



MASILONYANA LOCAL MUNICIPALITY-DRAFT BUDGET SUMMARY 2020/2021

In its special Council sitting on the 05th June 2020, the Council of Masilonyana Local Municipality tabled the 2020/2021 Draft Budget, Integrated Development Plan (IDP); and all Budget related policies.

1.1 Mayor's report

Budget allocation in terms of the operations and capital budget:

The municipality's total operating expenditure and capital budget is estimated to be R368.8 million. Operating expenditure has been projected at R326.7 million. The Municipality's capital expenditure amounts to R42 million that the 97% is funded from grants and the 3% from internal funds. This is supported with a revenue base of R 327 million from service charges, property rates and operational grants. The budget has a surplus of R763 thousands, and non-cash items that constitutes a big chunk of the expenditure, however these expenses has to be accounted for to ensure that the budget is realistic and credible, and minimize unauthorized expenditure. The municipality has a history of financial constraints but is working towards improving the situation hence we currently have a cash-backed cash flow for the current year and the 2 outer years.

Key priorities for the municipality towards the 2020/21 as per the IDP, SDBIP and its linkage with the Province and National priorities.

MLM exists within the Free State province which is the non-urban municipality, with a low revenue generation. In this regards the Municipality has aligned its budget and operations towards National and the Provincial key performance areas.

Radical economic transformation

MLM will conducts workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

Inviting a larger pool of SMMEs to register on the municipal database of service providers together with the National Treasury CSD. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media; also through the sessions that are called by the LED office

Constant engagement are made for the purpose of information sharing through LED office and SCM unit

Training SMMEs on completion of the bid documents. As support, the municipality also assisted the local SMMEs to get matters of their tax clearances to be resolved. The municipality provided transport for our small business enterprises to get assistance. local South African Revenue Service (SARS) office will be invited at these workshops to empower them on SARS requirements; and Settle the accounts of the SMMEs within the prescribed thirty (30) days period as they are small business, where in there challenges in this regard, prompt communication is made to make arrangements

1.2 Council Recommendations

The Council of Masilonyana Local Municipality will by the 30 June 2020 have a sitting where the Mayor will table the Final Budget 2020/21 Draft Budget and Medium Term Revenue and Expenditure Framework (MTREF) in terms of section 16(2) of the Municipal Finance Management Act (56 of 2003), subsequently be tabled to council 90 days before start of budget year.

1.2.1 That cognisance be taken of the report of the Mayor regarding the 2020/2021 budget.

1.2.2 That Council of Masilonyana Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) tabling the Draft Budget

1.2.3 that the annual draft budget of the municipality for the financial year 2020/21 as set out in the tables below be noted

1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12. The operating budget is summarised as follows;

DESCRIPTION	BUDGET 2020/2021	BUDGET 2021/2022	BUDGET 2022/2023
Operational Revenue	327 481 000	345 849 000	364 804 000
Operational Expenditure	326 719 000	341 882 000	354 801 000
Surplus/Deficit	763 000	3 967 000	10 003 000

That cognizance be taken that the operational budget is inclusive of the non-cash items which are Depreciation and assets impairment of R45 million and Debt impairment of R73 million, and the debt impairment amount is due to the anticipated revenue collection of 60%.

- 1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type);
- 1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source. The capital budget is summarized as follows:

FUNDING SOURCE	CAPITAL BUDGET 2020/2021	CAPITAL BUDGET 2021/2022	CAPITAL BUDGET 2022/2023
Municipal Infrastructure Grant	30 017 000	24 533 000	26 133 000
Water Services Infrastructure Grant	11 000 000	12 000 000	12 576 000
Internal Funding	1 123 000	174 000	246 000
TOTAL CAPEX	42 140 000	37 177 000	38 833 000

The is also an amount of R 153 million Gazetted on the DORA for Regional Bulk Infrastructure Grant transfers and an additional R 10 million for Water Services Infrastructure Grant, however these are Gazetted as in-kind capital grants and will not be reflected in the 2020/2021 Draft Municipal MTREF.

1.2.8 That the Council of Masilonyana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000) approve and adopt with effect from 1 July 2019 the following tariffs and rates:

1.2.8.1 Consolidated Final Tariff book 2020/2021 (per department) - **Annexure "1"**

1.2.9 That the Council of Masilonyana Local Municipality approves the following 2020/21 revised budget related policies and tariffs:

- 1.2.9.1 *Municipal Property rates policy (Annexure “2”)*
- 1.2.9.2 *Budget policy (Annexure “3”)*
- 1.2.9.3 *Tariff policy (Annexure “4”)*
- 1.2.9.4 *Indigent policy (Annexure “5”)*
- 1.2.9.5 *Fixed Asset management policy (Annexure “6”)*
- 1.2.9.6 *Cash management & investment policy (Annexure “7”)*
- 1.2.9.7 *Credit control & Debt Collection policy (Annexure “8”)*
- 1.2.9.8 *Supply Chain Management policy (Annexure “9”)*
- 1.2.9.9 *Unauthorized, Irregular Fruitless and Wasteful policy (Annexure “10”)*
- 1.2.9.10 *Bad debt write-off policy (Annexure “11”)*
- 1.2.9.11 *Policy governing payments of creditors, councilors and officials (Annexure “12”)*
- 1.2.9.12 *Subsistence and Travel policy (Annexure “13”)*
- 1.2.9.13 *Disclosure Related parties’ policies (Annexure “14”)*
- 1.2.9.14 *Events after reporting date policy and procedure manual (Annexure “15”)*
- 1.2.9.15 *Virements Policy (Annexure “16”)*

1.3 Executive summary

The application of sound financial management principles for the compilation of the Masilonyana’s financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Masilonyana has committed itself to respond to the people’s legitimate demand for a better life as reflected in our budget in which the key priorities are water, and related critical infrastructure maintenance. In a continued effort to create jobs for the inhabitants of MLM and to encourage private sector investment, the capital budget is being focused on addressing the backlog of the aging infrastructure of the municipality and also to address the capacity in terms distribution of water at the areas in Winburg through funding from DWA.

Masilonyana has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers; and to also ensure that the indigent register is up-to-date. The intervention of the Mayor and Council was requested to communicate this message to the community for the campaigns of indigents to be a success.

National Treasury’s MFMA Circular No. 98 & 99 were used to guide the compilation of the 2020/21 MTREF

The main challenges experienced during the compilation of the 2020/21 MTREF can be summarized as follows:

1. The on-going difficulties in the national and local economy;
2. Aging and poor water, electricity and roads infrastructure;
3. Poor water supply in all towns of the Municipality.
4. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
5. The increased cost of bulk water and electricity (due to tariff increases from Department of Water and Sanitation and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – we are fast reaching a point where services are will no longer be affordable; and as a result of this, the debt is growing
6. Wage increases for municipal staff
7. COVID-19 pandemic

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

The 2019/20 Original Budget priorities and targets of Masilonyana Local Municipality, as well as the base line allocations, contained in that Budget were adopted as the upper limits for the new baselines for the 2020/21 annual budget, it was also focused that the Municipality have a zero-based budget.

Tariff and property rate increases should be affordable. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address Infrastructure backlogs;

1.4 Charting the Way Forward

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/2019 Medium-term Revenue and Expenditure Framework:

ANNUAL BUDGET TABLES

Table 1: Consolidated Overview of the 2020/2021 MTREF

2019/20 MTREF BUDGET SUMMARY			
Description	BUDGET 2020/2021	BUDGET 2020/2021	BUDGET 2021/2022
Total Operating Revenue	327 481 000	345 849 000	364 804 000
Total Operating Expenditure	326 719 000	341 882 000	354 801 000
Surplus/(Deficit) of the year	763 000	3 967 000	10 003 000
Total Capital Expenditure	42 140 000	37 177 000	39 079 000

The total capital budget is exclusive of the in-kind capital budget.

Total operating revenue stands at 327 million for the 2020/21 financial year while total operating expenditure has been appropriated at R327 million, R342 million in 2021/2022 and R355 in 2022/2023. The municipality has a surplus on the budget. The operating expenditure budget is inclusive of non-cash item as reported above on 1.2.4.

MFMA Circular no. 58-79 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing GRAP 17 in 2008/09 financial year.

However, there continues to be a focus to reduce the deficit for the municipality in line with National Treasury circular 72 requirements, to produce a funded surplus budget which is now not the case due to the high non-cash items and low revenue collection estimates. In line with this requirement and with implementation of financial turnaround strategy the municipality projects to achieve moderate surpluses in the years following 2020/2021. This would be achieved through the re-structuring of tariffs that are cost reflective and improved collection of revenue which is estimated at 60% for this budget year. The collection rate is anticipated to improve as a result of installation of SMART Prepaid Electricity meters, and the project has started with installation for commercial users and expecting to start generating revenue from the project from May 2020.

Masilonyana Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury in Circular 80 and 82 in line with the Municipality's revenue enhancement strategy.

These measures will be implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

Table 2: Summary of revenue classified by main revenue source

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	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	2	29,434	42,213	44,450	48,006	48,006	48,006	48,006	64,486	67,478	70,555
Service charges - electricity revenue	2	20,446	30,191	32,183	34,004	34,004	34,004	34,004	24,805	25,946	27,139
Service charges - water revenue	2	34,061	34,563	40,167	38,296	38,296	38,296	38,296	54,825	57,347	59,985
Service charges - sanitation revenue	2	20,431	19,676	23,269	21,456	21,456	21,456	21,456	28,284	29,585	30,946
Service charges - refuse revenue	2	10,211	12,945	15,045	13,294	13,294	13,294	13,294	16,396	17,150	17,939
Rental of facilities and equipment		339	149	157	165	165	165	165	174	182	190
Interest earned - external investments		63	564	594	625	625	625	625	659	690	721
Interest earned - outstanding debtors		28,990	4,757	5,179	5,448	5,448	5,448	5,448	5,570	5,826	6,094
Dividends received	2	2	6	8	8	8	8	8	9	9	10
Fines, penalties and forfeits		224	1	500	526	526	526	526	554	579	606
Licences and permits					-	-	-	-	-	-	-
Agency services					-	-	-	-	-	-	-
Transfers and subsidies		105,315	89,833	110,412	121,876	121,876	121,876	121,876	131,350	140,671	150,213
Other revenue	2	6,603	3,760	-	350	350	350	350	369	386	404
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		256,118	238,658	271,962	284,055	284,055	284,055	284,054	327,481	345,849	364,804

Services charges forms the largest component of the revenue basket for the municipality which amounts to R124 million The second largest source is property rates at R64 million when we are not considering grant and subsidies.

Operational Transfers and subsidies constitutes R 131 million of the operating budget.

Table 3 Operating Transfers and Grant Receipts

FS181 Masilonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		92,334	97,714	110,412	121,876	121,876	121,876	131,350	140,671	2,947
Local Government Equitable Share		79,723	86,054	103,492	114,822	114,822	114,822	127,950	138,071	147
Finance Management		1,825	1,900	1,970	1,970	1,970	1,970	2,400	2,600	2,800
Municipal Systems Improvement										
EPWP Incentive		1,147	1,000	1,000	1,000	1,000	1,000	1,000		
Energy Efficiency and Demand Management		6,000	5,000	-						
Councillors support Grant		3,639	3,760	3,950	4,084	4,084	4,084			
Provincial Government:		-	12,576	-	-	-	-	-	-	-
Cogla Financial Relief grant			12,576							
Councillors support Grant										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										

Summary of Rates and Service Charge Tariff implications to the 2020/21 MTREF Budget:

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised local economic conditions, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Water bulk tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will increase by 6.9 percent on bulk electricity, as approved by Nersa.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities.

The basket of goods and services utilised for the calculation of the CPIX consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The current challenge that will face MLM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows:

1.3.2 Operating Expenditure Framework

The Council's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

repairs and maintenance plan;

Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA

The capital programmes (capital budget implementation plan).

Operational gains and efficiencies will be directed to funding the capital budget and other capital projects that not budgeted but needs to be prioritised and other core services; and

Strict adherences to the principle of no project plan no budget. If there is no business plan, procurement plans, no funding allocation can be made.

The following table is a high level summary of the 2020/2021 budget and MTREF

Figure 2: Expenditure by major type for the 2020/2021 financial year

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	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	1										
Employee related costs	2	85,165	89,286	94,018	98,372	98,372	98,372	98,372	109,364	114,487	119,753
Remuneration of councillors		6,071	6,893	7,258	7,636	7,636	7,636	7,636	7,276	7,610	7,960
Debt impairment	3	95,590	35,000	51,324	89,423	89,694	89,694	89,694	73,196	76,563	80,084
Depreciation & asset impairment	2	76,017	26,534	27,940	51,761	11,001	11,001	11,001	45,393	51,420	53,712
Finance charges		11,038	1,335	1,406	1,479	1,479	1,479	1,479	1,546	1,617	1,691
Bulk purchases	2	-	11,105	181	39,892	39,892	39,892	39,892	44,300	46,183	45,875
Other materials	8	12,961	11,059	13,952	4,701	4,351	4,351	4,351	1,194	1,538	1,234
Contracted services		-	3,175	3,818	24,607	12,452	12,452	12,452	21,832	22,836	23,887
Transfers and subsidies		-	-	-	-	1,000	1,000	1,000	1,045	1,061	1,110
Other expenditure	4, 5	36,738	23,565	30,197	23,926	20,152	20,152	20,152	21,574	18,567	19,494
Loss on disposal of PPE		324	-	-	-	-	-	-	-	-	-
Total Expenditure		323,904	207,951	230,094	341,797	286,029	286,029	286,029	326,719	341,882	354,801

Expenditure: 2020/2021

The budgeted allocation for employee related costs for the 2020/21 financial year amounts to R109 million, which equals 33 percent of the total operating expenditure; Employee related cost overall will increase by 10 percent and this is because of correcting measures of under-budgeting for employee related costs and also taking into consideration new appointments that were made in 2019/20 financial year. Overall the total employee related cost and councillor's remuneration totals to 36 percent of the budget.

The following are highlights of the components of operating expenditure:

As per MFMA circular 86 respectively, overtime is only being provided for emergency services and other critical functions; this is an item that was growing as management did not have proper monitoring and control over it, however, the policy that will regulate overtime and procedures has been develop to address it.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).

The most recent proclamation (Government Gazette no. 35962) in this regard has been taken into account in compiling the municipality's budget and an increase of 5.2 percent has factored in as per the MFMA circular 94 taking into consideration grading number 3 of the municipality;

The provision of debt impairment was determined based on an annual collection rate of 60 percent, and the 40 percent of the debt has been impaired against the bad debtors and the remainder on revenue foregone (Exempt property rates, discounts/incentives and interest write offs). For the 2020/2021 financial year this amount equates to R73 million. While this expenditure is considered to be a non-cash flow item; it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management. Depreciation is widely considered a proxy for the measurement of the rate asset of consumption of assets. Budget appropriations in this regard total R45 million for the 2020/21 financial year and equates to 14 percent of the total operating expenditure.

Finance charges consist primarily of interest on ESKOM outstanding debt and other charges

Bulk purchases are directly informed by the purchase of electricity from Eskom and water boards. The Eskom and Water payment plans has been taken into consideration for this years budgeted. The increases have been factored into the budget appropriations and directly inform the revenue provisions.

The Bulk purchase constitutes 14 percent of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item which has already been prioritized. The municipality has been ensuring that the distribution losses are minimised and calculated on a monthly basis. The Municipality also needs to install bulk zonal meters to assist in ensuring that the municipality has control on the distribution of water especially in the wards where there's non-payments.

In line with the Masilonyana’s repairs and maintenance plan, this group of expenditure has been prioritized to ensure sustainability of the infrastructure. For 2020/21 a provision of R15.5 million has been secured. The municipality has been granted 5% of the MIG projects to be allocated to the repairs and maintenance. This is still under the MFMA circular 74 Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value, which in these case the Municipality does not comply due to financial constraints but will eventually meet the target.

Contracted services takes into consideration the cost of mSCOA support, government garage, AFS and R&M (as classified by mSCOA as contracted services). In the 2020/21 financial year, this expenditure category totals 21.8 million which constitutes 7% of the operating budget.

Other general expenses have been identified as one of the highest cost drivers for the municipality. In the 2019/2020 financial year, this group of expenditure totals R21.5 million or 7 percent of the total operational budget. In this item, there’s security services that the municipality has made provision for.

1.3.2.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the MLM Indigent Management Policy. The target is to register 4000 or more indigents households during the 2020/2021 over MTREF financial year, a process reviewed annually, however due to the COVID-19 pandemic no roadshow have been held to assist the process of registration of new clients . The Indigent is an ongoing process where if anyone can lose their jobs as a result of this they may be declared as indigent , we will however be adjusting the budget if we reach that target. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R128 million receivable in terms of the annual Division of Revenue Bill.

Table 5: Capital expenditure by vote

The following table provides a breakdown of budgeted capital expenditure by vote.

FS181 Masilonyana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand																

Table 7: Capital Budget per Infrastructure Type

FS181 Masilonyana - Supporting Table SA36 Detailed capital budget

Function	Project Description	Project Number	Type	WTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	2020/21 Medium Term Revenue & Expenditure Framework						
												Audited Outcome 2019/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23		
Parent municipality: List of capital projects grouped by Function																		
MIGFS0752CF0910	Wingsburg Construction of sport centre	MIGFS0752CF0910	New	Inclusion and access					4.5									333
MIGFS0855W1111	Thaunissen/Maalic: Installation of 3720 dome	MIGFS0855W1111	New	Inclusion and access					37.89									150
MIGFS0857W1111	Brandorff/Majemane: Installation of 2719 dome	MIGFS0857W1111	New	Inclusion and access					1.10									150
MIGFS0859W1111	Wingsburg/Maalic: Installation of 3720 dome	MIGFS0859W1111	New	Growth					4.5									150
MIGFS1080CF1917	Maalic: Refurbishment of sport facility (MS2)	MIGFS1080CF1917	Renewal	Inclusion and access					37.89									848
MIGFS1371S2020 (SMF)	Verkeerdorff/Thompson: Rehabilitation and	MIGFS1371S2020 (S)	Renewal	Growth					3									7,112
MIGFS1372W2020 (SMF)	Brandorff/Majemane: Rehabilitation of	MIGFS1372W2020 (S)	Renewal	Growth					1.1									3,265
MIGFS1214R,ST1917	Brandorff/Majemane: Construction of	MIGFS1214R,ST1917	New	Inclusion and access					1.10									9,018
MIGFS122R,ST1917	Maalic/Thaunissen: Upgrading of	MIGFS122R,ST1917	Upgrading	Growth					37.89									
MIGFS1320C1917	Brandorff/Majemane: Fencing of	MIGFS1320C1917	New	Inclusion and access					1.10									3,098
MIGFS153S17918	Wingsburg/Maalic: Construction of	MIGFS153S17918	New	Inclusion and access					4.5									4,081
MIGFS154S17918	Verkeerdorff/Thompson: Construction of	MIGFS154S17918	New	Inclusion and access					3									656
MIGFS155C1918	Wingsburg/Maalic: Fencing of	MIGFS155C1918	New	Inclusion and access					4.5									1,945
MIGFS157C1918	Wingsburg/Maalic: Fencing of	MIGFS157C1918	New	Inclusion and access					4.5									2,943
MIGFS129S19120	Verkeerdorff/Thompson: Construction of	MIGFS129S19120	New	Inclusion and access					3									2,076
MIGFS129C19121	Verkeerdorff/Thompson: Construction of	MIGFS129C19121	New	Inclusion and access					3									4,322
Parent Capital expenditure													-	-	21,488	9,188	16,482	

2020/2021 TARIFF INCREASE

PROPERTY RATES

The tariff for property rates will increase by 4.9% and will be implemented on the 01 July 2020. Registered indigents will again be granted the service per 30-day period free of charge.

2020/2021 MASILONYANA DRAFT TARIFFS		TARIFFS VAT EXCL 2019/2020 RAND	TARIFFS VAT EXCL 2020/2021 RAND
1	<u>PROPERTY RATES</u>		
	RESIDENTIAL PROPERTIES (ALL TOWNS)		
	Undeveloped Vacant land Private owned	0.01694	0.01777
	INDUSTRIAL PROPERTIES	-	-
	BUSINESS AND COMMERCIAL PROPERTIES (ALL TOWNS)	0.03388	0.03554
	Undeveloped Vacant land Private owned	0.03388	0.03555
	AGRICULTURAL PROPERTIES (residential tariff/4)	0.00253	0.00265
	MINING PROPERTIES	0.03388	0.03554
	PROPERTIES OWNED BY ORGAN OF STATE (ALL TOWNS)	0.03388	0.03554
	Hospitals	0.03388	0.03555
	Clinics	0.03388	0.03555
	Police Flats/Stations	0.03388	0.03555
	Testing Stations	0.03388	0.03555
	Correctional Facilities	0.03388	0.03555
	Courts of Law	0.03388	0.03555
	Libraries	0.03388	0.03555
	Agriculture	0.03388	0.03555
	PUBLIC SERVICE INFRASTRUCTURE 30%exempt (market value)	0.00424	0.00444
	PUBLIC BENEFIT ORGANISATION	0.01694	0.01777

ELECTRICITY

Considering the Eskom *increases*, the consumer tariff had to be increased by 6.22 percent (as per NERSA approval) to offset the additional bulk purchase cost from 1 July 2020.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers

Proposed new electricity charges and increases

Domestic Prepaid

	19/20 Implemented	20/21 Proposed	% Increase
Basic charge p/m	R 94.57	R 100.45	6.22%
Block 1 (0-50 kWh) p/kWh	102.75c	109.08c	6.22%
Block 2 (51 – 350kWh) p/kWh	122.09c	129.68c	6.22%
Block 3 (351 – 600kWh)p/kWh	175.99c	186.93c	6.22%
Block 4 (>600kWh)p/kWh	210.13c	223.20c	6.22%

Domestic Conventional

	19/20 Implemented	20/21 Proposed	% Increase
Basic charge	R127.30	R135.21	6.22%
Block 1 (0-50 kWh) p/kWh	93.65c	99.47c	6.22%
Block 2 (51 – 350kWh) p/kWh	122.09c	129.68c	6.22%
Block 3 (351 – 600kWh)p/kWh	175.99c	186.93c	6.22%
Block 4 (>600kWh)p/kWh	210.13c	223.20c	6.22%

Schools & Old age homes

	19/20 Implemented	20/21 Proposed	% Increase
Conventional			
Basic charge p/m	R353.63	R375.62	6.22%
Energy charge - c/kWh	155.37c/kWh	165.03c	6.22%
Prepaid			

Basic charge	R176.13	R187.08	6.22%
Energy charge - c/kWh	155.37c/kWh	165.03c	6.22%

Commercial <50kVA

	19/20 Implemented	20/21 Proposed	% Increase
Conventional			
Basic charge p/m	R394.00	R418.50	6.23%
Energy charge - c/kWh	177.30c/kWh	188.32c	6.23%
Prepaid			
Basic charge p/m	R394.00	R418.50	6.23%
Energy charge - c/kWh	177.30c/kWh	188.32c	6.23%

Commercial greater than 50kVA

	19/20 Implemented	20/21 Proposed	% Increase
Basic charge p/m	R586.13 p/m	R622.58	6.22%
Energy charge - c/kWh	98.50c/kWh	104.62c	6.22%
Demand charge	R216.70/kVA	R230.17/kVA	6.22%

Commercial (Industrial): Large Power User 400V (Scale 3A)

	19/20 Implemented	20/21 Proposed	% Increase
Basic charge p/m	R 1 318.38	R 1 400.38	6.22%
Energy charge - c/kWh	90.92c/kWh	96.57c	6.22%
Demand charge	R250.02/kVA	R265.57/kVA	6.22%

Commercial (Industrial): Large Power User 11kV (Scale 3B)

	19/20 Implemented	20/21 Proposed	% Increase
Basic charge p/m	R 811.12	R861.57	6.22%
Energy charge - c/kWh	78.80c/kWh	83.70c	6.22%
Demand charge	R 257.41/kVA	R 273.42/kVA	6.22%

Departmental Use

	19/20 Implemented	20/21 Proposed	% Increase
Basic charge p/m	R367.73	R390.60	6.22%
Energy charge - c/kWh	178.61c/kWh	189.71c	6.22%

Farming

	19/20 Implemented	20/21 Proposed	% Increase
Conventional			
Basic charge p/m	R235.03	R249.64	6.22%
Energy charge - c/kWh	158.13c/kWh	167.96c	6.22%
Prepaid			
Basic charge p/m	R235.03	R249.64	6.22%
Energy charge - c/kWh	R186.36c/kWh	197.95c	6.22%
Commercial Conventional less than 50kVA/Commercial Prepaid			
Basic charge p/m	R525.33	R558.00	6.22%
Energy charge - c/kWh	210.13c/kWh	223.20c	6.22%

- **Refuse Removal and Impact of Tariff Increases**

A 4.9 percent increase in the waste removal tariff is proposed from 1 July 2020. The following table compares current and proposed amounts payable from 1 July 2020: Registered indigents will again be granted the service per 30-day period free of charge.

Comparison between current waste removal charges and increases

<u>REFUSE REMOVAL</u>	2019/2020	2020/2021
<i>Households</i>	75.67	79.60
<i>Households Indigents</i>	84.94	85.94
<i>Businesses</i>	219.07	230.47
<i>Garden refuse removal</i>	294.50	309.81
<i>Building material removal 6 cubic metre</i>	538.01	565.99
<i>Government refuse removal per month</i>	726.92	764.71

Sewerage and impact of Tariff Increases

A 4.9 percent increase in the waste removal tariff is proposed from 1 July 2020. The following table compares current and proposed amounts payable from 1 July 2020: Registered indigents will again be granted the service per 30-day period free of charge.

SEWERAGE TARIFFS	2019/2020	2020/2021
<i>Buckets per month</i>	128.51	134.29
<i>Households</i>	128.51	134.29
<i>Households Indigents</i>	101.32	105.88
<i>Business</i>	450.20	470.46
<i>Schools with septic tanks per cubic meter</i>	1,607.90	1,680.25
<i>Schools with sewerage</i>	1,556.47	1,626.51
<i>Post Office</i>	1,562.81	1,633.13
<i>SAPS</i>	1,562.81	1,633.13
<i>Correctional Services</i>	16,965.28	17,728.71
<i>Hostels</i>	466.26	487.25
<i>Dept of Justice</i>	527.42	551.15
<i>SAPS Quarters and Hostels</i>	2,974.56	3,108.42
<i>Hospitals</i>	22,976.54	24,010.48
<i>Traffic Department</i>	530.52	554.39
<i>Old age homes</i>	1,061.18	1,108.93
<i>Households with Septic Tanks per cubic meter</i>	189.66	198.20
<i>Business with Septic Tanks</i>	413.00	431.59
<i>Opening of a blocked drain</i>	442.59	462.51

Sale of Water and Impact of Tariff Increases

Inclining Block Tariffs (IBT) will be implemented to discourage users not consume huge consumptions of water. The tariff for 2020/2021 will increase by 4.9% implantable on the 01 July 2020. Registered indigents will again be granted 6Kls per 30-day period free of charge.

The following table depicts the proposed tariffs on water as of 1 July 2020

WATER CONSUMPTION	2019/2020	2020/2021
<i>Minimum charge</i>	85.39	89.23
<i>Minimum charge Indigents</i>	134.87	140.94
<i>0-6 Kilolitre</i>	7.53	7.86
<i>0-6 Kilolitre</i>	7.53	7.86
<i>7-10 Kilolitre</i>	11.04	11.54
<i>11-15 Kilotre</i>	14.56	15.22
<i>16-21 Kilolitre</i>	18.22	19.04
<i>>21 Kilolitre</i>	20.73	21.66

<i>Flat rate per month</i>	190.98	199.57
REPAIR WORK <i>Actual cost plus 10%</i>		
RECONNECTION FEES <i>Reconnection</i>	1,129.54	1,180.37
<u>COMMERCIAL</u>		
<i>Consumption up to 200 per kilolitre</i>	18.22	19.04
<i>Consumption >200 per kilolitre</i>	20.73	21.66
<u>INSTITUTIONAL BUILDING</u>		
<i>Consumption up to 200 per kilolitre</i>	15.71	16.41
<i>Consumption >200 per kilolitre</i>	18.22	19.04
<u>INDUSTRIES</u>		
<i>Consumption up to 200 per kilolitre</i>	18.22	19.04
<i>Consumption >200 per kilolitre</i>	21.99	22.98
<u>VACANT STANDS</u>		
Basic charge		
<i>Per residential stand</i>	221.13	231.09
<i>Per non- residential stand</i>	248.78	259.97
	-	-

Due to COVID-19 that was classified as a National Disaster by the President Cyril Ramaphosa, the MFMA legislative dates were delayed and as a result the 2020/2021 Draft Budget was Tabled to Council on the 05 June 2020. And as a result of COVID-19 there will be no physical public meetings, however together with this advert, all budget related documents will be on the municipal website and offices for inputs.

“Working Together We Move Masilonyana Forward”