

## **EXTRACT COUNCIL MINUTES: 26 MARCH 2020**

### **RESOLVED**

**Item A40/26/03/2020**

that the following resolutions be approved and adopted in principle for public scrutiny and comment:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1 The annual budget of the municipality for the financial year 2020/21 containing multi-year and single-year appropriations as set out in the following tables:
    - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2
    - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
    - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
    - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.
  - 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 as contained in Section 4 of the annual budget report Table A6;
    - 1.2.2 Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
    - 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
    - 1.2.4 Asset management as contained in Section 4 of the annual budget report Table A9 and
    - 1.2.5 Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.
2. The Council of Swellendam Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other service charges as set out in Annexure A, in principle for public scrutiny and comment:
3. The Council takes cognisance of the draft SDBIP for 2020/21 and the draft performance agreements of the senior managers and that these documents be placed on the website.
4. that the following policies be approved in principle for public scrutiny and comment and the public invited to scrutinise it as placed on the website or at various municipal buildings and libraries:
  - (i) Rates Policy
  - (ii) Customer Care, Credit Control and Debt Collection Policy
  - (iii) Bad debt write-off Policy
  - (iv) Irregular Expenditure Policy
  - (v) Tariff Policy
  - (vi) Funding and Reserve Policy
  - (vii) Budget Policy
  - (viii) Banking, Cash Management and Investment Policy
  - (ix) SCM Policy
  - (x) Preferential Procurement Policy
  - (xi) Asset Management Policy
  - (xii) Petty Cash Policy
  - (xiii) Indigent Policy
  - (xiv) Borrowing Policy

**DRAFT BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021**

Report of the Director: Financial Services: Mr H Schlebusch

<b>Department</b>	Financial Services
<b>Section</b>	Financial Services
<b>File Number</b>	5/1/1/21

**PURPOSE OF THE REPORT**

To submit to Council the draft medium- term revenue and expenditure framework 2020/2021 and to make recommendations on the budget related policies.

**FACTS AND BACKGROUND**

In terms of section 16 (1) of the Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA), the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year. Section 16 (2) of the MFMA further stipulates that 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. Subsection 3 of section 16 stipulates that **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.

**The documentation will be distributed as a separate document.**

**DISCUSSION**

**Draft Annual Budget**

The Draft Annual Budget will be presented to Council for final approval in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) at the Council meeting scheduled for 28 May 2020.

The annual budget for the financial year 2020/21 contains multi-year and single-year appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

The annual budget as tabled for the financial year 2020/21 also contains the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets to be approved as set out in the following tables:

- Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
- Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;

- Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
- Asset management as contained in Section 4 of the annual budget report Table A9; and
- Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.

The proposed tariffs, charges and fees for 2020/ 2021 for property rates; electricity-; water-; sanitation; solid waste services and other service charges are as set out in Annexure A.

### **Budget related policies**

The contents of the annual budget is set out in section 17 of the MFMA. In terms of section 17 (3) (e) if the MFMA the budget proposals must also contain proposed amendments to the budget related policies.

**The following budget related policies exist currently and have been circulated by email to all Councillors as it is too costly to circulate printed copies.**

1. Client services, Credit Control and Debt Collection Policy
2. Bad Debt Write-off Policy
3. Rates Policy
4. Banking, Cash Management end Investment Policy
5. Budget Policy
6. Funding and Reserve Policy
7. Tariff Policy
8. Indigent Support Policy
9. Supply Chain Management Policy Principles and Operational Systems
10. Preferential Procurement Policy
11. Petty Cash Policy
12. Irregular Expenditure
13. Asset Management policy
14. Borrowing Policy.

### **LEGAL REQUIREMENTS**

Sections 16 tot 24 of the MFMA and the Municipal Budget and reporting regulations, 2008.

### **FINANCIAL IMPLICATIONS**

As per the proposed budget and recommendations.

### **PERSONNEL IMPLICATIONS**

As per the proposed budget and recommendations

### **COMMUNICATION IMPLICATIONS**

In terms of the stipulations of section 21 and 34 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended and section 22 of the Local Government Municipal Finance Management Act, 2003 (56 of 2003) the proposed budget and related documents will be advertised and placed on the municipal website and provided to the ward committees for input, comments and objections.

The budget related policies will not be distributed. The advertisement will also contain the list of budget-related policies for scrutiny by the public. The budget related policies is open for inspection on the municipal website and can be made available to any member of the public.

## RECOMMENDED

that the following resolutions be approved and adopted in principle for public scrutiny and comment:

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