



MADIBENG LOCAL MUNICIPALITY



PUBLICATION OF ADOPTED 2020/2021 – 2022/2023 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 Draft Budget was tabled in compliance with the National Treasury Circulars during Council Meeting held on 29 May 2020. 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.

Copies of full budget document (including the mentioned policies and by-laws) are available at the reception area of the Main Municipal Building in Brits, Satellite Offices and on the municipal website, www.madibeng.gov.za. Members of the Public and other Stakeholders can make comments on the Draft Budget through email to jamesmotaung@madibeng.gov.za or mosasekori@madibeng.gov.za or call the Budget Office on 012 318 9228/9225 no later than 19 June 2020.

1. OPERATING REVENUE AND EXPENDITURE FRAME-WORK

The proposed main average tariff increases are as follows:

Description	Approved Previous Year 2018/19	Approved Current Year 2019/20	MTREF		
			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Property rates	0.0%	0%	0%	4,80%	4,80%
Electricity	6,84%	9,41%	8,10%	4,80%	4,80%
Water	5,30%	5.2%	4,90%	4,80%	4,80%
Sewerage	5,30%	5.2%	4,90%	4,80%	4,80%
Refuse Removal	5,30%	5.2%	4,90%	4,80%	4,80%
Surcharges	5,30%	5.2%	4,90%	4,80%	4,80%
Other services	5,30%	5.2%	4,90%	4,80%	4,80%

Table 1: Proposed Tariff Increase Percentage

It should be noted that NERSA has previously advised that the municipality should not increase the tariff of Electricity for domestic consumers because the municipal tariff is high than the acceptable norm

Also due to the increase of markets values in our current financial year in comparison to our previous financial year, considering the provision of section 52(1) of the Municipal property rates act we have decided to decrease our property rates tariffs by 10% (ten percent), taking into consideration that on average property market values increased by 32 percent and tariffs for 2019/20 remind the same as the previous financial year. This reduction in property rates tariffs will be supplemented by other tariffs that will remain the same and those that will be reviewed upwards.

Table 2: Summary of Operating Revenue by Revenue Source

Description	2016/17 Audited Outcome	2017/18 Audited Outcome	2018/19 Audited Outcome	Current Year 2019/20				2020/21 Medium Term Revenue &		
				Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source										
Property rates	296 046	257 978	250 694	270 000	350 000	350 000	260 540	369 015	387 460	406 901
Service charges - electricity revenue	447 788	435 615	403 670	475 000	475 000	475 000	342 801	469 172	486 453	509 802
Service charges - water revenue	148 307	116 164	166 370	161 600	161 600	161 600	123 078	168 860	176 966	185 460
Service charges - sanitation revenue	41 724	43 013	47 598	52 275	52 275	52 275	40 348	55 070	57 713	60 483
Service charges - refuse revenue	33 569	49 562	46 120	53 000	53 000	53 000	42 278	57 047	59 785	62 655
Rental of facilities and equipment	1 243	1 333	1 020	1 386	1 386	1 386	753	1 034	1 084	1 136
Interest earned - external investments	4 515	7 030	5 843	6 732	6 732	6 732	2 232	4 067	4 262	4 467
Interest earned - outstanding debtors	95 140	83 818	56 828	91 112	91 112	91 112	96 630	131 457	137 767	144 380
Dividends received	-	48	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 992	5 001	156	1 001	1 001	1 001	11	500	524	549
Licences and permits	6 229	6 196	6 724	2 127	2 127	2 127	111	1 199	1 257	1 317
Agency services	11 456	12 253	13 216	12 000	12 000	12 000	-	12 000	12 576	13 180
Transfers and subsidies	506 007	781 116	854 732	699 244	699 244	699 244	505 258	788 036	871 836	962 648
Other revenue	49 854	3 094	3 806	3 579	3 579	3 579	2 419	3 754	3 934	4 123
Gains	-	-	9 515	-	-	-	32	0	0	0
Total Revenue	1 644 870	1 802 220	1 866 291	1 829 055	1 909 055	1 909 055	1 416 491	2 061 212	2 201 617	2 357 100

Table 3: Summary of Operating Expenditure by type

Description	2016/17 Audited Outcome	2017/18 Audited Outcome	2018/19 Audited Outcome	Current Year 2019/20				2020/21 Medium Term Revenue &		
				Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type										
Employee related costs	392 302	414 356	516 496	470 000	470 020	470 020	373 035	558 803	585 624	613 734
Remuneration of councillors	25 456	30 531	31 050	33 242	33 242	33 242	20 490	31 633	34 200	35 841
Debt impairment	157 979	(128 998)	936 713	275 000	275 000	275 000	25	200 000	209 600	219 661
Depreciation & asset impairment	458 952	474 336	474 165	490 000	490 000	490 000	-	475 000	491 790	498 796
Finance charges	131 937	129 675	4 123	140 501	140 501	140 501	115	135 500	141 244	142 312
Bulk purchases	452 876	499 692	814 198	560 000	549 750	549 750	350 858	600 000	625 760	641 982
Other materials	121 177	23 119	31 246	26 320	19 539	19 539	13 106	22 596	23 777	25 014
Contracted services	259 308	290 283	251 361	235 075	225 593	225 593	133 407	237 334	249 453	263 913
Transfers and subsidies	20 879	4 009	4 051	4 500	4 500	4 500	4 087	4 700	4 900	5 000
Other expenditure	248 129	195 241	97 353	189 101	167 674	167 674	92 261	199 720	210 888	220 434
Losses	-	182 526	10 456	-	-	-	690	0	0	0
Total Expenditure	2 268 996	2 114 770	3 171 212	2 423 738	2 375 819	2 375 819	988 073	2 465 285	2 577 235	2 666 688
Surplus/(Deficit)	(624 126)	(312 550)	(1 304 921)	(594 683)	(466 763)	(466 763)	428 418	(404 074)	(375 618)	(309 587)

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 1.069 billion in the 2020/21 financial year. The allocation increases to R 1.198 billion in the 2021/22 and R 1.294 billion in 2022/23.

Table 4: Transfers and Grant Allocations

Description	Budget Year 2018/2019	Budget Year 2019/2020	Budget Year 2020/2021	Budget Year +1 2021/2022	Budget Year +2 2022/2023
	R'000	R'000	R'000	R'000	R'000
Equitable Share	624 943	695 606	770 767	855 477	941 140
Financial Management Grant	1 770	2 235	2 600	2 800	3 100
Expanded Public Works Programme	1 174	1 403	1 150	-	-
Municipal Infrastructure Grant	-	-	13 518	13559	15408
Library Grant	916	-	-	-	-
Municipal Infrastructure Grant	285 258	281 797	266 282	292 000	309 000
Integrated National Electrification	-	-	15200	35 000	23 000
Energy Efficiency and Demand Side Management Grant	-	-	-	-	3 000
Total Operating Grants	914 061	981 041	1 069 517	1 198 836	1 294 648

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	PROPOSED	PROPOSED	Funding Source
		BUDGET 2020/21	BUDGET 2021/22	BUDGET 2022/23	
KLIPGAT EXTENTION WATER SUPPLY	24,8,36,37	45 000 000	15 000 000	15 000 000	MIG
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER	10,15,16,41	50 400 000	35 000 000	55 000 000	MIG
KLIPGAT SANITATION	24,8,36,37	60 810 000	40 000 000	50 000 000	MIG
WARD 1 VIP TOILETS	1	1 000 000	12 000 000	15 000 000	MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20	2 000 000	10 000 000	12 000 000	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13;14;22,	2 000 000	11 000 000	11 000 000	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES	1,2,25,26,27,29,34	2 000 000	15 000 000	15 000 000	MIG
HIGH MASS LIGHT ENERGISING	10,15,16,41	2 697 150	0	0	MIG
HIGH MASS LIGHT	ALL WARDS	5 000 000	40 000 000	45 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 1 (Ward 40 Sonop internal road)	7,25,28,31, 40	6 800 000	13 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 2 (Rehabilitation of Oukasie Clinic road and extension 4 taxi road) (ward 39)	13,14,22,39	5 800 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3 (Ward 16)	10,15,16,41	8 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4 (Ward 3 Madidi-Block C stormwater drainage system)	3,8,24,36,37	2 500 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5 (Ward 35 Oskraal Clinic road)	9,11,12,38, 35	13 000 000	13 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6 (Ward 1)	1,2	10 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7 (Ward 4-Letlhakaneng internal link road)	4,5,6,34	12 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 8 (Ward 35 - Thetele-Switch link)	17,18,19,35	4 500 000	12 000 000	7 000 000	MIG
MMAKAU LIBRARY	17,18,19	11 707 690			MIG
OUKASIE TAXI RANK	13,14,39;22	7 441 995			MIG
MADIBENG SMME DEVELOPMENT HUB- BRITS	ALL WARDS	13 625 582			MIG
KLIPGAT FIRE STATION	3,8,24,36		16 000 000		MIG
ELECTRIFICATION	ALL WARDS	15 200 000	35 000 000	26 000 000	INEP
TOTAL MIG		281 482 417	327 000 000	335 000 000	MIG

Neo Maape: **Municipal Manager (Acting)**

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Madibeng Local Municipality



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