



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

AGENDA VAN 'N SPESIALE RAADSVERGADERING GEHOU TE WORD OM 09:00 OP WOENSDAG 9 MAART 2016 IN DIE MUNISIPALE RAADSAAL TE BREDASDORP

AGENDA OF A SPECIAL COUNCIL MEETING TO BE HELD ON WEDNESDAY, 9 MARCH 2016 AT 09:00 IN THE MUNICIPAL COUNCIL CHAMBERS, BREDASDORP

RAADSLEDE

Me E Marthinus	Speaker
Mnr R G Mitchell	Uitvoerende Burgemeester
Mnr D Jantjies	Uitvoerende Onder-Burgemeester
Mnr R Mokotwana	Lid van die Uitvoerende Burgemeesterskomitee
Me P Atyhosi	Raadslid
Mnr D Burger	Raadslid
Mnr J Nieuwoudt	Raadsheer
Me E Sauls	Raadslid
Me Z Tonisi	Raadslid

AMPTENARE

Mnr D O'Neill	Munisipale Bestuurder
Mnr S Ngwevu	Direkteur: Korporatiewe Dienste
Mnr H Van Biljon	Direkteur: Finansiële Dienste
Mnr N Kotze	Direkteur: Siviele Ingenieursdienste
Mnr K Mrali	Direkteur: Gemeenskapsdienste
Mnr S Cooper	Wvd Asst. Direkteur: Elektries
Mnr G M Moelich	Bestuurder: Admin Ondersteuning
Me T Stone	Bestuurder: Strategiese Dienste

Kennis geskied hiermee van 'n **SPESIALE RAADSVERGADERING** van die Kaap Agulhas Munisipaliteit wat sal plaasvind om **09:00** op **WOENSDAG, 9 Maart 2016** in die **Munisipale Raadsaal** om die sake in die ingeslote Agenda te oorweeg.

Notice is hereby given of a **SPECIAL COUNCIL MEETING** of the Cape Agulhas Municipality to be held at the **Municipal Council Chambers** on **WEDNESDAY, 9 March 2016** at **09:00** to discuss the enclosed Agenda.

D. O'Neill

MUNISIPALE BESTUURDER / MUNICIPAL MANAGER

AGENDA

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| <p>1. <u>TEENWOORDIG</u></p> <p>2. <u>AANSOEKE OM VERLOF TOT AFWESIGHEID</u></p> <p>3. <u>VERWELKOMING</u></p> <p>4. <u>OPENING MET GEBED</u></p> <p>5. <u>DEPARTMENT OF FINANCE: DRAFT BUDGET FOR THE 2016/2017 FINANCIAL YEAR</u></p> | <p>1. <u>ATTENDANCE</u></p> <p>2. <u>APPLICATIONS FOR LEAVE</u></p> <p>3. <u>WELCOME</u></p> <p>4. <u>OPENING AND PRAYER</u></p> |
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The Director: Finance reports as follows:

"The purpose of this report is to submit the draft annual budget for the 2016/17 financial year for consideration and discussion by Council as prescribed in the Municipal Finance Management Act (MFMA).

BACKGROUND

In terms of section 21(2) of the Municipal Finance Management Act, the Mayor must consider the following issues when preparing the annual budget:

- Take into account the municipality's integrated development plan;
- Take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 34 of the Municipal Systems Act, taking into account realistic revenue and expenditure projections for future years;
- Take into account the national budget, the relevant provincial budget, the national government's fiscal and economic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum.
- Consult:-
 - (i) All other local municipalities in the area, if the municipality is a district municipality
 - (ii) The relevant provincial treasury, and when requested, the National Treasury; and
 - (iii) Any national or provincial organ of state, as may be prescribed.

BUDGET PREPARATION PROCESS

The budget preparation process consists of the following six distinct steps:

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| 1. Planning | Schedule key dates, establish consultation forums, review previous processes |
| 2. Strategizing | Review IDP, set service delivery goals and objectives for next three years, consult on tariffs, indigent, credit control, free basic service, etc. policies and consider |

local, provincial and national issues, previous year's performance and current economic trends, etc.

- 3. Preparing** Prepare budget, revenue and expenditure projections, draft budget policies, consult and consider local, provincial and national priorities
- 4. Tabling** Table draft budget, IDP and budget related policies before Council, consult and consider formal local, provincial and national inputs or responses
- 5. Approving** Council approves budget and related policies
- 6. Finalizing** Publish and approve Service Delivery and Budget Implementation Plan (SDBIP) and annual performance agreements and indicators.

The above steps must be incorporated into one process with reference to the IDP and Budget. These processes could be finalized before submission of the draft budget to Council.

In terms of section 16 of the MFMA, the council of a municipality must for each year approve an annual budget for the municipality and as a consequence of this legislative requirement, 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.

After the draft annual budget has been tabled, the community must be invited to make written submission to the Council on the budget and to make representation at the council hearings. Key stakeholders like national and provincial departments (eg. Treasuries, Local Government, Water, Environment, Health) should also be invited to submit written comments to the hearing. The Council may wish to host special sessions with the community organizations, business organizations, and public sector institutions prior to convening the hearings on the budget process.

Council is required to have hearings on the budget before it considers the budget for adoption. Council must consider all submissions received during its hearing process. The Mayor must be given an opportunity to respond to the recommendations, make revisions and amend the tabled budget if so required. After the Mayor has responded to the recommendations and made amendments to the draft budget, the full council must meet to consider the budget for approval not later than 31 May 2016.

BUDGET CONTENT AND FORMAT

National Treasury, through the Municipal Budget and Reporting Regulations provided guidelines on the content and format standards of the budget as well as supporting documentation to which all municipalities must comply. The regulations became effective as from July 2009.

The reason why National Treasury provided guidelines on the budget and supporting documentation is to ensure:

- Compliance with legal requirements for an approved budget;
- Strengthened oversight by council and improved performance by officials;
- Readability of and linkages within the budget documentation;
- Satisfaction of stakeholders' information needs (councillors, community etc.); and
- Facilitation of comparability between municipalities.

Municipal Circulars 78 & 79 further provides guidance (inclusive of all previous budget related circulars issued by National Treasury) to municipalities and municipal entities for the preparation of their 2016/17 budgets, medium term revenue and expenditure framework (MTREF) as informed by the *Budget Review 2016* and the *2016 Division of Revenue Act*. According to the mentioned circular, municipalities must prepare their budgets in the context of the upcoming local government elections, understanding the implications of the current global economic crisis and the slow-down in the domestic economy.

The draft annual budget is attached as annexure **(Bound separately)** for Council's consideration."

The Municipal Manager, in consultation with the Director: Finance, recommends as follows:

RECOMMENDATIONS

1. **Council resolves that the draft budget of the municipality for the financial year 2016/17 as per Budget Related Resolutions of the budget document and indicative for the projected outer years 2017/18 and 2018/19 be adopted as set out in 1.8 Annual Budget Tables in respect of the following schedules:**
 - 1.1 **Executive summary of revenue & expenditure – Table A1;**

- 1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table A2;
 - 1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) A – Table A3;
 - 1.4 Budgeted Financial Performance (revenue and expenditure) – Table A4;
 - 1.5 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5;
 - 1.6 Budgeted Financial Position – Table A6;
 - 1.7 Budgeted Cash Flows Table A7;
 - 1.8 Cash backed reserves/accumulated surplus reconciliation – Table A8;
 - 1.9 Asset Management – Table A9;
 - 1.10 Basic service delivery measurement table A10
 - 1.11 Council notes Part 2 - Other related Supporting Documentation completed where applicable from Table SA1 to SA37
2. Council approves and adopts the draft tariffs listing for services as per Appendix A with effect 1 July 2016
 3. Council approves and adopt the Draft SDBIP in respect of the 2016/17 budget year per Appendix B
 4. Council notes the updated MSCOA Implementation Plan to be submitted as required in terms of National Treasury Budget Circular 79 dated 7 March 2016 attached as Appendix C
 5. Council notes the Service Level Standards to be submitted as required in terms of National Treasury Budget Circular 79 dated 7 March 2016 attached as Appendix D
 7. Council approves the further refinement of the draft budget with regard to the prescribed supporting documentation, Draft SDBIP, IDP-Budget linkages and the outer year figures before final adoption by Council in April 2016
 8. Council notes that the Executive Mayor will have an oversight role over the budget process before it is again submitted for final approval.
6. FOURTH REVIEW OF THE CAPE AGULHAS MUNICIPALITY DRAFT INTEGRATED DEVELOPMENT PLAN REVIEW (2016/17)

REPORT BY THE MANAGER STRATEGIC SERVICES

PURPOSE OF REPORT

The purpose of this report is to present the 4th and final Draft Integrated Development Plan (IDP) Review for 2016/17 to the Council for adoption.

(The document will be distributed separately)

LEGAL FRAMEWORK

Integrated Development Planning is regulated by Chapter 5 of the Local Government Municipal Systems Act, Act 32 of 2000 read together with the Municipal Finance Management Act, Act 56 of 2003.

In terms of section 25(1) of the Municipal Systems Act, each Municipal Council must adopt a single, inclusive and strategic plan for the development of the Municipality within a prescribed period after the start of its elected term. The Municipality adopted its 2012/13 - 2016/17 IDP on 24 May 2012.

Section 34 of the Municipal Systems Act, requires Municipalities to review their Integrated Development Plans annually in accordance with an assessment of its performance and to the extent that changing circumstances demand. Amendments to the IDP must be done in accordance with the prescribed process.

Section 21 of the MFMA requires the mayor of a municipality to co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

Section 53(1) (b) of the MFMA provides that the mayor of a municipality must co-ordinate the annual revision of the integrated development plan in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget, and determine how the integrated development plan is to be taken into account or revised for the purposes of the budget.

DISCUSSION

The Draft IDP Review for 2016/17 constitutes the fourth and final review of the 2012/13 - 2016/17 IDP. **This review must be read in conjunction with the 2012-16 IDP as the review does not constitute a new IDP.** It was decided at District level that all Municipalities within the Overberg will include a close out report in their IDP reflecting on the performance of the Municipality against its strategic objectives.

Following approval of the draft IDP, it will be made available for public comment and submitted to the Department of Local Government for assessment. Comments and inputs obtained will be incorporated into the final IDP Review which will be presented to Council in April 2015.

MANAGEMENT RECOMMENDATION

That Council adopt the Draft IDP Review for 2016/17 and that it be made public in terms of Section 21A of the Municipal Systems Act, Act 32 of 2000.