



Mogale City

Tel: 011 951 2000
Fax: 011 660 4043

P O Box 94
Krugersdorp
1740

28 MAY 2021

EXTRACT FROM THE MINUTES OF THE 32nd SPECIAL MEETING OF THE COUNCIL OF MOGALE CITY LOCAL MUNICIPALITY FOR THE TERM 2016-2021, HELD ON 28 MAY 2021 AT 19H:00 USING A PLATFORM OF VIDEO CONFERENCING IN LINE WITH REGULATION 6.7.3 OF THE DISASTER MANAGEMENT ACT, AS GAZETTED/AMENDED ON THE 6/7 MAY 2020

ITEM K(ii) 01(05/2021)

PROPOSED 2021/2022 CONSIDERATION OF APPROVAL OF ANNUAL BUDGET & MTREF

RESOLVED:

1. That cognizance be taken of the following:

- 1.1 Of the report on annual budget and it's supporting documents (proposed tariffs schedule, budget funding plan and amended budget related policies) for the 2021/2022 to 2023/2024 Medium Term Revenue & Expenditure Framework (MTREF) as required by Sec 24 of the Municipal Finance Management Act (MFMA) No.56 of 2003.
- 1.2 Of the fact that the annual budget proposed operating deficit of R337 million is mainly due to non-cash items (depreciation and debt impairment amounting to R491 million), excluding these non-cash items the projected surplus is R154 million.
- 1.3 Of the fact that 66% of the operating budget expenditure is under two categories, namely remuneration at 28% and bulk purchases at 38%.
- 1.4 Of the revenue budget limited to 90% of the collection rate against the billed revenue resulting in continuous cash flow constraints and creditors' payment not been met within MFMA prescribed time.
- 1.5 Of the report on the model of providing security services within Mogale City Local Municipality and that the outsourcing of the security services function by Mogale City Local Municipality is efficiently, effectively and economically provided through the outsourcing model.
- 1.6 Of the fact that MCLM is currently providing a licensing function on behalf of GDRT at a financial lost (-R6 472 073 per annum) this is attributed to the

current fee structure (Agency Fee), resulting in the function not being fully funded (Unfunded Mandate).

- 1.7 Of the analysis done on trading services (electricity and water) running at loss and the need to restructure the tariffs to be cost-reflective.
- 1.8 Of the fact that Council of Mogale City's proposed annual budget for 2021/22 is unfunded due to impact of COVID-19 and unfavourable economic situation whereby revenue has declined drastically, budget funding plan is presented as a supplementary to proposed budget attached in Schedule 3.
2. That Municipal Council approve the annual budget Mogale City Local Municipality for the financial years 2021/2022 and the indicative estimates for the two projected outer years for 2022/2023 and 2023/2024, as set out in the schedules listed below as required by section 24 of the Municipal Finance Management Act 56 of 2003.
3. That the approved annual budget of the municipality for the financial year 2021/2022 and the multi-year and single year capital appropriations as set out in accordance with Municipal Budget and Reporting (MBRR) section 9 in the following tables be approved as follows:
 - 3.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in (MBRR Table A1).
 - 3.2 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in (MBRR Table A2).
 - 3.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in (MBRR Table A3).
 - 3.4 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in (MBRR Table A4).
 - 3.5 Multi-year and single-year capital appropriations by municipal vote and functional classification and associated funding by source as contained in (MBRR Table A5).
 - 3.6 Budgeted Financial Position as contained in (MBRR Table A6)
 - 3.7 Budgeted Cash Flows as contained in (MBRR Table A7).
 - 3.8 Cash backed reserves and accumulated surplus reconciliation as contained in (MBRR Table A8).
 - 3.9 Asset management as contained in (MBRR Table A9).
 - 3.10 Basic service delivery measurement as contained in (MBRR Table A10).
4. That the provision be made for a 3.9% increase in the salaries of employees, which is informed by the average CPI including section 54A & 56 officials.
5. That a provision be made for a 1% estimated increase in salaries of councillors, which still have to be announced in terms of Public Office Bearers Act.
6. That the reviewed Integrated Development Plan (IDP) which include municipal council strategies, prioritized the community needs as well as recommending to council, programmes and services to address these priority needs be approved.
7. That the Council of Mogale City Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts and approves the following tariffs:

- 8.1 the tariffs for electricity – as set out in Schedule 4(a).
 - 8.2 the tariffs for the supply of water – as set out in Schedule 4(a).
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- 8.3 the tariffs for sanitation services – as set out in Schedule 4(a).
- 8.4 the tariffs for property rates – as set out in Schedule 4(a).
- 8.5 the tariffs for solid waste removal – as set out in Schedule 4(a).
- 8.6 the tariffs for other services, as set out in Schedule 4 (a).
- 8.7 the tariffs for bulk contributions and wayleaves, as set out in Schedule 4 (b).

9. That the Council of Mogale City of Mogale City Local Municipality, in terms of Section 5 of the Local Government: Municipal Property Rates Act (Act 6 of 2004) approves the reviewed property rates policy.
10. That the Council of Mogale City Local Municipality, in terms of Section 6 of the Local Government: Municipal Property Rates Act (Act 6 of 2004) approves the rates By-laws to give effect to the rates policy.
11. That Council adopts and approves the Budget Funding Plan for 2021/2022 & MTREF as set out in Schedule 3.

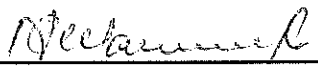
That the following revised, new budget related policies and reviewed IDP be adopted and approved:

- 11.1 Annexure 1: Reviewed Property Rates Policy
- 11.2 Annexure 2: Reviewed Property Rates By-Law
- 11.3 Annexure 3: Reviewed Cash Management & Investment Policy
- 11.4 Annexure 4: Reviewed 1% Corporate Social Responsibility
- 11.5 Annexure 5: Reviewed Cost Containment Policy
- 11.6 Annexure: 6 Reviewed Unclaimed Monies Policy
- 11.7 Annexure 7: Reviewed Virement Policy
- 11.8 Annexure 8: Reviewed Budget Management Policy
- 11.9 Annexure 9: Reviewed Adjustment Budget Policy
- 11.10 Annexure 10: Reviewed Credit Control & Debt Collection Policy
- 11.11 Annexure 11: Reviewed Supply Chain Management Policy
- 11.12 Annexure 12: Reviewed Indigent Management Policy
- 11.13 Annexure 13: Reviewed Indigent Burial Policy
- 11.14 Annexure 14: Reviewed Grant in Aid Policy
- 11.15 Annexure 15: Reviewed Bulk Contributions Policy

12 That the following budget related policies be noted as were approved during the past financial years and remain in force for the 2021/2022 financial year:

- 12.1 Write Off Policy
- 12.2 Sports & Recreation Facilities Tariff Policy
- 12.3 General Tariff Policy
- 12.4 Public Safety Tariff Policy
- 12.5 Water Services By-laws
- 12.6 Mogale City Tree Management & Conservation Policy
- 12.7 Mogale City Parks By-Laws
- 12.8 Fleet Management Policy
- 12.9 Borrowing Policy
- 12.10 Long Term Financial Plan Policy
- 12.11 Sanitation Tariff Policy
- 12.12 Methodology – Impairment Assessment of Useful lives for Assets Policy
- 12.13 Asset Management Policy
- 12.14 Waste Management Tariff Policy
- 12.15 Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy

CERTIFIED A TRUE EXTRACT


COUNCILLOR N C MANGOLE
SPEAKER OF COUNCIL

DATE: 1/06/2021