

9327

ADOPTED 2014/2015 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK (MTREF)

Due to time constraints, this report is submitted simultaneously to the Financial Services Portfolio Committee, Executive Committee and Council.

PURPOSE

To submit to Council for approval, the Adopted 2014/2015 Budget and Medium Term Revenue and Expenditure Framework (MTREF).

IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT	
Goal	Objective
1. Compliance with financial legislation and policies	<ul style="list-style-type: none"> • Ensure GRAP compliance • Ongoing review of SCM policies and procedures • Ongoing internal and external capacity building in Supply Chain Management and Budgeting Models
2. Sustainable Financial Management	<ul style="list-style-type: none"> • Improve internal communication on budget matters • Maintenance of fixed asset register • Credit control and debt collection • Compliant internal controls • Compliant grant reporting • Obtain targeted cash-backed statutory reserves • Development and appropriate training and assistance to employees • Identify and redress water and electricity tampering

BACKGROUND

The Municipal Finance Management Act (MFMA), 2003 (No 56 of 2003) issues clear guidelines on the contents of the Budget Framework Plan. The Budget Framework Plan for the City of uMhlathuze has been adapted to incorporate these guidelines.

Section 17 of the Act highlights the following issues relating to the contents of the annual budget.

- "1) *The annual budget must be a schedule in the **prescribed format** which should include the following:*
- a) *realistically anticipated revenue for the budget year from each revenue source;*
 - b) *appropriating expenditure for the budget year under the different votes of the municipality;*
 - c) *setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;*

- d) *setting out-*
 - (i) *both estimated revenue and expenditure by vote for the current year; and*
 - (ii) *actual revenue and expenditure by vote for the financial year preceding the current year; and*
 - e) *A statement containing any other information required by Section 215(3) of the Constitution or as may be prescribed.*
- 2) *The annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed;*
- 3) *When an annual budget is tabled in terms of Section 16(2), it must be accompanied by the following documents:*
- a) *Draft resolutions-*
 - (i) *Approving the budget of the municipality;*
 - (ii) *Imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and*
 - (iii) *Approving any other matter that may be prescribed;*
 - b) *measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;*
 - c) *a projection of cash flow for the budget year by revenue source, broken down per month;*
 - d) *any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of Section 34 of the Municipal Systems Act;*
 - e) *any proposed amendments to the budget-related policies of the municipality;*
 - f) *particulars of the municipality's investments;*
 - g) *any prescribed budget information on municipal entities under the sole or shared control of the municipality;*
 - h) *particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;*
 - i) *particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;*
 - j) *particulars of any proposed allocations or grants by the municipality to-*
 - (i) *other municipalities;*
 - (ii) *any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;*

- (iii) any other organs of state; and
 - (iv) any organisations or bodies referred to in section 67(1);
- k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of -
 - (i) Each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;
 - l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of -
 - (i) each member of the entity's board of directors; and
 - (ii) the chief executive officer and each senior manager of the entity; and
 - m) any other supporting documentation as may be prescribed."

National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Specifically for the 2014/15 Budget, Circulars No. 70 (**DMS 920334**) **Annexure L1** issued in December 2013) and 72 (**DMS 948372**) issued on 17 March 2014 **Annexure L2** are included as part of this report. **These circulars need to be read thoroughly by both the Council and the Administration.**

DISCUSSION

In light of the endeavour by National Treasury to ensure that municipalities prepare a budget document that provides concise and understandable financial and non-financial information which will ensure that informed decisions are made to promote effective financial management and service delivery. By ensuring that the allocation of financial resources is aligned to service delivery targets it will be clear what services are being promised when budgets are approved.

National Treasury decided to create a template called “Batho Pele City” as a guide for municipal officials responsible to produce their real municipal budget documents.

The aim of the Dummy Budget Guide is to provide more detailed guidance on the format and content of a municipal budget so as to ensure full compliance with both the letter and the spirit of Schedule A of the Municipal Budget and Reporting Regulations. The Dummy Budget is intended to be a template that municipal officials can use as a basis and guide for producing their own municipality’s budget documents. Therefore National Treasury fully intends that officials copy the format and be guided by the explanations, the tables, graphs and figures of the Dummy Budget.

Council approved the 2014/15 Tabled Medium Term Revenue Expenditure Framework on 27 March 2014.

It is however important to note that no changes were made to the Operating Tabled Medium Term Revenue Expenditure Framework (MTREF).

CONSOLIDATED OVERVIEW:

Table 1 Consolidated Overview of the 2014/15 MTREF

Description	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Tabled 2014/15	Adopted 2014/15	Adopted 2015/16	Adopted 2016/17
R thousands					
Total Operating Revenue	2 178 852	2 370 559	2 370 559	2 558 251	2 764 176
Total Operating Expenditure	2 173 799	2 363 247	2 363 247	2 535 196	2 739 449
Surplus/ (Deficit) for the year	5 054	7 311	7 311	23 055	24 726
Total Capital Expenditure	467 984	259 438	419 862	308 879	320 907

Subsequent to the adopting of the Tabled MTREF, departments were requested to submit 2013/14 capital projects that would not be completed in the 2013/14 financial year and thus requiring to be rolled over to the 2014/15 Adopted MTREF.

The table below indicates the proposed capital funding:

Table 2 Proposed Capital Funding

Vote Description	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15	Adopted 2015/16	Adopted 2016/17
R thousand						
Funded by:						
National Government	194 730	119 456	–	119 456	157 879	122 907
Provincial Government	47 922	–	37 765	37 765	–	–
Transfers recognised - capital	242 652	119 456	37 765	157 221	157 879	122 907
Public contributions & donations	16 237	–	–	–	–	–
Borrowing	122 772	85 500	59 238	144 738	90 000	125 000
Internally generated funds	86 229	54 482	63 421	117 903	61 000	73 000
Total Capital Funding	467 890	259 438	160 424	419 862	308 879	320 907

Unspent conditional grants that are subject to National Treasury retraction at year end have not been rolled over to the 2014/15 financial year but will be incorporated into the 2014/15 Adjusted Budget once approval from NT has been received.

Table 3 2014/15 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15	Adopted 2015/16	Adopted 2016/17
Capital Expenditure - Standard						
<i>Governance and administration</i>	45 879	30 519	22 644	53 162	54 236	70 940
Executive and council	450	88	123	211	88	157
Budget and treasury office	104	5 464	–	5 464	1 207	3 054
Corporate services	45 325	24 967	22 520	47 487	52 941	67 729
<i>Community and public safety</i>	93 638	42 497	74 822	117 319	41 342	57 138
Community and social services	19 444	16 440	10 498	26 938	13 289	14 951
Sport and recreation	27 369	7 230	24 933	32 162	12 742	30 298
Public safety	14 742	16 239	11 423	27 663	12 700	11 282
Housing	26 244	–	22 442	22 442	–	–
Health	5 838	2 588	5 527	8 115	2 611	608
<i>Economic and environmental services</i>	29 117	10 519	10 256	20 775	10 409	15 227
Planning and development	112	268	(100)	168	270	343
Road transport	29 005	10 251	10 356	20 607	10 139	14 884
<i>Trading services</i>	299 257	175 903	52 702	228 605	202 892	177 602
Electricity	81 306	24 719	31 312	56 031	23 493	23 875
Water	153 668	77 991	10 134	88 125	92 661	61 828
Waste water management	58 079	69 415	10 037	79 452	82 337	88 399
Waste management	6 203	3 778	1 220	4 998	4 400	3 500
Total Capital Expenditure - Standard	467 890	259 438	160 424	419 862	308 879	320 907

Table 4 List of major capital projects

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15
<u>Municipal Manager: Office of the MM</u>			
Office Furniture	44	5	49
Total	44	5	49
<u>DMM: City Development</u>			
Office Furniture	168	–	168
Re-design office space	100	–	100
Tourism Development	–	9 008	9 008
eSikhaleni Refurbishment Hostels	–	22 442	22 442
Informal trading stalls	–	3 542	3 542
CBD South Extension	–	2 773	2 773
Total	268	37 765	38 033
<u>DMM: Community Services (Health & Public Safety)</u>			
eSikhaleni Fire Station	9 526	4 739	14 264
Richards Bay Fire station - structural upgrades	528	275	803
Empangeni Fire Station - lecture room & offices	250	104	354
Machinery & Equipment - Fire Services	1 056	22	1 078
Land & Buildings - Fire Services	–	40	40
Land & Buildings - Health Admin	102	–	102
Office Furniture - Health Admin	11	–	11
Machinery & Equipment - Air Pollution	20	4 500	4 520
Land & Buildings - Renovations & Improvements Clinics	884	461	1 345
Machinery & Equipment - Clinics	1 325	–	1 325
Office Furniture - Clinics	247	566	813
Land & Buildings - Upgrade security alarms	–	64	64
Land & Buildings - Licensing offices amendments/upgrades	350	80	430
Office Furniture - Licensing offices	100	60	160
Land & Buildings - Waste Management	1 060	20	1 080
Land & Buildings - Transfer stations	2 000	1 220	3 220
Machinery & Equipment - Waste Management	1 705	–	1 705
Office Furniture - Waste Management	73	–	73
Land & Buildings - Abolition facilities at Naval Island	–	1 000	1 000
Vehicles - Traffic	–	686	686
Vehicles - Refuse trucks	4 000	7 308	11 308
Vehicles - Personnel Carrier	–	565	565
IT Equipment - Health Section	60	9	69
Total	23 296	21 718	45 014

Table 4 List of major capital projects (Contd.)

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15
DMM: Community Services (Recreation & Environmental Services)			
Richards Cemetery Extension	2 000	–	2 000
eSikhaleni Cemetery Development	100	–	100
Aquadene Library	2 500	4 400	6 900
Office Furniture - Libraries	60	–	60
Land & Buildings - Libraries	140	61	201
eSikhaleni Library - Extension	805	1 422	2 227
Land & Buildings - Parks Development	1 000	318	1 318
Land & Buildings - Parks Depots	350	362	712
Land & Buildings - Playground equipment	150	209	359
Land & Buildings - Upgrades at sports fields	3 641	1 440	5 080
Floodlights - various sportsfields	3 000	3 221	6 221
Floodlights - Central sportsfields	–	3 200	3 200
Machinery & Equipment - Sports facilities	–	2 968	2 968
Land & Buildings - Beach development (Restaurant)	–	398	398
Machinery & Equipment - Beach facilities	48	–	48
Office Furniture - Beach facilities	10	3	13
Land & Buildings - Swimming pools upgrades/renovations	153	1 010	1 163
Machinery & Equipment - Swimming pools	78	17	95
Office Furniture - Swimming pools	–	15	15
Land & Buildings - Museum (Alarm)	–	6	6
Land & Buildings - Arts & Culture	–	9	9
Machinery & Equipment - Arts & Culture	–	4	4
Machinery & Equipment - Parks Maintenance	800	43	843
Land & Buildings - Parks Depots	–	720	720
Machinery & Equipment - Telemetry	–	100	100
IT Equipment - Recreation & Environmental Services	–	22	22
Total	14 835	19 948	34 783
Total: Community Services	38 130	41 666	79 796

Table 4 List of major capital projects (Contd.)

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15
<u>DMM: Corporate Services (Adminstration)</u>			
Office Furniture - Administration	–	54	54
Land & Buildings - Alterations to Central Registry	123	–	123
Land & Buildings - Upgrades & Refurbishments to Halls	4 350	2 372	6 722
Land & Buildings - Renovations Civic Centre	–	100	100
Land & Buildings - Civic Hall Construction	3 000	–	3 000
Land & Buildings - Depots	150	–	150
Machinery & Equipment - Administration	–	119	119
Land & Buildings - Agricultural projects	44	–	44
Vehicles - LDV - Airport	–	250	250
Land & Buildings - ICT Research	–	93	93
IT Equipment	7 788	1 241	9 029
Total	15 455	4 228	19 683
<u>DMM: Corporate Services (Human Resources)</u>			
Office Furniture - HR	44	–	44
Machinery & Equipment - HR	50	–	50
Total	94	–	94
Total: Corporate Services	15 549	4 228	19 777
<u>Chief Financial Officer</u>			
Land & Buildings - Offices	250	–	250
Land & Buildings - Renovations	5 464	–	5 464
Financial ERP system	500	1 000	1 500
IT Equipment	25	24	49
Total	6 239	1 024	7 263
<u>DMM: Infrastructure & Technical Services (Electrical Supply)</u>			
Land & Buildings - Aircons replacement	–	8	8
Streetlighting - All areas	4 880	6 180	11 060
Process Control systems incl telemetry	–	1 865	1 865
Office Furniture - Electrical services	–	50	50
Electrification of Dumisani Makhaye	4 200	3 785	7 985
Electrification of Mandlazini Area	2 600	–	2 600
Electrification of Mzingazi Area	1 200	–	1 200
Electricity Supply - Substations	1 000	8 134	9 134
Electricity Supply - Hydra	403	4 069	4 472

Table 4 List of major capital projects (Contd.)

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15
DMM: Infrastructure & Technical Services (Electrical Supply)			
Machinery & Equipment - Electrical	16	257	273
Energy losses project	1 300	2 334	3 634
Cygnus Switchgear	14 000	–	14 000
Network Master Plan	–	1 500	1 500
IDZ Supply	–	11 182	11 182
Plant & Equipment - Aerial platforms	–	617	617
IT Equipment - Electrical services	–	41	41
Total	29 599	40 023	69 622
DMM: Infrastructure & Technical Services (Engineering Services)			
Rural Sanitation	59 340	–	59 340
Rural Water	29 066	–	29 066
Rural Households infrastructure	4 500	–	4 500
Land & Buildings - Civic Centre Roofing	–	316	316
Land & Buildings - Re-design office space	–	137	137
Machinery & Equipment - Engineering support	–	24	24
Machinery & Equipment - Mechanical Workshop	–	181	181
Plant & Equipment - Aerial platforms	–	339	339
Replacement Vehicles	7 788	–	7 788
Water Tankers Replacement	–	1 412	1 412
Radio equipment - replacement	–	224	224
Total	100 694	2 634	103 328

Table 4 List of major capital projects (Contd.)

Vote Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Tabled 2014/15	Rolled over/ additional projects	Adopted 2014/15
DMM: Infrastructure & Technical Services (Transport, Road and Stormwater Services)			
Land & Buildings - Aircons replacement	25	1	26
Machinery & Equipment - Roads section	463	0	464
Office Furniture - Roads section	101	–	101
Walkways, Traffic calming, pedestrian bridges and bus shelters	1 520	57	1 577
Civic Services - J2 & H2	–	2 185	2 185
Street Rehabilitation - Tanner Road	4 000	5 981	9 981
eSikhaleni Mall Road Safety	2 000	816	2 816
eSikhaleni Mall Parking	522	381	903
Structural upgrades depots	570	–	570
Comprehensive Intergrated Transport Plan	–	496	496
Road upgrades	725	200	925
Plant & Equipment - replacements	801	872	1 672
Vehicles - Replacements (Water Tanker)	3 048	–	3 048
IT Equipment - Roads Section	140	73	213
Total	13 915	11 061	24 976
DMM: Infrastructure & Technical Services (Water and Sanitation Services)			
Rural Sanitation - Counter funding	800	300	1 100
Office Furniture - Water services	150	–	150
Replacement Sewer A Ngwelezane	–	1 025	1 025
Upgrades Sewer reticulation	8 300	6 179	14 479
Machinery & Equipment - Standby	700	1 002	1 702
New water meters (Rural)	1 000	–	1 000
Bulk meters & PRVs	–	681	681
20ml Reservoir Hilltop	23 200	4 341	27 541
Water Improvements	–	4 400	4 400
Machinery & Equipment - Jojo tanks	50	–	50
Pipe Replacement - MMIG	18 850	–	18 850
Water quality compliance	1 300	–	1 300
Vehicles - Water Tankers	–	2 825	2 825
Machinery & Equipment - Water services	150	1 243	1 393
IT Equipment - Water Section	500	23	523
Total	55 000	22 018	77 018
Total: Infrastructure & Technical Services	199 208	75 736	274 944
Total Capital Budget	259 438	160 424	419 862

The following annexures are included under separate cover and form part of this report:

- **Annexure A (DMS 964803) (PDF DMS 965939)** - Budget report that has been prepared using the “Batho Pele City” template;
- **Annexure B1 – B54 (DMS 964319) (PDF DMS 965918)** – Municipal Annual Budget and MTREF Supporting Tables;
- **Annexure C (DMS 964210) (PDF DMS 965922)** - Tariffs of Charges;
- **Annexure D (DMS 964262) (PDF DMS 965921)** – Rates Policy;
- **Annexure E (DMS 965305) (PDF DMS 965935)** – 2014/5 Capital Budget;
- **Annexure F (DMS 965305) (PDF DMS 965935)** Component 1: Monthly projections of revenue to be collected for each source;
- **Annexure G (DMS 965305) (PDF DMS 965935)** Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote;
- **Annexure H1 – H6 (DMS 965305) (PDF DMS 965935)** Component 3: Draft annual projections of service delivery targets and performance indicators for each vote;
- **Annexure I (DMS 965305) (PDF DMS 965935)** Component 4: Ward information for Capital expenditure;
- **Annexure J (DMS 965305) (PDF DMS 965935)** Component 4: Ward information for operating expenditure;
- **Annexure K (DMS 965305) (PDF DMS 965935)** Component 5: Detailed capital works plan broken down by ward over three years;
- **Annexure L1 (DMS 920334)** – MFMA Budget circular number 70 dated December 2013;
- **Annexure L2 (DMS 948372)** – MFMA Budget circular number 72 dated 17 March 2014; and
- **Annexure M (DMS 964036) (PDF DMS 965923)** – Minutes of Public Participation meetings

The following pertinent issues were raised during the community consultation process. Minutes of the various meetings have been prepared and have been included as **Annexure M (DMS 964036) (PDF DMS 965923)**.

- Maintenance of Mandlazini road
- Library at KwaDlangezwa
- Pedestrian bridges
- Delays in provision of housing
- Pensioner rebates
- Maintenance of gravel roads
- Water losses - community reporting issues - delays in resolving issues
- Slow spend on the Capital budget is a concern
- SMME training and support

- Richards Bay SPCA service level agreement
- Dumisani Makhaye electrification - slow progress
- Youth development programmes
- Delays in issuing of title deeds
- Rebates for churches
- Multi-purpose centres to be fully utilised
- Rehabilitation of Tanner Road
- Rural sports facilities
- Streetlighting in high crime areas
- Electricity supply in Eskom supply areas
- Improved communication with regards to water interruptions etc.
- Commuter facilities need urgent attention
- High water tariff increases for high end users are a concern

ENVIRONMENTAL IMPLICATIONS

No environmental implications.

FINANCIAL IMPLICATIONS

This is dealt with in detail throughout the detail budget report.

LEGAL IMPLICATIONS

This is dealt throughout the report with references to various Acts and regulations.

COMMENTS OF THE CHIEF FINANCIAL OFFICER

The CFO's comments have been provided under the Executive Summary contained in **Annexure A (DMS 964803)**.

RECOMMENDED THAT:

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2014/15 and indicative for the projected outer years 2015/2016 and 2016/2017 be approved as set out in the Budget Report **(DMS 964803)** and in the Budget tables A1 - A10 **(Annexure B1 - B13) (DMS 964319)**;
2. the 2012-2017 Integrated Development Plan (IDP) (Final) **(DMS 820202)** be incorporated into the Adopted 2014/2015 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Adopted 2014/15 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals for the City of uMhlathuze be approved as follows:

Description R thousands	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Tabled 2014/15	Adopted 2014/15	Adopted 2015/16	Adopted 2016/17
Total Operating Revenue	2 178 852	2 370 559	2 370 559	2 558 251	2 764 176
Total Operating Expenditure	2 173 799	2 363 247	2 363 247	2 535 196	2 739 449
Surplus/ (Deficit) for the year	5 054	7 311	7 311	23 055	24 726
Total Capital Expenditure	467 984	259 438	419 862	308 879	320 907

4. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2014/15 financial year be approved:

Category	Proposed tariff (from 1 July 2014)	Ratio to Residential Tariff
	c	
Residential properties	0,00721	1:1
Business, Commercial and Industrial Properties and Mining	0,01515	1:2,1
Agricultural Properties	0,00180	1:0,25
Agricultural Properties (business)	0,01515	1:2,1
Municipal Departmental	0,00721	1:1
Municipal Other	0,01515	1:2,1
State owned properties (residential)	0,00721	1:1
State owned properties (all other)	0,00829	1:1,15
Public Service Infrastructure	0,00180	1:0,25
Public benefit organisation properties	0,00180	1:0,25

5. on application by the relevant rate payers the following rebates be applied subject to the provisions contained in the Rates Policy:
- Agricultural properties - 5%
 - Non Profit Organisations - 100%
6. The following in terms of the 2014/15 Property Rates Policy be approved:
- a) Owners of properties that already applied for and received pensioner rebate, will from now on only receive a letter to complete rather than following the complete application process;
 - b) Child Headed Households can apply for a 100% rebate and will be evaluated in terms of the criteria set out in the Rates Policy. This is an annual application;
 - c) In order to ensure proper and fair administration of rates shocks by the Municipality, the following be included under the criteria:
“Rates shock will not apply in the case where the rates shock is due to improvement of the property.”
7. the Rates Policy as contained in **Annexure D (DMS 964262)** is approved;
8. in addition to the reductions in recommendation (5) above and subject to the criteria set out in the Property Rates Policy a Sporting Body will be rated on the value of the improvements excluding change rooms and store rooms necessary for the sport;
9. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R95 000 of the valuation on all developed residential properties valued at R400 000 and below be made;
10. in addition to the reductions in recommendation (7) above and subject to the criteria set out in the Property Rates Policy an additional R150 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;

11. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R110 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R110 000 on the following basis:
 - a) Properties valued between R110 001 and R170 000 will receive a rebate of 25% in respect of the sewer and refuse charges.
 - b) Properties valued at R170 001 and higher will pay the normal tariff.
12. the amendment of the Tariff of Charges as per **Annexure C (DMS964210)** be approved;
13. the prepaid electricity tariffs for excess purchases over the individual consumer's average monthly electricity prepaid purchases for the 2014/15 financial year be increased by 10%;
14. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
15. the property rates and tariff adjustments as set out above be dealt in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;
16. the contribution of 10,5% amounting to (R130 million) from Electricity Trading Service to Rates and General Service be calculated on total electricity operating expenditure and will be appropriated at the end of the financial year. It be noted that electricity tariffs on average include a Local Government Levy of 10,5%, revenue of which is used to finance the Rates and General services (all municipal services other than trading services);
17. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account as applicable from 1 July 2013;
18. in terms of various policies the following increases in allowances are submitted to Council for approval:

	Approved 2013/2014 Tariffs	Proposed Tariffs - 2014/15
	R	R
Standby - Travel allowance	79	85
Standby - Subsistence allowance	50	55
Subsistence allowances		
• Daily allowance	111	120
• Overnight allowance	150	160
• Own accommodation	210	220
Accommodation		
• All employees	950	1 000
• All councillors and Section 56 employees	1 583	1 675
• Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip	2 638	2 795
Ward committee members	1 000	1 070

19. in terms of various unspent conditional grants received from the National Fiscus Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in 2013/14 financial year to the next financial year, namely the 2014/15 financial year;
20. only upon the point where there is reasonable spending of most of the 2013/14 roll-overs and the cash flow indicators indicate accordingly, should the Chief Financial Officer proceed with the 2014/15 capital loan application;
21. the Municipal Manager prepare a report to Council, before the completion of the 2015/16 MTREF that will inform Council of the correct municipal grading and of the organisational and financial implications thereof, together with an appropriate implementation plan; and
22. it be noted that financial implications of Directive 7 regarding depreciation on revalued assets is awaited from the Accounting Standards Board.