

# PUBLICATION OF ADOPTED 2019/2020 – 2021/2022 DRAFT ANNUAL BUDGET OF MADIBENG LOCAL MUNICIPALITY

The Draft Budget for Madibeng Local Municipality is published in accordance with the Municipal Finance Management Act, no. 56 of 2003, the Municipal Property Rates Act 2004 (Act 6 of 2004) and the Local Government Municipal Systems Act 32 of 2000. This budget was tabled in compliance with the National Treasury Circulars and was tabled in Council on 26 March 2019. Copies of the Draft Budget are available at all the Municipal Offices. Alternatively, the budget office can be contacted for assistance on (012) 318 9228/9225 or jamesmotaung@madibeng.gov.za / mosasekori@madibeng.gov.za

Council adopted amendments of all budget related policies, e.g. Budget & Virement Policy, Property Rates Policy & Bylaw, Tariff Setting Policy, Cash Management and Investment Policy, Indigent Household Subsidy Policy, Supply Chain Management Policy, Asset Management Policy, Credit Control and Debt Collection Policy & Bylaw, etc.

## 1. OPERATING REVENUE AND EXPENDITURE FRAME-WORK

The proposed main average tariff increases are as follows:

**Table 1: Proposed Tariff Increase Percentage**

Description	Approved Previous Year 2017/18	Approved Current Year 2018/19	MTREF		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Property rates	0,0%	0,00%	5,20%	5,40%	5,40%
Electricity	0,31%	6,84%	5,20%	5,40%	5,40%
Water	6,4%	5,3%	5,20%	5,40%	5,40%
Sewerage	6,4%	5,3 %	5,20%	5,40%	5,40%
Refuse Removal	6,4%	5,3%	5,20%	5,40%	5,40%
Surcharges	6,4%	5,3%	5,20%	5,40%	5,40%
Other services	6,4%	5,3%	5,20%	5,40%	5,40%

**NB:** The National energy regulator of South Africa (Nersa) has approved a 13.87% average price increase which will be implemented on 1 April 2019 for Eskom direct customers and a 15.63% average price increase for municipalities which will be implemented on 1 July 2019. This information was not available during the preparation of 201920-draft budget. This means electricity tariff will increase by 15.63% or more depending on the final approval by NERSA for municipalities.

**Table 2: Summary of Operating Revenue by Revenue Source**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	2	292 796	296 046	258 006	320 131	320 131	320 131	270 000	285 000	300 390
Service charges - electricity revenue	2	450 535	447 788	433 878	457 937	457 937	457 937	475 000	500 650	527 627
Service charges - water revenue	2	125 247	148 307	116 764	152 811	152 811	152 811	161 600	170 254	179 411
Service charges - sanitation revenue	2	29 662	41 724	44 750	49 140	49 140	49 140	52 275	55 097	58 072
Service charges - refuse revenue	2	31 443	33 569	65 366	53 000	53 000	53 000	53 000	55 862	58 878
Rental of facilities and equipment		1 020	1 243	1 408	70	70	70	1 386	1 461	1 540
Interest earned - external investments		7 717	4 515	7 030	6 400	6 400	6 400	6 732	7 090	7 470
Interest earned - outstanding debtors		60 939	95 140	83 818	86 800	86 800	86 800	91 112	96 032	101 216
Dividends received		-	-	48	-	-	-	-	-	-
Fines, penalties and forfeits		2 900	2 992	4 998	1 001	1 001	1 001	1 001	1 055	1 112
Licences and permits		5 923	6 229	6 121	2 200	2 200	2 200	2 127	2 241	2 362
Agency services		10 274	11 456	12 253	9 000	9 000	9 000	12 000	12 648	13 000
Transfers and subsidies		442 428	506 007	780 488	627 887	628 803	628 803	699 244	772 980	857 859
Other revenue	2	12 773	49 854	39 459	7 644	7 644	7 644	3 579	3 762	3 960
Gains on disposal of PPE		4 426	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 478 083</b>	<b>1 644 870</b>	<b>1 854 386</b>	<b>1 774 020</b>	<b>1 774 936</b>	<b>1 774 936</b>	<b>1 829 055</b>	<b>1 964 132</b>	<b>2 112 897</b>

**Table 3: Summary of Operating Expenditure by type**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Expenditure By Type</b>											
Employee related costs	2	358 844	392 302	425 241	390 960	401 264	401 264	301 409	470 000	498 656	524 321
Remuneration of councillors		23 727	25 456	30 531	32 370	32 370	32 370	19 774	33 242	35 037	36 929
Debt impairment	3	228 753	157 979	(128 998)	280 000	280 000	280 000	80 898	275 000	235 000	190 000
Depreciation & asset impairment	2	483 686	458 952	474 336	552 750	552 750	552 750	637	490 000	516 460	544 349
Finance charges		115 680	131 937	160 510	110 500	110 500	110 500	94 705	140 501	148 088	156 085
Bulk purchases	2	472 484	452 876	505 968	550 000	535 000	535 000	383 932	560 000	590 240	622 113
Other materials	8	112 585	121 177	23 119	26 541	26 076	26 076	13 382	26 320	27 741	29 239
Contracted services		129 644	259 308	189 535	271 888	247 928	247 928	128 566	235 075	243 959	254 485
Transfers and subsidies		22 610	20 879	2 343	4 000	4 051	4 051	4 051	4 500	4 600	4 700
Other expenditure	4, 5	197 585	248 129	482 314	166 355	200 565	200 565	105 077	189 101	199 312	210 075
Loss on disposal of PPE		132 128	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>2 277 726</b>	<b>2 268 996</b>	<b>2 164 899</b>	<b>2 385 364</b>	<b>2 390 503</b>	<b>2 390 503</b>	<b>1 132 433</b>	<b>2 423 738</b>	<b>2 499 093</b>	<b>2 572 295</b>
Surplus/(Deficit)		(799 643)	(624 126)	(310 513)	(611 345)	(615 568)	(615 568)	51 876	(594 683)	(534 962)	(459 397)

**2. Transfers and Grants Allocation**

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocation to the municipality is R 981 million in the 2019/20 financial year. The allocation has increased by R 66.9 million or 7% from the 2018/19 adjusted transfers and grants allocation. The allocation for 2012/21 and 2021/22 amount to R 1.09 billion and R 1.20 billion.

**Table 4: Transfers and Grant Allocations**

Description	Approved Budget 2018/2019	Adjusted Budget 2018/2019	Budget Year 2019/2020	Budget Year +1 2020/2021	Budget Year +2 2021/2022
	R'000	R'000	R'000	R'000	R'000
Equitable Share	624 943	624 943	695 606	770 313	854 928
Financial Management Grant	1 770	1 770	2 235	2 667	2 931
Expanded Public Works Programme	1 174	1 174	1 403	-	-
Library Grant	-	916	-	-	-
Municipal Infrastructure Grant	285 258	285 258	281 797	298 503	322 538
Integrated National Electrification	-	-	-	19 200	20 256
<b>Total Operating Grants &amp; Subsidies</b>	<b>913 145</b>	<b>914 061</b>	<b>981 041</b>	<b>1 090 683</b>	<b>1 200 653</b>

**3. Capital Budget**

Section 18 and 19 of the MFMA were taken in to consideration regarding the funding of capital project. That spending on Capital Budget to be financed from grants and other external mechanisms would takes place after the funds have been received. Table 5 on below detailed the funding sources for Capital Budget over the medium term period.

**Table 5: Detailed Capital Budget List**

DESCRIPTION	WARDS	PROPOSED BUDGET 2019/20	BUDGET 2020/21	BUDGET 2021/22	Funding Source
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER	10,15,16,41	45 000 000	35 000 000	45 000 000	MIG
HEBRON TO MADIDI BULK WATER PIPELINE ( bulk water supply from BWTW to Hebron reservoirs)	3	40 000 000	40 000 000	47 000 000	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES	1,2,25,26,27,29,34	15 000 000	15 000 000	15 000 000	MIG
INDUSTRIAL SEWER DE KROON	21	1 200 000	0	0	MIG
KLIPGAT SANITATION PROJECT	24,8,36,37	45 500 000	40 000 000	40 000 000	MIG
WARD 1 VIP TOILETS	1	6 310 000	12 000 000	15 000 000	MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20	0	10 000 000	12 000 000	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13;14;22,	0	11 000 000	11 000 000	MIG
HIGH MASS LIGHT ENERGISING	10,15,16,41	2 697 150	2 577 850	2 411 100	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 1	7,25,28,31	11 000 000	13 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 2	17,18,19,20,21,35	11 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3	10,15,16,41	11 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4	3,8,24,36,37	11 000 000	14 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5	9,11,12,38	11 000 000	13 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6	1,2	11 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7	4,5,6,34	11 000 000	12 000 000	12 000 000	MIG
PMU OPERATIONS AND MANAGEMENT		14 089 850	14 925 150	16 126 900	MIG
<b>TOTAL MIG</b>		<b>281 797 000</b>	<b>298 503 000</b>	<b>322 538 000</b>	<b>MIG</b>
OUKASIE SUBSTATION	13;21;22,39		19 200 000	20 256 000	INEP
<b>TOTAL</b>		<b>281 797 000</b>	<b>317 703 000</b>	<b>342 794 000</b>	

Copy of a full budget document, tariff schedule, policies and by-laws will be available at main municipal building reception and all satellites offices of the municipality

Reference: 5/1/1; Date: 15 April 2019;

Issued by the Acting Municipal Manager - Mr. STN Mnisi