

ITEM 13.6

BUDGET FOR 2021/22

Thanks honourable speaker for the opportunity to present this Final Budget for 2021/22.

Section 24 (1) of the Municipal Finance Management Act no 56 of 2003 indicates that, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. Hence we present this final budget for 2021/22 financial year for Council approval.

Council will remember that we presented the draft budget for 2021/22 financial year in March 2021 and inputs were sought from different stakeholders through face to face interactions where it was feasible and through media.

Those inputs have been incorporated into this final budget. But it must however be noted that not all inputs have been effected due to the limited funds that we have as the municipality.

Also, we received feedback from Provincial Treasury on the Draft Budget that they reviewed. Where necessary amendments were effected onto this Final budget for 2021/22.

This budget took into account the current economic conditions in our country as well as the current COVID-19 pandemic that the whole world is currently dealing with.

The following budget principles and guidelines directly informed the compilation of the 2021/2022 draft MTREF:

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI.
- The fixed operational cost and contracted services expenditure to take presiding in the allocation of available budget to ensure the municipality meet its contractual obligations.
- This budget is zero based.
 - ✓ Zero-based budgeting is defined as a process where every department function is reviewed comprehensively and each expenditure must be approved, rather than increased.
 - ✓ It requires the budget request to be justified in complete detail by each department rather than just increasing its expenditure from the previous year.

The 2021/2022 budget focuses on the priorities of Council as outlined in the IDP. There are listed below:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Safe and Secure Environment
- Spatial Analysis
- Environmental Management

The following is a summary of proposals on this Final Budget for 2021/22:

Table 1 indicates that the total operating revenue is expected to decrease by 11 per cent or R22.1 million for the 2021/2022 financial year when compared to the 2020/2021 adjusted budget however this will increase by R2.3 million when compared to 2020/2021 financial year original budget. For the two outer years, operational revenue will increase by 5.2 and decrease by 1 per cent respectively, equating to a total revenue growth of R11.1 million over the 2022/2023 MTREF when compared to the 2021/2022 financial year.

Total operating expenditure for the 2021/2022 financial year is expected to decrease by R22.1 million or 11 per cent when compared to the 2020/2021 adjusted budget however, when this is compared to the 2020/2021 original budget this will increase by R3.3 million. The operational expenditure is expected to increase by R8.2million for 2022/2023 and decrease by R386 thousands for 2023/2024 financial year which equating to R11.1 million for entire 2021/2022 MTREF.

Included in operating expenditure are the following allocations aimed to assist the indigent or needy communities:

- R1 million for external studies assistance for those learners in need of the financial assistance as per municipal study assistance.
- R750 thousands for free basic services (electricity)
- R850 thousands relates to Indigent Burial Assistance and,
- R600 thousand relates to "Disaster Management (Emergency Relief)

The municipality has budgeted for a surplus of R79 thousand for 2021/2022 and R2.8 million and R1.1 million for two our years.

Table 2 illustrates that the municipality is planning to invest R82.7 million in 2021/2022 financial year towards the municipal asset with many of it being directed to:

- road infrastructure
- phase two building of the municipal offices and
- the establishment of the testing centre in line with the municipal strategy to generate its own revenue.

The following resolutions approving the 2021/2022 – 2023/2024 MTREF are submitted to Council for consideration and adjusted where necessary:

1. **THAT** in terms of Section 24(1) and (2) of the Municipal Finance Management Act, 56 of 2003: - The annual budget of the municipality for the financial year 2021/2022; and indicative allocations for the two projected outer years 2021/2023 and 2023/2024; and the multi – year and single year capital appropriations **be approved as set out in budget table A1 to A10.**
2. **THAT** the Tariff of charges for the 2021/2022 financial year be approved and adopted.
3. **THAT** Council approves the budget related policies with effect from 01 July 2021.

4. **THAT** the following measurable performance indicator for revenue collections be set: Property rates income: the minimum collection rate of 65%
5. **THAT** in terms of the priority in the execution of the capital budget, priority should first be given to all projects that have been rolled over of which are primarily grant funded.
6. **THAT** any savings on the capital budget to be retained and not transferred to any other vote to ensure that the municipal financial sustainability is maintained.

[illegible]

3RD QUARTER SCM POLICY IMPLEMENTATION REPORT

Annexure A shows all the tenders in excess of R200 000 that were awarded for the quarter

Annexure B depicts Deviations from the SCM policy

The Procurement plan is in Annexure C

No goods and services were procured using Section 32 and there were no appeals on the tenders that were awarded.

This report served before the Finance Portfolio as well as EXCO as per the dates shown on the item.

EXCO recommended that the item be noted and submitted to Council for noting.

Thank you Somlomo.