

BUDGET PUBLIC CONSULTATION ON THE 2020/21 MTREF BUDGET & IDP

After tabling of the 20120/21 -2022/23 MTREF Budget in Council on 26 May 2020 a public notice was placed in the Local newspapers to request comments from the public the tabled 2020/21 - 2022/23 MTREF Budget, IDP and SDBIP within 21 days that end on 19 June 2020. The documents were placed on the municipal website for inspection and a summary on Facebook and Twitter. The Executive Mayor and Municipal Manager also had two, one hour long, interviews on STAR FM and LIVE FM to create budget awareness.

Various comments were received asking for water & light accounts, persons that want to do business. The following budget related comments were received:

- SAPOA (Comments attached)
- IRASA (Comments attached)
- VE Delpont (Comments attached)
- VE Delpont (Additional comments of 36 pages, summaries below:

Summary Comments VE Delpont;

Page1 Newspaper advert, referring to draft budget and not tabled budget

Pages 1-8 Annual Budget MTREF 2020/2021 – 2021/2023

- Various comments on the Council's Financial position;
- Inaccurate monthly accounts;
- Poor management and service delivery;
- Budget compiled; in correct tariffs and calculations, incomplete tables and misconception, omissions as well as calculated errors.

(Management Comment: The comments were considered and some correction where made where applicable)

Pages 8 – 31 DRAFT TARIFFS

- Committee to review tariffs
- Discrimination in tariffs
- Inaccurate tariffs, reference to VAT, legislation, discrimination and calculations

(Management Comment: A committee was established and started with a review of the main trading services tariffs, mainly to ensure it is cost reflective. The NT tariff setting tool was used in this exercise. Mr. Delpont's comments was also circulated to managers for review. Although management do not agree with all the comments, Mr. Delpont did make valuable inputs that need to be considered going forward)

Pages 31 -36 PROPOSED BUDGET POLICIES

- All policies referring to: Local Government: Municipal Systems Act, Municipal Finance Management Act and Municipal Property rates Act as well as the Constitution of the Republic of South Africa- should be noted as amended for completeness sake.
- Address the procedure on policy changes, in future to be handled like act changes, where only adjustments is submitted, saving a lot of

copying and the binding time as well as boxes and boxes of paper.
(Even smaller files for budget documents)
(Management comment: The comments were circulated to
managers. Management take note of the valued input on policies
where only adjustments is submitted)

The Municipal Manager
PO Box99
Klerksdorp
2570

to:- Finance.
Budget



Comments: Draft Budget 2020/ 2021

PROPERTY RATES BUDGET 2020/2021

The particulars on property rates in the PROPOSED MTREF BUDGET 2020/2021 is a material misstatement.

1. EXEMPTION, REBATE AND REVENUE OMITTED

Council Tariff Policy

Paragraph 11.1: "The Municipal Manager must ensure that all exemptions, reductions, rebates and the phasing-in of certain rates, as contemplated in terms of the provisions of sections 15 and 21 of the MPRA, are appropriately disclosed in the annual operating budget, annual financial statements and annual report.

Paragraph 11.2: "The Municipal Manager must also disclose all cost in respect of such exemptions, reductions, rebates and/or phasing-in of rates."

RESIDENTIAL PROPERTIES

No. of residential	84 997*
No. of sectional title values	<u>3 315*</u>
Total	<u>88 312</u>

* Table 58 MBBR SA 12b PROPERTY BY CATEGORY (BUDGET YEAR) Page 95

88 312 Residential Properties x R 15.000.00 x R 0.01359 = R 18,002,401.20

88 312 Residential Properties x R 35.000.00 x R 0.01359 = R 42,005,602.80

88 312 Residential Properties x R 50.000.00 x R 0.01359 = R 60,008,004.00

The excess R35,000.00 rebate over and above the, R 15.000.00 exemption Impermissible rates according to Section 17(1)(h), causes R 42,005,602.80 revenue lost to council.

To balance the budget the same amount have to be derived from increased tariffs on services from: electricity, refuse, sanitation and water.

Particulars of above exemption and rebate nor revenue do not reflect in the budget. as prescribed by LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO.6 OF 2004, as amended.

Section 15(4): "All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's annual budget for the year as--

- (a) income on the revenue side; and
- (b) expenditure on the expenditure side.

2. DIFFERENCE

There is a difference of R 136 000.00 between Table 56 MBBR SA 11 PROPERTY RATES SUMMARY, (Page 94) in comparison with Table 13 MBBR Table A1-Budget Summary (Page 24), made up as follows:

Rate revenue		R 457, 287, 000.00
Rebates, exemptions – Indigent	R 12,116,000.00	
Rebates, exemptions – Pensioners	R 942,000.00	
Rebates, exemptions – Bona fide farm	R 686,000.00	
Phase-in reduction/discounts	R <u>1,838,000.00</u>	
Total rebates, exemptions, reductions, discs	R <u>15,582,000.00*</u>	
* Incorrectly totaled (R 2,000.00 Difference) on page 94		<u>R 15,580,000.00</u> <u>R 472,867,000.00</u>
<u>Financial Performance Property rates on page 24</u>		<u>R 473,003,000.00</u>
<u>DIFFERENCE (OVER STATED)</u>		<u>R 134,000.00</u>


Written feedback in accordance with under mentioned legislation will be appreciated and is awaited:

Section 5 of: Local Government Municipal Systems Act No 32 of 2000, as Amended which stipulates:

- “(1) Members of local community have the right-
- (b) to prompt responses to their written communications to a political office bearer or the administration of the municipality.

Thanking you in advance.

Yours truly


18 JUNE 2020.
VE Delport

Cell Number 0828904056

E-Mail vedelport@gmail.com



21 April 2020

City of Matlosana Local Municipality
Cnr Braamfisher & OR Tambo Streets
Klerksdorp

By e-mail: dnkosi@klerksdorp.org
budget@klerksdorp.org
emailacc@klerksdorp.org

Dear Mr. TSR Nkhumise

Re: Urgent Plea to the City of Matlosana Local Municipality re. 2020-21 Draft Budget

- SAPOA represents a cross section of property owners, developers, managers, etc. in South Africa, who are involved in the provision of retail space in thousands of shopping centres. The portfolio also includes most office parks, factories, warehouses, and hotels in our country.
- Many of our members own shopping centres situated throughout the country, which are key to the normal functioning of communities. These centres play an integral part when it comes to the provision of fresh and preserved food, cleaning and hygiene products, clothing stores, banking, accessing of social grants, pharmacies, medical practices, post offices, cell phone shops, fuel stations, etc.
- The lockdown is having an extremely detrimental effect on the financial position of all shopping centre and office park owners due to 80% of the tenants having been forced to discontinue business operations during the lockdown period and hence they are not in a position to pay the rentals due by them to landlords. This is causing a serious cash flow problem as the Landlords are not receiving sufficient monthly rental to cover all their costs such as bond payments, municipality property rates and utility charges. A directive from landlords to assist tenants by way of discounts and deferred payments have been published in the news confirming the industry's commitment to play its part especially to safeguard SMME's and non-essentials who cannot trade.
- It is important to note that some of the tenants in these shopping centres are shops and supermarkets that are supplying essential goods and services to the community during the

SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION – NPC – REG NO 1966/008959/08
 Board of Directors: D Green (President), A König (President Elect), I Mkhari (Immediate Past President), N Gopal (Chief Executive Officer), P Levett, V Hako, M Kekana, Z Malunga, N Mashaba, K Matsau, M Hamman
 National Councilors: D Green (President), N Gopal (Chief Executive Officer), S Ainsworth, L Barnard, R Bennet, Z Marinakos, M Meyer, L Mhambu, W Mubisi, M Ngcobo, E Wilson, N Baumgarten, J Burger, M Bakker, S Nicks, P Altenroxel, B Khumalo, D Todd

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lockdown period, in particular food, medicine, and the like. It is vital that this should continue unhindered.

5. **Factories and warehouses** that are not part of the Essential Services chain of supply were also forced to close their doors during the lockdown period. These businesses are under severe pressure to pay rent, service financial obligations and municipal bills. Even those that could remain operational will be negatively affected by the national state of disaster.
6. **Office buildings** are not excluded from the impact of the lockdown. Although some owners and tenants are able to operate remotely, it will not be business as usual. Those who were forced to shut down will have little means to meet their obligations.
7. The **leisure sector** such as hotels, lodges, holiday accommodation and guest houses has virtually come to a standstill. It is not possible for operators to pay monthly bills if there are no guests.
8. **Residential** owners and occupants who are not part of the essential services chain or who are not able to work from home will also be under severe strain to pay bills at the end of the month. For a large number of residents, there will be no pay at the end of the month, or a severely reduced salary/wage.
9. The holding cost of buildings under **construction and vacant land** will increase during the lockdown and the recovery period for new and existing developments is going to be slow.

Municipalities have a major role to play by providing relief under the current circumstances and in the short to medium term to keep municipal costs down.

As you are no doubt aware, municipalities regularly suspend services such as the provision of electricity to ratepayers who fall into arrears. If municipalities were to do so during the lockdown, this would have a devastating effect on the country. Many of the shops, supermarkets and other properties referred to would also be forced to cease operations and would no longer be able to supply essential goods and services to the country.

We wish to point out further that Section 15 of the LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, No 6 of 2004 ("MPRA"), makes provision for municipalities to grant exemptions, rebates or reductions to property owners in certain circumstances **including in the event of a disaster within the meaning of Disaster Management Act**. We have noted further that municipalities are empowered by section 26(3) of the MPRA to defer the payment of rates "in special circumstances". Clearly the current situation qualifies as "special circumstances".

Furthermore, the recent downgrading of the country's credit rating – Moody's to junk status and Fitch to one notch below junk, both with a negative outlook, will no doubt put the economy in an even more difficult situation.

The reality is that many businesses will be closing down, and many employees who are lucky enough to keep their jobs, may be faced with reduced remuneration from their employers or, at best zero annual increases.

As such, it is our plea to the City to take cognizance of the dire state of the economy and the financial predicament of many of its ratepayers and to adjust its proposed budget accordingly. This is not a time for a "business-as-usual" budget. Rates should not be increased at all. The City should look back to the previous years when its' total rates revenue increased as a result of a better than expected General Valuation results. Subsequent annual increases were implemented on top of that excessive increase. Now is the time to follow the example set by the National Treasury and to go easy on ratepayers.

10. In view of the above, we urgently request that the Municipality introduce the following measures:

- 10.1. A prohibition on suspending electricity and other services or imposing other credit control measures during the lockdown and at least four months thereafter or until the position returns to normal.
- 10.2. A Directive to introduce exemptions, rebates and reductions or deferrals of property rates and utility charges until such time as the situation has returned to normal.
- 10.3. Resolve to also grant a rebate on property rates for at least the lockdown period.
- 10.4. Consider having no increase or reduce the proposed tariffs for 2020/21. Rates tariffs should not be increased at all or should be reduced.
- 10.5. No increases should be given to City employees.
- 10.6. The City should look to reduce its proposed expenditure until the situation in the country has returned to normal.

Kind regards

N GOPAL

Chief Executive Officer

Finance - Budget
Independent Ratepayers Association of South Africa

National Office

Izak Berg

National Chairperson

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The Municipal Manager
Matlosana Local Municipality.

Submissions_ 2020/2021 financial year budget.

Sir,

Kindly accept my submissions on the --

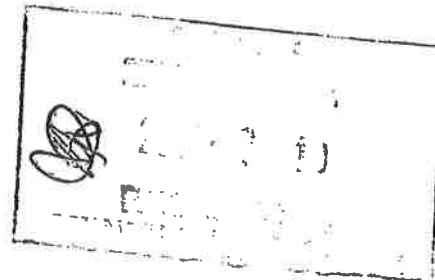
- (1) Budget
- (2) Integrated Development Plan.

Respectfully yours.

A. Meiring.

PR Councillor.

19 06 2020.



Comments on the Budget for the 2020/2021 financial year.

This budget does not reflect the negative tendencies pertaining to the inability of the public to afford the charges for services rendered and is destined to remain unattainable.

High profile economists forecast a 10 to 15% decline in the gross domestic product. Matlosana Local Municipality and the surrounding area is not an island and will therefore not escape an economic decline of the same proportions, if not worse.

Statistics show that year after year the actual operating results, for various reasons, differs hugely with the budgeted figures. The 2020/21 financial year will not be different and therefore the budgeted figures are highly questionable.

With the actions of labour unions and political extremists who are bent on illegal disruptions of working processes and the upcoming municipal elections in 2021 tender the danger of totally overstating the budgeted revenue and understating the operating expenditure.

If the negative after effects of the COVID 19 lockdown is not discounted responsibly into this budget it will end up unfunded and not acceptable to National Treasury.

The continuous demand for higher remuneration and external cost increases such as fuel, water and electricity will have a serious detrimental effect on budgeted costs.


The Council has no control over these costs but due the precarious financial predicament Government is in exchange rates, due to further downgrading of South Africa's financial status, will have further negative effects on fuel and other imported components costs.

The relatively small surplus margin of R58.5m is therefore not enough to prevent another disastrous financial year end.

Cost containment measures are ineffective because high profile politicians, such as the Chairperson of MPAC, continuously flout policies to promote their personal ambitions at the cost of the rates and services paying public.

To budget for a more than 50% collection rate of the current month's charges, is wishful thinking if the public's inability to afford the increased charges is not copiously taken into account and must be discounted in a realistic manner befitting the prevailing negative economic conditions in the entire municipal operating area.

In addition to this it must be noted that the municipality exercises a very selective debt collection process in order not to upset their voting folk aimed at in the upcoming 2021 municipal elections.

For political reasons a funded budget is presented but in time it will be proved to be almost impossible to attain. 

Capital Budget.

In the 2019/2020 financial year the Project Management Unit had to re-allocate six projects downwards by some 32% due to lack of progress which was caused by i.e. labour, contractor, SCM processes and financial constraints issues.

There are no obvious reasons why this financial year will be different, simply because if the Dir. Infrastructure does not have the required tools of the trade, the required stock for repairs and maintenance of water, sewer, electrical and fleet related issues this section can not perform it's functions at an optimal level.

To comment on every concern in this budget will be cumbersome and counter productive.

Year after year the public is invited to submit inputs but it is simply ignored in order to protect the inability of the political appointees to perform their duties to expected levels.

It is therefore nothing more than a window dressing exercise.

To illustrate this point, just the following-- In a public statement in the Klerksdorp Record of 7 June 2019 the Executive Mayor promised that the Municipal Manager will invite suitably qualified and knowledgeable members of the public to form a COMMITTEE to assist in the determination of the tariff structures.

To date nothing came of it with the result that tariff determination is still a cause of serious concern and it is clearly stated in another submission.

With the appointment of a new Chief Financial Officer hopes were raised that matters will improve but matters are even worse than before.

Property Rates.

Property Rates remain the most constant source of revenue at 15%. The municipality do adhere to Section 17(1)(h) of the Municipal Property Rates Act 6 of 2004 as amended but could to date not provide proof of the requirement of Section 17(3) of the act and it is therefore accepted to assume it is throwing away annually some R60m very recoverable revenue by a further rebate of R35,000, 00 on all property values.

Water tariffs

The calculations of Table 6 are incorrect which, if approved, will cause a shortfall of millions of rand. The continuous loss of up to 40% water in the distribution system is not mentioned or discounted in the tariff determination.

No policy to prevent and contain Water and Electricity losses is in place despite requests in the past it is still not done, thus proving the attitude that "the public must whether they like it or not."

Electricity tariffs

No mention is made of the much higher, 12% requested by Eskom, than the budgeted percentage. Any increase higher than 6.23% will result in a financial catastrophe for the municipality due to not making provision for it in good time. This will only surface again at about May 2022 but the present council is not concerned about it because another

council will then have to deal with it. The public is therefore deliberately misled in the presentation of this budget.

The continuous loss of more than 25% electricity in the distribution network, mainly due to illegal connections, is not mentioned or discounted in the tariff determination.

IMPORTANT

In discussions with SCHOOL GOVERNING BODIES mention was made that there are schools in the KOSH Area where up to 50% of the learner's parents are not in a position to pay school fees and that the assistance from government sources is insufficient to cover municipal charges.

An urgent investigation into this issue is required to assist such schools.

Sewer tariffs

No additional sewer charges are levied in Jouberton, Khuma, Kanana and Tigani. This is not only UNFAIR DISCRIMINATION but also a huge loss of revenue. The reason for this unacceptable issue must be encapsulated by management in the submission to Council before the budget is approved.

Basic charges.

Basic charges can be described as "a charge for the availability of a service" Why are such charges for refuse removal not levied on empty stands? This is a huge loss of revenue. Raising such a tariff will induce quicker development of undeveloped properties.

Refuse removal

The operating cost of a single removal per week is the same as for a second removal. Why is the tariff for the second removal much lower than that of the first removal. This anomaly must be rectified without delay to secure the much required revenue

Sundry Debtors.

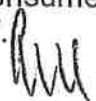
Millions of rands of irrecoverable debtors are not written off which creates a sense of recoverability which in turn creates a sense of sustainability of the municipality as a going concern

Consumer Debtors.

Due to the unwritten policy of the finance section to collect outstanding debtors on a VERY SELECTIVE basis caused debt collection to become a mockery.

No firm action has ever been taken against the involved employees in this regard despite ample proof provided in a professional forensic investigation.

Family, friends and political party supporters are protected and allowed to enmass millions of rands on consumers accounts to the detriment of the community because in the end it is written off.



Three debt collection agencies were appointed almost 2 years ago under very devious circumstances . Their performance is less than that of internal personell yet they are allowed to continue. Why? Who is benifitting from that?

Policies.

Policies are not applied as intended. Personal interpretation gets preference. This is very evident in property sales and debt collection.

In November 2018 a well constituted WHISTLE BLOWERS POLICY was workshopped. To date it was not submitted to Council for approval. The obvious reason-- TO PROTECT THE PERPETRATORS OF CORRUPTION. DILIGENT EMPLOYEES ARE NOT PROTECTED AGAINST PERSECUTION when divulging such irregularities.

Employees found guilty in a court of law of i.e. fraud, are not discharged but kept in the employ in the Human Resources Section to avoid the divulgence of who else and the extent of other criminal activities.

Misuse of municipal equipment and employees.

A conscientious municipal employee was recently seriously taken to task when refusing to use municipal equipment and to perform work for an ANC councillor. Before the 2016 municipal elections I experienced and witnessed it myself in the Speaker's Office.

In conclusion---

The fact that IRASA comments only on certain issues in the budget must not be construed as acceptance of all other issues.

A.Meiring.


P R Cllr. for IRASA. (Independent Ratepayers Association of South Africa)

Comments on the Integrated Development Plan. (IDP)

The IDP can be described as the WISH LIST of the COMMUNITY of changes they want in their Wards.

If such wish lists are not commensurate with the willingness of that community to pay for the services delivered by the municipality in that ward it is nothing but sponging on the payments made by other communities who live under the same challenging conditions.

Why must cash collected from i.e. Jouberton wards where electricity cut offs compell the community to pay their accounts be used to give services in Khuma, Kanana and Tigan! where as little as 15% of the community pay there accounts?

Cross subsidization is infuriating certain communities already, which is the last thing we need in any of our communities.

To be fair to the diligent payers of their accounts the wish lists of the non-paying communities must be financed by the Government through Grants by registering for Indigent Grants.

IDP lists must also be realistic and relative to the integrated development plan of the entire municipal area in order to avoid signs of preferential treatment.

The IDP approved in a financial year must first be completed before a new financial year's IDP can be considered.

The IDP submitted by wards in Khuma, Kanana and Tiganane and some wards in Jouberton can not be supported because it does not meet IRASA's payment criteria.

IRASA can also not support the IDP for Ward 39. Although it qualifies in terms of some of the mentioned criteria the submission was compiled on 18 11 2016, updated on 20 04 2017 and 05 05 2017 which is 4 years ago and why it is incorporated in the 2020/2021 financial year is incomprehensible.

The municipality can not even successfully complete a capital budget of R150m let alone this outages submission. No cognizance were taken of any developments, proposed developments cost escalations or other variables within the Ward 39.

To submit an IDP of an estimated R 215m for Ward 39 under the present economic conditions is tantamount to ignorance and should be discarded as such.

The precarious financial position the municipality is in and the expected further decline in economic conditions due to circumstances beyond the control of the citizenry renders the entire IDP to nothing but a pipe dream.

A Meiring
19 06 2020

PR Councillor-Independent Ratepayers Association of South Africa (IRASA)