

SMC1 of 2018

PROGRESS REPORT ON MAYORAL LEGOTLA RESOLUTIONS (MM) (2/2/7)

PURPOSE

To present to the Special Mayoral Committee an update on the Mayoral Lekgotla resolutions taken from the 15-17 March 2017.

BACKGROUND

In preparation for drafting of the 2017/2022 IDP, the Executive Mayor convened a Lekgotla from the 15-17 March 2017 to ensure that we prioritize plans for the next 5 year term of office.

A number of participants were invited to make presentations. These included Housing Development Agency which was invited to share information on accreditation processes; Office of the Premier on monitoring and evaluation of programmes; Harmony Mine on their social labour plan. Included in presentations were those coming from internal Directorates

Four commissions were established with commission chairpersons as members of the mayoral committee as follows: Local Economic Development, Finance, Governance, Infrastructure and Safety and Security. A commission resolution register was developed with actions required to address issues raised during both commissions and plenary.

***** Attached under Separate Cover (1) is the Lekgotla Resolutions report of 2017.**

LEGAL IMPLICATIONS

No legal implications

FINANCIAL IMPLICATIONS

No financial implications

RECOMMENDATIONS

1. That Special Mayoral Committee notes the progress report as developed by management.
2. That the draft progress report be presented to the coming Mayoral Lekgotla Planned for the 16-17 April 2018 for further discussion.

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REPORT ON IDP MATRIX FOR 2017/2022 (MM) (9/3/1)**PURPOSE**

To report to Special Mayoral Committee progress achieved for inputs made during the Integrated Development Plan and Budget public participation process for the 2017/2018 financial year.

BACKGROUND

Council met on the 28th March 2017 and the IDP, budget and SDBIP were submitted for discussion as separate items. It was resolved during the same meeting on the draft IDP as follows:

- *That Council **TAKES NOTE** of the draft IDP document as a work in progress.*
- *That the draft IDP **BE SUBJECTED** to public consultation as per adopted IDP process plan.*
- *That the draft IDP incorporating inputs from consultations **BE RE-TABLED** to Council for final approval.*
- *That the IDP **BE WARD-BASED**.*
- *That all issues raised by the communities in previous years **BE SUMMARIZED** and **INCORPORATED** in the current IDP.*

As per the IDP process plan, an IDP/Budget Representative forum was held on 25th April 2017 and was then followed by Public Participation process which was taken as per the Council resolution as well as the Municipal Systems Act.

The ward based community meetings were held in all wards of Matjhabeng from 25 April to 16 May 2017 as reflected on the report. Additional to the scheduled community meetings, a draft IDP was distributed to all public libraries throughout the municipality for inspection and comments by members of the community.

The municipal website was also used to publish the IDP for comments. The abridged version of the IDP was also published in the local newspapers to ensure greater communication and coverage.

*** **Attached under Separate Cover (2) report on IDP Matrix for 2017/2022.**

FINANCIAL IMPLICATION

Development and updating of the IDP matrix did not bear any financial costs to the Municipality.

LEGAL IMPLICATIONS

Local Government: Municipal Systems Act; no 32 Of 2000

Chapter 4 (16) (1) A Municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-

- (a) encourage, and create conditions for, the local community to participate in the affairs of the Municipality, including in-

The preparation, implementation and review of integrated development plan in terms of Chapter 5.

RECOMMENDATIONS

1. That Special Mayoral Committee notes progress on the draft IDP matrix.
2. That the draft IDP matrix be presented during the political Lekgotla meeting to be held on the 16-17 April 2018.
3. That an updated IDP matrix be presented during the public participation process per ward.
4. That an updated matrix form part of the draft reviewed IDP 2018/2019.

SMC3 of 2018**THE 2018-2019 ANNUAL BUDGET FOR THE MATJHABENG MUNICIPALITY (CFO)**
(6/1/1/1)**PURPOSE**

To table the Annual Budget for the 2018/2019 medium term revenue and expenditure framework (MTREF) financial year.

BACKGROUND

According to section 16 (2) of the MFMA the Municipal Council must at least 90 days before the start of the budget year consider approval of the annual budget to be able to adhere to subsection 1 of section 16, which stipulates “The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. The Total Annual Budget for the 2018/19 financial year is **R 2 726 759 150**, inclusive of operating and capital transfers.

The Annual Budget was tabled in council on 28 March 2018 and council resolved as follows:

COUNCIL RESOLVED: (28 MARCH 2018)

1. That Council **TAKES NOTE** of the 2018-2019 Annual Budget for the Matjhabeng Municipality.
2. That the 2018/19 Annual Budget **BE SUBJECTED** to a process of public participation.

DISCUSSIONS**A - Revenue**

- a) Increase of 5.3% in water tariffs for the 2018/2019 financial year. The proposed increase by Sedibeng is 9%.
- b) There will be an overall average increase of 7.23% in electricity tariffs for the 2018/2019 financial year as per NERSA guidelines
- c) Assessment rates will increase with 5.3%.
- d) There will be a 5.3% increase in Refuse and Sewerage Rates.
- e) General tariffs will increase with 5.3%

Budget Assumptions:-

- CPIX of approximately 5.3%
- Increase in Sedibeng Water tariffs by 9%
- Eskom Tariff increase of 6.84% and 7.23% for municipalities
- Salary increases of approximately 8%
- National Treasury (MFMA Circular No. 91)

*** **See attached under Separate Cover (3) is the Copy of A1 schedule mSCOA.**

- e) The average pay rate of **60%** has been informed by the following factors:-
 - Historic collection trends.

- f) The Equitable Share allocation for the 2018/19 financial year will be **R 459 418 000**.
With this back ground in mind, we are therefore of the view that the budgeted revenue figure is realistic. However, the major challenge facing the municipality is the huge backlog in service delivery.

B – Expenditure

- a) The salary figure is **28.61%** of the total expenditure. However not all vacancies have been filled. This has an adverse impact on service delivery. If all positions were to be filled, the salary figure would be above 50% of total expenditure. This would clearly be unaffordable to the municipality. However, there are critical positions that would have to be filled. Provision is made for a 7% increase in salaries.
- b) There are other fixed costs that the municipality cannot do without.
- Supply of bulk services making up **35.90%** of total expenditure.
 - Other General Expenditure relate to operational costs and are therefore inevitable. This makes up **4.85%** of total expenditure.

The Municipality therefore has a great challenge of providing basic services to its population with limited resources.

The tabled budget was not funded as per the funding measurement test. In order to adopt a funded budget the following adjustments were made to the tabled budget.

1. Contracted services were reduced with R30 000 000 hence the total expenditure reduced with R30 000 000 from R 2 561 668 053 to R 2 531 668 053.
2. The other debtors were increased to R 480 000 000, the 2016/17 audited outcome was used as baseline for the amendment.
3. Gains on disposal of assets was budgeted at R 122 650 000.

After the above amendments were done the funding measurement as per table SA10 clearly indicated that the Budget 2018/19 MTREF is funded. See table below.

SA10 – FUNDING MEASUREMENT

Description	MFMA section	Ref	2018/19 Medium Term Revenue & Expenditure Framework		
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
High Level Outcome of Funding Compliance					
Total Operating Revenue			2 563 514	2 599 091	2 741 491
Total Operating Expenditure			2 531 668	2 570 090	2 710 715
Surplus/(Deficit) Budgeted Operating Statement			31 846	29 001	30 776
Surplus/(Deficit) Considering Reserves and Cash Backing			178 894	178 894	178 894
MTREF Funded (1) / Unfunded (0)			1	1	1

Capital Budget

The Capital Budget for the 2018/19 financial year is R 163 245 000. The sources of funds for the capital budget are as follow:

Municipal Infrastructure Grant	R 128 420 000
Water Services Infrastructure Grant	R 26 825 000
Integrated National Electrification Programme	R 8 000 000

POLICY POSITION

Municipal Finance Management Act

Municipal Systems Act

Municipal Budget Regulations

RECOMMENDATION

1. That Mayoral Committee take note of the 2018/2019 Annual Budget for the Matjhabeng Municipality.