

ITEM 40/2019

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2019/2020 TO 2021/2022

URGENT COUNCIL MEETING: 31 MAY 2019

RESOLVED

1. The Council of Merafong City Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves that:
  - 1.1. The annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position
    - 1.2.2. Budgeted Cash Flows
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation
    - 1.2.4. Asset management
    - 1.2.5. Basic Service Delivery measurements.
2. The Council of Merafong City Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves that with effect from 1 July 2019:
  - 2.1. the tariffs for property rates – Detailed below
  - 2.2. the tariffs for electricity – Detailed below
  - 2.3. the tariffs for the supply of water – Detailed below
  - 2.4. the tariffs for sanitation services – Detailed below
  - 2.5. the tariffs for solid waste services – Detailed below

3. The Council of Merafong City Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves that with effect from 1 July 2019 the tariffs for other services, as contained in the Tariff Policy.
4. To give proper effect to the municipality's annual budget, the Council of Merafong City Local Municipality approves:
  - 4.1 That the annual Operating Revenue budget of R1,674,748 million and Operating Expenditure budget of R1 635,900 Million including Operational Transfers and excluding capital transfers for the 2019/2020 Financial Year be considered, which will result in a surplus of R38.848 Million.
  - 4.2. That the annual Capital Budget of R163,290 Million, Including capital transfers for the 2019/2020 Financial Year be approved.
5. That the following be approved in respect of Assessment Rates and the charge to be as follows:
  - a) The property rates are to be levied in accordance with Council policies, unless otherwise indicated, and the Local Government Municipal Property Rates Act 2004 and the Local Government Municipal Finance Management Act 2003.
  - b) Property rates are based on values indicated in the new General Valuation Roll. The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplementary Valuation Rolls. All values are as at the date of the roll, being July 2019.
  - c) Rebates and concessions are granted to certain categories of property usage or property owner.
  - d) The definitions and listing of categories are reflected in the Rates Policy.
  - e) Industrial / Commercial Properties – Undeveloped Land

All properties other than those defined below as residential will be rated as “non-residential” properties. This includes all undeveloped land. The cent-in-the-rand for all “non-residential” properties for 2019 / 2020 is proposed to be R 0,038.
  - f) Residential Properties

For all residential properties, as defined per the Rates Policy, the first R 65 000 of property value will be rebated by an amount equal to the rates payable on a property of R 65 000 in value.

All residential properties, as defined per the Rates Policy, will be levied a rate which is rebated by 10%. The cent in the rand for 2019 / 2020 is proposed to be R 0, 0157c
  - g) Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories:

    - (a) Those used for residential purposes;
    - (b) Those used for industrial purposes;

(c) Those used for other businesses and commercial purposes

Properties in rural areas deemed to be small holdings or farms that are not used for *bona fide* farming, but are used as residential properties will be categorized as “residential”, provided that they meet the definition of a residential property as described in the Rates Policy. Such properties will qualify for the rebate of the first R 65 000 of municipal value as per the General Valuation Roll and the “rebated” cent-in-the-rand. The cent-in-the-rand for agricultural properties or small holdings that qualify for residential status is proposed to be R 0, 0157c

Properties in rural areas deemed to be small holdings or farms that are not used for bona fide farming, but are used for industrial or business purposes will be categorized as “business”. The cent-in-the-rand for agricultural properties or small holdings that qualify for business status is proposed to be R 0, 038c

Properties in rural areas deemed to be small holdings or farms that are used for bona fide farming, will be categorized as “agricultural. The cent-in-the-rand for agricultural properties or small holdings that qualify for agricultural status is proposed to be R 0, 0039c

h) Public Service Infrastructure

In terms of the Municipal Property Rates Act, Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the non-residential cent-in-the-rand of R 0, 0039c.

i) Public Services Purposes

In terms of the Municipal Property Rates Act, Council may not levy rates on the first 20% of the market value of Public Services Purposes. The remainder of the market value is rated at the non-residential cent-in-the-rand of R 0, 038c

j) Mines

All Mine properties, as defined per the Rates Policy, will be levied a rate. The cent in the rand for 2019 / 2020 is proposed to be R 0, 0476c

k) Senior Citizens and Disabled Persons Rate Rebate

Registered owners of properties who are senior citizens and/or registered owners of properties who are disabled persons qualify for special rebates according to gross monthly household income. To qualify for the rebate(s) a property owner must be a natural person and the owner of a property which satisfies the requirements for the residential rebate and must on the 1 July of the financial year:

- I. occupy the property as his/her normal residence and
- II. be at least 60 years of age or in receipt of a disability pension from the Department of Social Development and
- III. be in receipt of a total monthly income from all sources (including income of spouses of owners)

- IV. not be the owner of more than one property and
- V. submit the application by 30 September for this rebate for the current financial year, failing which the rebate will not be granted.

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

The proposed incomes and rebates for the 2019 / 2020 financial year as follows:

The proposed incomes and rebates for pensioners for the 2019 / 2020 financial year as follows: Gross Annual Household Income 2019/2020	% Rebate
R 1 To R 80 000	100%
R 80 001 to R 84 000	75%
R 84 001 to R 88 000	50%
R 88 001 to R 92 000	25%
R 92 001 and above	0%

l) Rebates for Certain Categories of Properties / Property Users

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

- m) The Budget for 2019 / 2020 has been balanced using the estimated income from levying the rates proposed in this report.
  - n) Provision has been made in the Budget for 2019/ 2020 for the income forgone arising from the rebates and concessions proposed in this report as detailed in the Rates Policy.
  - o) that in terms of Section 26(1) of the Municipal Property Rates Act, the payment of any amount owed emanating from the levy of rates as determined on 1 July 2019 is payable before or on 7 August 2019 and thereafter monthly before or on the date due as determined.
- 6 That the following electricity tariffs be approved. That the tariffs be submitted to NERSA for consideration and approval.

Proposed Tariff Structure - Merafong City Local Municipality					
Tariff Category		Current	Proposed	% change	Comments
<b>1. Domestic</b>					
Basic Charge		76.51	83.71	9.41%	
Energy Charge	Block 1 (0 - 50kWh)	0.9143	1.0004	9.41%	
	Block 2 (51 - 350kWh)	1.1756	1.2862	9.41%	
	Block 3 (351 - 600kWh)	1.6545	1.8102	9.41%	
	Block 4 (above 600kWh)	1.9484	2.1318	9.41%	
<b>2. Commercial</b>					
Basic Charge		854.57	934.99	9.41%	
Energy Charge		1.5410	1.6860	9.41%	
*Pre-Paid		1.6659	1.8227	9.41%	
<b>3. Industrial</b>					
Basic Charge		1240.37	1357.09	9.41%	
Energy Charge		0.9482	1.0374	9.41%	
Demand Charge		221.76	242.63	9.41%	
<b>3. Industrial -3%</b>					
Basic Charge		1240.37	1357.09	9.41%	
Energy Charge - 3 %		0.9482	1.0374	9.41%	
Demand Charge -3%		221.76	242.63	9.41%	
Temporary Power		1.7235	1.8857	9.41%	
Streetlights		1.0380	1.1356	9.41%	
Council kWh		1.0380	1.1356	9.41%	
2% Surcharge					

7 that the following Water Tariff be approved.

		<u>2018-2019</u>	<u>2019-2020</u>	<u>Percentage increase</u>
Residential 0 – 15 kiloliters		11.66	12.36	6.00%
Residential 16-35 kiloliters		17.75	19.15	7.90%
Residential 36-50 kiloliters		28.73	30.99	7.90%
Residential 50 kiloliters and above		35.00	38.50	10.00%
<b>Business and Industrial</b>	200 Kiloliters and below	29.03	31.32	7.90%
	Above 200 Kiloliters	35.00	38.50	10.00%
<b>Special Consumers (Schools, Churches and welfare organisations)</b>	200 Kiloliters and below	21.72	23.43	7.90%
	Above 200 Kiloliters	35.00	38.50	10.00%
Departmental		19.19	20.70	7.90%
Mines Domestic		18.90	20.79	10.00%
Mines Operations		18.90	20.79	10.00%
Availability Charge	Vacant Stands - Residential	74.11	80.04	8.00%
Availability Charge	Vacant stands- business	74.11	80.04	8.00%

8 that the following Refuse Removal Tariff be approved.

**CLEANSING: (PLUS V.A.T.):**

<b>PROPOSED REFUSE TARIFFS</b>						
		Present	Actual 2018/2019	% Increase	<b>Proposed 2019/2020</b>	<b>% Increase</b>
Residential and Business	1 bin/week	168.95	168.95	7.50%	181.62	7.50%
Business	Bin/3 x week	441.45	441.45	7.50%	474.56	7.50%
Business	Bin/5 x week	741.20	741.20	7.50%	796.79	7.50%
MMH (1.75M <sup>3</sup> ) 1x per week		2125.50	2125.50	7.50%	2284.91	7.50%
MMH (1.75M <sup>3</sup> ) 2x per week		3684.20	3684.20	7.50%	3960.52	7.50%
MMH (1.75M <sup>3</sup> ) 3x per week		5232.00	5232.00	7.50%	5624.40	7.50%
MMH (1.75M <sup>3</sup> ) 5x per week		9483.00	9483.00	7.50%	10194.23	7.50%
Bulk container (30M <sup>3</sup> ) 1x per week		29975.00	29975.00	7.50%	32223.13	7.50%
Bulk container (30M <sup>3</sup> ) 2x per week		45780.00	45780.00	7.50%	49213.50	7.50%
Bulk container (30M <sup>3</sup> ) 3x per week		82295.00	82295.00	7.50%	88467.13	7.50%
Bulk container (30M <sup>3</sup> ) 5x per week		135160.00	135160.00	7.50%	145297.00	7.50%
Temporary service	Per Bin	80.00	80.00	7.50%	86.00	7.50%
Bulky waste	Per m <sup>3</sup>	370.60	370.60	7.50%	398.40	7.50%
Special Exemption	Per m <sup>3</sup>	185.30	185.30	7.50%	199.20	7.50%
Garden services waste	LDV/Trailer	54.50	54.50	7.50%	58.59	7.50%
Small Animal Carcasses		144.00	144.00	7.50%	154.80	7.50%
Bulky garden waste	1m <sup>3</sup> - 3m <sup>3</sup>	354.25	354.25	7.50%	380.82	7.50%
Bulky garden waste	3m <sup>3</sup> and above	708.50	708.50	7.50%	761.64	7.50%
Building rubble	per m <sup>3</sup>	373.00	373.00	7.50%	400.98	7.50%
240 Litre Bins	Per Month for twelve months	29	29.00	7.50%	Cost plus 10%	

9 And that the following Sewerage Tariff be approved.

<b>SEWERAGE TARIFFS</b>				
		<b>2018-2019</b>	<b>2019-2020</b>	<b>% Increase</b>
Residential 0 – 15 kiloliters		5.30	5.62	6.00%
Residential 16-35 kiloliters		5.55	5.94	7.00%
Residential 36-50 kiloliters		5.70	6.16	8.00%
<b>Max 50KL</b>				
Pre Paid Water Consumers		135	143.10	
Business and Industrial	200 Kiloliters and below	5.70	6.10	7.00%
	Above 200 Kiloliters	6.30	6.80	8.00%
Special Consumers (Schools, Churches Welfare organisations and consumers as approved by council)	200 Kiloliters and below	5.40	5.78	7.00%
	Above 200 Kiloliters	5.70	6.16	8.00%
Basic Charge Pre-Paid Water Consumers		135.00	143.10	6.00%
Basic Charge (Payable by property owner)		54.00	57.78	7.00%
Basic Charge - Vacant Stands (Availability charge		68.00	72.76	7.00%

- 10 That Council approves the amendments to the Tariff Policy.
- 11 That Council approves the amendments to the Rating Policy.
- 12 That Council approves the amendments to the budget related policies.
- 13 That council approves the miscellaneous tariffs as included in the tariff policy and that the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) and that the current Property Rates By-law be replaced with the attached Property Rates By-law as recommended by CoGTA and promulgated as such.
- 14 That council take cognizance that the draft 2019/2020 MTREF and IDP was tabled before Council on 31 March 2019 for community consultation and was published on the municipality's website, and hard copies were made available at municipal notice boards and various libraries.
- 15 That council take cognizance that the consultative meetings with the residents and Stakeholders of Merafong on the budget for the medium term expenditure framework 2019/2020 to 2021/2022 were held. Council approved the following amendments based on community inputs: