



MTREF Report for 2014/2015

2014/2015 ANNUAL BUDGET PRESENTATION OF THE BELA BELA LOCAL MUNICIPALITY BY THE HONOURABLE MAYOR, CLLR F.S. HLUNGWANI

BELA BELA LOCAL MUNICIPAL CHAMBER

29 MAY 2014

Madam Speaker

Chief Whip of the majority party

Members of the Executive Committee

Honourable councillors

Acting Municipal Manager

HOD's and Acting HOD's

Ladies and gentlemen

Good afternoon, Thobela

Madam Speaker

Allow me first of all, to send our heartfelt congratulations to President Jacob Zuma and our new Premier Stan Mathabatha from the community and the electorate of Bela Bela, for their historic elections to their respective high offices following the landslide victory by the African National Congress at the recent national elections of 07th May 2014.

I also wish to take this moment, Madam Speaker, to wish well their new respective Cabinets especially the Minister, Deputy Ministers of Cooperative Governance and Traditional Affairs (Cogta) and our provincial MEC whom have legislative oversight over our functions and responsibilities, as a local municipality.

We feel particularly blessed at this critical sphere of governance to have a former finance minister and now Cogta Minister Pravin Gordhan, his deputy Andries Nel and Obed Bapela and our MEC Mme Makoma Makhurupetje, as our industry leaders and political champions.



MTREF Report for 2014/2015

This, honourable members, augurs very well for municipal governance, which remains a key centre at the coalface of service delivery, and of course government's first contact with people.

We are extremely pleased that a highly regarded and experienced minister like the honourable Pravin Gordhan, has accepted such responsibility to work with us.

Madam Speaker

Honourable members will recall that at some point in the past year or so, during our most difficult and trying period, the honourable Minister Gordhan came to our rescue as the then Finance Minister by refusing calls apply Section 139 to have us placed under administration, arguing instead for corrective measures which we ultimately undertook with the assistance of the National Treasury and their provincial counterparts, which resulting in us receiving our conditional grants and equitable share.

And that, we should, all remember helped alleviate all the pressures we were experiencing at the time.

Madam Speaker

This is the type of capable and inspirational leader of our Mass Democratic Movement, whom our progressive party has deployed to work with us.

We will also remember too, honourable members, that prior to taking up his ministerial positions, Minister Gordhan was a globally acclaimed Commissioner of Revenue for the Republic, popularly known as taxman.

Therefore, his wealth of experience in building institutional capacity to collect and improve revenue, taxes and monies owed to the State, can never be overstated.

And that he will have experienced former deputy ministers such as Obed Bapela, who was most recently a deputy to the minister of Performance Monitoring and Evaluation in the Presidency, and Andries Nel, a former deputy minister in Cogta who also have the experience of Justice and Constitutional Affairs from his previous deployment, can only bode us well.

In this regard, I wish to take this moment to express, on behalf of our community, public and stakeholders, our most sincere gratitude to our historic movement for the wisdom and inspiring stance towards good governance in municipalities such as ours.

We believe their presence, together with our new Coghsta MEC, will ensure that all of us work hard to delivery not just service to our people, but quality service they so rightfully deserve.



MTREF Report for 2014/2015

Honourable Councilors, with these developments in mind, I can not help but conceded that today is indeed a good year. We too, in local government, have a good story to tell as we move forward with much speed toward the realisation of building strong communities and ensuring a better live for all.

Madam Speaker

It is also a good year because the turbulent times that composed the nervous conditions of our nation during the early 1990's political landscape, has since disappeared from our radar screen, permanently.

Today, we stand here, tall in the knowledge that not only did we miraculously survive the painful times of the birth of our transition from apartheid to constitutional democracy, but we have equally championed the cause for a better life in Bela Bela for over two decades now, and we continue to do so, even today.

Madam Speaker

It is equally a brilliant year, in that, 20 years ago, we were faced with a real possibility of physical harm to our people in the face of the endless threats of civil war, sporadic violent conflicts, and verbal assaults from extremists and doomsayers alike.

These were people, who truly believed that a black man was not capable of governing self, town and country, his people and the society he led, let alone presiding over a white man's life, his children and that of his community.

In their political confusion and haste, they wanted to delay and frustrate the arrival of democracy and its spread of freedom everywhere else in the country including our province and small town of Bela Bela.

Honourable members

Many of us present here today, will easily remember the tension of the first major public strike that brought our town to a shutdown, resulting in tense confrontation between the black and white people in town, and alongside railway line that divides the town and township, at the entrance of Bela Bela township.

At the time, much as it was a more than just a culmination of a long journey characterised by a series of people's protests against the classification of our residents along skin colours, against deepening inequality, unparallel discrimination and growing levels of riches and poverty of amongst races, it was more so a direct response to the apartheid practices and its accompanying ideological thinking, which was internationally declared by the United Nations "a crime against humanity".

That today, we are able to sit in this house, reflecting the diversity of our nation and people united in a common cause, is something of a miracle indeed.

Just a little over 20 years ago this time, things were not as rosy as they look today.



MTREF Report for 2014/2015

Madam Speaker

Many of us, especially the elder councillors like the honourable Nhlapo, do remember a series of defiance campaigns, protest marches and consumer boycotts in the 80's led by civic leaders and our glorious movement in Bela Bela, as defining moments of our collective Struggle to affirm the dignity of the African people.

Even though, at the time we were living side by side with our fellow white residents in Bela Bela, we could not stand each other.

Apartheid had divided us.

Despite known fact that we were drinking from the same water sources and wells, and residing, schooling, shopping and administered in the same town, and separated by just a simple railway line, we are sworn enemies.

Our political differences was informed by our opposition and hatred of the apartheid system and the horrifying treatment, residents of Bela Bela township were getting from the white establishment in town.

Our municipality at the time, rather than been a progressive agent of change, was in actual fact, part of the problem.

And that must be said, for history to record our political lives properly.

A lot of black people were treated like dirt and foreigners in their town and excluded even from visiting and swimming in the Warm baths, which were founded by African people centuries ago. Infact, foreigners from as far as Germany, US and UK were more welcomed in Aventura than local communities.

This best infrastructure was in town and large portions of our municipality was allocated to our white compatriots. Priority was given to them, their town, schools and suburbs to the exclusion of the black race of the same town.

We are grateful that today, Aventura is our tourism icon, where local blacks and those from Gauteng, Limpopo, North West, Mpumalanga, KZN and foreign are welcome to swim and enjoy its hospitality.

This is a far cry from the heydays of Apartheid period when a black men was nothing. Indeed apartheid sought to dehumanize blacks, and sadly our municipality was part of that long history of discrimination.

Apart from dehumanizing black people, apartheid also sought kill us, psychologically, physically and intellectually, as a people.

We are grateful to the African National Congress and the Alliance partners such as SANCO, and the undying Ubuntu spirit of our people's inspired by their love for the country, that we overcame.



MTREF Report for 2014/2015

It must therefore be said here today that a little over 20 years ago this time, things were not as rosy as they look today.

And that in itself, is a good story to tell.

Madam Speaker

We are meeting here today, 20 years later, after we all underwent an incredible transformation, from years of oppression, racial hatred, political indifference by our white counterparts and bad neighbourliness between the races of our people in Bela Bela.

It took the wisdom, foresight and courage of comrades and freedom fighters such as Johnson Ndou, Sam Makhubela, Sam Moloisane, Sam Matlaisane, Ntate Sedibana Ntate Mabusela, Edward Moloisane, to stand up to Zanyofa and Van Colere over the bucket system, lack of residential stands for blacks etc.

None of us will ever forget the indignity of a bucket system, and that at some point, many of our people were subjected to a stinking bucket system, backroom rentals, displacement, imprisonment and ill-treatment.

Some of these hard-fought battles led to the forced eradication of the bucket system and the establishment of what is today known as Mandela Village, even against the resistance of town clerks and councillors at the time such as Frans Pienaar, Fanie Mostert, Pieter Wagner.

We therefore consider ourselves very lucky that, even at the height of discrimination, we had selfless leaders, community activists and prominent leaders such as Johnson Ndou and others, who wanted nothing but justice for black people and future generations.

Unfortunately, many were either made to disappear, jailed, harassed. And the travesty of justice is that many of these heroes have never been honoured by our people and in particular our municipality, for fighting for the restoration of the dignity of African people in Bela Bela.

Madam Speaker, when you consider everything else that has happened in this town and country, you can not help be proud that today, here and now, we have a good story to tell.

The mere mention of the fact that we are able to easily provide proper sanitation, piped water, electricity and clearly alienated development, should not be taken lightly.

So today, we stand here in this gracious moment in our 20th year of Democracy, to tell this good story of the courageous men and women of Bela Bela, who fought gallantly for its people and this representative Council to be what it is today.



MTREF Report for 2014/2015

Madam Speaker

To this end, I wish to pay tribute to all the civic leaders of those difficult times and those black Council members who sat in here before us, as representative of our people, seeking justice and progress.

They are many to count now.

I wish to also take this moment to acknowledge my predecessors and town clerks who serve this institution and who, through their dedication, sacrifices and passions, broke down the racial barriers, and balkanised developmental patterns in Bela Bela.

I pay my respect to Cllr Yunus Lorgat, Cllr Henrietta Ledwaba, Cllr Zacharia Moeletsi, who, as Mayors of this town at different times, provided political leadership and direction. We may not have always agreed with them, but history books, the community and ourselves, will forever be indebted to them and their quality leadership.

They were and still are pathfinders for our community.

A special regard goes to all former municipal managers and town clerks in particular Mr John Fourie, Mr Andrew Dipela, Mr Sam Bambo for helping remodelling our societal landscape and effecting managerial changes to the life of our town and municipality.

Madam Speaker

I furthermore wish to take this august moment to also show my respect to Mr Thomas Pilane, who was the first senior black official of the municipality, together with other stalwarts like Maria Zikali and Patricia Morele and, who served our people as the first black cashier and switchboard operator in this municipality, respectively.

We are grateful for their bravery, selflessness and pioneering spirit to walk into unfamiliar territories and circumstances.

To this end, I would like to call upon our Council and administration, to consider documenting these stalwarts, whose contribution inspired many to consider occupying positions within this municipality.

This could be done through the capturing this spirit and its essence of doing good, in an official video for the municipality, to be share with the local schools, learners, residents, the world and any interested parties.

Madam Speaker

I also would like to appeal to Council to consider identifying a site within town and our Municipality, where we could begin setting up heritage site or museum, to enable



MTREF Report for 2014/2015

us to tell the history of the struggle for freedom in Bela Bela, whilst simultaneously serving as a tourism attraction to the world.

In this town, Madam Speaker, we have heroes and heroines that still need to be known, promoted and honoured.

We owe it to them and their last legacies of fostering unity, peace, and for their sterling effort in ensuring that we are live in a free, non-sexist and prosperous nation, that adhere to the democratic laws as contained in our Constitution.

We have not only produce political figureheads but also prominent personalities in the different fields. Today, we are fortunate to have a Vice President of South African Football Association coming from Bela Bela.

We have produce legends such as AB de Villiers, Cisco Maphokga and many athletes who went to raise our flags in national sporting teams. We have doctors, who today serve anyone regardless of race.

Many people do not known that the current minister of Environmental Affairs and former Premier of North West Edna Molewa, is from here, so is the former Economic Development, Environment and Tourism Mme Pinkie Kekana is from here.

Today, we are producing more brilliant minds, heroes and heroines in both black and white communities of Bela Bela. And that historical and cultural richness needs to be preserved for future generations.

Madam Speaker

As I have already indicated, it has taken a laborious and meticulous process to remodel our town and municipality, but more so, our people. It took extraordinary efforts to even instill a sense of identity and pride amongst our people, reconciliation, forgiveness, unity and social cohesion in Bela Bela.

And part of the good story we are telling today, is that of the name change from Warmbad to Bela Bela and having our major street in town named after liberation and freedom fighter Chris Hani.

We are proud today that we were amongst the first towns and municipality to undertake such historic steps.

Honourable Councilors

We must never forget to tell that story and other good stories emanating from this municipality including that our people and municipality was amongst the first to abolish the bucket system.

And that amongst the many things we built was to establish new townships and provide bulk services in Masakhane, Ext 7 & 8, development Hostel View housing,



MTREF Report for 2014/2015

upgraded Water Purification Plant, VIP toilets in Rapotokwane, High Pressure Tower in Radium, High Mast Lights at Masakhane and Bela Bela, road paving (phase 2, 3 & 4) in Bela Bela township and Pienaarsriver.

We must never be shy to talk about our public participation, which never existed during the apartheid years.

Today, we are able to go out to Warmbad Hoerskool as a collective of black and white municipal leadership, to address genuine concerns from the white business community, our coloured, Indian and African communities in Mountain View, Bela Bela township and Rapotokwane, and surrounding plots, without the fear of Mellow Yellow.

We still go to our communities to collate their views even when the environment is hostile to Council and its members.

We must never be afraid to tell tourism owners in Bela Bela that we intent to host a Tourism Indaba in August this year, to look jointly with them, at expanding and transforming the industry to be more beneficial to blacks and all our tourist consumers.

We want an all inclusive industry whilst serving the people of the world, it benefit local community.

Madam Speaker

Today, we are proud to say Bela Bela is still standing and developing.

As part of our 2014/15 Integrated Development Plan and Budget, we will be upgrading the Moloto Street Sport Stadium and Bela Bela High Stadium.

We intend to built Multipurpose complex, carry out road paving (phase 4) and upgrade Stormwater in Bela Bela township, bulk services in Ext 9.

All these essential capital projects composes our developmental agenda, designed to benefit the greater community of Bela Bela as we improve and better the quality of life.

Yes, there are challenges with the work rate of our staff, professionalization, efficiency and effectiveness of our institution, which we must attend to urgently.

We will be reengineering our institution and utilizing our conditional grants and equitable share, to lay infrastructure and to boast economic development, as we enter the next phase of radical economic transformation especially within the tourism industry.



MTREF Report for 2014/2015

We must fight corruption which is endemic within the different layers of our municipality. We can not be stealing from the same people we claim to serve, majority of whom have been dealt severely by apartheid and its legacy.

We will be adhering to labour laws at all times to avoid unnecessarily costly legal fees.

We must insist on providing protective clothing to our workers. It can't be that our employees, working under democratic state, are exposed to ill-health because our municipality has either refused or failed to procure clothing for old men and women, who bore the brunt of apartheid.

We must demand professional and quality work from all our service providers at all times and paid them on time, and not withheld their invoice payment because we want them to suffer first so that they can give us 10% of their profits.

We must act professionally at all times and be responsive to the community because failure to adhere to this and the prescripts of the law will result in the community and other stakeholders disowning us and our services.

We have a constitutional obligation to move this municipality forward.

Madam Speaker

This Medium Term Revenue and Expenditure Framework (MTREF) Report for the 2014/2015 to 2016/2017 financial years deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposals to ensure that Bela-Bela Local Municipality renders services to its local community in a sustainable manner.

When compiling an annual budget in terms of legislation the budget circulars from National Treasury must also be taken into consideration.

OVERVIEW OF BUDGET RELATED POLICIES

In Table 1 below, the relevant budget related policies are set out and tabled.

No	Policy Description	Date Reviewed/ Developed	Status	Comment
1	Credit Control and Debt Collection Policy	2014/15	In use	With effect from 01/07/2014
2	Property Rates Policy	2014/15	In use	With effect from 01/07/2014
3	Assets Management Policy	2013/14	In use	No changes recommended
4	Indigent Policy	2014/15	In use	With effect from 01/07/2014
5	Borrowing framework policy	2013/14	In use	No changes recommended
6	Budget Implementation and Monitoring Policy	2013/14	In use	No changes recommended

MTREF Report for 2014/2015

Table 1 : Budget Related Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
7	Cash Management and Investment Policy	2014/15	In use	With effect from 01/07/2014
8	Funding Reserves Policy	2013/14	In use	No changes recommended
9	Prioritisation Model for Capital Assets Investment	2014/15	Draft	With effect from 01/07/2014
10	Policy on Infrastructure Investment and Capital Projects	2013/14	In use	No changes recommended
11	Policy on Long Term Financial Planning	2013/14	In use	No changes recommended
12	Policy on Provision for doubtful debts and writing off of irrecoverable debts	2014/15	In use	With effect from 01/07/2014
13	Principles and Policy on Tariffs	2013/14	In use	No changes recommended
14	Petty Cash Policy	2014/15	Draft	With effect from 01/07/2014
15	Supply Chain Management Policy	2014/15	In use	With effect from 01/07/2014

Madam Speaker

There is one new policy developed as part of the review process of our budget related policies. A Draft Prioritisation Model for Capital Assets Investment (Appendix 1 attached to the report) was developed to prioritise all capital project requests. The capital projects will compete for available funding based on their percentage points obtained in the prioritisation process. More about the available funding sources for capital projects have been discussed in paragraph 1.4 above in this report.

Amendments in Supply Chain management policy

- The main amendments to the Supply Chain Management Policy include the inclusion of The Cost containment measures as part of the annexures to the policy.

Policy on Provision for doubtful debts and writing off of irrecoverable debts

The main changes of on the policy includes:

- All outstanding indigent accounts for 2014/15 financial year will be written off upon approval
- If 50.00% of the 60 and more days outstanding account is paid, the remaining 50.00% will be written off.
- 10.00% discount will be given on July 2014 services accounts for all up to date customer accounts (Customers who properly serviced their accounts until a day before July 2014 billing date)

Property rates policy

The main changes of on the policy includes:

- 10.00% Rebate will be granted to all residential account
- 65.00% rebate will be granted to approved bona-fide farmers
- No increase in the Rand in a Cent for all categories

OVERVIEW OF BUDGET ASSUMPTIONS

Madam Speaker



MTREF Report for 2014/2015

Council's wage bill, bulk purchases and capital charges constitutes 75% of our operating budget expenditure.

Council have very little control over them since the cost of living salary increases are determined at a higher authority (Bargaining Council level); bulk electricity purchases by NERSA; bulk water purchase by Magalies; and, interest on loans to be set by borrowing authorities (Financial Institutions).

The cost of living and notch increases on the wage bill amounted to 6.00% and 5.00% over the last two financial years and is estimated to increase with 6.8% for 2014/2015 and 6.4% for the two outgoing years.

Bulk electricity purchases increased with 12% in the previous financial year and are estimated to increase with 7.39% for 2014/2015 and 7.39% for the two outgoing years.

Bulk water purchases increased with 15.0% and over the last two financial years and are estimated to increase with 15.00% for 2014/2015 and 15.00% over the next two outgoing years. Interest rate on external borrowings is 10.69% and seriously affects our operating budget when we borrow money to finance our capital expenditure.

Compare the above with actual CPI inflation rate of 5.9% in the last two financial years and the estimated CPI of 6.2% for 2014/2015 and the 5.9% for the outer two years and one will see that Council cannot approve tariffs at the inflation rate levels if Council would like to sustain their service standards.

No	Expenditure / Revenue Component	2014/15	2015/16	2016/17
1	CPI Inflation Rate	6.20%	5.90%	5.50%
2	Property Rates Revenue Increases	0.00%**	5.90%	5.50%
3	Electricity Revenue increases	7.40%	7.40%	7.40%
4	Water Revenue Increases	16.00%	16.00%	16.00%
5	Sanitation Revenue Increases	5.40%	5.40%	5.40%
6	Refuse Revenue Increases	5.40%	5.40%	5.40%
7	Rental Revenue Increases	5.40%	5.40%	5.40%
8	Sundry Revenue Increases	5.40%	5.90%	5.50%
9	Salaries	6.80%	6.40%	6.40%
10	Bulk Electricity Purchases	7.39%	7.39%	7.39%
11	Bulk Water Purchases	15.00%	15.00%	15.00%

***Note that residential tariff was reduced by inflation linked rate (6.2%).*

In Table 2 above the estimated operating revenue stream increases are depicted to fund the operating budget expenditure. It must be emphasised that to balance the operating budget, senior management had to cut material amount worth of operating expenditure requests that exceeded our affordable and sustainable revenue streams.

The revenue streams increases as follows

- Property rates with 0.0%**;



MTREF Report for 2014/2015

- Electricity revenue with 7.40%
- Water revenue with 16.00%
- Sanitation revenue with 5.40%
- Refuse removal revenue with 5.40%
- Rental revenue with 8.00%and
- Sundry revenue with 6.20%.

It must be noted that property rates revenue due to the general valuation will undergo restructured tariffs. Electricity revenue tariffs will also undergo some restructuring especially with regard to the time-of-use customers and pre-paid electricity customers.

Council is sensitive to the affordability and sustainability of the tariffs to be imposed.

We carefully monitor the payment and collection rates and are thankful that the customer base of Bela-Bela Municipality pays more than 80.00% of their billed accounts.

Through the financial support and incentives envisaged through our new budget related policies developed we are hopeful that the payment rate will increase to 90.00% over the next 12 to 15 months.

The budget is financed through realistically anticipated revenue streams.

Anticipated operating revenue (total operating revenue less revenue forgone) for 2014/2015 is estimated at R307.1 million or R 42.8 million (16.19%) more than the adjustments budget revenue of R264.3 million for 2013/2014.

Property rates revenue increases with 24.39% and services charges revenue on average with 18.02% compared with the individual increases for electricity (21.17%) water (20.38%), sanitation (0.69%) and refuse removal (5.98%).

Operating grants decreases with R3 309 000 (5.00%) from R 64 214 000 to R 60 905 000. The decrease in operational grants is caused by 2012/13 equitable share which was only allocated during 2013/14 Financial year.

The increase in property rates income is as a result of increased customer base and increase in property value around Bela-Bela area.

Madam Speaker

Total operating expenditure for 2014/2015 is estimated at R 296 000 000 which is (5%) or (R13 000 000) more than the adjustments budget expenditure of R 283 000 for 2013/2014 financial year

The wage bill, bulk electricity purchases, bulk water purchases and capital charges (interest and depreciation) represent the major change in operating expenditure.

Excessive fat were cut from the general expenses category and very little fat, if any, now remains in the operating budget. Major expenditure line items is estimated to change with the following averages:

- Employee related cost, 12.00%



MTREF Report for 2014/2015

- Bulk Purchases: Electricity, 7.39%
- Bulk Purchases: Water, 15.00%

The draft operating budget depicts a surplus of R10 200 000 for the 2014/2015 financial year, R17 244 000 for the 2015/16 and R24 601 000 for the 2016/2017 financial year.

6. CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by funding source:

Table 4 - 2014/15 Medium-term capital budget per funding source

As part of the budget documentation there is a Draft Prioritisation Model for Capital Assets Investment (attached as Annexure 1 to this report) against which all capital projects will be evaluated and prioritised for competing for available capital budget funding resources.

In Table below the IDP needs and available funding sources to meet these needs are depicted. The IDP needs for capital projects expenditure amounts to R 133 942 806 and compared with the available and sustainable funding resources of about R 99 383 000 leaves us with a difference of R34 559 806 or 26.00% of our IDP needs that we cannot service with available sustainable funding sources. This Picture clearly indicates that we must use our scarce resources where the highest priority of resources exists.

Table 4: Available funding Sources to be used for the prioritisation model for capital Assets Investment						
Financial Year	IDP Needs	Funding Source Grants	Funding Source CRR	Funding Source Loans	Total Capital Expenditure to be prioritised	Total IDP Needs not funded
2014/15	55 249 333	22 193 000	10 000 000	0	32 193 000	23 056 333
2015/16	34 660 473	23 157 000	10 000 000	0	33 157 000	1 503 473
2016/17	44 033 000	24 033 000	10 000 000	0	34 033 000	10 000 000
Grand Total	133 942 806	69 383 000	30 000 000	0	99 383 000	34 559 806

The table above it is clear that we cannot service the IDP needs and request for capital funding of R55 249 333. Our operating budget and available reserve can only service R10 000 000 and we simply cannot afford to borrow to finance capital expenditure through external loans to avoid inflating the cost of our services to unaffordable level by our customers. Add to this amount the Division of Revenue Bill grants of R 22 193 00 then our affordable and sustainable capital budget amounts to R 32 193 000 for the 2014/2015 financial year.

The available R22 193 000 MIG funds for 2014/2015 will be distributed as per the Prioritisation Model for Capital Assets Investment as indicated in The table below. Basic services infrastructure will receive R11 200 000 or 50.00%, social infrastructure will receive R9 883 350 or 45.00% and Project Management Unit cost will receive R 1 109 650 or 5.00% each of the total available amount.

Madam Speaker



MTREF Report for 2014/2015

It is important to note how we have structured our tariffs for the 2014/2015 financial year

1. Property Rates

1.1 The residential property rates tariff will decreased by 6.2% in 2014/15 financial year while other categories will remain unchanged.

Description Tariff (Rand)	Proposed Tariff (Rand)	
	2013/2014	2014/2015
a) Residential	0.0120	0.0113
b) Bona Fide Farmers, Public Service Infrastructure, Public Benefit Organisations	0.0030	0.0030
c) Farms Residential	0.0106	0.0099
d) Farms not used for any purpose	-	0.0106
e) Farms Other	-	0.0133
f) State Owned Properties	0.0133	0.0133
g) Business/Industrial	0.0133	0.0133
h) Vacant Land Residential & Other	0.0133	0.0133
i) Vacant Land Business	-	0.0146

1. **SERVICE CHARGES**

1.1 Refuse

1.1.1 The proposed refuse tariff increase for 2014/2015 is 5.40%

Description (Rand)	Proposed Tariff (Rand)	
	2013/2014	2014/2015
a) Smaller than 800m ²	39.70	41.84
b) Larger than 800m ²	94.11	99.19
c) Commercial	235.27	247.97
d) Security Villages (per container)	2422.91	2553.75
e) Flats (per flat)	70.58	74.39
g) Churches	94.11	99.19
h) Schools	985.17	1038.37
i) Hospitals - State	985.17	1038.37



MTREF Report for 2014/2015

j) Hospitals - Private	1999.17	2107.76
------------------------	---------	---------

2.1.2 Indigent Subsidy

Indigents households shall be granted full subsidy on refuse charges i.t.o Indigent Policy.

1.2 Sanitation

1.2.1 The proposed sanitation tariff increase for 2014/2015 is 5.40%

Description	Tariff (Rand)	
Proposed Tariff (Rand)	2013/2014	
2014/2015		

Description	2013/2014	2014/2015
a) Smaller than 800m ²	39.10	41.22
b) Larger than 800m ²	108.82	114.70
c) Commercial	289.06	304.67
d) Security Villages and Flats (per unit)	81.61	86.01
e) Churches	111.45	117.47
f) Schools	323.06	340.51
g) Hospitals - State	510.10	537.65
h) Hospitals - Private	933.91	984.34

2.2.2 Indigent Subsidy

Indigents households shall be granted full subsidy on sanitation charges i.t.o Indigent Policy.

1.3 Water

1.3.1 The water tariff increase for 2014/2015 is 16.00%

NB: The water tariff increase is in line with Magalies Water tariffs

Description	Tariff (Rand)	
Proposed Tariff (Rand)	2013/2014	
2014/2015		

Description	2013/2014	2014/2015
a) Residential: Flats and Security		
• 1kl – 30kl	9.16	10.63
• 31kl – 50kl	10.92	12.66
• 51kl – 80kl	11.35	13.16
• 81kl and more	17.45	20.24
b) Other Consumers		
• Old Age Homes/Schools	10.05	11.65
• Places of Worship	10.05	11.65
• Commercial Erven	10.92	12.66
• Hospitals - State	10.05	11.65
• Hospitals - Private	10.92	12.66

2.3.2 Indigent Subsidy



MTREF Report for 2014/2015

Indigents households shall receive 10kl free on water charges i.t.o Indigent Policy.

1.4 Electricity

1.4.1 The Electricity tariff increase for 2014/2015 is 7.40%

NB: The electricity tariff increase approved by NERSA

1.4.2 Conventional Electricity

2.4.2.1 **Block Tariffs**

Description Proposed Tariff 2014/2015	Tariff	
	2013/2014	

a) Energy	(C/Kwh)	(C/Kwh)
• Block 1 (0-50 kwh)	67.73	71.46
• Block 2 (51-350 kwh)	83.78	89.97
• Block 3 (351-600 kwh)	116.63	125.25
• Block 4 (> 600kwh)	137.82	148.00

2.4.3 Prepaid Electricity

2.4.3.1 **Block Tariffs**

Description Proposed Tariff (Rand)	Tariff (C/Kwh)	
	2013/2014	2014/2015

a) General Consumers	(C/Kwh)	(C/Kwh)
• Block 1 (0-100 kwh)	104.50	110.25
• Block 2 (101-450 kwh)	117.70	126.40
• Block 3 (451-700 kwh)	130.54	140.19
• Block 4 (> 700kwh)	135.89	145.93
	(R/Kwh)	(R/Kwh)
b) Commercial	1.36	1.46

2.4.3.2 Indigent Subsidy

Indigents households shall receive 100kwh free on prepaid electricity i.t.o Indigent Policy

1.5 Sundry Charges

Other sundry charges will increase by inflation rate (5.4%)

Madam Speaker

Our propose capital expenditure for the next three financial year is as follows:



MTREF Report for 2014/2015

Table5: THREE YEAR MIG CAPITAL PROGRAM AS PROPOSED						
NO	PROJECT NAME	DIRECTORATE	INFRASTRUCTURE TYPE	2014/2015	2015/2016	2016/2017
1	Bulk infrastructure	Technical Services	Community facility	4 025 172		
2	Multi purpose centre:X6	Social &Comm Services	Community facility	5 000 000	6 200 000	
3	Upgrade Moloto Street Sport Stadium	Social &Comm Services	Community facility	3 754 750	6 000 000	
4	Bela-Bela High: Sport Stadium	Social &Comm Services	Community facility	1 103 428		
5	Storm water Limpopo Road	Technical Services	Roads & Storm-water	3 700 000	5 500 000	
6	Road Paving Phase4	Technical Services	Roads & Storm-water	3 500 000	4 299 150	8 000 000
7	Bulk infrastructure X 25	Technical Services	Community facility			11 226 400
8	Upgrade of Sunfa Stadium	Social &Comm Services	Community facility		-	3 604 950
9	Roads Tarring – Bela-Bela	Technical Services	Roads & Storm-water	10 000 000	10 000 000	10 000 000
	PMU costs	PMU Division		1 109 650	1 157 850	1 201 650
	Projected Expenditure			32 193 000	33 157 000	34 033 000
	MIG Allocation			22 193 000	23 157 000	24 033 000
	Own Source			10 000 000	10 000 000	10 000 000
	Balance			-	-	-

Madam Speaker

It is important to note that the rating criteria was not applied consistently in all projects and that skewed the percentage points that was allocated to each capital project.

Please note that the prioritised capital programme has been communicated through the IDP and budget road show in April 2014 and any member of the public, stake holder, councillor or even officials have submitted comments on the draft budget.

The MFMA requires from the Executive Mayor to assess on any comments received and then advise Council on any comments received. The Municipal Manager and the administration must in terms of section 68 of the MFMA assist the Executive Mayor in this regard.

All public participation comments have been considered and implemented in the budget where necessary.

Madam Speaker

It is therefore my pleasure to present to you and Council of Bela Bela, the Final Draft Annual IDP/Budget for 2014/2015 for adoption and furthermore recommended that be approved in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:



MTREF Report for 2014/2015

1.1. The final annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as attached

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as attached

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as attached

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as attached.

1.2. The cash flow budget, cash-backed reserve/accumulated surplus and asset management are approved as set out:

1.2.1. Budgeted Cash Flows as attached

1.2.2. Asset management as attached

2. The Council of Bela-Bela Local Municipality approves the following 2014/15 revised budget related policies as set out in Annexure 1: (Electronic version)

- 2.1. Property rates
- 2.2. Debt and credit control
- 2.3. Budget implementation and monitoring
- 2.4. Supply Chain Management
- 2.5. Indigent consumers
- 2.6. Funding and reserves
- 2.7. Cash and Investment management
- 2.8. Long term financial plan
- 2.9. Tariffs
- 2.10. Borrowing
- 2.11. Management and Disposal of Assets
- 2.12. Infrastructure Investment and Capital Projects
- 2.13. Petty cash policy
- 2.14. Prioritisation Model for Capital Assets Investment
- 2.15. Doubtful debt and writing off of irrecoverable debt



MTREF Report for 2014/2015

3. The Council of Bela-Bela Local Municipality , acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs as set out in Annexure 2(Soft Copy);

- 3.1. the tariffs for property rates;
- 3.2. the tariffs for electricity;
- 3.3. the tariffs for the supply of water;
- 3.4. the tariffs for sanitation services;
- 3.5. the tariffs for solid waste services;
- 3.6. the tariffs for all sundry services;

4. That the Council of Bela-Bela Local Municipality approves the by-laws as set out in Appendix 3(Electronic Version)

- 4.1) Property rates By-Law
- 4.2) Indigent Support By-law
- 4.3) Credit Control By-law;

5. Furthermore that to give proper effect to the municipality's annual budget, the Council of Bela-Bela Local Municipality approves:

5.1. That the cash backing that was implemented in the 2013/14 financial year be continued through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

5.2. That the municipality did not budget to raise long-term loans to fund the capital budget.

6. That the IDP PMS Framework be approved

7. That the Organogram be approved

8. That the Accounting Officer adheres to all

9. prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

I thank you