

**MOGALAKWENA MUNICIPALITY**

**EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 27 MAY 2014  
IN THE COUNCIL CHAMBERS, LLEKA LEKALAKALA BUILDING, MOKOPANE**

**58. FINAL 2014/15 TO 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE  
FRAMEWORK: 2014/15 FINANCIAL YEAR (6/1/1/34)WDJ  
(ITEM 4 AGENDA SPECIAL EC 27 MAY 2014)**

A replacement Annexure F has been distributed during the meeting and is attached as **Annexure A** to the minutes. A replacement page with regard to refuse removal tariff structure has also been distributed during the meeting to replace part of pages 189 and 190 and is attached as **Annexure B** to the minutes.

**RESOLVED:**

THAT

- a) the final annual budget for the financial years 2014/15 to 2016/17 as set out in the following tables and schedules be approved:
  - i) Budget summary reflected as table A1 (attached as page 218).
  - ii) Budgeted Financial Performance (revenue and expenditure by standard classification reflected as table A2 (attached as pages 219 to 221).
  - iii) Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected as table A3 (attached as pages 222 to 224).
  - iv) Budgeted Financial Performance reflected as table A4 (attached as page 225).
  - v) Budgeted Capital Expenditure by vote, standard classification and Funding reflected as table A5 (attached as pages 226 to 228).
  - vi) Budgeted Financial Position reflected as table A6 (attached as page 229).
  - vii) Budgeted Cash Flows reflected as table A7 (attached as page 230).
  - viii) Cash backed reserves/ accumulated surpluses reconciliation reflected as table A8 (attached as page 231).
  - ix) Asset Management reflected as table A9 (attached as page 232).
  - x) Basic Service Delivery Measures reflected as table A10 (attached as page 233)

- xi) Supporting information, charts and explanations of trends and anomalies for each table reflected as table SA1 – SA 37 (attached as pages 234 to 289).
- b) the final 2014/15 to 2016/17 capital budget as attached on pages 290 to 308 be approved.
- c) in terms of section 14 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) the assessment rates reflected in Annexure A attached as pages 309 to 312 to the special executive committee agenda dated 27 May 2014 be approved for the budget year 2014/15.
- d) it be noted that the ratio for the property tax on agriculture, state owned property excluding residential, public service infrastructure and public benefit organization property was incorrect in 2013/2014 (0.002500c) and must be amended to 0.002130c in the rand and which will be corrected on the accounts by the end of June 2014.
- e) in terms of section 75A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the tariffs and charges reflected in Annexure B to G attached as pages 313 to 330 to the special executive committee agenda dated 27 May 2014 be approved for the budget year 2014/15.
- f) in terms of section 75A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) an increase of 7.39% on electricity tariffs as reflected in Annexure H attached as pages 331 to 338 to the special executive committee agenda dated 27 May 2014 be approved and implemented subject to final confirmation by NERSA.
- g) the letter from NERSA indicating the electricity increase is attached as pages 339 to 344.
- h) the tariff increase of 8.5% as reflected in the letter from Lepelle-Northern Water attached as page 345 be approved.
- i) the following policies attached be approved for the budget year 2014/2015:
- \* amended Tariff Policy attached as pages 346 to 358;
  - \* amended Rates Policy attached as pages 359 to 379;
  - \* Credit Control and Debt Collection Policy attached as pages 380 to 390;
  - \* amended Indigent Policy attached as pages 391 to 396;
  - \* Investment and Cash Management Policy attached as pages 397 to 411;
  - \* amended Asset Management Policy attached as pages 412 to 448;
  - \* Asset Management Procedure Manual attached as pages 449 to 458;
  - \* amended Supply Chain Management Policy attached as pages 459 to 537;

- \* Irregular, Fruitless and Wasteful Expenditure Policy attached as pages 538 to 542;
- \* Expenditure Policy and Procedure Manual attached as pages 543 to 551.

- j) transfer of savings in respect of the operating budget be limited to expenditure within the same vote and expenditure category unless the mayor authorizes the transfer.
- k) the 2014/15 capital and operating budget be submitted to National Treasury and Provincial Treasury in electronic and hard-copy format by 10 June 2014 (within 10 working days after its approval by council as per the Municipal Finance Management Act).
- l) interest on all amounts in arrears be charged at the rate determined from time to time in terms of the provisions of the Prescribed Rate of Interest Act, 1975 (Act 54 of 1975) or any other relevant Act.
- m) it be noted that section 53(1)(c)(ii) of the MFMA provides that the Mayor must take all reasonable steps to ensure that the municipality's Service Delivery and Budget Implementation Plan is approved by him within 28 days after the approval of the budget.
- n) it be noted that the Labour Appeal Court ruled in favour of SALGA in the wage curve dispute and the position is still not final as it is not known whether the unions will take the matter to a higher court.
- o) if a consumer is in arrears on his rates, levies and other services the selling of pre-paid electricity/water be reduced to 30% of the amount paid and the 70% be allocated to the arrear account until the full outstanding amount has been paid or an installment agreement has been signed and if the consumer defaults on the installment agreement the selling of pre-paid electricity/water again be reduced with 70% with immediate effect and defaulting consumers also be prohibited from renewing their vehicle license registrations.
- p) if a consumer is in arrears on his/her rates, taxes and other services, the municipality not approve the consumer's building plans and installation of prepaid water and electricity meters as well as all town planning applications until the account is settled.
- q) it be noted that National Treasury has withheld R83,6 million from the 2013/2014 Municipal Infrastructure Grant and the 2014/2015 annual budget has been adjusted to the extent that it is affected by the withholding of the Municipal Infrastructure Grant.
- r) it be noted that the 2014/2015 annual budget and capital projects have been amended to take into consideration the R83.6 million that has been withheld by National Treasury.
- s) the following indigent welfare package for 2014/15 be approved:

<b>Package Indigent</b>	<b>Compilation for</b>	<b>13/14 R (VAT included)</b>	<b>14/15 R (VAT included)</b>
Rates – R100 000 Valuation		36.21	38.38
Refuse (up to 500 m2)		44.28	46.94
Sewage (up to 500 m2)		23.51	25.86
Electricity – 50kwh		48.42	52.00
Water – 6kl		60.46	65.64
<b>Total indigent package per month</b>		<b>212.88</b>	<b>228.82</b>

- t) the following be adhered to:
1. printing and stationery – no glossy prints, pamphlets and no stock piling of any stationery;
  2. no printing and procuring of paraphernalia, like caps, t-shirts, etcetera;
  3. no overnight accommodation unless approved by the municipal manager;
  4. maximize passenger capacity per vehicle for all trips;
  5. no farewell functions to be financed by Mogalakwena Municipality.
- u) water be provided for funerals per bereaved family free of charge.
- v) no official or councilor be authorized to sleep-out within a radius of 100km from the municipality except under exceptional cases and on approval by the municipal manager which is to reduce the cost of travelling and subsistence for the municipality.
- w) no sector department infrastructure projects be accepted by the municipality without additional funds being allocated for the provision of bulk services and no new township development be approved due to lack of resources to provide bulk services.
- x) all positions that become vacant during the 2014/2015 financial year not be advertised without the prior approval of the Municipal Manager. The Municipal Manager in making his decision, check whether the position is needed or not in order to cut costs on the operational budget.

- y) it be noted that in 2013/2014 a deficit of R84 million was budgeted for the 2014/2015 financial year to fund a 2 x 5ML sewer plant (R74 million) and a new office extension (R10 million) which will be funded from accumulated surpluses.
- z) it be noted that prepaid water meters for Extension 17 and Phola Park have not been budgeted for in the 2014/2015 financial year due to insufficient funds.
- aa) it be noted that after budgeting for a deficit, the municipality's reserves are almost depleted and therefore cost recovery is crucial.
- bb) roll-over requests for 2013-2014 be done in accordance with the conditions set out in MFMA circular 67.
- cc) circulars 70, 72 and Instruction 1 of 2013/2014 attached as pages 552 to 623 be noted, especially point 6.6(7) of circular 72 which indicates that no roll over requests will be considered from municipalities with vacant or acting chief financial officers.