

ITEM

2021/2022 Medium Term Revenue and Expenditure Framework (MTREF) Report

(Directorate: Financial Services)

(5/4/2 -2021/2022)

1 EXECUTIVE SUMMARY

1.1 Purpose of report

The purpose of the report is to table the 2021/2022 Medium Term Revenue and Expenditure Framework at Council.

1.2 Background

1.2.1 The 2021/2022 Medium Term Revenue and Expenditure Framework were discussed at the Portfolio Committee Finance meeting of 23 March 2021 and informal Mayoral Committee meeting on 25 March 2021.

1.2.2 All the decisions of the informal Council reflect as resolutions and be incorporated into the tabled budget that is submitted to National and Provincial Treasury.

1.3 Discussion

1.3.1 The “Executive Summary” summarises the challenges, guidelines and consolidated overview.

1.3.2 The proposed tariffs are included in the paragraph on operating revenue framework.

1.3.3 The Integrated Development Plan will be tabled together with 2021/2022 MTREF.

1.4 Basis of report

Schedule A for 2021/2022 Medium Term Revenue and Expenditure Framework

2 BUSINESS PLAN

n/a

3 COMPLIANCE WITH STRATEGIC OBJECTIVE

Submission of compliance reports to National and Provincial Treasury.

4 DELEGATED AUTHORITY

n/a

5 ANNEXURES

Annexure - Schedule report 2021/2022 MTREF
Annexure A - Detailed Capital Budget per project

6 POLICY/LEGAL REQUIREMENTS

Chapter 4 (section 15 to 25), section 53, 68 and 69 of the Municipal Financial Management Act, 2003 (Act 59 Of 2003)
Regulation No 32141, Government Gazette of 17 April 2009
National Treasury: Section 72 Reporting Guideline of July 2013

7 LEGAL IMPLICATIONS

See Point 6 above

8 IMPLEMENTATION PLAN

The tabling of the Draft Budget will be followed by public participation and the Final Budget will be tabled to Council for approval by not later than 31 May 2020.

9 FINANCIAL IMPLICATION

A budget is a financial plan of expected income and expenditure and capital programs. Tariffs must be affordable, projected collection of income realistic and the budget must be balanced. The Draft Budget complies with these requirements.

10 STAFF IMPLICATIONS

Increase in personal costs have been budgeted for in terms of the Bargaining Council Agreements and staff vacancies will have to be prioritized.

11 **CONCLUSION**

The Draft Budget was discussed at the informal Mayoral Committee meeting on 25 March 2021. The 2021/2022 will be tabled for approval on 29 May 2021.

	<u>RECOMMENDED</u>	FOR ATTENTION
	The Council takes cognisance of the draft annual budget of the municipality for the financial year 2021/22. The public must be invited to comment and thereafter it be resubmitted to Council for approval.	
	The Council takes cognisance of the following resolutions:	
1	The annual budget of the municipality for the 2021/22 financial year and the multi-year and single-year capital appropriations as set out in the following tables:	Council
1.1	Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 90	
1.2	Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 92;	
1.3	Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 93; and	
1.4	Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 98	
2	The financial position, cash flow budget, reserve/accumulated surplus, asset management and basic service delivery targets are noted as set out in the following tables:	Council
2.1	Budgeted Financial Position as contained in Table 23 on page 101;	
2.2	Budgeted Cash Flows as contained in Table 24 on page 103	
2.3	Reserves and accumulated surplus reconciliation as contained in Table 25 on page 104	
2.4	Asset management as contained in Table 26 on page 107; and	
2.5	Basic service delivery measurement as contained in Table 27 on page 113	
3.	The Council, in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considered the tariffs with effect (billing) from 1 July 2021	Council
3.1	The tariffs for property rates – as set out on page 14	
3.2	The tariffs for electricity – as set out on page 18-19	
3.3	The tariffs for the supply of water – as set out on page 16-17	
3.4	The tariffs for sanitation services – as set out on page 21-23	

3.5	The tariffs for solid waste services (cleansing) - as set out on page 24	
4.	The Council, in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considered with effect (billing) from 1 July 2021 the tariffs for other services, as set out on page 29 to 76 respectively.	Council
5	The capital projects to be financed from own funds (accumulated surplus) be implemented subject to the improvement of the cash flow position of the Municipality and subject to affordability	Council MM Directors
6.	The Budget Related Policies will be reviewed and workshop will be held in April 2021	Council MM Directors
7.	Financial lease of R18.9 million plus VAT to finance the purchase of vehicles to improve service delivery be discussed before been implemented in terms of MFMA	Councillors MM CFO
8.	Council approves that the municipality raise an overdraft facility of R10 million with its primary bankers for utilisation in the 2021/2022 financial year but no security will be submitted.	Council MM CFO
9.	The option investigated by the Municipal Manager to take up external borrowing to finance the installation of services at 122 un-service stands in Vaalpark	Council MM DTIS CFO
10.	The option investigated by the Municipal Manager to take up external borrowing (period of 3 years implemented) to finance the rehabilitation/ resurfacing of roads	Council MM DTIS CFO
11.	Operation Patala and Revenue Enhancement Strategy be submitted to Council and be implemented in order to obtain 76% collection rate	Council MM CFO
12.	Public Participation were done via social media, website, bulk sms messages pamphlets and notice in newspapers, as well as slots on radio stations where the Executive Mayor and MMC: Finance will address the community	Council Speaker Communication Officer CFO
13	A report regarding the fleet of the municipality be submitted to Council	MM DTIS
14	The budget is not funded and savings be indicated to ensure budget funded	MM Directors CFO

15	Capital budget must be review and projects/items from own funding reduced	Council MM Directors CFO
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