

192. **2017/2018 MEDIUM TERM INCOME AND EXPENDITURE FRAMEWORK**
(MTREF)

(Directorate: Budget and Treasury Office)

VM/pm

PURPOSE OF THE REPORT

The requirements for the compilation and submission of the Budget are contained in Chapter 4 of the MFMA and Municipal Budget and Reporting Regulations.

The purpose of tabling the 2017/18 budget to council is to consider the Income and expenditure per category, the tariffs to realize the budgeted income and to inform council about the limitations regarding the budget.

RECOMMENDED:

ACTION

1. That the multi-year annual capital and operating budget for the 2017/2018 financial year of R5,209 billion and the two outer years of (2018/2019 and 2019/20) R5,506 billion, R6,050 billion and related policies be approved as per the following tables set out in Annexure A of the report:
 - Table A1 – Budget Summary
 - Table A2 – Budgeted Financial Performance (Revenue and expenditure by standard classification)
 - Table A3 – Budgeted Financial Performance (Revenue and expenditure by municipal vote)
 - Table A4 – Budgeted Financial Performance (Revenue and Expenditure)
 - Table A5 – Budgeted Capital Expenditure by Vote, (Standard classification and funding)
 - Table A6 – Budgeted Financial Position
 - Table A 7 – Budgeted Cash Flows
 - Table A8- Cash backed reserves / accumulated Surplus reconciliation
 - Table 9 – Asset Management
 - Table 10 – Basic Delivery measurement
2. That the final budget for the Rustenburg Water Services Trust as per table SA 31 be considered for implementation as from 01 July 2017;
3. That Council take note that for the 2017/18 MTREF financial year, the revenue and expenditure budget proposed has a surplus of R91,251 million, R118, 235 million and R185, 391 million respectively;
4. That in terms of section 74 of the Local Government Municipal Systems Act, all consumptive tariffs, Rates, Basic charges be amended as proposed below for implementation on 01 July 2017:

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- Property Rates – Residential increase 6.4%
 - Water – Residential increase 10 – 12.5%
 - Electricity – Residential increase 1.88 -14.57%
 - Sewerage – Residential increase 10 – 12.5%
 - Refuse – Residential increase 9%;
5. That all the sundry tariffs and other tariffs be amended as proposed in Annexure “B” of the report for implementation on 01 July 2017; BTO
 6. That the draft budget, proposed tariffs with the budget related policies tabled in Council on the 02 April 2017 were subjected to community participation through stakeholders and public meetings in various wards; CC
 7. It be noted that all inputs recommended through the public participation meetings and consultations with other stakeholders such as the National Treasury were taken into consideration in the approval of the budget; CC
 8. It be noted that the electricity tariffs are still yet to be approved by NERSA; CC
 9. That Electricity tariffs are approved by Council in terms of clause 24(2) (c) (ii) of the Municipal Finance Management Act 56 of 2003, and by the National Energy Regulator of South Africa (NERSA) in terms of clause 4 (a) (i) of the Electricity Regulator Act 4 of 2006. If the tariffs approved by Council differ from the tariffs approved by NERSA, the RLM Council approved tariffs shall be applied, until the matter is resolved; CC
 10. That the unspent conditional grant at end of 2016/17 not be committed to expenditure until approval has been obtained from National, Provincial in accordance with directives from National Treasury Circulars; BTO
 11. That the provision has been made of an annual increase of CPI +1 % (6.4%+1%) in the salaries of employees including Section 57 officials’ in accordance with MFMA Circular 86; BTO
 12. That the provision has been made for 10.26% estimated in increase in salaries of Councillors which have to be still announced in terms of the Public Office Bearers Act of the Public Office Bearers Act; BTO
 13. That the following budget related policies attached as Annexure “C” in the report be approved for implementation on 01 July 2017; BTO

13.1 Budget related policies with Amendments

- Credit Control and Debt Collection Policy
- Budget policy
- Indigent Policy

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- Property rates
- Tariffs policy
- Supply Chain Management Policy

13.2 Budget related policies without changes

- Cash Management and Investment Policy
- Fixed Assets Management Policy
- Travelling and Subsistence
- Rewards, Gifts and Favour Policy
- Contract Management Policy
- Borrowing Policy
- Funds and Reserves Policy
- Councillors Bereavement Policy

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| 14. NEW POLICY
Accelerated Economic Empowerment and Transformation; | ALL |
| 15. That the by-laws on the Credit Control and Debt Collection Policy, Property Rates Policy be developed; | BTO |
| 16. That MFMA circular no 85 and 86 from National Treasury be noted as Annexure "E" in the report; | ALL |
| 17. That the approved 2017/18 Medium Term Revenue and Expenditure (MTREF) Forecasts both printed and electronic formats be submitted to National Treasury and Provincial Treasury; | BTO |
| 18. That the approved (MTREF) Budget together with the tariffs, budget related policies be placed on the municipal website and be published in terms of Section 21A and B of the Municipal Systems Act as well as the MFMA and applicable regulations | BTO |
| 19. That an investigation be conducted by the Accounting Officer on the use of consultants in the Project Management Unit and measures that could be put in place to do insourcing of these services. That a report in this regard be submitted to Council at the end of June 2017; | AO |
| 20. That a report be submitted to Council at the end of June 2017 on the implementation of the Contractor Development Programme; | OMM |
| 21. That the report on the Legal Unit versus the use of external panel be submitted to Council at the end of June 2017; | AO |
| 22. That Section 22(b) of the RLM Credit Control and Debt Collection policy be deleted; | BTO |

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23. That stringent measures be put in place to ensure verification of indigents; BTO
24. That a Gender and Disability Policy be developed. OMM
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- IT BE NOTED THAT THE ECONOMIC FREEDOM FIGHTERS ARE NOT IN SUPPORT OF THE BUDGET WHICH IS NOT PRO-DEVELOPMENTAL AND WARD BASED;
 - IT BE NOTED THAT THE FREEDOM FRONT PLUS DID NOT AGREE WITH THE BUDGET AS IT DOES NOT CONFORM TO THEIR POLICIES AND THE TARIFF INCREASE.
 - IT BE NOTED THAT THE SPEAKER MADE A RULING THAT THE BEREAVEMENT POLICY BE SUBMITTED TO COUNCIL FOR REVIEW.
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4. **ADOPTION OF MINUTES:**

It be noted that the minutes of the (05/2017S) **Special Council** meeting of the Rustenburg Local Municipality held on Friday 02nd June 2017 were adopted.

5. **CLOSURE:**

The business of the meeting was concluded at 16h55.

SPEAKER:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

DATE APPROVED: 05/06/2017