

**SPECIAL COUNCIL RESOLUTION EXTRACT**

**(26 – 03 – 2020)**

ITEM NO	RESOLUTION NO	DATE	ITEM	BACKGROUND	RESOLUTION
02	2731	26 – 03 – 2020	Draft Budget 2020/21	<p align="center"><b>BACKGROUND</b></p> <p>It is to submit the draft <b>BUDGET</b> for 2020/21 financial year to the Council</p> <p>With reference to Municipal Finance Management Act no 53 of 2003, the following sections guide us:</p> <p><b>Section 21</b></p> <p>(1) The mayor of the municipality must</p> <p>(a) Co-ordinate the processes for the preparing of the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure that the tabled budget and any revision of the integrated development plan and budget related policies are mutually consistent and credible</p> <p>(b) At least 10 months before the start of the budget year, table in the municipal council time schedule outlining key deadlines for-</p> <p>(i) The preparation, tabling and approval of the annual budget</p> <p>(ii) The annual review of</p> <p>(aa) integrated development plan terms of</p>	<p>Council Resolves to:</p> <ul style="list-style-type: none"> <li>• Approve the Draft Budget for 2020/21 financial year</li> <li>• Draft tariffs for 2020/21</li> </ul>

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			<p>section 34 of the Municipal Systems Act</p> <p>(bb) the budget-related policies</p> <p>(iii) The tabling and adoption of any amendments to the integrated development plan and the budget related policies</p> <p>(iv) Any consultative process forming part of the process referred to in subparagraphs (i), (ii) and (iii)</p> <p><b>Section 18</b></p> <p>An annual budget may be funded from</p> <p>(a) Realistically anticipated revenues to be collected</p> <p>(b) Cash backed accumulated funds from previous years surpluses not committed for other purposes; and</p> <p>(c) Borrowed funds, but only for capital budget</p> <p><b>Section 16(2):</b> In order for the 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.</p> <p><b>1.1 LEGAL AND OR LEGISLATIVE BACKGROUND</b></p> <p>In terms of Section 16 (1) and (2) of the Municipal Finance Management Act no 56 of 2003:</p>	
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				<p>(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.</p> <p>(2) In order for the 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.</p> <p><b>1.2 BACKGROUND, FACTS AND PROPOSALS</b></p> <p>The municipality prepared its draft annual budget for 202021 financial year in line with the following principles:</p> <ul style="list-style-type: none"> <li>• The NLM's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship</li> <li>• Tariff and property rate considerations should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective</li> <li>• No budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as</li> </ul>	
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				<p>required by the annual Division of Revenue Act;</p> <ul style="list-style-type: none"> <li>• Revenue sources considered as gazetted in the Division of Revenue Bill for both National Funding and Provincial Funding, as well as Municipal own revenue.</li> <li>• Latest Circulars such as 98 and 99 to guide the compilation of the 2020/21 MTRRF.</li> </ul> <p>Total Budget for 2020/21 is R540 576 706 being funded by the Equitable Share, Operational Grants, Capital Grants, Municipal Own Revenue as well transfer from reserves.</p> <p>The expenditure is appropriated in line with the available revenues, and expenditure is made up of Salaries &amp; Wages, Operational Expenditure including repairs &amp; maintenance, Capital Expenditures, Depreciation and Provision for Doubtful Debts.</p> <p>The municipality reviewed its tariffs as part of the preparation of the draft annual budget. In addition, its draft budget related policies were reviewed and will be finalized after consultation both internally and externally.</p> <p><b>1.3 STAFF IMPLICATION</b> None</p>	
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				<p>public through newspapers and the Nyandeni Local Municipality website.</p> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>• To approve the Draft Budget for 2020/21 financial year</li> </ul>	
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Lazola Ndamase

Council Secretary

26 – 03 – 2020