."

Section 87(3) of the Municipal Finance Management Act (MFMA) No. 56 of 2003:

"The mayor of the parent municipality must table the proposed budget of the municipal entity in the council when the annual budget of the municipality for the relevant year is tabled."

MFMA Circulars 78 & 79 has been attached.

STATUTORY/LEGAL REQUIREMENT (continued)

National Treasury Circular 66 dated 11 December 2012 requires that the Auditor General must from 2012/2013 express an opinion in relation to non-cash items as it relates to unauthorised expenditure resulting from overspending.

Section 160(2) of the Constitution provides that a council may not delegate the approval of budgets or the imposition of rates, taxes, levies and duties. In other words, *only the council may make decisions related to the raising of municipal revenues and approving (or authorising) the spending of those revenues through the budget or an adjustments budget.*

MFMA section 22. Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must

(b) submit the annual budget—

(i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury;

BACKGROUND, EXPOSITION, FACTS AND PROPOSALS

According to the original Budget Process Plan the annual 2016/17 budget has to be tabled to Council 90 days before the start of the new budget year, and it is tabled to Council on 31 March 2016.

After the approval by Council of the tabled 2016/17 budget, the budget will be made public and submitted to National and Provincial Treasury. The municipality must embark on public participation for the Budget & IDP between March and April 2016 in terms of the 2016/17 IDP/Budget Process Plan approved by Council in August 2015.

The budget related policies are being reviewed and where any adjustments are required, the revised policies will be attached to the final item for approval.

The budget is divided into a capital and operating budget. The IDP projects are divided into projects of a capital and operating nature.

The 2016/17 municipal tariffs for the Abattoir and Fire Fighting have been reviewed and are attached to this budget item, no changes are proposed for Fire Fighting tariffs and Abattoir tariffs from the approved 2015/16 tariffs.

All current investments have been committed in terms of the 2015/16 IDP & Budget and the 2016/17 IDP & Budget to such an extent that we are experiencing an operating shortfall in the medium term due to lack of accumulated surplus to fund the current operating losses, therefore the significantly reduced IDP budget

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:

- 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 when preparing their 2016/17 MTREF budgets. The National Treasury's recommended CPI rate for 2016/17 is 6.6%, therefore salary increase is calculated at 7.6% for the next financial period.

BACKGROUND, EXPOSITION, FACTS AND PROPOSALS *(continued)*

The shortfall in the 2016/17 operating budget of R 23 480 027 is unfunded, as such spending should be kept at a minimum level in order to reduce this projected deficit. The current IDP operating projects has a huge impact on this loss, since some projects which are not fully funded by grants have been included in this tabled budget. The full amount of the shortfall relates to an actual operating shortfall in the 2016/17 year whereby the revenue received during the 2016/17 year will not be enough to fund our budgeted 2016/17 operating expenditure. This is a major cause for concern as the indication is that we will continuously be short on the budget in future as our revenue is fixed per grants and majority of our operating expenditure is salary related which often increases by more than the CPI or relevant equitable share percentage increase.

The accumulated deficit from previous years would, as per the state of affairs currently, worsen the position. This now has a detrimental effect on the IDP as surpluses which were previously allocated to the IDP will now have to be used to fund operating shortfalls, thereby decreasing the IDP amount for projects significantly. Attached as Sheet SA10 is the funding measurement test which indicates that currently all years of the budget is still funded.

The only changes still to be affected on the budget tabled on 31 March 2016 are as follows:

- The revised policies has to be attached, if applicable;
- Identification and inclusion of detailed projects funded from own revenue & EPWP IG;
- Submission of Procurement Plan based on projects to be identified;
- Addressing shortfalls identified in the National Treasury review checklist of the March 2016 Tabled Budget, if applicable.

STAFF IMPLICATIONS

No new positions have been budgeted for, as such the current status quo remains.

FINANCIAL IMPLICATIONS

See attached Schedules.

Budget/IDP Road Shows will be held in March to May 2016 by the Offices of the Municipal Manager and Executive Mayor. The costs are defrayed from the IDP votes CO11 and CO12.

OTHER PARTIES CONSULTED

WDM Municipal Manager
WDM Section 57 managers
WDM Divisional managers
WDM IDP Forums

Bela Bela Local Municipality
Modimolle Local Municipality
Thabazimbi Local Municipality
Mookgophong Local Municipality

BACKGROUND, EXPOSITION, FACTS AND PROPOSALS *(continued)*

Limpopo Provincial Treasury
National Treasury
Community

Lephalale Local Municipality
Mogalakwena Local Municipality

(2016/17 budget proposals for Contracted Services Firefighting was received from all Waterberg Local Municipalities)

ANNEXURES

Budget:

Table A1	Budget Summary
Table A2	Budgeted Financial Performance (by standard classification - GFS)
Table A3	Budgeted Financial Performance (by municipal vote)
Table A4	Budget Financial Performance (by revenue source & expenditure type)
Table A5	Budgeted Capital Expenditure by vote, standard classification and funding
Table A6	Budgeted Financial Position
Table A7	Budgeted Cash Flows
Table A8	Cash backed reserves / accumulated surplus reconciliation
Table A9	Asset Management
Table A10	Basic Service Delivery Measurement

Supporting documents:

Table SA1	Supporting detail to “Budgeted Financial Performance”
Table SA2	Matrix Financial Performance Budget (revenue source/expenditure per type)
Table SA3	Supporting detail to “Budgeted Financial Position”
Table SA4	Reconciliation of IDP strategic objectives and budget (revenue)
Table SA5	Reconciliation of IDP strategic objectives and budget (operating expenditure)
Table SA6	Reconciliation of IDP strategic objectives (capital expenditure) (No Capex)
Table SA7	Measurable performance objectives
Table SA8	Performance indicators and benchmarks
Table SA9	Social, economic and demographic statistics and assumptions
Table SA10	Funding measurement
Table SA11	Property rates summary (N/A)
Table SA12a	Property rates by category (current year) (N/A)
Table SA12b	Property rates by category (budget year) (N/A)
Table SA13a	Service Tariffs by category (N/A)
Table SA13b	Service Tariffs by category (explanatory) (N/A)
Table SA14	Household bills (N/A)
Table SA15	Investment particulars by type
Table SA16	Investment particulars by maturity
Table SA17	Borrowing (there is none)
Table SA18	Transfers and grant receipts
Table SA19	Expenditure on transfers and grant programme
Table SA20	Reconciliation of transfers, grant receipts and unspent funds
Table SA21	Transfers and grant made by the municipality
Table SA22	Summary councillor and staff benefits
Table SA23	Salaries, allowances and benefits (political office bearers/cllrs/senior managers)
Table SA24	Summary of personnel numbers
Table SA25	Budgeted monthly revenue and expenditure (source & type)
Table SA26	Budgeted monthly revenue and expenditure (municipal vote)
Table SA27	Budgeted monthly revenue and expenditure (standard classification)
Table SA28	Budgeted monthly capital expenditure (municipal vote) (there is none)
Table SA29	Budgeted monthly capital expenditure (standard classification) (there is none)
Table SA30	Budgeted monthly cash flow
Table SA31	Not required – municipality does not have active entities (N/A)
Table SA32	List of external mechanisms (there is none)
Table SA33	Contracts having future budgetary implications
Table SA34a	Capital expenditure on new assets by asset class
Table SA34b	Capital expenditure on the renewal of existing assets by asset class (there is none)

ANNEXURES (continued)

Supporting documents (continued):

Table SA34c	Repairs and maintenance by asset class
Table SA34d	Depreciation by asset class
Table SA35 -	Future financial implications of the capital budget (there is none)
Table SA36 -	Detailed capital budget (there is none)
Table SA37 -	Projects delayed from previous financial analysis (to be determined in July 2016)

Annexure 1 -	Abattoir Tariffs
Annexure 2 -	Fire Fighting Tariffs
Annexure 3 -	IDP project summary
Annexure 4 -	Salary Summary
Annexure 5 -	Organogram 2016/17 implementation status
Annexure 6 -	Circulars 78, 79 & 82 of March & April 2016
Annexure 7 -	Cash available for 2016/17 IDP projects
Annexure 8 -	Quality Certificate for 2016/17 Budget
Annexure 9 -	A-schedule explanations
Annexure 10 -	Reconciliation of A1 grants to DORA
Annexure 11 -	Graphs (to be submitted in final budget)
Annexure 12 -	Service Standards
Annexure 13 -	Asset Management Policy (to be submitted in final budget)
Annexure 14 -	Catering Policy (to be submitted in final budget)
Annexure 15 -	Debt Collection and Credit Control Policy (to be submitted in final budget)
Annexure 16 -	Investment Policy (to be submitted in final budget)
Annexure 17 -	Petty Cash Policy (to be submitted in final budget)
Annexure 18 -	Supply Chain Management Policy (to be submitted in final budget)
Annexure 19 -	Virement Policy (to be submitted in final budget)
Annexure 20 -	Breakdown of Councillors' 16/17 salaries as per the Upper Limit Gazette + 7.6%
Annexure 21 -	Procurement Plan for 2016/17 IDP projects (to be submitted in final budget)
Annexure 22 -	LEDET Biosphere Grant for 2016/17
Annexure 23 -	mSCOA Status Update – 31 May 2016

AUTHORITY

- Municipal Finance Management Act, No 56 of 2003
- Municipal Systems Act, No 32 of 2000
- Municipal Budget and Reporting Regulations, Notice 393 of 2009, Government Gazette no 32141 dated 17 April 2009
- The Division Of Revenue Bill 2016/17
- MFMA Budget Circulars, most recently is 78, 79 & 82 for the 2016/17 Budget Year

RECOMMENDATIONS

That:

1. The report by the Executive Mayor regarding the 2016/2017 Annual Budget of the Waterberg District Municipality contained in the agenda, be approved.

RECOMMENDATIONS (continued)

2. Council approve the Annual Operating Budget for the financial year 2016/2017 and indicative for the two projected outer years 2017/2018 and 2018/2019.
3. Council approve the multi-year operating and capital projects appropriations for the financial year 2016/2017 and indicative for the two projected outer years 2017/2018 and 2018/2019.
4. Council approve the Tariffs reflected in Annexure 1 for Abattoir for the Budget year 2016/2017.
5. Council approve the Tariffs reflected in Annexure 2 for Fire Fighting for the Budget year 2016/2017.
6. The operating budget allocation per local municipality within the Waterberg District Municipality for Fire-Fighting Services be approved for the budget year 2016/2017.

Bela Bela Municipality	R	1 285 400
Lephalale Municipality	R	2 894 100
Modimolle Municipality	R	2 473 300
Mogalakwena Municipality	R	6 463 500
Mookgophong Municipality	R	1 399 000
Thabazimbi Municipality	R	1 445 900

7. Council note and adopt Department of National Treasury's cost containment measures as per MFMA Circular No. 82
8. Council approve the following policies reflected in **Annexure 14, 16, 18 and 20**
 - Catering Policy
 - Investment Policy
 - Supply Chain Management Policy
 - S & T Policy
9. Note that a salary increase for councillors of 7.6% has been budgeted in the 2016/2017 budget year.
10. Note that a salary increase for officials and managers of 7.6% has been budgeted in the 2016/2017 budget year.
11. The tabled 2016/2017 Budget and IDP be submitted to National and Provincial Treasury within 10 working days from approval.

2016/2017 BUDGET – EXECUTIVE SUMMARY

The Annual Budget was prepared in terms of National Treasury MFMA Municipal Budget and Reporting Regulations. The growth parameters were calculated based on the average CPIX and guidance of Circular 79 6.6% in 2016/2017, 6.2% in 2017/2018 and 5.9% in 2018/2019.

The multi year draft budget is presented to Council for approval.

REVENUE

Council's main source of income is Government Grants.

GRANT ALLOCATIONS – DIVISION OF REVENUE ACT (DORA)

In terms of the 2016/17 Division of Revenue Act, the following allocations are made to Council:

	2016/17	2017/18	2018/19
Equitable Share	113 277 000	117 310 000	121 822 000
Mun. Systems Improvement Grant	1 040 000	960 000	1 033 000
Finance Management Grant	1 250 000	1 250 000	1 000 000
EPWP Incentive Grant	1 102 000		
RRAMS Grant	1 897 000	1 992 000	2 133 000

INTEREST RECEIVED

Interest received is income from external investments and interest on the current account. Provision of R 8 677 000 was made in this regard.

ABATTOIR

Council operates an Abattoir, which is a trading service. The trading service is supposed to break even, but is currently running at a loss. The Abattoir has a budgeted operating loss of R 6 353 300 for 2016/17 (R 5 636 400 for 2015/16).

In order to keep the current customer base and also to attract new customers, no tariff increase is proposed at the abattoir. The current tariffs are attached per Annexure 1.

An amount of R 1 847 900 is provided for income from the abattoir disclosed as service charges on the A1 schedule.

Other income refers to R1 000 000 for project management and administration towards successful implementation of MWIG, R 200 000 LEDET Biosphere Grant in support of the implementation of the Waterberg Biosphere Reserve business plan according to the signed Memorandum of Agreement between LEDET and WDM, and sundry income and recovery of tender document costs to a total budgeted amount of R 30 000.

No changes to Fire Fighting tariffs is proposed for 2016/17 (See attached Annexure 2). All six local municipalities must be encouraged to implement these particular Tariffs for the purposes of cost recovery. No fire fighting income has been budgeted due to the trend of the past years where very

REVENUE (continued)

OTHER INCOME

little to no fire fighting income was transferred to WDM, thus leading to the conclusion that any income budget for this purpose will be unrealistic.

The total budgeted revenue amounts to R 130 320 900 (2015/16 - R 153 668 550). This is a decrease of 15% as compared to the 15/16 original budget, primarily due to not receiving MWIG and Municipal Health allocations for the 2016/17 financial period.

Attached per Tables A2, A3 and A4 are details on the revenue by GFS, vote and source.

EXPENDITURE

EMPLOYEE RELATED COSTS

Personnel expenditure increases by 11.96% in 2016/17 to R 79 924 200 for officials (2015/16 adjusted – R 71 384 940), excluding contributions to long service awards and post-retirement medical aid actuarial valuations.

Provision is made for a general increase of 7.60% for all employees. The SALGA Wage Curve Agreement has lapsed, however National Treasury recommends a budgeted increase on personnel expenditure of CPIX of 6.6% plus 1%.

The Health salaries amount to R 16 853 700 (2015/16 - R 15 658 300) which makes up 21.09% (21.94% in 2015/16) of the total salaries – 7.63% increase year on year.

The Disaster salaries amount to R 7 122 820 (2015/16 - R 6 607 440) which contributes 8.91% (9.26% in 2015/16) of the total salaries – 7.80% year on year increase. This excludes the salaries budgeted in local municipalities for fire fighting staff appointed by the local municipalities. The increase is due to protective clothing expenditure for all local municipalities being budgeted for under the WDM vote.

The Abattoir salaries amounts to R 5 095 300 (2015/16 - R 4 729 900) which makes up 6.38% (6.63% in 2015/16) of the total salaries – 7.73% year on year increase.

The highest year on year increase however is 21.21 % in Budget & Treasury Office due to the prior year's CFO earnings being budgeted for 9 months instead of the full financial period.

Travel allowances were budgeted for all Divisional Managers as well as other extensive travellers in terms of the WDM approved Travel Allowance Policy. There are 73 travel allowances budgeted for in comparison to a total staff complement of 139 permanent employees (53%). A new travel allowances for a Transport Management Officer has been added for the 2016/17 year.

Wages increased by 26% to R 186 000 (2015/16 - R 147 250). This is due to the fact that increased days were requested for contract workers at the abattoir due to increased throughput.

Performance bonuses for S57 managers were budgeted for all managers who were anticipated to be employed at the WDM for at least one year at 30 June 2017, thus now including all 7 managers, which has resulted in the 92.4% year on year increase in performance bonus budget.

Budget is still provided for Provision for Leave and Provision for Officials' Bonuses due to the GRAP disclosure requirements for annual leave and officials' bonuses.

The total employee related costs amounts to R 79 924 195 (R 71 384 940 when including long term provisions for 2015/2016) which is an 11.96% increase on 2015/16 personnel budget. The total amount contributes 51.97% (2015/16 – 60.55%; 14/15 – 51.6%; 13/14 – 47.53%; 12/13 - 41.49%; 11/12 – 42.60%) of the total operating expenditure (including operating expenditure projects on the IDP, excluding roll overs).

REMUNERATION OF COUNCILLORS

Councillors' salaries and allowances were based on the Government Gazette Determination of Earnings Threshold of January 2014 plus an annual increase of 7.6% in 2016/17. The budget is now compiled on a Grade 4. Provision is made for six full time councillors. The total salaries and allowances for councillors amounts to R 7 358 900 (2015/16 – R 6 807 500) and makes up 4.78% (15/16 – 5.2%;

EXPENDITURE (continued)

REMUNERATION OF COUNCILLORS

2014/15 – 5.1% ; 2013/14 – 4.5% ; 2012/13 – 4.3%) of the total operating expenditure, however this expenditure is subsidised by an equitable share allocation specifically for this purpose of R 5 598 000 for the 2016/17 financial period.

GENERAL EXPENSES

General expenditure has been increase by an inflation rate of 6.6% with the exception of operating project expenditure which includes IDP roll over operating expenditure from 2015/16. However, to support austerity measures, no budget increases has been granted for catering and some expenditure votes have not been increased.

The major general expenses are audit fees, subsistence & travel, depreciation, municipal services, annual insurance and security for WDM premises, Abattoir, Modimolle, Mogalakwena and Lephalale disaster centres. General expenditure also includes allocations to all the Waterberg Local Municipalities' Disaster Centres for the operation thereof.

REPAIRS AND MAINTENANCE

An amount of R 1 749 600 (2015/16 – R 1 641 300) is budgeted and constitutes 1% (2015/16 - 1%) of the total operating budget. The provision is low due to the fact that we do not have infrastructure assets. This provision is mainly for buildings, vehicles and equipment.

CONTRACTED SERVICES

Contracted services refer to the fire fighting service which is rendered on behalf of Council by the Local Municipalities. Claims are submitted by the local municipalities on a regular basis. Provision of R 15 961 200 (2015/16 – R 14 466 400) is made for all 6 local municipalities in total and this represents 11.2% (2015/16 – 11.2%) of the operating budget. The reason for the lower year-on-year increase is due to a detailed inspection of local municipal payslips resulting in a more accurate projection of salaries per local municipality. The provision for firefighting per municipality is as follows:

Bela Bela Municipality	R	1 285 400
Lephalale Municipality	R	2 894 100
Modimolle Municipality	R	2 473 300
Mogalakwena Municipality	R	6 463 500
Mookgophong Municipality	R	1 399 000
Thabazimbi Municipality	R	1 445 900

The budget for the whole Disaster Department (including contract services for fire fighting) is R 35 582 640 (2015/16 - R 34 415 067) which is a year-on-year increase of 3.4%. The total fire fighting/disaster function thus constitutes 25% (2015/16 - 27%) of the total operating budget. This is excluding the IDP capital expenditure portion, if any.

EXPENDITURE (continued)

MUNICIPAL HEALTH

Budget of R 20 267 200 (2015/16 - R 18 845 500) is made for Municipal Health, which is a year-on-year increase of 8%. This includes personnel costs for 30 officials, which consist of a divisional manager, 6 environmental health heads and 23 environmental health practitioners.

National government has stopped funding the service for the 2016/17 financial period as the subsidy was only for the first three years of providing this service by the District Municipality. As per the 2016/17 DORA, the equitable share portion amounts to R 0, compared to R 10 603 000 for the prior year. Municipal Health and Firefighting services, are costing the municipality at a total amount of R55 849 840 for both functions, thus wholly unfunded mandate expenditure.

The total operating expenditure amounts to:

Including the IDP operating expenditure portion: R 153 800 900 (2015/16 - R 166 790 472)

Including the IDP operating expenditure portion : R 142 956 900 (2015/16 - R 129 133 100)

Excluding IDP project expenditure, this is a decrease of 7.8% (15/16 – 5.5% ; 2014/15 – 7.1% ; 2013/14 - 10.78% ; 2012/13 – 10.72%) as compared to the previous financial year's budgets. The MFMA Circular 79 allows for a maximum of 6% year on year increase and the municipality is thus within the prescribed parameters.

Attached per Tables A2, A3 and A4 are details on the operating expenditure by GFS, vote and source.

EXPENDITURE (continued)

EXPENDITURE PER VOTE

A department constitutes a vote as per the MFMA definition. The following provisions were made per department:

	Operating	Capital	Total
Budget & Treasury	R 18 816 700	R	R 18 816 700 (5)
Municipal Manager	R 9 583 830	R	R 9 583 830 (7)
Corporate Services	R 19 740 900	R	R 19 740 900 (4)
Planning & Econ Development	R 8 731 250	R	R 8 731 250 (6)
Infrastructure Development	R 8 346 400	R	R 8 346 400 (8)
Office of Executive Support	R 22 323 432	R	R 22 323 432 (2)
Social Dev & Community Serv	R 3 428 875	R	R 3 428 875 (10)
Disaster (Fire Fighting)	R 34 466 140	R	R 34 466 140 (1)
Municipal Environmental Health	R 20 267 200	R	R 20 267 200 (3)
Abattoir	R 8 201 200	R	R 8 201 200 (9)
Total	R 153 800 927	R	R 153 800 927

In 2015/16 the top 3 expenditure budget departments were Disaster (#1), Executive Support (#2) and Environmental Health (#3). This has shifted slightly in 2016/17 to Infrastructure (#1), Disaster (#2) and Executive Support (#3).

IDP

Projects are being identified in terms of Council's priorities and will be subjected to community participation processes.

The total budget allocation for projects is as follows:

2016/17	R 10 844 000
2017/18	R 4 162 300
2018/19	R 3 372 400

The IDP MTEF totals **R 18 378 700** of which the funding sources can be summarized as follows:

WDM Accumulated Surplus	R 0
RRAMS Grant	R 1 897 000
EPWP Incentive Grant	R 1 102 000
FMG & MSIG	R 2 290 000
Investment Income	R 8 677 000

The projects on the IDP are divided into operating and capital projects for the 2016/17 budget year, and are as follows:

EXPENDITURE (continued)

IDP (continued)

IDP Capital	R 1 250 000
IDP Operating	R 9 594 000

The R 1 550 000 currently included in CO011 District Public Participation EM is what is available for project prioritisation.

Attached per **Schedule A5** are the details of the IDP by **GFS, vote and source**.

Attached per **Annexure 3** is a detailed breakdown of projects included in the IDP. The Budget is compiled on the projects and budget amounts recommended by the IDP Steering Committee.