

Extract from the minutes of the 3rd Council Meeting of Midvaal Local Municipality of 2021 held on Thursday, 25 March 2021 at 13:30

PRESENT

OFFICE BEARERS:	F.W. Peters	: Speaker
	B. M. Baloyi	: Executive Mayor
	P.J. Teixeira	: Member of the Mayoral Committee
	P. Hutcheson-Pretorius	: Member of the Mayoral Committee
	M.I. Motsamai	: Member of the Mayoral Committee
	L. Parsonson	: Member of the Mayoral Committee
	H.P. Oosthuysen	: Member of the Mayoral Committee
	P.C. Pretorius	: Chief Whip

COUNCILLORS	S. Muirhead	S.M.A. Janse van Rensburg	
	W.F. De Agrella	M. Myburgh	L.T.H. Visser
	M.C. Kruger	M.S. Schoeman	C. Pypers
	J. Mazibuko	M. Mphasane	B. Hlengwa (Teams)
	M.M. Ndebele (Teams)	M.G.I. Ngcobo (Teams)	
	T.S. Mofokeng (Teams)	M.M. Mahlangu (Teams)	
	M.L. Modikeng (Teams)	J.M. Dlangamandla (Teams)	

ALSO IN ATTENDANCE

N.S. Mhlanga	:	Municipal Manager
N. Ameer-Van Wyk	:	Acting Deputy Municipal Manager
D. Chamboko	:	Executive Director: Development and Planning
P. Magodi	:	Executive Director: Engineering Services
A. Lambat	:	Executive Director: Financial Services
S.M. Mosidi	:	Executive Director: Community Services
L. Mohaka	:	Acting Deputy Director: Office of the Speaker
A. Welman	:	Assistant Director: Admin
C.M. Lombaard	:	Admin Officer: Committees
P. Twala	:	Admin Officer: Committees

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C 2501/03/2021
SMC A/5475/03/2021

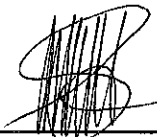
9.A.3 [FS]: DRAFT (TABLED) MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF): 2021/2022 TO 2023/2024 AS REQUIRED BY SECTION 16 OF THE MFMA

5/1/1 2021/2022 – 2023/2024

COMPETENCY: COUNCIL

RESOLVED TO RECOMMEND

1. That the report regarding the Draft Medium-Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, be noted.
2. That the Draft Medium-Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, inclusive of draft tariffs, the draft budget related policies, the draft SDBIP and the draft organisational structure, BE NOTED in terms of Section 16 of the Municipal Finance Management Act.
3. That the Draft Medium Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, inclusive of draft tariffs, draft budget related policies and draft SDBIP, BE SUBJECTED to a community consultation process in terms of Sections 22 and 23 of the Municipal Finance Management Act and that the consultation process be done in accordance with Chapter 4 of the Municipal Systems Act.
4. That the Final Medium Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, inclusive of tariffs, draft budget related policies, SDBIP and organisational structures, BE SUBMITTED to Council for final consideration on 31 May 2021 as required by section 24 of the Municipal Finance Management Act.



MS N.S. MHLANGA
MUNICIPAL MANAGER

Date: 26-03-2021

MIDVAAL LOCAL MUNICIPALITY

AGENDA OF THE 3RD ORDINARY MEETING OF 2021 TO BE HELD ON THURSDAY,
25 MARCH 2021 AT 13:30 IN THE MEYERTON TOWN HALL

C 2501/03/2021
SMC A/5475/03/2021

**9.A.3 [FS]: DRAFT (TABLED) MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK (MTREF): 2021/2022 TO 2023/2024 AS REQUIRED BY SECTION
16 OF THE MFMA**

5/1/1 2021/2022 – 2023/2024

COMPETENCY: COUNCIL

PURPOSE

To submit the Draft (Tabled) Medium Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period in terms of Section 16 of the Municipal Finance Management Act.

RECOMMENDATIONS

1. That the report regarding the Draft Medium-Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, be noted.
2. That the Draft Medium-Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, inclusive of draft tariffs, the draft budget related policies, the draft SDBIP and the draft organisational structure, BE NOTED in terms of Section 16 of the Municipal Finance Management Act.
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4. That the Final Medium Term Revenue and Expenditure Framework for the 2021/2022 to 2023/2024 financial period, inclusive of tariffs, draft budget related policies, SDBIP and organisational structures, BE SUBMITTED to Council for final consideration on 31 May 2021 as required by section 24 of the Municipal Finance Management Act.

REPORT

In terms of the legislative process, the Budget must be tabled to Council by no later than 31st March 2021 for endorsement by Council so that the public participation processes can take place during April 2021.

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Section 16 of the MFMA dealing with the tabling of annual budgets, inter alia, reads as follows:

- 1) *The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.*
- 2) *In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.*
- 3) *Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.*

Section 24 of the MFMA dealing with the approval of annual budgets and, inter alia, reads as follows:

- 1) *The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.*
- 2) *An annual budget-*
 - a) *must be approved before the start of the budget year;*
 - b) *is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and*
 - c) *must be approved together with the adoption of resolutions as may be necessary-*
 - i. *imposing any municipal tax for the budget year;*
 - ii. *setting any municipal tariffs for the budget year;*
 - iii. *approving measurable performance objectives for revenue from each source and for each vote in the budget;*
 - iv. *approving any changes to the municipality's integrated development plan; and*
 - v. *approving any changes to the municipality's budget related policies.*
- 3) *The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.*

Process Followed

MIDVAAL LOCAL MUNICIPALITY

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The key deadlines for the compilation of the IDP and Medium-Term Revenue and Expenditure Framework (MTREF, or Budget) was submitted to Council for approval during August 2020 as required by section 21(b) of the MFMA.

In terms of the approved key deadlines, the administrative process in the compilation of the budget was followed and the Budget Steering Committee provided the political oversight.

The Budget Steering Committee considered the operating budget, the capital budget, the tariffs and the budget related policies and recommended that same now be forwarded to the Section 80 Committee, the Mayoral Committee as well as Council for consideration.

Budget Summary

The operating revenue for 2021/2022 is budgeted at R1 443 663 978 which is an increase of 1.2% from the 2020/2021 adjusted budget.

The Revenue Budget has been compiled based on projected billing, however provision has been made for a 92% collection rate through the provision of funds for the impairment of debtors.

The following tariff increases are proposed:

- Electricity – 16% (subject to final confirmation of NERSA 16-20%)
- Water – 6%
- Sanitation – 6%
- Refuse Collection – 6%
- Assessment Rates – 8%

The tariff increases are above the projected inflation targets. Tariffs could not be contained within the targeted inflation limits due to increased cost of the provision of services. No growth in the volume of sales have been budgeted for.

The operating expenditure for 2021/2022 is budgeted at R1 417 883 696 (an increase of 8.3% from the 2020/2021 adjusted budget). This includes a provision for salary increases of 6%, increase in repairs and maintenance expenditure of 11.1%, operating cost of 0.3% and contracted services of 4%. Bulk purchases have been increased as follows:

Water Purchases from Rand water – 6%

Electricity Purchases from Eskom – 16%

The capital amount proposed for 2021/2022 amounts to R136 943 349.

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Midvaal mainly spends its capital expenditure on infrastructure services and for the 2021/22 financial year (67%) of the capital budget is allocated to the Engineering Services department.

The following attachments are provided:

SECTION ONE: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

Annexure A1	National Treasury Format Budget Document
Annexure B	Draft Capital Budget Summary
Annexure C	Draft Capital Budget Project List

SECTION TWO: TARIFF SCHEDULES

Annexure D Tariff Schedule for 2021/2022

SECTION THREE: BUDGET RELATED POLICIES

The budget related policies are attached as follows:

Annexure E	Tariff By-Law
Annexure F	Tariff Policy
Annexure G	Property Rates By-Law
Annexure H	Property Rates Policy
Annexure I	Credit Control and Debt Collection By-Law
Annexure J	Credit Control and Debt Collection Policy
Annexure K	Cash Management Policy
Annexure L	Investment Policy
Annexure M	Borrowing Policy
Annexure N	Budget Funding and Reserves Policy
Annexure O	Municipal Supply Chain Management Policy and Procedures
Annexure P	Asset Management Policy
Annexure Q	Policy on the Planning and Approval of Capital Projects
Annexure R	Indigents Policy
Annexure S	Policy related to the provision of free basic electricity
Annexure T	Policy related to the provision of free basic water
Annexure U	Policy on the Acceptance of Grants, Donations, Sponsorships and Gifts
Annexure V	Long Term Financial Planning Policy
Annexure W	Disposal of Assets Policy
Annexure X	Budget Implementation and Monitoring Policy
Annexure Y	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy
Annexure Z	Unclaimed Credits Policy
Annexure AA	Bulk Developer Contributions Policy
Annexure AB	Related Party Policy

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Annexure AC Cell phone and connectivity allowance Policy
Annexure AD Caucus Budget Policy
Annexure AE Billing Policy
Annexure AF Electricity By-laws
Annexure AG Water By-laws
Annexure AH Supply Chain Management Process Turn-around Time Policy
Annexure AI EFT Policy
Annexure AJ Bad Debt Provision Policy
Annexure AK Supply Chain Management Policy for Infrastructure Procurement and delivery management
Annexure AL Contract Management Policy
Annexure AM Driver Policy
Annexure AN Cost Containment Policy
Annexure AO Virement Policy
Annexure AP Indigent Screening Committee

It must be noted that all Personnel Policies will be submitted to Council as separate items where amendments are required.

SECTION FOUR: DRAFT SDBIP

The Draft SDBIP is attached as Annexure AR.

SECTION FIVE: DRAFT PROCUREMENT PLAN

The Draft Procurement Plan is attached as Annexure AS.

SECTION SIX: DRAFT ORGANISATIONAL STRUCTURES FOR 2021/2022

The Draft Organisational Structures is attached as Annexure AT, to be viewed in conjunction with staff establishment item.

SECTION SEVEN: ADDITIONAL INFORMATION

This section deals with other information that are submitted to Council for additional information as part of the annual budget documentation.

Annexure AU Midvaal Service Charter
Annexure AV NT MFMA Cost Containment Regulations
Annexure AW Midvaal Cost Containment Progress
Annexure AX MFMA Budget Circular No 107 dated 4 December 2020
Annexure AY MFMA Budget Circular No 108 dated 8 March 2021