

**SUBMISSION OF THE 2024 / 2025 TO 2026 / 2027 OPERATING / CAPITAL BUDGET, IDP & POLICY DOCUMENTS
(CHIEF FINANCIAL OFFICER)**

Purpose of the report

To inform Council that the 2024 / 2025 to 2026 / 2027 Operating/Capital Budget and IDP Documents will be tabled at the Council meeting of 27th March 2024.

Legal Framework

Section 16 - 18 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), 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.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format –
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out –
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215 (3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (3) When an annual budget is tabled in terms of section 16 (2), it must be accompanied by the following documents:
 - (a) draft resolutions –
 - (i) approving the budget of the municipality;
 - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;
 - (iii) approving the budgets for the relevant financial year of each municipal entity under the

- sole or shared control of the municipality; and
 - (iv) approving any other matter that may be prescribed;
- (b) measurable performance objectives for each vote in the budget, taking into account the municipality's integrated development plan.
- (c) a projection of cash flow for the budget year by revenue source, broken down per month;
- (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
- (e) any proposed amendments to the budget-related policies of the municipality;
- (f) particulars of the municipality's investments;
- (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
- (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
- (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
- (j) particulars of any proposed allocations or grants by the municipality to –
 - (i) other municipalities;
 - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
 - (iii) any other organs of state;
 - (iv) any organisations or bodies referred to in section 67 (1);
- (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of–
 - (i) each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality at a remuneration package at least equal to that of a senior manager;
- (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –
 - (i) each member of the entity's board of directors; and
 - (ii) the chief executive officer and each senior manager of the entity; and
- (m) any other supporting documentation as may be prescribed.

Funding of expenditures

18. (1) An annual budget may only be funded from –
- (a) realistically anticipated revenues to be collected;
 - (b) cash-backed accumulated funds from previous years' surpluses not committed for other

- purposes; and
 - (c) borrowed funds, but only for the capital budget referred to in section 17 (2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years.

INTEGRATED DEVELOPMENT PLANNING

Section 34 of Municipal System Act refers :

Annual review and amendment of integrated development plan

A municipal council

- a) must review its integrated development plan
 - (i) annually in accordance with an assessment of its performance measurements in terms of section 41 and
 - (ii) to the extent that changing circumstances so demand; and
- b) may amend its integrated development plan in accordance with a prescribed process.**

In terms of section 34 of the MSA a municipal council must review its integrated development plan (IDP) annually in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand, and may amend its IDP in accordance with a prescribed process. The Local Government Municipal Systems Regulations, 2001, stipulates the process to be followed during the IDP amendment in chapter 2, section 3. The process is prescribed as follows: -

- (1) Only a member or committee of a municipal council may introduce a proposal for amending the municipality's integrated development plan in the council.*
- (2) Any proposal for amending a municipality's integrated development plan must be-*
 - (a) accompanied by a memorandum setting out the reasons for the proposal; and*
 - (b) aligned with the framework adopted in terms of section 27 of the Act.*
- (3) An amendment to a municipality's integrated development plan is adopted by a decision taken by a municipal council in accordance with the rules and orders of the council.*
- (4) No amendment to a municipality's integrated development plan may be adopted by the municipal council unless-*
 - (a) all the members of the council have been given reasonable notice*
 - (b) the proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment;*
 - (c) the municipality, if it is a district municipality, has complied with subregulation (5); and*
 - (d) the municipality, if it is a local municipality, has complied with subregulation (6)*
- (5) A district municipality that considers an amendment to its integrated development plan must:*
 - (a) consult all the local municipalities in the area of the district municipality on the proposed amendment; and*
 - (b) take all comments submitted to it by the local municipalities in that area into account before it takes a final decision on the proposed amendment*
- (6) A local municipality that considers an amendment to its integrated development plan must:*
 - (a) consult the district municipality in whose area it falls on the proposed amendment; and*
 - (b) take all comments submitted to it by the district municipality into account before it takes a final decision on the proposed amendment.*

Comments

The 2024-2025 MTREF Budget documents and IDP have been compiled in terms of the Municipal Budget and

Reporting Regulations and **will be tabled at the Statutory Council Meeting of 27 March 2024.**

Budget-related policies will be **placed on the municipal website** and will also be available at the municipal offices for comments /inputs.

IDP related policies, including ICT policies will be **placed on the municipal website** and will also be available at the municipal offices for comments /inputs.

Recommendation / Aanbeveling

1. That the Executive Mayor table the 2024-2025 MTREF Budget & IDP at the Statutory Council Meeting of 27 March 2024.
2. That the tabling of 2024 / 2025 to 2026 / 2027
 - Operating / Capital Budget,
 - Integrated Development Plan(IDP)
 - Budget related policies
 - IDP Related Policy Documents
 - ICT policies
 - Proposed Organogram.
 - Long term financial plan
3. All relevant documents be made available for public comment and be forwarded to all relevant National and Provincial departments.
4. The budget and IDP be referred to all wards for discussion and inputs.

This item served before an Ordinary Meeting of Council on 27 March 2024

Hierdie item het gedien voor 'n Gewone Vergadering van die Raad op 27 Maart 2024

Eenparig Besluit / Unanimously Resolved

1. That the Executive Mayor table the 2024-2025 MTREF Budget & IDP at the Statutory Council Meeting of 27 March 2024.
2. That the tabling of 2024 / 2025 to 2026 / 2027
 - Operating / Capital Budget,
 - Integrated Development Plan (IDP)
 - Budget related policies
 - IDP Related Policy Documents
 - ICT policies
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3. All relevant documents be made available for public comment and be forwarded to all relevant National and Provincial departments.
4. The budget and IDP be referred to all wards for discussion and inputs.