

ITEM 1001/2018

[DEPARTMENT: FINANCE]

BUDGET AND INTEGRATED DEVELOPMENT PLAN FOR THE FINANCIAL YEAR 2018/19 (F5/1/1)

1. PURPOSE

- 1.1. To obtain Council approval of the draft budget for the 2018/19 financial year.
- 1.2. To obtain approval of the draft budget related policies for the 2018/19 financial year.
- 1.3. To obtain Council approval of the draft IDP for the period 2018/19 till 2022/23
- 1.4. To obtain Council approval of the bank overdraft facility.

2. BACKGROUND

2.1. Expected financial performance

- 2.1.1. The proposed total revenue is R 888,806 million in 2018/19, which represents a 24% increase from the previous years' original budget of R 719,442 million.
- 2.1.2. The proposed total expenditure is R 888,806 in the 2018/19 financial year, which also represents a 24% increase from the previous years' budget of R 719,442 million.

The Summary of the increases are as follows:

Description	Percentage increases proposed	
	Residential	Business
Water	6%	6%
Electricity	6.84%	6.84%
Refuse	6%	6%
Sewerage	6%	6%
Assessment rates	3.5%	3.5%
Sundry tariffs	10%	10%

- 2.1.3. Contribution to capital expenditure R 76.1 million of which is from MIG, DWA, DOE and internal funding.
- 2.1.4. The proposed budget is informed by the IDP and the financial recovery plan.

- 2.1.5. The indigent subsidy for each town will be increased to the minimum account payable as per the proposed calculations of the average accounts.
- 2.2. Public participation process
 - 2.2.1. Public hearings regarding the proposed 2018/19 budget took place throughout all the Dihlabeng towns of which minutes are attached.
 - 2.2.2. Public notice meetings in all towns/units were scheduled in April and May 2018. Not all the requests from the public could be taken into account due to financial constraints of the Municipality.
- 2.3. Annexures to the budget
 - 2.3.1. Annexure A = Income and expenditure budget summary (excluding the Capital budget)
 - 2.3.2. Annexure B = Municipal annual budget supporting tables (Circular 89 requirements)
 - 2.3.3. Annexure C = Cost containment measures (Circular 82)
 - 2.3.4. Annexure D = Public participation minutes.
 - 2.3.5. Annexure E = Draft IDP for the period 2018/19 till 2021/22
 - 2.3.6. Annexure F= Tariff List
- 2.4. The following budget related policies have served in the Policy Committee and they must be approved by Council with relevant legislation amendments. These policies are available on the CD provided. We did not print them out due to the size of the pack.
 - 2.4.1. Infrastructure procurement and delivery management policy
 - 2.4.2. Banking and investment policy
 - 2.4.3. Budget policy
 - 2.4.4. Fixed asset management and maintenance policy
 - 2.4.5. Tariff policy
 - 2.4.6. Accounting policy
 - 2.4.7. Petty cash policy
 - 2.4.8. Credit control by-law
 - 2.4.9. Credit control and debt collection policy
 - 2.4.10. Property rates policy
 - 2.4.11. Property rates by-law
 - 2.4.12. Computer and cell phone policy
 - 2.4.13. Disposal of land and other immovable assets policy
 - 2.4.14. Writing off of bad debts policy
 - 2.4.15. Supply chain management policy
 - 2.4.16. Traveling and subsistence allowance
 - 2.4.17. Unallocated deposit Policy
 - 2.4.18. Service delivery charter policy

- 2.6. In order for the municipality to fund its growing need for capital projects within the community the municipality will need to maintain its overdraft facility of R 5 Million, this is evident from the cash flow projection attached with the budget.

3. LEGAL IMPLICATIONS

Compliance with Chapter 4 of the MFMA. (Budget)

Compliance with section 45 of the MFMA. (Short-term borrowings)

Compliance with Chapter 5 of the Municipal Systems Act subsection 25,27,28 and 29

4. FINANCIAL IMPLICATIONS

Interest on the overdraft facility is charged at prime +1. An additional facility fee of R 15,000 is payable on acceptance of the facility.

5. RECOMMENDATION

- 5.1 That Council approves the 2018/19 budget, which has a total income R 888,806 million and total expenditure of R 888,806 million and a total capital budget of R 76.1 million of which is funded from MIG, DWA, DOE and Internal fund.

- 5.2 That Council approve the following major tariff increases as included in the tariff list:

Description	Percentage increases proposed	
	Residential	Business
Water	6%	6%
Electricity	6.84%	6.84%
Refuse	6%	6%
Sewerage	6%	6%
Assessment rates	3.5%	3.5%
Sundry tariffs	10%	10%

- 5.3 That the Council approve the budget related policies listed below for 2018/19 financial year onwards:


- Infrastructure procurement and delivery management policy
- Banking and investment policy
- Budget policy
- Fixed asset management and maintenance policy
- Tariff policy
- Accounting policy
- Petty cash policy
- Credit control by-law

- Credit control and debt collection policy
- Property rates policy
- Property rates by-law
- Computer and cell phone policy
- Disposal of land and other immovable assets policy
- Writing off of bad debts policy
- Supply chain management policy
- Traveling and subsistence allowance
- Unallocated deposit Policy
- Service delivery charter policy

- 5.4 That Council approves the draft IDP for the period 2018/19 till 2022/23
- 5.5 That it be noted that the service delivery and budget implementation plans will be submitted to Council before the end of June 2018 for approval
- 5.6 That Council approves the short-term facility (overdraft) of R 5 million for the 2018/19 financial year.
- 5.7 That the Executive Mayor signs the attached resolution in accordance with Section 45(2)(a) of the MFMA for the bank overdraft.

Prepared and recommended by:

Approved for submission:


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