



Medium Term Revenue and Expenditure Framework Budget (MTREF) 2020/21, 2021/22 and 2022/23

Public Consultation Document

INTRODUCTION

The Municipal Finance Management Act, No. 56 of 2003, section 16(2) prescribe that 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.

In light of the Covid-19 (coronavirus) pandemic facing the World and following Disaster Management Act, Regulations to keep the level of infection low, Council only considered the Draft Medium Term Revenue and Expenditure Budget Framework (MTREF) for 2020/21, 2021/22 and 2022/23 financial period on the 7th May 2020.

INTRODUCTION (Cont.)

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

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The need for tariff increases versus the ability of the community to pay for services;
- Tariffs should be cost reflective to ensure sustainability of the provision of quality service;
- Economic climate and trends (i.e. Inflation, Eskom increases, Water board increase, household debt);
- The 2019/20 adjustments budget and performance against the SDBIP
- Historical debtor payment levels;
- Improved and sustainable service delivery;

BUDGET PRIORITY FOCUS

- ✓ **Protection of the poor** by sustaining the social safety net (Indigent Support)
- ✓ Building capacity for **economic development** and long term growth (**Investment in Infrastructure**)
- ✓ Creating an Environment for **employment / labour intensive**, opportunities through long term economic development and **EPWP**
- ✓ **Maintaining** of existing **infrastructure**
- ✓ Maintaining **financial viability**
- ✓ **Sustainability and Credibility**
- ✓ Responsiveness to socio economic conditions
- ✓ Focus on **National Development Plan**

BUDGET PRIORITY FOCUS (cont.)

- ✓ **Provision of basic services** to all residents;
- ✓ **Effective and Efficient provision of services** to the public;
- ✓ **Eradication of backlogs** in respect of basic services;
- ✓ **Cleaning of all areas** in the BVM and keeping it clean;
- ✓ Repairing of all **potholes road maintenance and tarring of roads**;
- ✓ **Keeping service charges as low** as possible while provision of value for money services .
- ✓ Effective and efficient service delivery does not only depend on funding / Budget, but mainly depend on the **optimum usage of available resources** (Personnel, equipment, inventory, and money)

BUDGET PRIORITY FOCUS (cont.)

In order to full fill both ***Municipal Vision*** and Local Government constitutional mandate as outline in Section 152 of the Constitution of the Republic of South Africa.

(Vision “to be a world class municipality that promotes economic development and excellent service deliver”)

Ngwathe Local Municipal Council has considered and approved Draft Medium Term Revenue and Expenditure Framework Budget for 2020/21, amounting to **R924 Million**.

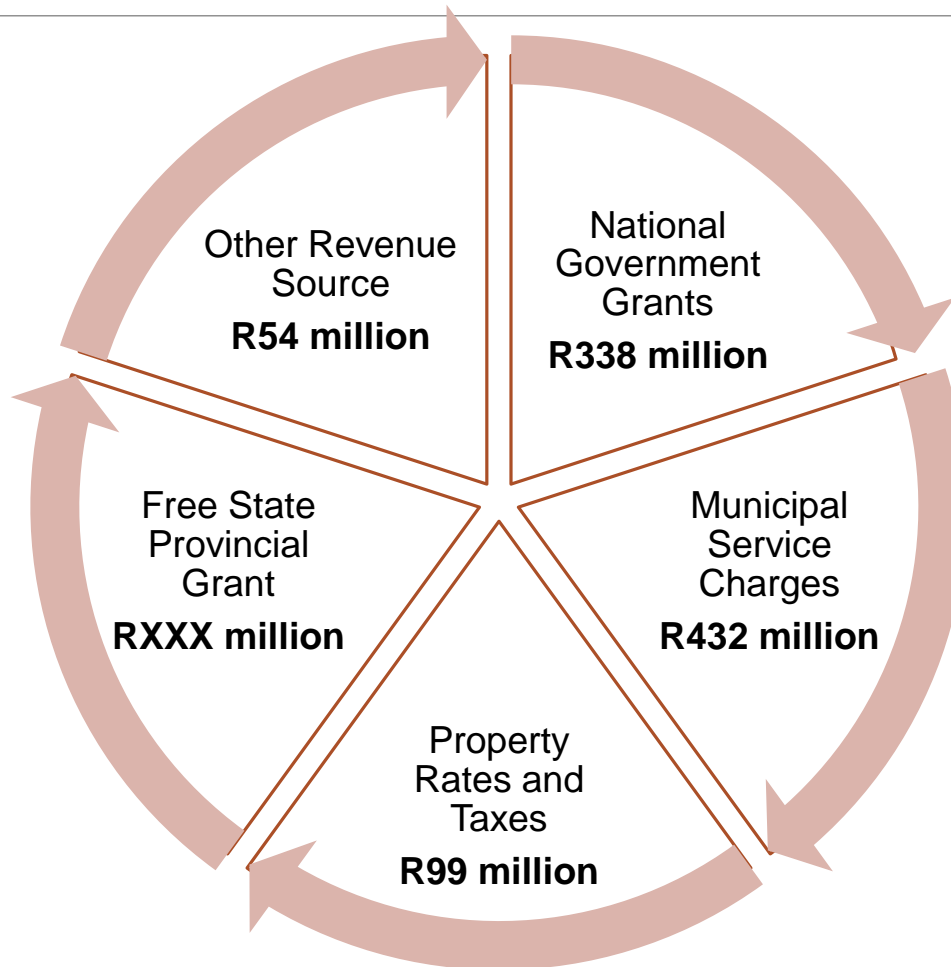
BUDGET FUNDING SOURCE

For Council to raise the proposed MTREF Budget of **R924 million**, it had to consider the proposed tariff adjustment in line with the Consumer Price Index (CPIX) and State Owned Entity approved tariff guidelines;

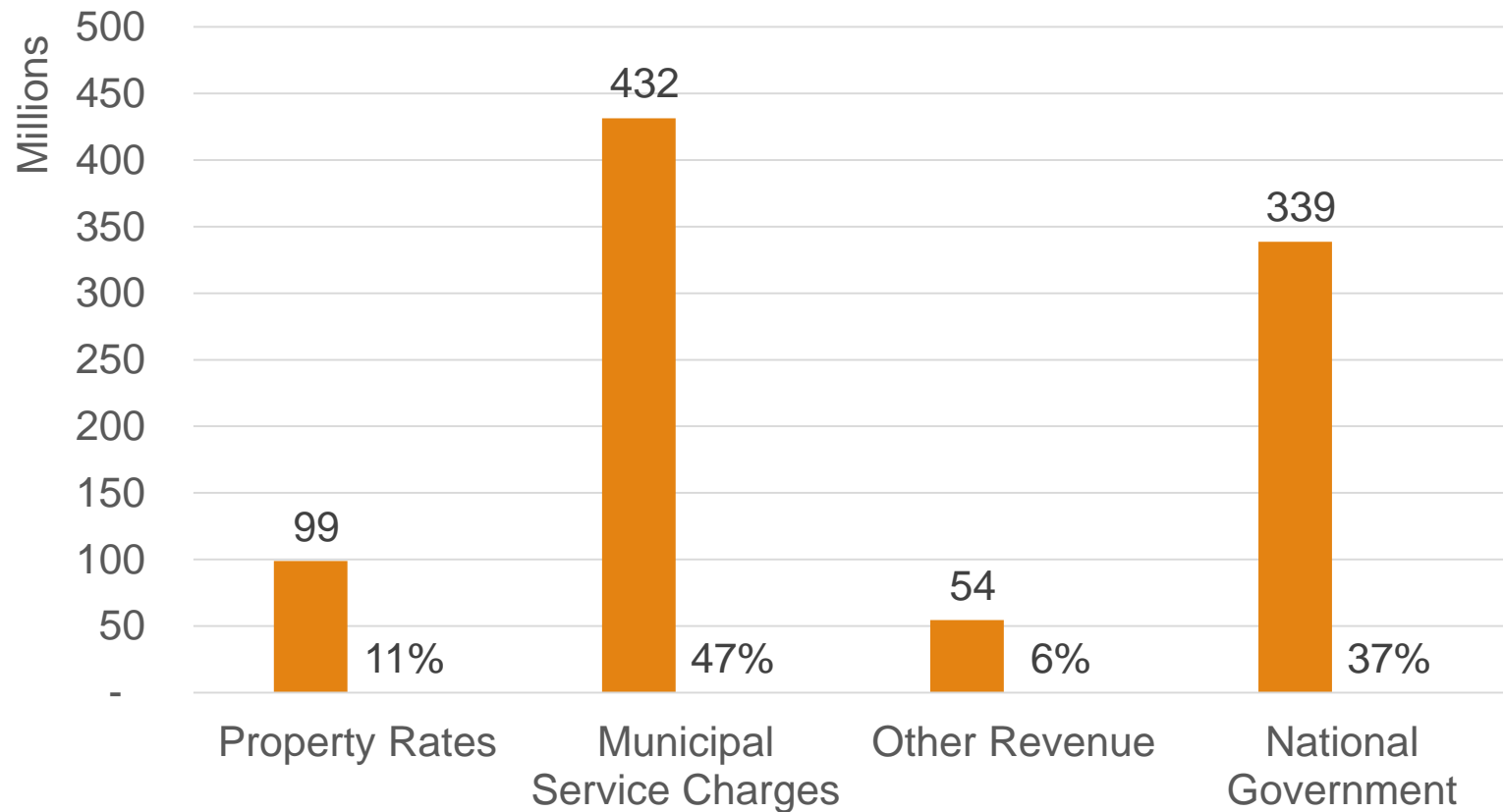
The following tariff adjustment were proposed and approved for public consultation:

- ✓ Water Supply 6.6%
- ✓ Electricity 8.10% (pending actual NERSA Approval)
- ✓ Sewerage 4.5%
- ✓ Refuse 4.5%
- ✓ Rates and Taxes 4.5% (With rebates / discount)
- ✓ All Other Sundries 4.5%

WHERE DOES THE MONEY COME FROM?



WHERE DOES THE MONEY COME FROM?



BUDGET FUNDING SOURCE (cont.)

The Budget Funding Source graphs depicts the level of contribution towards achievement of municipal budget goals;

The municipality depends heavily on service charges to discharge (sales of electricity, sales water, refuse and sanitation charges) as this contribute **47%** of the overall budget;

NB: Therefore, payment of Municipal Services remains key priority,

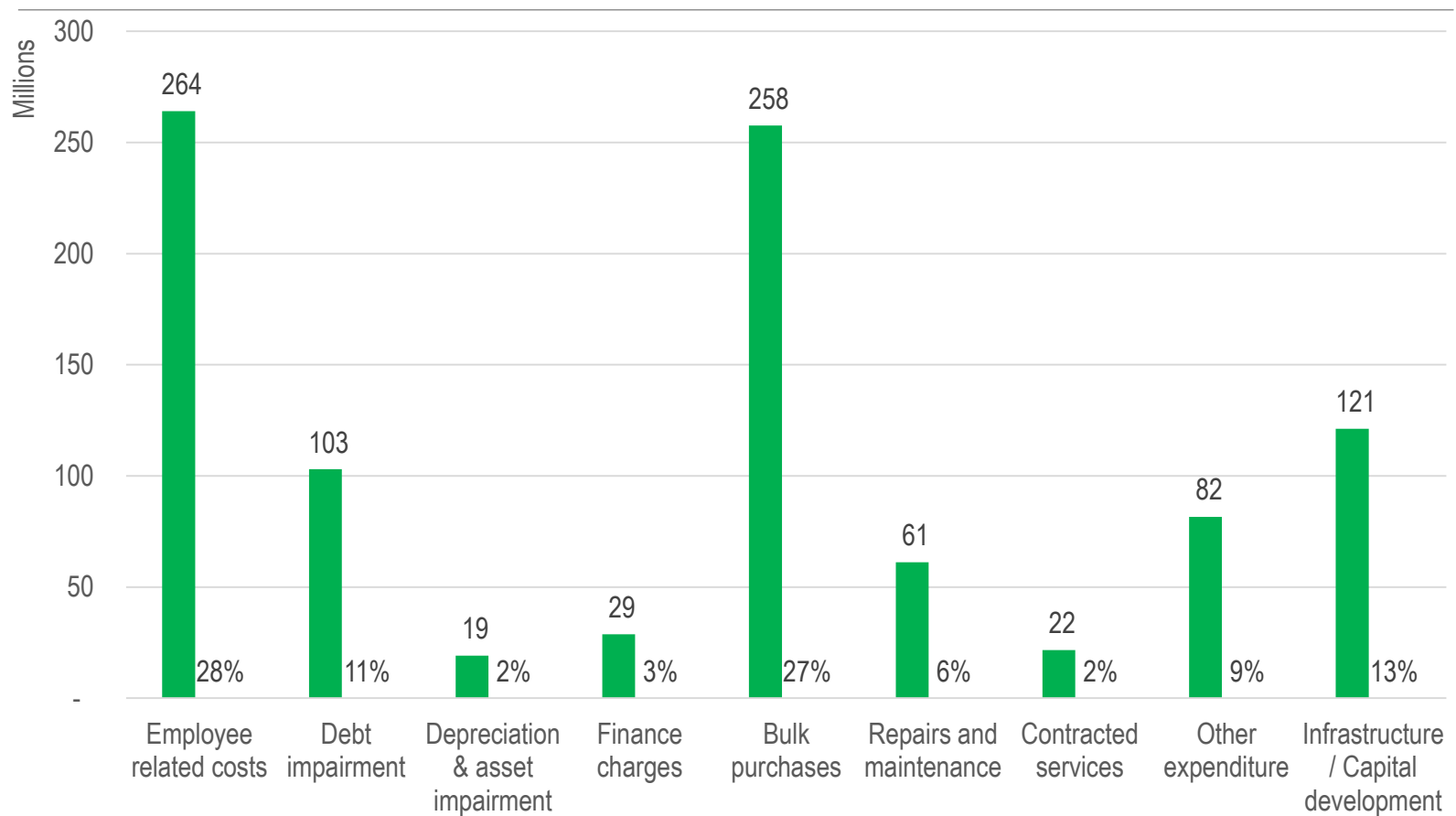
IMPACT OF TARIFF ADJUSTMENT

Details	Unit of Measure	Church	Residential	Residential Indigent	Agriculture
Electricity Basic		R 25.92	R -	R -	R -
Electricity Consumption	0-400kWh	R 63.18	R 60.59	R 2.49	R -
	0-50kWh	R -	R -	Free	R -
Water Basic		R 3.42	R 3.42	R 3.42	R -
Water Consumption	0-6kl	R -	R -	Free	R -
	0 - 20kl	R 13.78	R 13.78	R 1.37	R -
	21 - 30kl	R 6.99	R 6.99	R -	R -
	31 >	R 0.71	R 0.71	R -	R -
Refuse		R 4.54	R 4.56	R 4.56	R -
Sewerage		R 5.99	R 4.81	R 4.81	R -
Rates and taxes		<i>Exepmt</i>	R 25.73	R -	R 4.64

IMPACT OF TARIFF ADJUSTMENT

Details	Unit of Measure	Business	Government	Small Business
Electricity basic		R 57.82	R 68.63	R 34.89
Consumption	6 890 kWh	R 993.40	R -	R -
	300 / 600 kWh		R 41.31	R 86.51
Water basic		R 10.97	R 10.97	R 3.71
Consumption	115 / 144 KI			R -
	20 KI	R 13.79	R 13.79	R -
	10 KI	R 7.00	R 7.00	R 6.90
	85 / 114 KI	R 60.32	R 80.90	R -
Refuse		R 39.23	R 207.66	R 4.54
Sewerage		R 15.59	R 1 016.35	R 6.08
Rates		R 66.75	-	R 2.62

HOW DO WE UTILISE THE MONEY?



HOW DO WE UTILISE THE CAPITAL GRANTS MONEY?

PROJECT DESCRIPTION	Draft MTREF Budget 2020/21
Ngwathe PMU	2 085 200.0
Heilbron: Upgrading of Waste Water Treatment Works (MIS:268105)	9 027 638.6
Phiritona/Sandersville: Construction of low level bridge in ward 1 (MIS:279725)	675 793.7
Vredefort: Extension of the Water Treatment Plant (MIS:257557)	11 401 002.6
Mokwallo: Upgrading of the sports complex phase 3 (MIS:338177)	1 325 407.0
Kwkwatsi (Koppies): Construction of sports complex Phase 2	563 811.4
Provision of Specialised Vehicles in Parys	2 085 200.0
Tumahole: 3km Pipeline between Reservoir 4 and Pressure tower	6 004 475.7
Parys: Refurbishment of the Conventional water treatment works	8 535 471.0
TOTAL MUNICIPAL INFRASTRUCTURE GRANT	41 704 000.0

HOW DO WE UTILISE THE CAPITAL GRANTS MONEY?

PROJECT DESCRIPTION	Draft MTREF Budget 2020/21
Water Demand and Water Conservation in Heilbron	560 000.00
Refurbishment of Vredefort Waste Water Treatment Works	10 524 922.00
Refurbishment of Koppies Waste Water Treatment Works	13 915 078.00
TOTAL WATER SERVICE INFRASTRUCTURE GRANT	25 000 000.00
Edenville Bulk Water Supply Phase 1: Refurbishment of Koppies WTW & Construction of Clear water pump-station	1 453 620.00
Edenville Bulk Water Supply Phase 2: Construction of the pipeline from Koppies to Edenville	46 046 380.00
TOTAL REGIONAL BULK INFRASTRUCTURE GRANT	47 500 000.00
Intergrated National Electrification Projects (INEP)	7 000 000.00
Construction of Edenville stadium	1 700 000.00

CONCLUSION

The draft budget documents and tariff list are available for inspection during office hours at the municipal offices as well as on the municipal website at www.ngwathe.fs.gov.za. Written representations regarding these draft documents can be submitted to the office of the Chief Financial Officer by no later than 12h00 on Friday 05th June 2020.

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CONCLUSION (cont.)

Public / Residents / Businesses / NGO's / Rates Payers are also informed that due to the Covid-19 (coronavirus) epidemic, Council will not be holding public participation meetings, in line with the Disaster Management Act and Regulations as issued from time-to-time.

The public are requested to submit their written comments and inputs by Hand, post or email and both document can be accessed from our municipal offices and website.

THANK YOU

“We are mindful that the Covid-19 pandemic may have a negative impact on the finance of businesses and households income.

This may negatively impact our revenue collection and our ability to deliver on planned and budgeted projects”