

SUBMISSION OF THE 2016 / 2017 TO 2018 / 2019 OPERATING / CAPITAL BUDGET, IDP & POLICY DOCUMENTS (5/1/1-2016/17) (CHIEF FINANCIAL OFFICER)

Purpose of the report

To inform Council that the 2016/2017 to 2018/2019 Operating/Capital Budget and IDP Documents will be tabled at the Council meeting of 29 March 2016.

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.

Comments

The 2016-17 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 29 March 2016.**

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

Below is the link to the folder that contains the following: (1) Budget Related Policies; (2) Tabled Budget and (3) the IDP

<https://www.dropbox.com/sh/r61tnmf8dm81jrk/AAC3ak0xPsaPbllcN0aiCf6Ba?dl=0>

Recommendation / Aanbeveling

1. That the Executive Mayor table the 2016-17 MTREF Budget & IDP at the Statutory Council Meeting of 29 March 2016.
2. That the tabling of 2016 / 2017 to 2018 / 2019 Operating / Capital Budget, IDP & Policy Documents be noted.

Hierdie item het voor 'n Statutêre Vergadering van die Raad gedien op 29 Maart 2016

This item served before a Statutory Meeting of Council on 29 March 2016

Eenparig Besluit / Unanimously Resolved

1. That the tabling of 2016 / 2017 to 2018 / 2019 Operating / Capital Budget, IDP & Policy Documents be noted.
2. That a workshop for Councillors be organised as soon as possible about the draft 2016 – 2018 budget.