

COJ : MAYORAL COMMITTEE 2019-03-06

FINANCE

91 TABLING OF THE 2019/20 – 2021/22 MEDIUM TERM BUDGET AND RELATED DOCUMENTATION IN TERMS OF SECTION 25 (1) OF THE MFMA

1 STRATEGIC THRUST

Well Governed and Managed City.

2 OBJECTIVE

The medium-term budget and related documentation for the 2019/20 to 2021/22 financial years are submitted to Council for consideration in terms of section 25 (1) of the Municipal Finance Management Act 56 of 2003 (MFMA, the Act).

3 BACKGROUND

In terms of the Section 16 (2) of MFMA, the Mayor must table a draft annual budget at a Council meeting 90 days before the start of the budget year.

In terms of Section 87 (1) of the MFMA, Municipal Entities are required to submit their draft budgets to the parent municipality not later than 150 days before the start of the entity's financial year.

The budget process for 2019/20 commenced when with the 1st Mayoral Lekgotla that was held on the 25-26 October 2018. The objectives of the 1st Mayoral Lekgotla were to reach agreement on key focus areas and interventions. Departments and municipal entities (MEs) were requested to prepare budget proposals in line with the recommendations of the 1st Mayoral Lekgotla. These budget proposals were then presented to the Budget Steering Committee held on 11, 14 to 16 January 2019. The objective of the hearings was to assess the budget proposals in terms of the City's priorities.

Operating and capital budget allocations have been issued in line with the Financial Development Plan and departments and entities were requested to direct available resources towards service delivery with a particular focus on Dipheto go initiatives.

The Minister of Finance's budget speech was held on 20 February 2019 and the budget does take in to account the latest national allocations as reflected in the Gazette. The provincial allocation will be available at a later date and the allocation will be included in the final budget that will be submitted to Council during the month of May 2019.

COJ : MAYORAL COMMITTEE 2019-03-06

FINANCE

Consultation Process

The Draft Operating Budget is tabled for information and consultation, rather than approval and will be refined to consider the outcome of the public participation process.

4 SUMMARY

The following items are submitted to Council in terms of section 25 (1) of the MFMA for consideration:

- ITEM A : 2019/20 – 2021/22 MEDIUM TERM OPERATING BUDGET FOR THE CITY OF JOHANNESBURG
- ITEM B : 2019/20 – 2021/22 MEDIUM-TERM CAPITAL BUDGET FOR THE CITY OF JOHANNESBURG

The contents of the above items, their recommendations, as well as the supporting documents attached hereto.

5 POLICY IMPLICATIONS

None.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in compliance with the provisions of The Municipal Finance Management Act (Act 56 of 2003).

7 FINANCIAL IMPLICATIONS

In the absence of an approved budget before the start of a financial year funding will not be available to implement the budget and service delivery to the community will be affected.

8 COMMUNICATION IMPLICATIONS

In terms of Section 24 of the MFMA, the Accounting Officer must inter alia, submit the approved budget to National Treasury and Provincial Treasury immediately after the approval of the budget.

The approved budget will also be communicated to the community and various stakeholders in the manner prescribed by law.

COJ : MAYORAL COMMITTEE 2019-03-06

FINANCE

9 OTHER BODIES/DEPARTMENTS CONSULTED

Group Legal and Contracts.

10 KEY PERFORMANCE INDICATOR

Management of the budget process in compliance with the Municipal Finance Management Act Chapter 4.

IT IS RECOMMENDED

ITEM A: 2019/20 – 2021/22 DRAFT MEDIUM-TERM OPERATING BUDGET FOR THE CITY OF JOHANNESBURG

1That the draft consolidated operating revenue of R58.5 billion, operating expenditure of R57.3 billion, taxation of R160.3 million and capital grants and contributions of R3.2 billion for the City of Johannesburg for the financial year 2019/20, and the indicatives for the projected medium-term period 2019/20 to 2021/22 be noted as set out in the following attachments:

(1)The consolidated operating budget for the City, Core Administration and Municipal Entities as reflected in Annexure A, B and C.

(2)The operating revenue and expenditure budget by vote for the City as reflected in Annexure D.

2That the subsidies payable by Core Administration to the following Municipal Entities be noted:

3That the supporting information contained in the 2019/20 – 2021/22 Draft Medium Term Revenue and Expenditure Budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act 56 of 2003) be noted in conjunction with this report.

4That the Accounting Officer:

(1)In accordance with chapter 4 of the Systems Act:

(a) Make public the annual consolidated operating budget and other documents

referred to in section 17(3) of the MFMA;

(b) Invite the local community to submit representations in connection with

the annual consolidated operating budget;

(2)Submit the annual consolidated operating budget:

COJ : MAYORAL COMMITTEE 2019-03-06

FINANCE

- (a) In both printed and electronic formats to the National and Provincial Treasury;**
- (b) In either format to any prescribed national or provincial organs of state and to such other municipalities as may be affected by the budget.**

ITEM B: 2019/20 – 2021/22 DRAFT MEDIUM-TERM CAPITAL BUDGET FOR THE CITY OF JOHANNESBURG

1That the draft capital budget of R8 321 241 000 for the year 2019/20, R8 254 811 000 for the year 2020/21 and R8 895 626 000 for the year 2021/22 of the City of Johannesburg be noted in terms of Section 16 (3) of the MFMA as set out in the following schedules:

- (1)Capital budget by vote for each of the Municipal Entities and Core Administration as reflected in Annexure A.**
- (2)Capital budget by project for each of the Municipal Entities and Core Administration as reflected in Annexure B.**

2That the Accounting Officer:

(1) In accordance with chapter 4 of the Systems Act:

- (a) Make public the annual consolidated capital budget and other documents referred to in section 17(3) of the MFMA;**
- (b) Invite the local community to submit representations in connection with the annual consolidated capital budget;**

(2) Submit the annual consolidated capital budget:

- (a) In both printed and electronic formats to the National and Provincial Treasury;**
- (b) In either format to any prescribed national or provincial organs of state and to such other municipalities as may be affected by the budget.**

(FINANCE)
(Ntuthuzelo April)
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(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM